



Jamna Auto Industries Limited



**42nd ANNUAL REPORT
2007-08**



Report  junction.com

Annual General Meeting

30th September 2008 (Tuesday)

at 11:30 A.M at

Registered Office:

Jai Springs Road, Industrial Area,

Yamuna Nagar - 135 001 (Haryana)

Corporate Information

BOARD OF DIRECTORS

Mr. Bhupinder Singh Jauhar	- Chairman
Mr. Randeep Singh Jauhar	- Chief Executive Officer & Executive Director
Mr. Pradeep Singh Jauhar	- Chief Operating Officer & Executive Director
Dr. Pierre Jean Everaert	- Nominee, Clearwater Capital Partners (Cyprus) Ltd.
Mr. Robert Dean Petty	- Nominee, Clearwater Capital Partners India Pvt. Ltd.
Seth Ashok Kumar	- Director
Mr. Jainender Kumar Jain	- Nominee, ICICI Bank Limited
Mr. Satya Venkatarao Vasantha Rao	- Nominee, IFCI Limited
Mr. Uma Kant Singhal	- Director
Mr. Chander Kallash Vohra	- Director
Mr. Daksh Kumar Sharma	- Director
Mr. Shashi Bansal	- Director

AUDITORS:

Goel Garg & Co. Chartered Accountants, New Delhi
 ASG & Associates Chartered Accountants, New Delhi
 A. K. Kalia & Associates, Chartered Accountants, Chandigarh

CORPORATE OFFICE:

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

BANKERS:

State Bank of India
 ICICI Bank
 Canara Bank
 SBI Factors & Commercial Services Pvt. Ltd.
 Kotak Mahindra Bank

SHARE TRANSFER AGENT:

Skyline Financial Services Pvt. Ltd.
 246, 1st Floor Sant Nagar,
 East of Kailash, New Delhi-110 065
 Ph.: 011- 26292680/82/83/84
 Fax: 011- 26292681

REGISTERED OFFICE:

Jai Springs Road, Industrial Area, Yamuna Nagar - 135 001
 Phone: 01732-251810/11/14

INVESTOR CELL:

Mr. Amit S. Kashyap, Company Secretary
 amit@jaispring.com

WORKS:

- i) Jai Springs Road, Industrial Area,
 Yamuna Nagar - 135 001
 Phone: 01732-251810/11/14
- ii) U: 27-29, Industrial Area, Malanpur – 477116,
 Distt. – Bhind (M.P.) India
 Ph: 07539- 283396, 509117
- iii) Plot No. 22-25, Sengundram Village,
 Maraimalainagar Industrial Complex,
 Melrosapuram Singaperumal Koil Post,
 Kanchipuram Distt. - 603204 (Tamilnadu)
 Phone: (044) 27463800, 27464346/348,
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JAMNA AUTO INDUSTRIES LIMITED

Key Financials at a Glance

(Rs. in Lacs)

	2008	2007	2006	2005	2004	2003
OPERATIONAL RESULTS						
Sales	54119.34	32371.82	21043.20	20954.02	12258.05	6595.38
Other Income	340.82	227.31	53.50	107.91	29.59	48.95
Sales & Earnings	54460.16	32599.13	21096.70	21061.94	12287.64	6644.33
Expenditure	48383.11	30095.83	19253.90	19327.99	11110.92	6396.11
PBIDT	6077.05	2503.30	1842.80	1733.95	1176.72	248.22
Interest	2694.14	1243.47	1160.16	1070.27	794.76	957.28
EBDT	3382.91	1259.83	682.64	663.68	381.96	(709.06)
Depreciation	827.80	378.89	386.76	376.21	372.26	368.65
PBT & other items	2555.11	880.94	295.88	287.46	9.70	(1077.71)
Exceptional Items - (gain)/(loss)	90.25	-	-	-	-	-
Deferred Revenue Expenditure	457.20	169.66	12.40	-	-	-
PBT	2007.66	711.28	283.48	287.46	9.70	(1077.71)
Tax	43.25	32.44	14.87	0.50	0.60	0.77
Deferred Tax Credit	357.92	46.40	191.03	100.87	159.89	(326.33)
PAT	1606.49	632.44	77.58	186.09	(150.79)	(752.15)
Cash Profit (Loss)	3382.91	1259.83	682.64	663.68	381.96	(709.06)
FINANCIALS INDICATORS						
Net Fixed Assets	13261.07	6364.41	5416.14	5285.01	5267.78	5558.95
Investments	527.00	1208.48	1208.48	1208.48	1208.48	1208.48
Current Assets	18940.94	8060.45	7650.68	7122.22	4765.64	3940.46
Equity Share Capital	3737.22	1771.11	876.11	876.11	876.11	876.11
Reserves & Surplus	3315.08	(260.60)	844.12	740.75	698.83	973.51
Net Worth	5116.26	939.87	751.29	635.52	593.60	868.28
Long Term Funds	11253.49	8431.30	6391.19	6723.05	6173.86	5893.91
Medium / Short Term Funds	3624.49	57.36	950.09	823.54	833.96	674.87
Working Capital From Banks	2699.08	1496.92	1262.92	1844.73	1020.59	985.07
Current Liabilities & Provisions	11192.61	4907.77	5166.09	4026.18	3158.07	2983.83
RATIO						
EBIDT to Sales	11.23	7.73	8.76	8.28	9.60	3.76
PBT to Sales	3.71	2.20	1.35	1.37	0.08	(16.34)
PAT to Sales	2.97	1.95	0.37	0.89	(1.23)	(11.40)
EBIDT / Avg. capital employed (ROCE)	37.67	25.24	19.71	19.62	14.89	2.94
PAT / Net Worth	31.40	67.29	10.33	29.28	(25.40)	86.63
Cash Earning Per Share (Rs.)	11.77	9.75	7.80	7.58	4.36	(8.10)
EPS (Rs.)	5.59	4.90	0.89	2.13	(1.72)	(8.59)
Dividend Per Share (Rs.)	Nil	Nil	Nil	Nil	Nil	Nil
Net Worth Per Share (Rs.)	22.50	7.27	8.58	7.26	6.78	9.92

Figures of the current financial year are not comparable with that of the previous years due to merger of Jai Parabolic Springs Ltd. and Map Springs Ltd. with the company w.e.f. 1st July, 2007.



DIRECTORS' REPORT

Dear Members,

It gives us immense pleasure to present the 42nd Annual Report of your company and to share with you key developments that took place during the accounting year ended 31st March 2008:

Financial Results

(Rs. in million)

Particulars	Year Ended 31.03.2008	Year Ended 31.03.2007
Gross Sales	5411.94	3237.18
PBIDT	607.70	250.33
Finance cost	269.41	124.35
PBDT /Cash Profit	338.28	125.98
Depreciation & others	137.52	54.85
PBT	200.77	71.13
Provision for current tax	4.33	3.24
Provision for deferred tax	35.79	4.64
PAT	160.65	63.24
Previous year adjustment	(4.64)	(173.38)
Balance brought forward	(487.00)	(173.72)
Profit available for appropriation	156.01	(110.47)
Balance carried to Balance Sheet	(330.99)	(486.99)

Industry Scenario

During the year under review, production of Commercial vehicles & Multi utility vehicles (CVs & MUVs) increased to 866000 vehicles from 827000 vehicles in 2006-07. However, HCV & MCV segment of CVs, which constitutes 83% of springs demand, marked a decline in production by 5%. As a result, spring demand from Original Equipment Manufacturer (OEMs) for CVs in India was 153,000 MT approximately as compared to 159,000 MT in year 2006-07, showing a decline of 4%.

Your company's business with OEM registered an increase from 79,000 MT in 2006-07 to 90,000 MT during 2007-08. The company, thus managed to increase its market share to 59% from 51% in the previous year. Our share is likely to go up further once leading OEMs rationalise their vendors policy. The Indian replacement market demand of springs for CVs segment is significantly large and estimated at 150,000 MTPA. The replacement market is highly fragmented with unbranded suppliers catering to regional capacities, thereby offering attractive opportunities to your company.

During the year under review, the company's sales in replacement market were approximately 6500 MT, which constituted 4.33% of the total replacement market. After amalgamation of MAP Springs Limited with the company, our market share in replacement market is likely to grow further. In addition, our competitiveness in the replacement market has considerably improved with the introduction of VAT across India.

This shall help de-risk business as the replacement markets are affected marginally when there is a slow down in the OE market.

In international market, demand of springs in global CVs market was approx. 2,400,000 MT with an estimated annual growth rate of 6%. There are only 10-12 players globally who have the scale to cater to global OEM market. Jamna perceives significant export opportunities and plans to tap this growing market.

Performance

Your company has continuously been reporting good results. The 2007-08 performance is the consolidated position as a consequence of amalgamation of three companies – Jamna Auto Industries Ltd, Jai Parabolic Springs Ltd and MAP Springs Ltd. Hence, these cannot be compared with the last year's figures. For the year ended 31st March 2008, the company recorded gross turnover of Rs. 5411.94 million; PBIDT of Rs. 607.70 million and profit after tax stood at Rs. 160.65 million.

JAMNA AUTO INDUSTRIES LIMITED

The year under review was the year of operational turnaround as all the three manufacturing units i.e. Malanpur, Yamunanagar and Chennai achieved all time high production rates. The company takes pride that it features amongst the world's top seven producers of this product.

The following figures reflect the growth:

	FY 06-07	FY 07-08	Growth
India CV & MUV Production (No.)	827000	866000	5%
Spring Demand (MT)	159238	153534	-4%
JAI's Business (MT)	79789	90248	13%
JAI Market Share	50.1%	58.78%	8.68%

Your company harbours a compelling vision to be rated amongst the top three spring producing companies in the world. The strategy for growth shall be to become a multi product and a multi location company with strong focus on exports in the next 3-5 years.

Major Developments

During the year under review Clearwater Capital Partners (Cyprus) Limited (CCP) infused Rs.1790 million in equity and debt. CCP is a globally renowned private equity investor and specializes in turnaround situations. CCP's investment not only anchors the company financially, but also provides us strategic alternatives to assist our growth.

Other major development was the approval by the Hon'ble High Court of Punjab & Haryana for amalgamation of Jai Parabolic Springs Ltd (JPSL) and Map Springs Ltd., into your Company resulting in a combined production capacity of 1,14,000 MTPA.

In October 2007, your company, as part of its move to develop long-term strategic partnerships with vehicle manufacturers, bought the assets of Tata Motors Ltd's leaf-springs facility in Jamshedpur. The company will now get a major share of the spring business of the Tata Motors' Jamshedpur truck plant, which is the largest truck manufacturing plant in India.

After reaching a one time settlement of debt with IDBI, SBI, HSIDC, UTI, MPSIDC, the company has exited from the provisions of corporate debt restructuring (a rehabilitation mechanism).

The developments over the year were all geared towards execution and fine tuning of the major restructuring drive that was initiated in 2006. The improved performance of 2007-08 reflects the efforts and vision of the management.

Expansion Plans

Your company is expanding the spring production capacity to cater to increasing demand of OEMs, replacement market and export. The enhanced capacity will catapult your company to be counted amongst the leading spring manufacturers of the world.

The company has already commenced work on its greenfield project at Jamshedpur. The Jamshedpur plant will have a capacity of 60,000 MTPA and will primarily serve the requirements of Tata Motors plant there. Additional capacity will be used to explore export opportunities.

The company is also setting up a new unit at Pantnagar (Uttarakhand) through its wholly owned subsidiary - Jai Suspension Systems Ltd. This unit will provide parabolic springs to Tata Motors Limited's exclusive production facility at Pantnagar, for its fastest growing vehicle ACE. The premier companies like Ashok Leyland and others are also likely to set up manufacturing facilities in Uttarakhand in view of various benefits/tax exemptions/concessions being offered by Uttarakhand Government to newly set up industries in the state.



R & D

The company plans to establish a state-of-art R&D centre to expand and leverage its technical, technological and IP strengths. This shall enable the company to deepen its customer relationships and create a wider portfolio of products and help enhance its margins.

SAE World Conference

Technical Paper on "Hydrogen - Embitterment in Key Suspension" submitted by the company's R & D team was published in SAE 2008 Commercial Vehicle Congress, Detroit, USA. This has enhanced our image.

Dividend

In view of the ongoing expansion programme to enhance the spring production capacity, your directors are not recommending dividend payment for 2007-08.

Change in Capital Structure

During the year under review, the company has made allotment of 14191048 equity shares under the Scheme of Amalgamation.

Further, 3639423 equity shares were allotted to Clearwater Capital Partners (Cyprus) Limited and Map Auto Limited upon conversion of convertible debentures & convertible warrants.

Stock Options

The company appreciates the critical role people play in the organizational growth. It strongly feels that the value created by people should be shared. To promote the culture of employee ownership, Stock Options have also been granted to key employees of the company. The particulars of options issued as required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are appended as annexure and form part of this Report.

Internal Control System

The company has set up an internal audit department with direct reporting to CEO. This has been done to strengthen the company's control mechanism. The internal control system comprises audit and compliance by both outside and in-house internal auditors. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of transactions in value terms. Independence of audit and compliance is ensured by submitting the report of internal audit to the Audit Committee of the Board.

SAP Implementation

During the period under review SAP module has gone live at Malanpur. System stability is being tested. Once the Malanpur SAP initiative stabilizes, it will be rolled out in the other plants to make the company SAP compliant.

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 the Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 are set out in Annexure 'A' and form an integral part of this report.

JAMNA AUTO INDUSTRIES LIMITED**Particulars of Employees**

Mr. B. S. Jauhar, Mr. R. S. Jauhar, Mr. P. S. Jauhar, Mr. S. P. S. Kohli, Mr. Raj Soni and Mr. G. Sathyanarayanan fall under the purview of Section 217 (2A) of the Companies Act, 1956. However, as per the provisions of Section 291(1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all 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 member 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 up to the date of Annual General Meeting.

Directors

The composition of Board has undergone change during the year making it more independent and vibrant. During the period under review, CCP appointed its second nominee on the Board. Dr. Pierre Jean Everaert is the second nominee of CCP after managing partner Mr. Robert Dean Petty who had joined earlier. Dr. Pierre has been associated with large multinational corporations such as In Bev, Goodyear, Phillips Electronics. The company will derive immense benefit from his expertise and experience.

After the amalgamation, Seth Ashok Kumar has joined as independent Director on the Board of the Company. Mr. Pradeep Singh Jauhar has joined as a whole time director pursuant to the Scheme of Amalgamation and has been designated as Executive Director of the Company. Mr V.S.V. Rao has joined as nominee directors of IFCl Ltd.

In accordance with the applicable provisions, Mr. B. S. Jauhar and Mr. D. K. Sharma retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors

M/s Goel Garg & Co., Chartered Accountants, New Delhi, M/s A K Kalia & Associates, Chartered Accountants, Chandigarh and M/s ASG & Associates, Chartered Accountants, New Delhi retire 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.

Consolidated Financial Statements

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2007-08.

Report on Corporate Governance

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure 'B' 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 the Directors' Responsibilities Statement, directors confirm that:

- (a) The Annual Accounts for the financial year ended 31st March 2008 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 have 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 2008 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 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 2008 have been prepared on a going concern basis.

Appreciation

Our shareholders, partners, employees and customers remain the centre of our focus. Our endeavour is to continue our efforts in value maximization, encouraging transparency and effective communications with all stakeholders.

We also place on record our appreciation for the contributions made by employees at all levels, bankers and financial institutions.

For and on behalf of the Board

Place : New Delhi
Date : 30th July, 2008

(B. S. Jauhar)
Chairman

ANNEXURE "A" TO THE DIRECTORS' REPORT

Disclosure of Particulars with respect to conservation of energy, technology absorption and foreign exchange outgo and earning as required under the Companies (Disclosure of Particulars in the Report of Board of Director(s)) Rules, 1988.

A. CONSERVATION OF ENERGY

- a) Energy conservation measure taken:
 - (i) Your Company is optimizing the production processes to reduce energy cost.
 - (ii) Control equipment has been installed in the furnaces to measures and monitor fuel consumption.
 - (iii) ETP treated water is being utilized for tree plantation & gardening to conserve the natural resources.
- b) Additional investment and proposal, if any, being implemented for reduction of energy: Your Company is engaged in energy conservation on continuous basis.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production.
 - (i) Effective & lower energy consumption, less maintenance etc. It is however, difficult to determine their impact on the cost of production.
 - (ii) The power factor of the factory has been improved. This has resulted into improvement in power consumption.
- d) Total energy consumption & energy consumption per unit of production as per Form A of the Annexure II in respect of industries specified in the schedule thereto: Not Applicable.

B. RESEARCH & DEVELOPMENT

- a) **Specific Areas in which the Company carries out R&D**
 - (i) Designed and developed parabolic springs for Heavy commercial and passenger vehicles.
 - (ii) Designed and developed Value Engineering springs for heavy commercial vehicles.
 - (iii) Improved the existing production processes to enhance the life of the product.