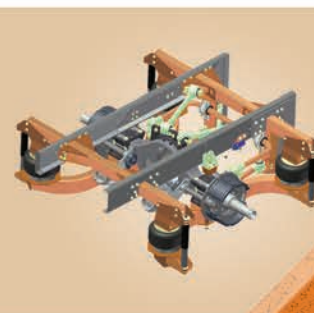




**Jamna Auto Industries Limited**

Annual Report 2010-11

Building Strengths.  
Sustaining Profitability. 



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# Corporate Information »

## Board of Directors

Mr. Bhupinder Singh Jauhar  
*Chairman*

Mr. Randeep Singh Jauhar  
*CEO & Executive Director*

Mr. Pradeep Singh Jauhar  
*COO & Executive Director*

Mr. Robert Dean Petty  
*Nominee-Clearwater Capital Partners India Pvt. Ltd.*

Dr. Pierre Jean Everaert  
*Nominee-Clearwater Capital Partners (Cyprus) Ltd.*

Mr. Jainender Kumar Jain  
*Nominee-ICICI Bank Limited*

Mr. Dileep Kumar Jain  
*Nominee-IFCI Limited*

Seth Ashok Kumar  
*Director*

Mr. Uma Kant Singhal  
*Director*

Mr. Chander Kailash Vohra  
*Director*

Mr. Shashi Bansal  
*Director*

Mr. S. P. S. Kohli  
*President & Executive Director*

## Auditors

Goel Garg & Co.  
Chartered Accountants, New Delhi

ASG & Associates  
Chartered Accountants, New Delhi

A. K. Kalia & Associates  
Chartered Accountants, Chandigarh

## Legal Advisors

AZB & Partners

Lakshmi Kumaran & Sridharan

## Technical Assistance

Ridewell Corporation, USA

## Joint Venture Partner

NHK Spring Co., Ltd., Japan  
(NHK Spring India Ltd.)

## Bankers

State Bank of India

ICICI Bank Ltd.

Kotak Mahindra Bank

Standard Chartered Bank

IndusInd Bank Ltd.

Lakshmi Vilas Bank

## Share Transfer Agent

Skyline Financial Services Pvt. Ltd.  
D-153A, First Floor, Okhla Industrial Area, Phase-I, New Delhi - 110020  
Tel: 011-26812682 / 26812683  
Fax: 011-26292681  
E-mail: grievances@skylinerta.com

## Investor Cell

Mr. Praveen Lakhera  
Company Secretary & Head Legal  
praveen@jaispring.com

## Registered Office

Jai Springs Road, Industrial Area,  
Yamuna Nagar - 135001 (Haryana)  
Tel: 01732-251810/11/14

## Corporate Office

2, Park Lane, Kishangarh, Vasant Kunj,  
New Delhi - 110 070, India  
Tel: 011-26893331, 26896960  
Fax: 011-26893180, 26893192

## Plants

- i) Jai Springs Road, Industrial Area,  
Yamuna Nagar - 135001 (Haryana)  
Tel: 01732-251810/11/14  
E-mail: plant.ynr@jaispring.com
  - ii) U: 27-29, Industrial Area, Malanpur,  
Distt. Bhind - 477116, (M.P.)  
Tel: 07539-283396, 409117  
E-mail: plant.mln@jaispring.com
  - iii) Plot no. 22-25, Sengundram Village,  
Maraimalai Nagar Industrial Complex, Singaperumal  
Koil Post, Distt. Kanchipuram- 603 204 (Tamil Nadu)  
Tel: 044-27463800, 27464346/348,  
Fax: 044-27464352  
E-mail: plant.chn@jaispring.com
  - iv) Plot No. 263, Karnidh, Chandil,  
Distt. Saraikella - Kharswan - 832401 (Jharkhand)  
Tel: 0657-2940671  
E-mail: plant.jsr@jaispring.com
  - v) Gata No. 1490, Khajoor Gaon, Chinhat-Deva Road,  
Distt. Barabanki - 225003 (U.P.)
- Under Subsidiary**
- vi) Plot No. 50A, Sector-11, I.I.E.,  
Pant Nagar, Distt. Udham Singh Nagar - 263153  
(Uttarakhand)  
E-mail: plant.pantnagar@jaispring.com
- Under Construction**
- vii) Thally Road, Kalugondapalli Post, Hosur - 635114,  
Distt. Krishnagiri, Tamil Nadu
  - viii) Plot No. A-17 to 19, SIPCOT Industrial Park,  
Sriperumbadur Taluk, Distt. Kanchipuram, Tamil Nadu

**Website: [www.jaispring.org](http://www.jaispring.org)**



## Chairman's Message



**“The company recorded consolidated turnover of ₹998 crore. Consolidated Profit After Tax was ₹37 crore compared to ₹19 crore in the corresponding previous year”**

### Dear Shareholders,

I am very happy to share the highlights of the company's performance for the year 2010-11. The company recorded the highest consolidated turnover of ₹998 crore as against ₹661 crore in 2009-10. The company made Profit before Tax of ₹55 crore as against ₹25 crore in the corresponding period of 2009-10. Consolidated Profit After Tax was ₹37 crore as compared to ₹19 crore in the corresponding previous year period.

During the year under review, the company had raised ₹25 crore through preferential allotment which was used to prepay high cost debt. The debt level came down to ₹66 crore as on 31 March 2011 as against ₹119 crore on 31 March, 2010. Improved performance has also resulted in ROCE jumping to 44% as against 29% in the corresponding previous year's position. Its debt/equity ratio has also improved to 0.50 from 1.45 in 2009-10. It will be the company's endeavour to ensure that the company's net block is equal to its net worth.

I am pleased to announce that our good financial performance enabled us to declare interim dividend of 10% to our shareholders in February 2011. The directors have recommended final dividend of 10% in addition to the interim dividend. Thus, the total dividend will be 20%. The company is committed to improve the stakeholders' value which is evident from improved ROCE and debt/equity ratio.

In my last year's message, I had indicated that the company would actively pursue de-risking strategy and focus on addition of product range, locations, markets and investment in technology.

The company currently has leadership position in Leaf and Parabolic Springs. It is adding Air Suspension and Lift Axles in its product range to move up the value chain. The company has acquired land at Chennai for Air

Suspension and Lift Axle Plant. It has come up with a plant at Lucknow to meet Tata Motors Limited's spring demand. It also acquired land at Hosur to set up a plant to augment parabolic springs capacity.

The company has gone for expansion at Malanpur for which additional land has been acquired adjacent to the present location. Similarly, capacity of Yamuna Nagar plant is also being expanded. Jamshedpur plant began full fledged manufacturing activity during the year under review. As part of our initiative to invest in technology, the company has gone for the latest state-of-the-art parabolic machines and energy efficient equipments.

These initiatives are aimed at addressing the growing demand for Leaf Springs and Parabolic Springs from OEMs and the After Market segment. Spring demand from domestic OEMs continued to be strong. As a result, we faced capacity constraint and could not fully capitalize on the opportunities in After Market segment. Addition of capacity along with technology upgradation and new locations would enable the company to increase domestic and export After Market penetration and logistic advantage. Our growing network of distributors and dealers, who are strategically located across key markets within India, with our diversified range of products and large capacities, are the key factors that shall help us boost our After Market share in the coming year.

The company started export to UD Trucks Corporation, Japan (subsidiary of Volvo) during the year. Long term objective is to add overseas OEM as part of its market expansion plan.

We will continue to focus on higher ROCE and improve PBT margins through better product mix, enhanced capacity, reduced debt as well as by further expanding our distribution network and market reach. We shall also strive to de-risk our business by bringing down the revenue contribution of Indian OEMs from the present level of 90% to 70% by increasing share of domestic and export After Market segment and OEM exports. The company is working towards the goal of bringing down the share of revenue of Leaf Springs from the present level of 90% to 65% and increase share of other product such as Parabolic Spring, Air Suspension and Lift Axle.

As we embark on our strategic plan for product and market diversification, I would like to thank each of our customers, bankers, shareholders and employees for supporting us and being with us at every step of our journey.

Yours sincerely

**Bhupinder Singh Jauhar**  
Chairman

# Financial Highlights

(₹ in Lacs)

| Year ending 31 March                       | 2011   | 2010  | 2009    | 2008  | 2007  | 2006  | 2005  | 2004    | 2003    |
|--|--------|-------|---------|-------|-------|-------|-------|---------|---------|
| <b>OPERATIONAL RESULTS</b>                 |        |       |         |       |       |       |       |         |         |
| Sales                                      | 99799  | 66148 | 52062   | 54119 | 32372 | 21043 | 20954 | 12258   | 6595    |
| Excise Duty                                | 9473   | 4842  | 6133    | 7416  | 4574  | 2912  | 2796  | 1660    | 905     |
| Net Sales                                  | 90325  | 61306 | 45929   | 46703 | 27798 | 18131 | 18158 | 10598   | 5690    |
| Other Income                               | 174    | 268   | 797     | 341   | 227   | 54    | 108   | 30      | 49      |
| Total Income                               | 90500  | 61575 | 46726   | 47044 | 28025 | 18185 | 18266 | 10627   | 5739    |
| Operating Profit (PBDITA)                  | 10822  | 7980  | 3744    | 6077  | 2503  | 1843  | 1734  | 1177    | 248     |
| Interest                                   | 2148   | 2617  | 3554    | 2694  | 1243  | 1160  | 1070  | 795     | 957     |
| Profit/(Loss) before Depreciation (PBDT)   | 8674   | 5363  | 190     | 3383  | 1260  | 683   | 664   | 382     | (709)   |
| Depreciation/Amortization                  | 3223   | 2938  | 1798    | 1285  | 549   | 399   | 376   | 372     | 369     |
| Profit Before Tax                          | 5451   | 2460  | (1608)  | 2008  | 711   | 283   | 287   | 10      | (1078)  |
| Provisions for Income Tax and Deferred Tax | 1701   | 549   | (351)   | 402   | 79    | 206   | 101   | 161     | (326)   |
| Profit After Tax (PAT)/(Loss)              | 3750   | 1911  | (1257)  | 1606  | 632   | 77    | 186   | (151)   | (752)   |
| <b>FINANCIAL INDICATORS</b>                |        |       |         |       |       |       |       |         |         |
| Share Capital                              | 3929   | 3654  | 3653    | 3387  | 1771  | 876   | 876   | 876     | 876     |
| Preference Share Capital                   | 350    | 350   | 350     | 350   | 0     | 0     | 0     | 0       | 0       |
| Reserves & Surplus                         | 9156   | 4153  | 3098    | 3315  | (261) | 844   | 741   | 699     | 974     |
| Long Term Loans                            | 6563   | 10585 | 13808   | 13109 | 8431  | 6391  | 6723  | 6174    | 5894    |
| Short Term Loans                           | 0      | 1297  | 2310    | 4468  | 1554  | 2213  | 2668  | 1855    | 1660    |
| Net Fixed Assets                           | 20593  | 16754 | 15694   | 13261 | 6364  | 5416  | 5285  | 5268    | 5559    |
| Investments                                | 525    | 525   | 525     | 527   | 1208  | 1208  | 1208  | 1208    | 1208    |
| Net Current Assets                         | (2604) | (967) | 2657    | 7748  | 3153  | 2485  | 3096  | 1608    | 957     |
| <b>RATIO</b>                               |        |       |         |       |       |       |       |         |         |
| EBDIT to Sales %                           | 11.98  | 13.02 | 8.15    | 13.01 | 9.01  | 10.16 | 9.55  | 11.10   | 4.36    |
| PBT to Sales %                             | 6.03   | 4.01  | (3.50)  | 4.30  | 2.56  | 1.56  | 1.58  | 0.09    | (18.94) |
| PAT to Sales %                             | 4.15   | 3.12  | (2.74)  | 3.44  | 2.28  | 0.43  | 1.02  | (1.42)  | (13.22) |
| EBIT / Avg Capital Employed (ROACE) %      | 43.64  | 28.86 | 9.63    | 29.15 | 19.71 | 15.44 | 15.36 | 10.18   | (0.01)  |
| PAT/Net Worth (ROANW) %                    | 32.07  | 35.10 | (29.16) | 31.40 | 67.29 | 10.33 | 29.28 | (25.40) | (86.63) |
| EPS (₹)                                    | 9.74   | 3.02  | (3.59)  | 5.59  | 4.89  | 0.89  | 2.13  | (1.72)  | (8.59)  |
| Dividend Per Share (₹)                     | 2.00   | Nil   | Nil     | Nil   | Nil   | Nil   | Nil   | Nil     | Nil     |

**Note:** Financials from 2009 onwards includes financials of subsidiary company/entity

# Highlights 2010-11



## Financial



Recorded the highest consolidated turnover of ₹998 crore from ₹661 crore in the previous year



Consolidated Profit before Tax jumped to ₹55 crore from ₹25 crore in the corresponding previous year



Paid 10% interim dividend. Final dividend of 10% has been recommended in addition to the interim dividend



Return on Capital Employed (ROCE) improved to 44% from 29% in the corresponding previous year



Debt to equity ratio came down from 1.45 to 0.50

## Operational



Jamshedpur plant started manufacturing operations



Supplies to UD Trucks Corporation, Japan (Volvo subsidiary) started



JAI and JSSLLP received Delivery Performance and After Market support awards from Tata Motors Ltd.



Received 'Best Vendors' award from Ashok Leyland Ltd.



Filed final patent application in India for Air Suspension



New plant at Lucknow starts

# Locations

- JAI has five manufacturing plants at Yamuna Nagar, Malanpur, Chennai, Jamshedpur and Pant Nagar (under subsidiary) with annual capacity of 1,80,000 MTs. Jamshedpur plant began manufacturing operations in October 2010.
- JAI's sixth plant has come up at Lucknow and the seventh plant will come up at Hosur during 2011-12. The company has already acquired land there to set up a manufacturing facility for Leaf and Parabolic Springs.
- Capacity expansion at Yamuna Nagar and Malanpur is going on in full swing.
- Additional land has been taken at Malanpur for the expansion to set manufacturing facility for light and heavy parabolic springs. The main thrust of expansion has been on automation and technology upgradation which will give competitive edge in productivity and efficiency.
- JAI's capacity will go up to 2,40,000 MTs per annum after the expansion.
- The company's eighth plant at Chennai is coming for manufacture of Air Suspension and Lift Axle for which land has already been acquired.

Jamshedpur Plant



Malanpur Plant



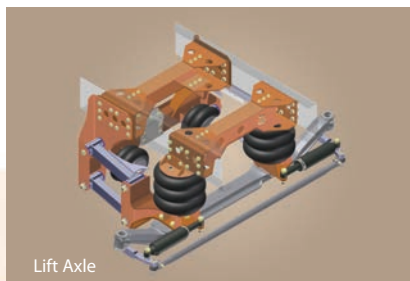
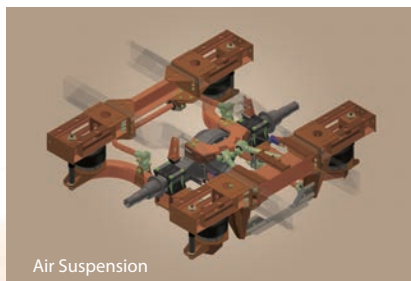


# Products

The company currently makes Leaf Springs, Light and Heavy Parabolic Springs. Leaf Springs constitute 90% of the total production.

Once the new plants are operational and expansion is over, the long term objective will be to bring down share of Leaf Springs to 65% of the total revenue. JAI will have the following product range:

- Leaf Spring
- Light Parabolic Spring
- Heavy Parabolic Spring
- Air Suspension and
- Lift Axle



# Markets

JAI is the largest manufacturer of tapered Leaf and Parabolic Springs for Commercial Vehicles (CVs) in India and features among the top three spring makers in the world.

JAI is a market leader with 66% market share in the Indian OEM

segment constituting 90% of its total revenue. Every second new CV or bus on the Indian roads is fitted with JAI springs.

JAI makes over 200 models of springs for OEMs and over 1300 varieties of individual springs for replacement market.

## Domestic Customers:



## International Customers:

