



Jamna Auto Industries Limited

Annual Report 2011-12

SECURING PROFITABLE GROWTH



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ABOUT US

Jamna Auto Industries Limited is India's largest, and the world's third-largest, manufacturer of tapered leaf springs and parabolic springs for automobiles. Our vision for the company has grown over the years and we are determined to be a globally leading automobile suspension solutions provider.

Our strong relationship with customers allows us to anticipate their evolving needs and provide integrated solutions to meet the same. While we remain focused on being the customer's supplier and partner of choice, we also remain focused on profitably growing our business, expanding our product offerings and markets served, strengthening our Balance-Sheet and positioning the company for future growth in revenues and profitability. We

are now better positioned than ever before to successfully manage any kind of market environment.

We will leverage upon our strategically located multi-unit manufacturing and assembly facilities, our engineering and technological excellence and our relentless pursuit of efficiency and innovation. We will remain highly flexible and responsive to change and will continue to invest prudently to strengthen our competitive advantage and support our growth ambitions.

We are well positioned to capitalize on the emerging opportunities in the industry and will pursue growth strategies consistent with our commitment to create value on a sustainable basis.



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. S. P. S. Kohli

President & Executive Director

Dr. Pierre Jean Everaert

Nominee-Clearwater Capital Partners (Cyprus) Ltd

Mr. Karthik Athreya

(Alternate Director to Dr. Pierre Jean Everaert)

Mr. D. K. Jain

Nominee-IFCI Limited

Mr. Jainender Kumar Jain

Additional Director

Mr. Chander Kailash Vohra

Director

Mr. Uma Kant Singhal

Director

Seth Ashok Kumar

Director

Mr. Shashi Bansal

Director

MANAGEMENT TEAM

Mr. Randeep Singh Jauhar

CEO & Executive Director

Mr. Pradeep Singh Jauhar

COO & Executive Director

Mr. S. P. S. Kohli

President & Executive Director

Mr. Sunil Laroia

Vice President - International Business and Head (R&D)

Mr. A. K. Goyal

Vice President and Head of Malanpur Plant

Mr. Madhukar Sharma

Global Head (After Market)

Mr. R. Muthupalani

Senior GM and Head of Chennai & Hosur Plant

Mr. R. P. Singh

General Manager and Head of Yamuna Nagar Plant

Mr. Shakti Goyal

GM (Finance & Strategic Sourcing)

Mr. Sudheer Chandele

Acting Plant Head of Jamshedpur Plant

Mr. Sudhanshu Kulshrestha

Commercial Head Jamshedpur Plant

Mr. Praveen Lakhera

Company Secretary & Head-Legal

Singh Ved Prakash

Corporate Head-HR

LEGAL ADVISORS

AZB & Partners
Lakshmikumaran & 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

AUDITORS

B S R & Co.

Chartered Accountants

SHARE REGISTRAR & TRANSFER AGENT (RTA)

Skyline Financial Services (P) Ltd
D-153 A, First Floor, Okhla Industrial Area, Phase – I,
New Delhi-110020
Ph. no. 011-26812682, 26812683
Fax no. 011-26292681
Email: grievances@skylinerta.com

INVESTOR CELL

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

CORPORATE OFFICE

2, Park Lane, Kishangarh, Vasant Kunj,
New Delhi-110 070, India
Ph. no. 011-26893331, 26896960
Fax no. 011-26893180, 26893192

PLANT

- i) Jai Springs Road, Industrial Area,
Yamuna Nagar – 135 001, Haryana
- ii) U-27-29, Industrial Area, Malanpur,
District Bhind– 477116, M.P.
- iii) Plot no. 22-25, Sengundram Village, Maraimalainagar
Industrial Complex, Singaperumal Koil Post,
District Kanchipuram - 603 204, Tamil Nadu
- iv) 262 - 263, Village Karnidih, Chandil, District Saraikella,
Kharswan - 832401, Jharkhand
- v) Gata no. 1490, Khajoor Gaon, Chihat-Deva Road,
District Barabanki - 225003, U.P.
- vi) Thally Road, Kalugondapalli Post, Hosur-635114,
District Krishnagiri, Tamil Nadu

UNDER SUBSIDIARY ENTITY

JAI SUSPENSION SYSTEMS LLP

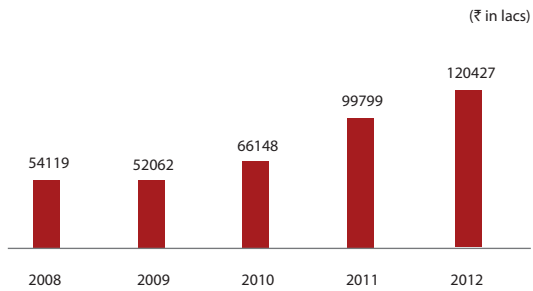
Plot no. 50A, Sector-11, I.I.E., Pant Nagar,
District Udham Singh Nagar - 26353, Uttarakhand

REGISTERED OFFICE

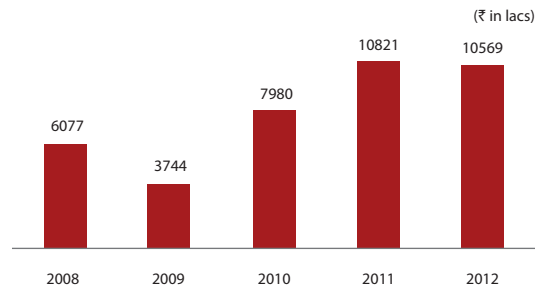
Jai Springs Road, Industrial Area, Yamuna Nagar-135001
Ph. no. 01732-251810/11/14

FINANCIAL HIGHLIGHTS

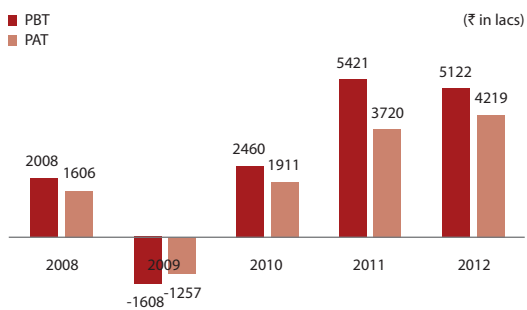
GROSS SALES



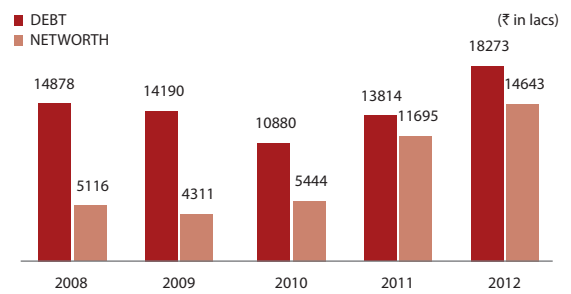
PBDIT



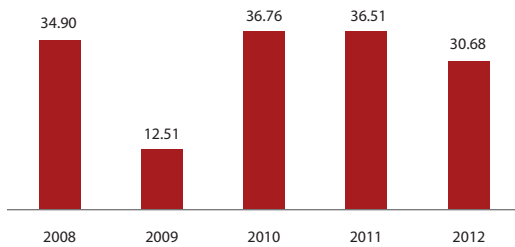
PBT & PAT



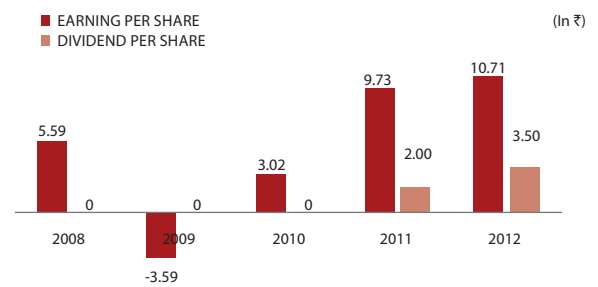
NETWORTH & DEBT



ROCE (%)



EPS & DPS



MILESTONES

FY 2008	FY 2009	FY 2010
<ol style="list-style-type: none"> 1) Equity participation by Clearwater Capital Partners 2) Merger of Jai Parabolic Springs Ltd and MAP Springs Ltd with the company 3) Bought out Tata Motors Ltd Jamshedpur In-house Spring plant 4) Grant of Employee Stock Options (ESOPs) to employees 	<ol style="list-style-type: none"> 1) Started Assembly unit at Uttrakhand (under subsidiary) 2) In house R&D centre set up at Malanpur 	<ol style="list-style-type: none"> 1) Tata Motors Ltd converted its two high selling models into parabolic springs 2) Entered into technical assistance agreement with Ridewell Corporation USA for Air Suspension and Lift Axle 3) Received the Best Vendor Gold Award from Ashok Leyland Ltd for 2009-2010 4) Received an award from Tata Motors Ltd in recognition of JAI's long and enduring relationship 5) Purchased land in Chennai for setting up facility for air suspension and lift axel

FY 2011	FY 2012
<ol style="list-style-type: none"> 1) Promoters and Clearwater Capital Partners infuse fresh equity, prepayment of term loans bring down debt 2) Shares of the Company listed in NSE 3) Started paying Dividend 4) Jamshedpur plant commenced manufacturing operations 5) Started Assembly unit at Lucknow 6) Filed patent application in India for Air Suspension 7) Supplies to UD Trucks Corporation, Japan (Volvo subsidiary), Mahindra Navistar Automotives Ltd and Ashok Leyland Nissan Vehicles Ltd started 8) Purchased land in Hosur for setting up facility for manufacturing of springs 	<ol style="list-style-type: none"> 1) Crossed ₹1,200 crore in consolidated sales for the first time 2) Signed agreement to supply Lift Axle with Ashok Leyland 3) Started developing springs for Bharat Benz 4) Purchased land in Pune for setting up facility for manufacturing of springs and additional land in Malanpur and Yamuna Nagar for expansion

LETTER TO SHAREHOLDERS



Dear Shareholders,

FOR JAMNA AUTO INDUSTRIES LIMITED, 2011-12 WAS ANOTHER YEAR OF ENCOURAGING PERFORMANCE AS WE CONSOLIDATED OUR DOMINANCE IN THE DOMESTIC MARKET FOR AUTOMOTIVE LEAF SPRINGS AND PARABOLIC SPRINGS AND CONTINUED TO PURSUE OUR STRATEGIES TO EXPAND INTO NEW MARKET AREAS, GROW REVENUES AND IMPROVE COST STRUCTURE.

During 2011-12, our Consolidated sales and profits were at record levels of ₹1204 crores and ₹42 crores respectively. Our Return on Capital Employed was at a healthy 30.68%. We are pleased to report an increase in the company's dividend per share to ₹3.50 from ₹2 in the previous year. The increase in dividend reflects our confidence in our ability to generate continued strong cash flows.

The year under review was a difficult one for the global economy, marked by uncertainties. The Indian economy witnessed a slow down and interest rates hardened. Sales of commercial vehicles, at 809,000 units, grew 18% during 2011-12, as against 29% in the previous year. Sales of light commercial vehicles, at approx. 460,000 units, continue to outpace that of medium and heavy vehicles. We continue to strengthen our relationships with existing customers

even as we develop newer relationships winning exciting new business from global commercial vehicle giants entering the Indian markets. We are honored to be chosen as the sole supplier for Daimler's Bharat Benz range of trucks.

Given the weak macro factors, growth in commercial vehicles is likely to be tepid in the current year. With the slowdown in industrial activity, medium and heavy commercial vehicles will see a poor growth in the near-term even though light commercial vehicles will maintain healthy sales momentum, aided by higher hinterland goods transport.

For Jamna Auto, changes in the market environment symbolize opportunity and we are actively seizing the same. During 2011-12, we ramped up sales in the After-Markets - India/Export by 37%. Historically, our efforts in the After-Markets - India/Export have been restricted by availability of capacity. This situation has changed now. With the new production lines at Yamuna Nagar already having come up in stream in January 2012 and Malanpur coming on stream in September 2012, our production capacity for leaf springs and parabolic springs will be 50% higher than the peak production of 144,000 tonnes reached in 2011-12. With this expansion, we will be the second largest player in the world. Our undisputed market leadership with the OEMs (Original Equipment Manufacturers) together with our multi-location plants and distinct technological advantage gives us a solid foundation upon which to build and grow in the After-Markets - India/Export. We have set in motion an aggressive plan to increase our presence in the After-Markets - India/Export, which will substantially improve future revenues and earnings.

We continue to work closely with our customers partnering with them to provide total suspension solutions and remain focused on doing what is right by the customer. Sales of value-added parabolic springs during 2011-12, were 31% higher than in the previous year.

We have made significant progress in implementing our strategy to expand our product range and move up the value-chain. We have signed an agreement with Ashok Leyland for supplies of Lift Axles for its commercial vehicles, which has commenced from June 2012. We expect a healthy growth in this segment in the coming years. We are undertaking trial runs of Air-Suspension springs fitted in buses and critical feedback is being gathered and processed to further our entry into this space.

On the export front, we have intensified efforts at strengthening our international activities and see significant growth opportunities available to us. Also, our strong local relationships with global OEMs offer exciting opportunities to serve them internationally in the future.

Our capital expenditure program relate primarily to our continued investments to expand our capacities and to further improve our cost structure and our technical/product development capabilities.

Looking ahead, we expect our top customer to account for less than 33% by 2015. By then, we aim to expand the "Non-OE" contribution to sales to 33% and also to bring down the share of tapered leaf-springs to 65% of sales. We will benefit immensely

from our broader business platform, our expanded presence in higher margin activities and our sustained efforts at lowering costs and improving our operating structure. Unlike in the past, when we were hit hard during periods of slowdown in the domestic commercial vehicle market, we are now confident of comfortably riding through challenging times. We are best positioned to take advantage of the longer term growth in demand, which will inevitably happen.

As we grow our business and position the company for future growth and profitability, we will be mindful of our financial objectives to ensure that our net block is funded out of net-worth, to consistently generate strong cash flows, to earn a ROCE of 33% and to distribute 33% of profits as dividends to shareholders.

We are excited about our long-term future. We have a clear leadership position in our core business and have a committed, talented and motivated team to take us to the next level of performance. Before I end, I would like to thank our employees who have made a significant contribution to our success. I would also like to thank our customers, collaborators, bankers, suppliers, business partners and shareholders for their continued support and confidence in our Company.

Yours Sincerely

Bhupinder Singh Jauhar
Chairman

OUR MANUFACTURING & ASSEMBLY FACILITIES

- ▶ Six manufacturing plants at Yamuna Nagar, Malanpur, Chennai, Jamshedpur, Lucknow and Pant Nagar (under subsidiary entity)
- ▶ Seventh plant has come up at Hosur in June 2012
- ▶ Land purchased at Pune for setting up manufacturing facility for light and heavy leaf and parabolic springs
- ▶ Capacity expansion at Yamuna Nagar completed in January 2012 and Malanpur expected by September 2012
- ▶ Lift axle assembly has been started at the existing Chennai Unit of the company instead at new land in Chennai



Jamshedpur Plant



Malanpur Plant



Hosur Plant



Chennai Plant