

40th Annual Report 2005-2006



JAMNA AUTO INDUSTRIES LIMITED

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JAI

Jamna Auto Industries Limited was promoted by Mr. Bhupinder Singh Jauhar. He is a first generation entrepreneur, who started his business in 1950 in a very modest manner and has now grown into the only focused manufacturer of suspension products in the Country. The day to day operations of JAI are managed by Mr. Randeep Singh Jauhar, Executive Director under the authority & supervision of the Board of Directors.

JAI designs, engineers, manufactures and supplies wide variety of multi leaf and parabolic springs for automobile manufactures, specializing in HCVs, MCVs, LCVs, SUVs and trailers.



The Company supplies to all Major OEMs in India including TATA Motors, Ashok Leyland, Mahindra & Mahindra, Bajaj Tempo and Force Motors. The manufacturing facilities of JAI are situated at Malanpur (M.P.) and Yamunanagar (Haryana) and has Quality Certification under QS-9000 & ISO 9001-2000. As the largest and most diversified manufacturer of springs, JAI can provide vehicle manufacturers with global, single point sourcing capabilities and systems tailored to meet their specific needs.



FINANCIAL HIGHLIGHTS AT A GLANCE

(Rs. In Lacs)

Year ending 31st March Sales & Earnings	2006	2005	2004	2003	2002
Sales	21,043.20	20,954.02	12258.05	6595.38	7877.23
Other Income	53.50	107.91	29.59	48.95	190.92
	21096.70	21061.94	12287.64	6644.33	8068.15
Total Expenditure	19,253.90	19,327.99	11110.92	6396.11	7621.27
Gross Profit (PBDIT)	1842.80	1733.95	1176.72	248.22	446.88
Interest	1,160.16	1,070.27	794.76	957.28	1392.82
Profit/(Loss) before Depreciation	682.64	663.68	381.96	-709.06	-945.94
Wite Offs	12.40				
Depreciation	386.76	376.21	372.26	368.65	368.70
Profit/(Loss) before Tax	283.48	287.46	9.70	-1077.71	-1314.64
Tax	14.87	0.50	0.60	0.77	0.77
Deferred Tax Credit	191.03	100.87	159.89	-326.33	-432.73
Profit/ (Loss) After Tax	77.58	186.09	-150.79	-752.15	-882.68
Cash Profit/(Loss)	682.64	663.68	381.96	-709.06	-945.94
What the Company Owned					
Fixed Assets- Gross Block	9,329.69	8,816.38	8430.18	8353.54	8278.40
Less: Depreciation(Cummulative)	3,913.55	3,531.37	3162.4	2794.59	2465.58
Net Block	5416.14	5285.01	5267.78	5558.95	5812.82
Investments	1,208.48	1,208.48	1208.48	1208.48	1208.48
Current Assets	7,650.68	7,122.22	4765.64	3940.46	4936.56
Deffered Tax Credit	246.28	437.31	538.18	698.07	371.74
	14521.58	14053.02	11780.08	11405.96	12329.60
What the Company Owed					
Long Term Funds	6,391.19	6,723.05	6173.86	5893.91	5167.48
Medium/ Short Term Funds	950.09	823.54	833.96	674.87	591.03
Working Capital From Banks	1,262.92	1,844.73	1020.59	985.07	2071.39
Current Liabilities & Provisions	5,166.09	4,026.18	3158.07	2983.83	2799.30
	13770.29	13417.50	11186.48	10537.68	10629.20
Net Worth of the Company					
Equity Share Capital	876.11	876.11	876.11	876.11	876.11
Reserves & Surplus	844.12	740.75	698.83	973.51	1832.63
Less: Intengibles (-)	968.94	981.34	981.34	981.34	981.34
	751.29	635.52	593.60	868.28	1727.40
Share Indices					
Cash Earnings/ (Loss) per share (Rs.)	7.80	7.58	4.36	-8.10	-10.81
Earning Per Share (Rs.)	0.89	2.13	-1.72	-8.59	-10.09
Dividend per share (Rs.)	NIL	NIL	NIL	NIL	NIL
Net Worth Per Share (Rs.)	8.58	7.26	6.78	9.92	19.74

UN AUDITED FINANCIAL (PROVISIONAL) RESULTS FOR THE QUARTER ENDED 30.06.2006

(Rs. In Crores)

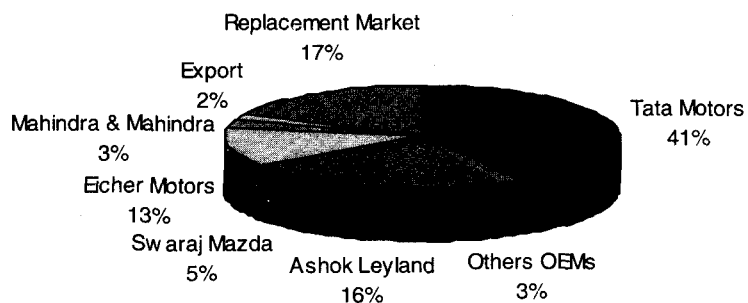
	30.06.2006 Un-audited	30.06.2005 Un-audited
Net Sales	54.20	40.30
Other Income	0.07	0.16
Total Expenditure	48.71	36.91
PBDIT	5.56	3.55
Depreciation	0.97	0.97
Interest	2.26	2.48
Profit Before Tax	3.30	1.07
Provision For Taxation	-	-
Profit/-Loss after Tax	2.33	0.09



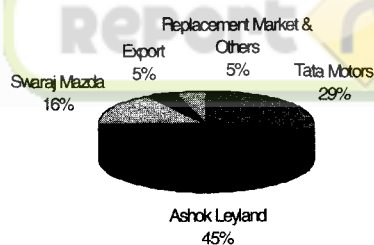
PERFORMANCE

Financial Year 2005 –2006

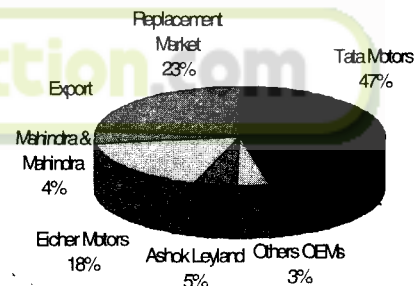
Sales Distribution (Consolidated)



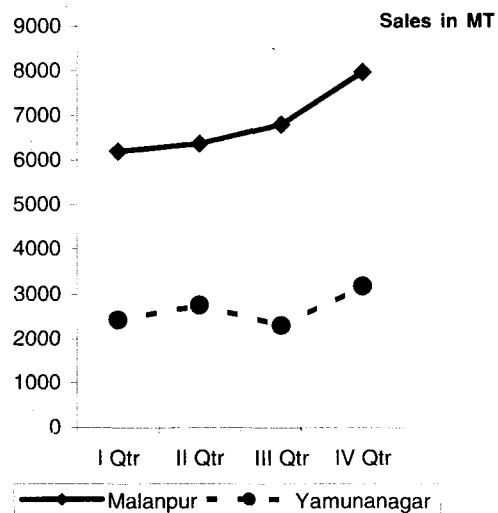
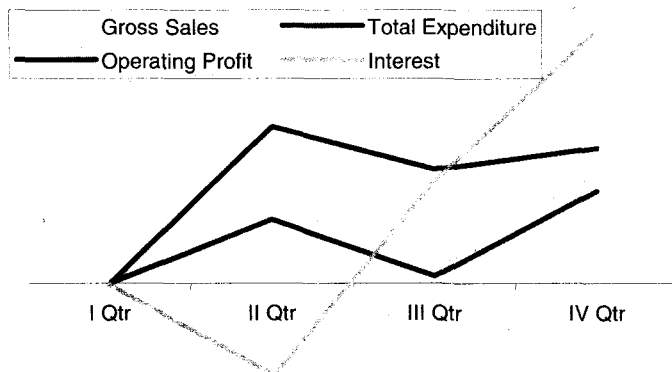
Sales Distribution (Yamunanagar)



Sales Distribution (Malanpur)



Quarterly trends





CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Bhupinder Singh Jauhar - Chairman & Managing Director
 Mr. Randeep Singh Jauhar - Executive Director
 Mr. J. K. Jain - Nominee, ICICI Bank
 Mr. Ashwani Sharma - Nominee, HSIDC
 Mr. U. K. Singhal - Director
 Mr. C. K. Vohra - Director
 Mr. D. K. Sharma - Director
 Mr. H. S. Gujral - Director

AUDITORS

Goel Garg & Co.
 Chartered Accountants, New Delhi

ASG & Associates
 (Formerly known as G. S. Johar & Co.)
 Chartered Accountants, New Delhi

BANKERS

State Bank of India
 Canara Bank
 ICICI Bank Ltd.

REGISTERED OFFICE

Jai Springs Road, Industrial Area,
 Yamuna Nagar - 135001
 (Haryana) - India
 Ph.: 01732-251810/11/14
 Fax: 01732 - 251820

CORPORATE OFFICE

No. 2, Park Lane,
 Kishangarh, Vasant Kunj,
 New Delhi - 110 070
 Ph.: 011-32566685, 26893331
 Fax: 011-26893192, 26893180

WORKS

Jai Springs Road, Industrial Area,
 Yamuna Nagar - 135001
 (Haryana) India

U:27-29, Industrial Area,
 Malanpur-477116
 Distt. - Bhind (M.P) India
 Ph.: 07539-283396, 509117
 Fax: 07539-283395

SHARE TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.
 123, Vinoba Puri, Lajpat Nagar - II
 New Delhi - 110024 (INDIA)
 Ph.: 011 - 29847136, 29833777,
 Fax : 011 - 29848352



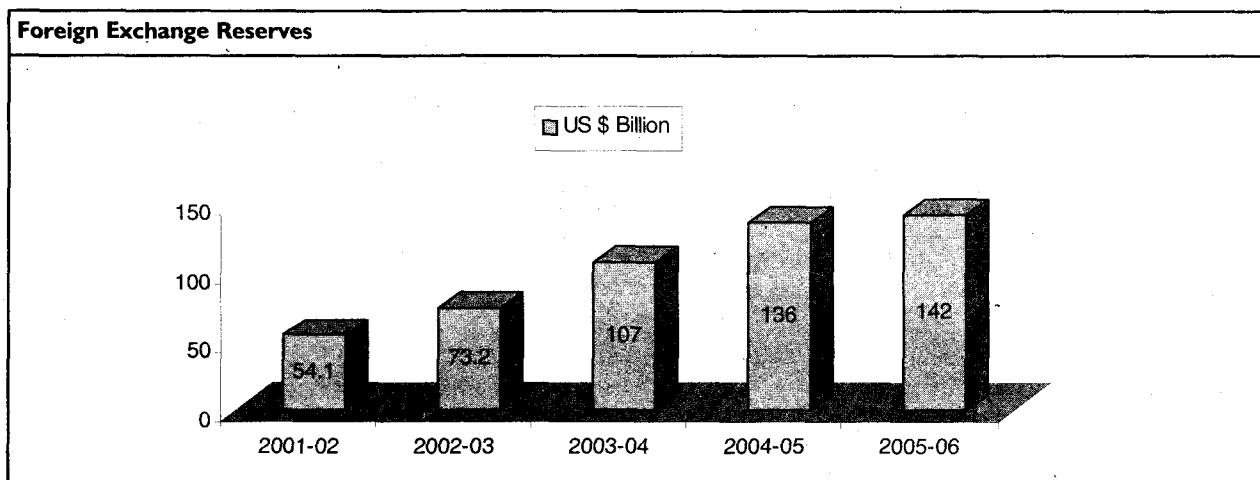
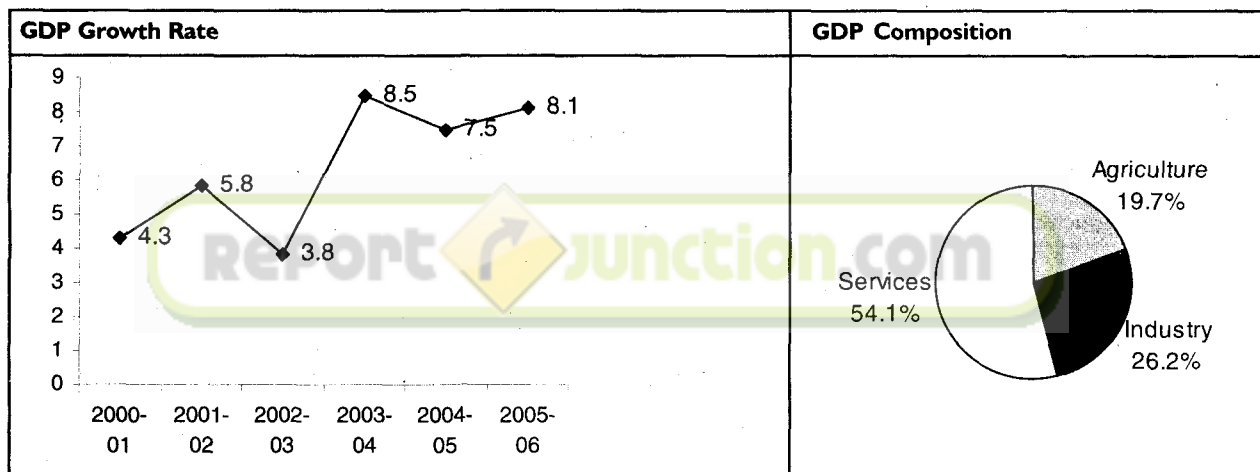
MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY

Outlook

Since the economic reforms of 1991, there has been a paradigm shift in the business outlook in Indian economy. There has been fundamental and irreversible changes in economy, government policies and industry, there has been reduction in peak custom duties to bring in line with the rates in South East Asian Countries, raising of ceiling on foreign investment in core sectors, passage for flexible labour laws etc, all of which are aimed at giving a push to exports and foreign direct investment inflow into the Country. The macro-economic fundamentals are strong and the economy is a front runner in the emerging knowledge based economy. The Indian economy has successfully transformed itself into a service oriented industry from agro based economy. Indian companies have become globally competitive and Indian brands is now getting global recognition.

The economy is projected to grow at 8.1 per cent in the current year 2005-2006. Industry and services sector have continued to expand steadily and have acted as the twin engines propelling overall growth of the economy. Industrial growth is driven by robust performances from manufacturing and construction sectors. Substantive Commercial Bank credit flows to the housing and real estate and retail sectors continue to provide support to the boom in the construction and consumer durables. Service sector growth continued to be broad based and trade, hotels, transport and communication services continued to lead by growing double digit rates.



Against the performance in previous year, there is a modest recovery in farm sector in 2005-2006, partly because of change in the rainfall pattern from erratic to normal distribution. Credit flow to priority sector was driven mainly by agriculture and 'other priority' sectors. Outstanding credit balances to agriculture doubled in the last three years.



The Rupee has strengthened against all major currencies including US dollar. The weakening of the US \$ vis-a-vis other major global currencies, resulted in valuation losses of US \$ 5.0 billion in foreign exchange reserves in the first half of 2005-2006 which is a major factor in slowing down of pace of accretion of foreign exchange reserves in 2005-2006 other than current account deficit and redemption of India Millennium Deposit.

In the social sector, National Rural Employment Guarantee Scheme (NREGS) was enacted to ensure 100 days of wage employment in a financial year to a adult member of every rural household. The National Rural Health Mission has also been launched to bring about a qualitative improvement in the public health care delivery in the rural areas. Allocation for elementary education sector has also been increased during the year. It is, however important to focus attention on the quality of outcome of various social sector programmes rather than their quantity or coverage.

With, the rising crude oil prices, inflation in most parts of the world has shown a rising tendency, this sharp and continue increase in international oil prices has posted a considerable challenge in the maintenance of price stability in the economy. The continued firming up of global interest rates also poses a risk of dampening the domestic investment boom.

Auto Industry

As per the Economic Survey 2005- 2006, during the last four years the automobile industry has been maintaining a steady annual growth rate of over 15%. Export is having the most thrust area, during the last two years, export has grown significantly. Exports of automobiles as a proportion of total production have increased from 2.9% in 1999-2000 to 8.9% in 2005-06.

Global players are entering Indian Market by way of Joint Ventures, Collaborations or Wholly owned subsidiary as the India provide twin benefits of ready market and low cost manufacturing base for them. According to Economic Survey 2005-2006, since 1991, the number of manufacturing facilities in India has grown progressively to 15 manufacturers of passenger cars and multiutility vehicles, 9 manufacturers of commercial vehicles, 14 manufacturers of two/three wheelers and 14 manufacturers of tractors.

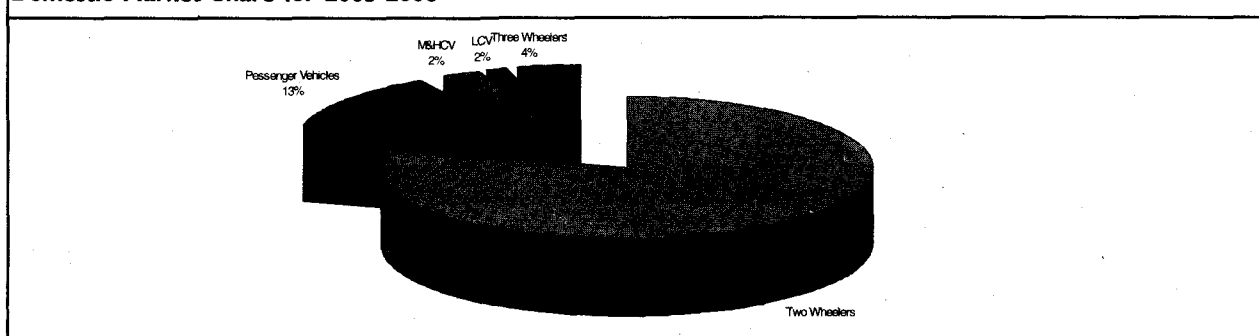
Automobile Production Trend

(In nos)

Category	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
M&HCV	96752	120502	166123	214807	219297
LCV	65756	83195	108917	138896	171781
Total CV	163508	203697	275040	353703	391078
Passenger Vehicle	669719	723330	989560	1209876	1308913
Two Wheelers	4271327	5076221	5622741	6529829	7600801
Three Wheelers	212748	276719	356223	374445	434424

The automobile industry registered a growth of approximately 13.80 % over the previous financial year of 2004-2005. The passenger vehicle posted a growth of approximately 7.5%. The Commercial Vehicle segment registered a growth of approximately 9.5%. While the M&HCV segment achieved a growth of approximately 2%, LCV segment registered a growth of approximately 19.15%.

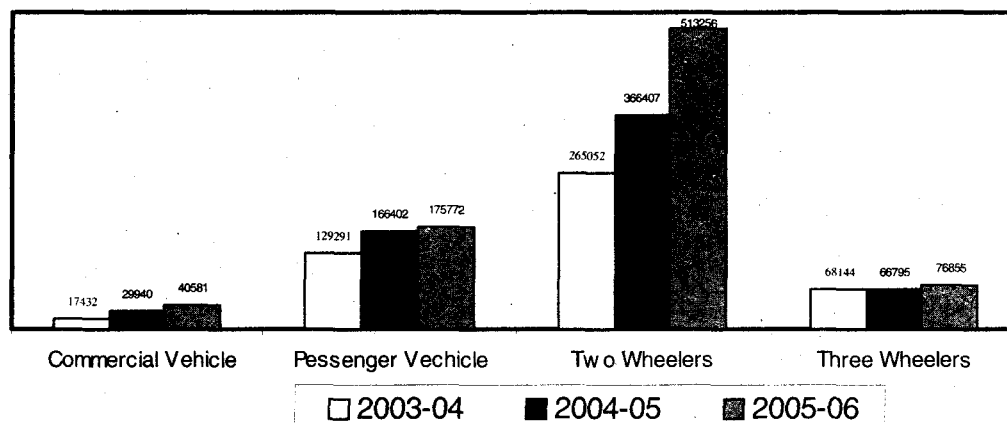
Domestic Market Share for 2005-2006





Export performance of the automobile industry in year 2005-2006 is also encouraging which registered a growth of approximately 22% over the previous year. Commercial Vehicle export grew approximately by 26%. According to Economic Survey the export potential of the automobile industry still remains untapped despite it gaining global recognition. The high growth automobile industry would attract a massive investment of \$18 billion by next year also says the Economic Survey.

Export Trend for the last three years

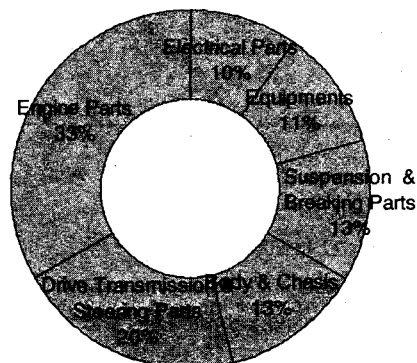


Auto Component Industry

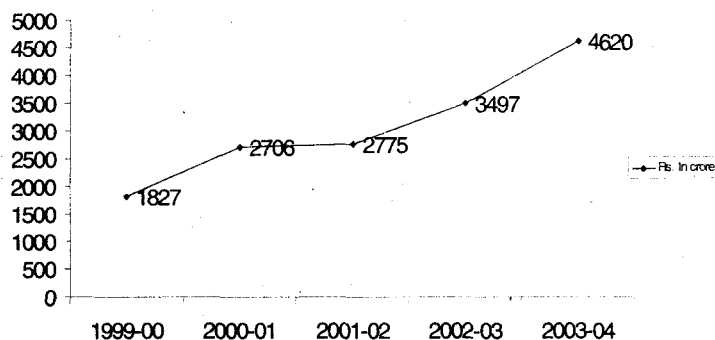
Indian auto component sector has approximately 500 key players who covers a comprehensive production range. Proficiency in understanding technical drawings and conversance in all global automotive standards is leading India as one of the key centers in ASIA in the global automotive supply chain. OEMs and Tier-1 suppliers are increasingly viewing India as a sourcing base for automobile components. In addition the global MNCs are shifting the automotive design center into India as India provides an excellent base for prototyping, testing validating and productionizing of auto-components.

Year	(Rs in crores)	
	Production	Investment
1999-2000	16356	8600
2000-2001	17857	9800
2001-2002	21602	10700
2002-2003	25535	12500
2003-2004	306040	14500

Composition of Auto Component Industry

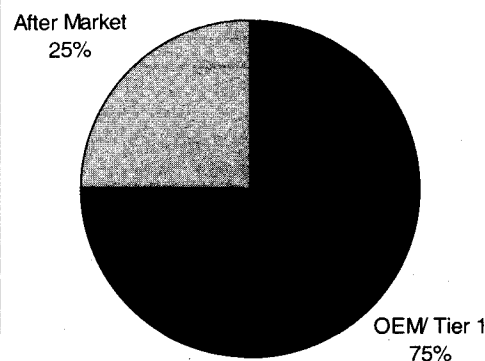
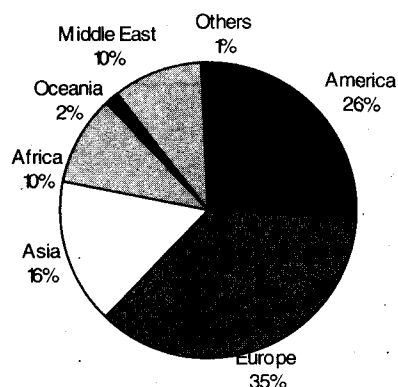


Export Performance of Auto Component Industry





Composition of Export of Auto Component Industry



Performance

Particulars	(Rs. In lacs)		Sales Composition Trend (%)												
	Year Ending														
	31st March 2006	31st March 2005													
Gross Sales	21043	20954	<table><thead><tr><th>Category</th><th>2004-2005 (%)</th><th>2005-2006 (%)</th></tr></thead><tbody><tr><td>OEM</td><td>75.66</td><td>80.63</td></tr><tr><td>Export</td><td>4.86</td><td>1.62</td></tr><tr><td>Replacement</td><td>19.49</td><td>17.76</td></tr></tbody></table>	Category	2004-2005 (%)	2005-2006 (%)	OEM	75.66	80.63	Export	4.86	1.62	Replacement	19.49	17.76
Category	2004-2005 (%)	2005-2006 (%)													
OEM	75.66	80.63													
Export	4.86	1.62													
Replacement	19.49	17.76													
Net Sales	18131	18157													
Other Income	53	107													
Operating Profit	3622	3366													
PBDIT	1843	1733													
Net Profit	78	189													
Net Worth	751	635													
Operating Profit Ratio	19.97%	18.53%													
Gross Profit Ratio	10.16%	9.54%													
Net Worth Per Shares	Rs.8.58	Rs.7.26													
Earning Per Share	Rs.0.89	Rs.2.13													

The financial highlights are summarized below:

- Gross Sales increased marginally by Rs.89 lac, where net sales decreased by Rs.26 lac.
- Operating Profit increased by 7.60% from Rs.3366 lac in 2004-2005 to Rs. 3622 in 2005-2006.
- Operating Profit Ratio increased from 18.53% to 19.97% from the previous year.
- PBDIT increased from Rs.1733 lac in 2004-2005 to Rs.1843 lac in 2005-2006. Gross profit ratio also increased to 10.16% from 9.56% from previous year.
- Net Profit reduced to Rs.78 lac from Rs.189 lac in 2004-2005.