

JPSL



JAI PARABOLIC SPRINGS LIMITED

21st
ANNUAL REPORT
2006 - 2007

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Bhupinder Singh Jauhar	- Chairman
Mr. Pradeep Singh Jauhar	- Whole Time Director
Mr. Robert Dean Petty	- Nominee, CCP
Mr. V.S.V Rao	- Nominee, IFCI Limited
Mr. I. C. Goel	- Director
Seth Ashok Kumar	- Director
Mr. C.K. Vohra	- Director
Mr. U.K. Singhal	- Director
Mr. S. P.S. Kohli	- Director

AUDITORS

A. K. Kalia & Associates,
Chartered Accountants, Chandigarh

BANKERS

State Bank of India
SBI Factors & Commercial Services(P) Ltd.
ICICI Bank Ltd.

REGISTERED OFFICE

E-178, Phase-VII, Industrial Area,
S.A.S Nagar, Mohali-160057
Distt.-Ropar, Punjab (India)
Phone: (0172) 5096551, 5096552

WORKS

Plot No. 22-25, Sengundram Village,
Maraimalainagar Industrial Complex,
Melrosapuram Singaperumal Koil Post,
Kanchipuram Distt. - 603204 (Tamilnadu)
Phone: (044) 27463800, 27464346/348
Fax: (044) 27464352

CORPORATE OFFICE

2, Park Lane,
Kishangarh, Vasant Kunj,
New Delhi-110 070 (India)
Phone : 011-32648668, 32648698
Fax : 011-26893192, 26893180

SHARE TRANSFER AGENT:

Beetal Financial & Computer Services Pvt. Ltd.
"Beetal House", 3rd Floor,
99, Madangir, Near Dada Harsukhdas Mandir,
New Delhi - 110 017
Phone : 011- 29961281; 29961282, 29961284 (Fax)

Annual General Meeting

29th September 2007 (Saturday)
at 4:30 P.M. at
Registered Office:
E-178, Phase-VII, Industrial Area,
S.A.S Nagar, Mohali-160057,
Distt.-Ropar, Punjab (India)

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NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the members of Jai Parabolic Springs Limited will be held on Saturday, the 29th day of September 2007 at 4:30 p.m. at the Registered office of the Company at E-178, Phase-VII, Industrial Area, SAS Nagar, Mohali-160057, Distt.-Ropar, Punjab, India to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2007 and Profit & Loss Account of the Company for the year ended on that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. S. P. S. Kohli, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. I. C. Goel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and rules and regulations made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and subject to approval of the Central Government and such amendment(s), modification(s) and change(s) in terms & conditions of re-appointment and in remuneration payable on re-appointment, as may be stipulated by the Central Government in granting its approval, the consent of the members, be and is hereby accorded for the reappointment of Mr. P. S. Jauhar as Whole Time Director of the Company designated as "Executive Director" for a period of 5 years with effect from 1st August 2007 to 31st July 2012 on the terms and conditions and payment of remuneration, as set out in the explanatory statement annexed herein below.

RESOLVED FURTHER THAT in the event(s) of any statutory amendment(s), modification(s) in Schedule XIII or terms or conditions which may be stipulated by the Central Government while granting its approval, the Board of Directors and Committee thereof for the time being exercising the powers conferred on the Board by this resolution, be and is hereby authorized to vary and/or increase, the terms & conditions of aforesaid re-appointment and/or remuneration including salary, commission, perquisites, allowance, benefits and amenities etc., within such prescribed limits or ceiling and terms and conditions of aforesaid re-appointment be suitably amended to give effect to such amendment(s), modification(s) in Schedule XIII or in remuneration or in terms or conditions as the Central Government may stipulate while granting its approval without any further reference to the members in general meeting.

RESOLVED FURTHER THAT consent of the members, be and is hereby granted to the Company to apply to the Central Government for the approval of the re-appointment and payment of remuneration to Mr. P. S. Jauhar as Whole Time Director of the Company designated as "Executive Director", as set out in explanatory statement annexed herein below and the Board of Directors of the Company and Committee thereof for the time being exercising the powers conferred on the Board by this resolution, be and is hereby authorized to do such acts, deeds and things and to authorized such officials of the Company as may be necessary to give effect to this resolution.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any year during the tenure of his office, the remuneration including salary, commission, perquisites, allowance, benefits and amenities etc as set out in explanatory statement annexed herein below shall nevertheless be paid and allowed to Mr. P. S. Jauhar as minimum remuneration but the same shall not in any case exceed the ceiling laid down in this behalf in Schedule XIII of the Companies Act, 1956 and approved by the Central Government."

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business under item no. 5 of the above notice is annexed hereto.

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3. Members are requested to:
 - a) Intimate immediately any change in their address to the Company's Registrar and Share Transfer Agent i.e. Beetal financial & Computer Services Pvt. Ltd. at "Beetal House", 3rd Floor, 99 Madangir, Near Dada Harsukhdas Mandir, New Delhi - 110017.
 - b) Quote Folio No. in all correspondence and in case the shares are held in dematerialized form, to quote client ID and DP ID number.
 - c) Consolidate holdings into one folio in case of multiplicity of folios with names in identical orders.
4. The Register of Members of the Company and Share Transfer Books will remain closed from Tuesday, the 7th day of August 2007 to Thursday, the 9th day of August 2007 (Both the days inclusive).
5. Shareholders seeking information with regard to accounts are requested to write to the Company at least ten days in advance, as to enable the Company to keep the information ready.
6. Members/Proxies are requested to bring their copy of the Annual Report to the meeting, as copies of the Report will not be distributed at the meeting.

By order of the Board
For Jai Parabolic Springs Ltd.

Place : New Delhi

Date : 04.09.2007

Praveen Lakhera
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5:

Members of the Company at their Annual General Meeting held on 30th September 2004 approved the reappointment of Mr. Pradeep Singh Jauhar as Whole Time Director designated as Executive Director for a period of three years w.e.f. 1st August 2004. Present term of office of Mr. Pradeep Singh Jauhar has completed on 31st July 2007. The Board of directors in their meeting held on 31st July 2007 has approved re-appointment of Mr. P. S. Jauhar as Whole Time Director designated as Executive Director for a further period of five years w.e.f. 1st August 2007 to 31st July 2012.

I. General Information :

- a) Nature of Industry : Manufacturing of suspension systems for heavy and medium commercial vehicles.
- b) Date of commencement of commercial production:
 - (i) Mohali Unit: Dec. 1988 (closed during the year 2005-06)
 - (ii) Chennai Unit : March 1999
- c) Financial performance as on 31st March 2007 : (Rs. In lac)

Particulars	Year Ended 31.03.2007
Net Sales/ Income from Operations	8732.05
Other Income	136.37
Total Income	8868.42
Total Expenditure	8395.94
Cash Profit	472.48
Earning Before Depreciation, Interest & Tax	1294.50
Profit / (Loss) before Taxation	99.31
Exceptional Items {gain/(loss)}	245.94
Provision for Taxation	11.92
Profit / (Loss) after Taxation	333.33

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d) Foreign investments and Collaborators:

- Foreign investments: Company has made preferential allotment of 2503295 equity shares to M/s. Clearwater Capital Partners (Cyprus) Limited (CCP) at a premium of Rs.62/- each equity share. CCP also subscribed to 3590455 convertible debentures of your Company at Rs.72/= each debenture which are fully convertible into equity shares of Rs. 10/- each of the Company at a premium of Rs.62/= each equity share
- Foreign Collaborators: Presently there is no foreign collaboration. However, Company had entered into a foreign collaboration with NHK Spring Company, Japan in year 1997 for the technology transfer for manufacture of suspension systems. The technology transferred has been fully absorbed by the Company.

II. Information about the appointee:

a) Back Ground & Remuneration Proposed:

Mr. P. S. Jauhar is the promoter director of the Company. He is a graduate in commerce and having an experience of more that 22 years in the spring industry including 18 years with the Company. Before joining the Company Mr. P. S. Jauhar worked as Director (Operations) of Jamna Auto Industries Limited, a leading company in the manufacturing of suspension systems. He played a pivotal role in formulation of financial and implementation of financial restructuring including the private equity deal in the Company, which results in reduction in finance cost and liquidation of debts. The Remuneration Committee in its meeting held on 31.07.2007 has approved following remuneration package. The same is proposed for the approval of the members of the Company.

1. Salary: Rs. 400,000/- per month including dearness allowance.
2. Perquisites: Following Perquisites shall be allowed in addition to the salary.
 - Housing: The Company shall provide free of cost, suitable furnished/ unfurnished residential accommodation with all facilities & amenities to Mr. P. S. Jauhar and his family. In case Mr. P. S. Jauhar does not opt for company provided accommodation at any time he shall be paid house rent allowance of a sum not exceeding 60% of his salary.
 - Gas, Electricity, Water & Furnishings: The expenditure incurred by the Company on gas, electricity, water, and furnishings shall be valued as per Income Tax Act, 1962.
 - Medical Reimbursement: Reimbursement of actual expenses incurred by Mr. Pradeep Singh Jauhar and his family.
 - Leave Travel Concession: Leave Travel Concession incurred for self and family once in a year in accordance with rules of the Company.
 - Club Fees: Fees of clubs subject to a maximum of two Clubs. No admission or life membership fee shall be paid.
 - Personal Accident Insurance: Personal Accident Insurance, the premium whereof shall not exceed Rs. 10,000 per annum.
 - Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on the perquisites to the extent all these, either singly or put together, are not taxable under the Income Tax Act, 1962.
 - Gratuity payable shall not exceed half a month salary for each completed year of service.
 - Earned Leave: Leave on full pay and allowances as per the rules of the Company.
 - Car & Telephone : Provision of car for use on Company's business and telephone, telefax, internet and other communication facilities at residence will not be considered as perquisites. Personal long distance telephone calls and use of car for private purpose shall be billed by the Company.
3. For the purpose of perquisites stated herein above, "Family" means spouse, dependent children and parents of Mr. P. S. Jauhar.
4. Mr. P. S. Jauhar shall be entitled to reimbursement of all actual expenses or charges including travel, entertainment or other out-of-pocket expenses incurred by him for and on behalf of the Company, in furtherance of its business and objects.
5. In the event of loss or inadequacy of profits in any year during the tenure of his office, Mr. P. S. Jauhar shall be entitled to the above remuneration by way of salary, perquisites & benefits as minimum remuneration.

(b) Suitability & Comparative remuneration profile:

Mr. P. S. Jauhar is the promoter director of the Company. He is having a experience of more that 22 years in the spring industry including 18 years with the Company. Before joining the Company Mr. P. S. Jauhar worked as Director (Operation) of Jamna Auto Industries Limited leading company in the manufacturing of suspension systems.

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Mr. P. S. Jauhar has successfully completed his current tenure of three years in the Company as Executive Director. His vast experience in the industry and deep knowledge of manufacturing of suspension systems makes him suitable for the post.

Current comparable data for leaf springs Industry is not available, it is not possible to comment on the comparative remuneration profile in comparison to the industry trends. However commensurate to the size of the company and the position and experience of Mr. P. S. Jauhar the comparative remuneration allowed in leaf spring industry in year 2005 is follows :

Remuneration: Rs. 2,98,000/- per month

Others:

- a) Contribution to Provident Fund subject to ceiling of 12%.
- b) SAF or annuity fund as per the rules of the Company.
- c) Gratuity not exceeding one half month salary for each completed year of service.
- d) Provision of car for use on company's business and telephone, telefax, internet and other communication facilities of residence, personal long distance telephone calls and use of car for private purpose shall be billed by the Company.
- e) Fees of clubs subject to a maximum of two clubs.
- f) Personal accident insurance, the premium charges shall not exceed Rs. 10,000 per month.
- g) Earned/ Privilege leave as per Rules of the Company.
- h) Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

c) Past Remuneration:

Mr. P. S. Jauhar was appointed as Whole Time Director in 2004 on the following remuneration:

1. Salary: Rs. 1,75,000/- per month including dearness allowance.
2. Commission : 1% of the Net Profits of the Company for each financial year computed in the manner prescribed under Section 349 and 350 of the Companies Act, 1956 subject to a maximum amount equal to the annual salary payable to Mr. P. S. Jauhar for the respective financial year.
3. Perquisites : Following Perquisites shall be allowed in addition to the salary.
 - i. Housing : The Company shall provide free of cost, suitable furnished/ unfurnished residential accommodation with all facilities & amenities to Mr. P. S. Jauhar and his family. In case Mr. P. S. Jauhar does not opt for company provided accommodation at any time he shall be paid house rent allowance of a sum not exceeding 60% of his salary.
 - ii. Gas, Electricity, Water & Furnishings : The expenditure incurred by the Company on gas, electricity, water, and furnishings shall be valued as per Income Tax Act, 1962.
 - iii. Medical Reimbursement : Reimbursement of actual expenses incurred by Mr. P. S. Jauhar and his family.
 - iv. Leave Travel Concession : Leave Travel Concession incurred for self and family once in a year in accordance with rules of the Company.
 - v. Club Fees: Fees of clubs subject to a maximum of two Clubs. No admission or life membership fee shall be paid.
 - vi. Personal Accident Insurance: Personal Accident Insurance, the premium whereof shall not exceed Rs. 10,000 per annum.
 - vii. Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on the perquisites to the extent all these, either singly or put together, are not taxable under the Income Tax Act, 1962.
 - viii. Gratuity payable shall not exceed half month's salary for each completed year of service.
 - ix. Earned Leave: Leave on full pay and allowances as per the rules of the Company.
 - x. Car & Telephone : Provision of car for use on Company's business and telephone, telefax, internet and other communication facilities at residence will not be considered as perquisites. Personal long distance telephone calls and use of car for private purpose shall be billed by the Company.
 - xi. Others : Such other perquisites, benefits, amenities and facilities as opted by Mr. P. S. Jauhar, the annual value of which shall not exceed three months of basic salary.

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4. For the purpose of calculating the value of perquisites herein above, the same shall be evaluated as per Income Tax Rules, 1962, wherever applicable or at actual cost.
5. For the purpose of perquisites stated herein above, "Family" means spouse, dependent children and parents of Mr. P. S. Jauhar.
6. Mr. P. S. Jauhar shall be entitled to reimbursement of all actual expenses or charges including travel, entertainment or other out-of-pocket expenses incurred by him for and on behalf of the Company, in furtherance of its business and objects.
7. In the event of loss or inadequacy of profits in any year during the tenure of his office, the Whole Time Director shall be entitled to the above remuneration by way of salary, perquisites & benefits as minimum remuneration. Provided that such remuneration shall be within the ceiling(s)/ terms specified in Schedule XIII of the Companies Act, 1956.

III. Other Information:**a) Reasons of Loss or inadequacy of profits and Steps taken or proposed to be taken for improvement:**

Company is engaged in the business of manufacturing automobiles leaf springs & leaves and supplying its products as Original Equipment to leading automobile manufacturers with Sole Supplier Status mainly in Heavy & Light Commercial Vehicle segment. The Company had been going through financial difficulties for the last 6 years (from financial year 2000) due to combination of poor market conditions for its products, high finance cost and needed working capital of the company etc.-all of which resulting in a stressed financial situation that significantly eroded the company's networth. The company in order to reduce the high finance cost and to liquidate debts in a best possible manner approached lender and submitted a debt restructuring plan which was duly approved and the lender agreed for a repayment schedule.

With the recovery of Commercial Vehicle segment of automobile sector the market conditions for the Company's product has been revived. As per the economic survey 2005-2006, during the last four years the automobile industry has been maintaining a steady annual growth of over 15%. Export is having the most thrust area where during the last two years export of automobiles has grown significantly. The preference for higher tonnage vehicles has been increasing, due to higher revenues and profits per vehicle, therefore, the demand for higher tonnage vehicles is expected to increase significantly. The Company has been laying stress to increase in both domestic and export markets.

The Company also actively considering a growth plan for its business to expand in domestic and export markets through investment in additional machineries, funding its working capital requirements and replacement of high debt with new debt/ equity/ hybrid instrument. The Company also raised Rs. 46.00 crores through preferential issue of equity shares to the foreign investor. The funds have been used for the required purpose of liquidation of debt, working capital requirements etc.

The particulars set out in the resolution(s) referred above together with the explanatory statement may be treated as an abstract under Section 302 of the Companies Act, 1956.

The Board recommends the resolution for the approval by members.

Mr. Pradeep Singh Jauhar, Director of the Company be considered as interested and/or concerned in the proposed resolution.

By order of the Board
For Jai Parabolic Springs Ltd

Place : New Delhi

Date : 04.09.2007

Praveen Lakhera
Company Secretary

In terms of clause 49 of the listing agreement with stock exchanges, a brief profile of directors who are proposed to be re-appointed at this meeting is given below:

1. Mr. I.C. Goel

Born on 2nd May 1933, Mr Goel is a Fellow member of Institution of Chartered Accountants of India and a Law graduate. He holds a rich experience in the field of Finance, Taxation, Accounts.

2. Mr. S.P.S. Kohli

Born on 10th February 1948, Mr Kohli is a Commerce Graduate with over 30 years experience in the various areas of management i.e. marketing, finance, production, administration with Jamna Auto Industries Limited.

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DIRECTORS' REPORT

The Members,

Your Directors present their 21st Annual Report for the accounting year ended on 31st March 2007.

Financial Results:

(Rs. In lacs)

Particulars	Year Ended 31.03.2007	Year Ended 31.03.2006
Sales in MT	31148	26607
Net Sales/ Income from Operations	8732.05	10656.94
Other Income	136.37	438.81
Total Income	8868.42	11095.75
Total Expenditure	8395.94	11213.36
Cash Profit	472.48	(117.61)
Earning Before Depreciation, Interest & Tax	1294.50	773.87
Profit / (Loss) before Taxation	99.31	(441.43)
Exceptional Items {gain/(loss)}	245.94	(182.55)
Provision for Taxation	11.92	14.78
Profit / (Loss) after Taxation	333.35	(638.76)
Add/ Less Previous Year Adjustment	(858.76)	546.37
Deferred Tax Credit	(401.59)	465.95
Balance brought forward	(5481.46)	(5855.02)
Surplus/ (Deficit) carried to Balance Sheet	(6408.48)	(5481.46)

Performance:

The year under review was a good year for the Company. The Company has earned a Profit before Tax of Rs. 99.31 lacs as compared to previous year loss of Rs. 441.43 lacs. The Company has recorded a cash profit of Rs. 472.48 lacs. The total sale of Rs. 8732.05 lacs for the period under the review includes conversion sales made to Ashok Leyland Limited. However, in quantitative terms the sales of your Company increased by 17.06% from 26607 MT in the last year to 31148 MT.

Merger with Jamna Auto Industries Ltd:

Management proposed to merge the Company with Jamna Auto Industries Limited (JAI) with effect from 1st July 2007. The Board of Directors of the Company also approved the merger at the swap ratio of one equity share of JAI for every two fully paid-up equity shares of the Company. M/s Walker Chandiok & Co., Chartered Accountants, has undertaken the valuation for determining the swap ratio for the merger. The proposed merger will benefit the merged entity by:

- A significantly stronger combined market presence.
- Significant production capacity.
- Material operational synergies.
- Economies of scale.

The Company is in the process of filing the necessary petition before the High Court for approval of the merger.

Dividend:

Considering the company's financial position, your directors are recommending no dividend.

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Equity Fund Raising:

During the year under review your Company has made preferential allotment of 2503295 equity shares to M/s. Clearwater Capital Partners (Cyprus) Limited (CCP) at a premium of Rs.62/- each equity share. CCP also subscribed to 3590455 convertible debentures of your Company at Rs.72/= each debenture which are fully convertible into equity shares of Rs. 10/- each of the Company at a premium of Rs.62/= each equity share within a period of 18 months from the date of their allotment. The fund raising has significantly boosted the Company's network and Limited helped Company's ability in improving the growth prospectives.

Pre-Payment of IFCI Ltd Debt:

During the year under review your Company prepaid the debentures amounting to Rs.3185 lacs issued to IFCI Limited for a total consideration of Rs.2600 lacs. These debentures were repayable in five annual installments commencing from 01.10.2013 and ending on 01.10.2017. Your Company has earned an exceptional gain of Rs.256 lacs on this transaction.

Employees Stock Option:

Your Company appreciates the critical role of people play in the organizational growth. It strongly feels that the value created by its people should be shared by them, which would also comprise retaining human resource talent in the Company. During the year under review the Company has granted stock option to its employees to promote the culture of employee's ownership and incentivise key employees of the Company to perform.

SAP Implementation:

During the year under review the Company has appoint HCL Limited for implementation of SAP in the Company. Master data compilation is in process and the first module is expected to go on stream shortly. SAP is expected to improve the information flow within the Company substantially and aid in the roll-out of various growth initiatives of the Company.

Branch Office at Turkey:

During the year under review your Company has opened a branch office at Turkey. There has been no significant operation at the branch. The financial account of the branch upto the period ended 31st March 2007 has been consolidated with final accounts of the Company for year ended 31st March 2007.

Subsidiary Companies:

Your Company had two subsidiaries viz. JPSL Marketing Limited and Jai Suspension Systems Limited. During the year under review the Company has de-subsidiarised Jai Suspension Systems Limited. As required under section 212 of the Companies Act, 1956, the Statement and Annual Accounts of the remaining subsidiary company i.e. JPSL Marketing Limited is annexed.

Fixed Deposit:

During the period under review your Company has not accepted any public deposits.

Energy, Technology Absorption & Foreign Exchange:

The particulars as prescribed under section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 are set out in the Annexure 'A' and form an integral part of this report.

Particulars of Employees:

Mr. P. S. Jauhar, Executive Director and Mr. G. Sathyanarayanan, Vice President of the Company are falling under the purview of Section 217(2A) of the Companies Act, 1956. However, as per the provisions of Section 219 (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all the members of the Company excluding the information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended. Any members interested in obtaining such information may write to the Company Secretary at the Registered Office. The said information is also available for inspection at the Corporate Office during working hours upto the date of Annual General Meeting.

Director:

During the year under review, Mr. Robert Dean Petty has joined the Board of Directors as nominee of Clearwater Capital Partners (Cyprus) Limited.

In accordance with the applicable provisions, Mr. S. P. S. Kohli and Mr. I. C. Goel retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

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Auditors:

M/s A. K. Kalia & Associates, Chartered Accountants, Chandigarh retires at the conclusion of the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed. The report of the Auditors read with the notes on accounts being self-explanatory needs no further clarification.

Report on Corporate Governance:

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure 'II' and forms part of this report.

Director's Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, directors confirm that:

- (a) The Annual Accounts for the financial year ended 31st March 2007 are in conformity with the requirements of the Accounting Standards issued by the Institute of Chartered Accountants of India and no material departure from the same have been made;
- (b) Such Accounting Policies has been selected and consistently applied and judgments & estimates made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year 31st March 2007 and of the Profit or Loss of the company for that period;
- (c) Proper and sufficient care was taken for maintenance of adequate accounting records are maintained in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting any form of fraud and other irregularities;
- (d) The Annual Accounts for the financial year ended 31st March 2007 have been prepared on a going concern basis.

Appreciation:

Your Directors acknowledge with gratitude the support extended and confident reposed by Bankers, Financial Institutions, Lenders, Clearwater Capital Partners, Government, NHK Spring Co. Limited, Japan. The Directors also place on record their appreciation for the contributions made by employees at all levels.

For and on behalf of the Board

Place: New Delhi

Date: 04.09.2007

(B.S. Jauhar)
Chairman