



Jamna Auto Industries Limited

Annual Report 2013-14



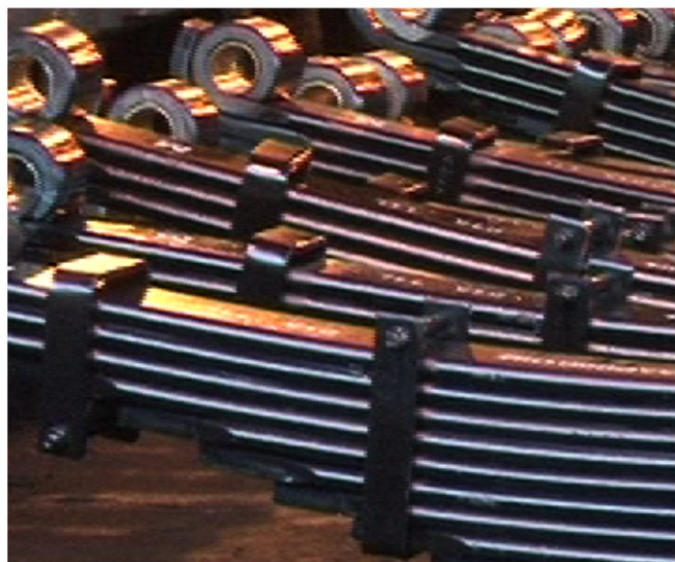
FULLY LOADED



...ready to go

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About Us

Jamna Auto Industries (JAI) Limited is India's market leader in automotive suspension solutions. We are today, the only Indian company to provide the complete range of automotive suspension solutions for Commercial Vehicles (CVs).

Having attained leadership in conventional spring suspension products in our home market, we are fast expanding in new technology products in India and across the world.

At JAI, we are...

Fully loaded

- ... world-class products
- ... state-of-the-art facilities
- ... global scale
- ... well-developed R&D capability
- ... tie-ups with global technology majors
- ... marquee clients
- ... experienced management team

Ready to go

- ... new products
- ... new markets
- ... leaner metrics



**Steadily moving towards achieving our goal of becoming
a global leader in Automobile Suspension Solutions**

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. Hardeep Singh Gujral

Executive Director

Dr. Pierre Jean Everaert

Nominee-Clearwater Capital Partners (Cyprus) Ltd

Mr. Karthik Athreya

(Alternate Director to Dr. Pierre Jean Everaert)

Mr. Jainendar Kumar Jain

Director

Mr. Chander Kailash Vohra

Director

Mr. Uma Kant Singhal

Director

Seth Ashok Kumar

Director

Mr. Shashi Bansal

Director

Mr. V. Subramanian

Nominee Director- IFCI Ltd

Management Team



Mr. Randeep Singh Jauhar
CEO & Executive Director



Mr. Pradeep Singh Jauhar
COO & Executive Director



Mr. Hardeep Singh Gujral
Executive Director



Mr. Vivek Bhatia
Associate President
(Finance & Legal) & CFO



Mr. Sunil Laroia
Vice President - International
Business and Head (R&D)



Mr. Madhukar Sharma
Global Head
(After Market)



Mr. A K Goyal
Vice President and Head
of Malanpur Plant



Mr. A R Nanjanath
Unit Head-Hosur
& Chennai



Mr. Sudhanshu Kulshrestha
DGM (Head of OEM
Marketing)



Mr. Jagdish Adhlakha
Unit Head Yamuna Nagar
and Jamshedpur Plant



Mr. Ravindra Chaudhari
Group HR Head



Mr. J.J. Mohan
GM-Quality



Mr. Sudheer Chandele
DGM - Manufacturing
Jamshedpur Plant

ADVISORS AND SOLICITORS

AZB & Partners
Lakshmikumaran & Sridharan

TECHNICAL ASSISTANCE

Ridewell Corporation, USA

BANKERS

State Bank of India
ICICI Bank
Kotak Mahindra Bank
Standard Chartered Bank
Lakshmi Vilas Bank
HDFC Bank
SBER Bank

AUDITORS

S.R. Batliboi & Co; LLP
Chartered Accountants

SHARE REGISTRAR & TRANSFER AGENT (RTA)

Skyline Financial Services (P) Ltd
D-153 A, First Floor, Okhla Industrial Area, Phase – I,
New Delhi-110 020
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

PLANTS

- i) Jai Springs Road, Industrial Area,
Yamuna Nagar – 135 001, Haryana
- ii) U-27-29, Industrial Area, Malanpur,
District Bhind– 477 116, 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 - 832 401, Jharkhand
- v) Thally Road, Kalugondapalli Post,
Hosur, District Krishnagiri - 635 114, Tamil Nadu

UNDER SUBSIDIARY ENTITY**JAI SUSPENSION SYSTEMS LLP**

Plot no. 50A, Sector-11, I.I.E., Pant Nagar,
District Udham Singh Nagar - 263 153, Uttarakhand

REGISTERED OFFICE

Jai Springs Road, Industrial Area,
Yamuna Nagar - 135 001
Ph. & Fax no. 01732-251810/11/14
CIN L35911HR1965PLC004485

Chairman's Letter



Bhupinder Singh Jauhar
Chairman

Dear Shareholders

The year gone by was a challenging but successful year. Jamna Auto Industries (JAI) is India's largest and the world's third largest manufacturer of springs. We hold a 57% volume share of the domestic Original Equipment Manufacturers (OEMs) market. Our goal is to be a global leader in Automobile Suspension Solutions. To do this, we intend to carry on expanding our domestic base, while simultaneously accelerating growth in new markets and new products. This year too, on account of difficult macro-economic and sectoral conditions in the Indian market, the domestic Commercial Vehicle (CV) segment registered a decline in the OEM segment. However, both of our new growth drivers - new markets and new products - were able to create growth.

For the upcoming year, we have set aggressive targets in both expansion areas - internally coded 'Lakshya 33' - we aim to achieve 33% revenue from new markets and new products. To this end, during FY14, we made concerted marketing efforts and forged ahead with the reorganization of manufacturing plants to ensure dedicated lines for both the after-sales and exports markets. These initiatives have resulted in quicker market response time and scalability. As a consequence, revenue from new markets (i.e. after market and exports) grew to 21% as compared to 16% in FY13. Furthermore, in new products (parabolic springs, air suspension and lift axle), we have successfully garnered 90% of the domestic OEM market share in parabolic springs, and are moving ahead with supplies of air suspension and lift axle, which were introduced last year.

Expansion in the after-market and in exports has multiple advantages: it opens up new avenues for scalable growth, mitigates the risks our business faces from cyclical lows in the Indian CV segment, leads to improvement in working capital cycle due to more favorable business terms, and gives us a forex advantage.

New products drive growth and provide scope to move up the value chain, thereby improving profitability. Over the past few years, we have launched a range of new products that benefit from technology transfer from leading global players such as NHK Spring (Japan) and Ridewell Corporation (USA). We see growing demand for these new-generation products in India and across the region as these products offer clear advantages in reducing wear and tear of the vehicle and in improving efficiency and driver comfort. We are already supplying these products to major global OEMs to meet their Indian requirements. With the help of our internal research and development (R&D), we plan to build on this base to develop India as a hub for suspension products for global players abroad.

To drive sustainable growth and help achieve our vision of global leadership in Suspension Automation Solutions we have set aggressive targets for our internal **"Lakshya 33"** aiming for:

Innovation - 33% revenue from new products and 33% revenue from new markets

Efficiency - 33% Break-even point

Returns - 33% ROCE

Rewarding Shareholders - 33% Dividend payout

We are well geared and fully committed to ensure that we reach this destination.

It is, of course, imperative to see growth in our core domestic OEM business. The CV market in India during the year declined with a 20.23% drop in volumes to almost the same levels that were seen way back in 2009. This drop had an obvious effect on our performance. While we were able to insulate to an extent the fall in our volumes, we were hit by a 14.9% fall in revenue at Rs 834 crore compared to Rs 980 crore in FY13, and by a 50.1% fall in consolidated PAT to Rs 14 crore in FY14 from Rs 28 crore in FY13.

However, with a stable government taking charge at the Centre, there are strong expectations of a rapid revival. CV sector experts foresee a pick-up in CV volumes from FY15 onwards. FY13 and FY14 were years of adjustment – when the country's on-road truck capacity grew slower than the GDP as fleet operators tried to align their capacities to demand. After two years of adjustment, experts envisage that CV volumes will grow in tandem with the GDP.

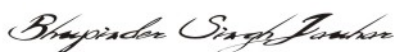
Our 'Lakshya 33' also plans to reduce break-even to 33% of capacity; to improve ROCE to 33%; and to work towards rewarding the loyalty of our esteemed shareholders with a dividend payout ratio of 33%. During FY14, we have reduced break even point. We also announced a dividend of Re.1 for each equity share with a face value of Rs 10. This leads to our dividend payout ratio standing at our target of 33%, despite it being a challenging year.

The year also saw us reduce short-term debt liability by repaying Rs 57.7 crore to our lenders and convert short-term debt liabilities to long-term with a direct bearing on improving our liquidity. Our debt-equity ratio improved to 0.48 in FY14 from 0.70 in FY13. Going forward, we intend to reduce our debt cost by replacing existing debt with more economical debt. Our strong measures for cost control and reduction in debt have helped strengthen our balance sheet. In recognition of this improved performance, ICRA upgraded our credit rating to BBB- (two notches) within the year.

As we move forward, we remain focused on driving growth and development for the company and the community in which we exist. At JAI, corporate social responsibility is ingrained in our being. We are already compliant with the new Companies Act CSR requirements and have been preserving to do our bit in our four areas of focus: Environment, Education, Sports and Community Outreach.

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, FIs, suppliers, business partners and shareholders for their continued support and confidence in our company.

Yours sincerely,



Bhupinder Singh Jauhar
Chairman

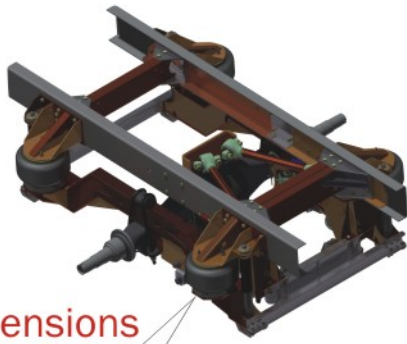
Smooth rides @ maximum loads

In 1954, when JAI began its journey from a small shop in Yamuna Nagar, Haryana, the resolve was clear: to focus on developing and manufacturing world-class products that not only enhance commercial vehicle load bearing capacity but also improve efficiency and give a smooth ride. Sixty years on, we are well on our way towards our goal of global leadership in automobile suspension solutions spurred by...

...World class products

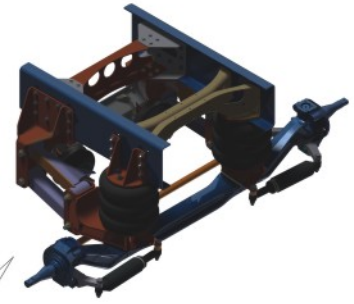
- JAI is India's largest, and the world's third largest, manufacturer of tapered leaf and parabolic springs.
- It was the first to introduce parabolic springs in India.
- It is fast-expanding its presence in new-generation products, like air suspension and lift axle.





Air suspensions

Air suspensions are standard fitments in commercial vehicles in developed markets. They offer reduced wear and tear, greater driver comfort and better handling. JAI launched its air suspension in FY13 and has begun supplying to leading players like SML Isuzu Limited.



Lift Axles

Lift Axles allow more weight to be carried by providing larger contact surface with the road for the distribution of weight. JAI introduced Lift Axles into India in 2013 and is already supplying this product to Ashok Leyland.



Tapered Leaf Spring

JAI manufactures a comprehensive range of Multileaf Springs ranging from 3 Kg to 200 Kg. Our latest technology not only improves the life of the product but also ensures a high level of consistency in each product.



Parabolic Spring

Parabolic technology reduces the weight of the springs, improves the ride comfort and gives much better vehicle life. JAI has 90% share in the Indian OEM market for Parabolic Springs.



...Strategically located state-of-the-art facilities

Our six manufacturing plants across the country are strategically located near key auto hubs to provide proximity to customers.

1 These give us the capability of manufacturing the widest range of quality springs at short notice

2 The expansion of our largest facility at Malanpur is on-stream and all our springs are made according to vehicle standards and stringent norms laid down by various automobile bodies

3 All our critical processes are fully-automated. These include Parabolic Rolling Line, Heat Treatment and Stress Shot Peening among others. It not only improves products quality and consistency but also reduce development time.



Jamshedpur Plant



Hosur Plant

