



Jamna Auto Industries Limited

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**43rd ANNUAL REPORT
2008-2009**



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. Robert Dean Petty	- Nominee-Clearwater Capital Partners India Pvt. Ltd
Seth Ashok Kumar	- Director
Mr. Jainender Kumar Jain	- Nominee-ICICI Bank Limited
Mr. D. K. Jain	- Nominee-IFCI Limited
Mr. Uma Kant Singhal	- Director
Mr. Chander Kailash Vohra	- 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

BANKERS:

State Bank of India
 ICICI Bank Ltd.
 Canara Bank
 Kotak Mahindra Bank
 Standard Chartered Bank

REGISTERED OFFICE:

Jai Springs Road, Industrial Area,
 Yamuna Nagar-135001 (Haryana)
 Phone: 01732-251810/11/14

WORKS:

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

Plot: 27-29, Industrial Area, Malanpur
 Distt. Bhind - 477 116, (M.P.)
 Phone: 07539- 283396, 409117

Plot no. 22-25, Sengundram Village,
 Vimalainagar Industrial Complex,
 Perumal Koil Post,
 Chanchipuram- 603 204 (Tamil Nadu)
 Phone: 044- 27463800, 27464346/348,
 27464352

Plot 3, Karnidih, Chandil
 Kella-Kharswan, Jharkhand
 8140671

CORPORATE OFFICE:

2, Park Lane, Kishangarh, Vasant Kunj,
 New Delhi-110 070, India
 Ph: 011-32648668, 32648689
 Fax: 011-26893180, 26893192

SHARE TRANSFER AGENT:

Skyline Financial Services Pvt. Ltd.
 246, 1st Floor, Sant Nagar, East of Kailash,
 New Delhi-110 065
 Ph: 011-26292682/83
 Fax: 011-26292681

INVESTOR CELL:

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



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Financial Highlights

	2009	2008	2007	2006	2005	2004	(Rs. in lacs) 2003
OPERATIONAL RESULTS							
Sales	51378.17	54119.34	32371.82	21043.20	20954.02	12258.05	6595.38
Other Income	795.58	340.82	227.31	53.50	107.91	29.59	48.95
	52173.75	54460.16	32599.13	21096.70	21061.94	12287.64	6644.33
Total Expenditure	48919.31	48383.11	30095.83	19253.90	19327.99	11110.92	6396.11
Gross Profit (PBDIT)	3254.44	6077.05	2503.30	1842.80	1733.95	1176.72	248.22
Interest	3548.17	2694.14	1243.47	1160.16	1070.27	794.76	957.28
Profit/(Loss) before Depreciation	(293.73)	3382.91	1259.83	682.64	663.68	381.96	(709.06)
Depreciation	940.57	827.80	378.89	386.76	376.21	372.26	368.65
Profit before Taxation/Previous year Expenses/Income	(1234.31)	2555.11	880.94	295.88	287.46	9.70	(1077.71)
Exeptional Items - (gain)/(loss)	-	90.25	-	-	-	-	-
Deferred Revenue Expenditure	799.97	457.20	169.66	12.40	-	-	-
PBT	(2034.28)	2007.66	711.28	283.48	287.46	9.70	(1077.71)
Tax	35.28	43.25	32.44	14.87	0.50	0.60	0.77
Deferred Tax Credit	(430.07)	357.92	46.40	191.03	100.87	159.89	(326.33)
Profit/ (Loss) After Tax	(1639.49)	1606.49	632.44	77.58	186.09	(150.79)	(752.15)
Cash Profit (Loss)	(1006.25)	3382.91	1259.83	682.64	663.68	381.96	(709.06)
FINANCIAL INDICATORS							
Net Fixed Assets	15252.58	13261.07	6364.41	5416.14	5285.01	5267.78	5558.95
Investments	721.99	527.00	1208.48	1208.48	1208.48	1208.48	1208.48
Current Assets	15389.75	18940.94	8060.45	7650.68	7122.22	4765.64	3940.46
Equity Share Capital	4002.91	3737.22	1771.11	876.11	876.11	876.11	876.11
Reserves & Surplus	2712.78	3315.08	(260.60)	844.12	740.75	698.83	973.51
Net Worth	4365.74	5116.26	939.87	751.29	635.52	593.60	868.28
Long Term Funds	11894.07	11253.49	8431.30	6391.19	6723.05	6173.86	5893.91
Medium/ Short Term Funds	2296.16	3624.49	57.36	950.09	823.54	833.96	674.87
Working Capital From Banks	1927.92	2699.08	1496.92	1262.92	1844.73	1020.59	985.07
Current Liabilities & Provisions	12457.44	11192.61	4907.77	5166.09	4026.18	3158.07	2983.83
RATIO							
EBDIT to Sales	6.33	11.23	7.73	8.76	8.28	9.60	3.76
PBT to Sales	(3.96)	3.71	2.20	1.35	1.37	0.08	(16.34)
PAT to Sales	(3.19)	2.97	1.95	0.37	0.89	(1.23)	(11.40)
EBDIT / Avg capital employed (ROCE)	16.10	37.67	25.24	19.71	19.62	14.89	2.94
PAT/Net Worth	(37.55)	31.40	67.29	10.33	29.28	(25.40)	(86.63)
Cash Earning Per Shares	(0.84)	11.77	9.75	7.80	7.58	4.36	(8.10)
EPS (Rs.)	(4.69)	5.59	4.90	0.89	2.13	(1.72)	(8.59)
Dividend Per Share (Rs.)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Worth Per Share (Rs.)	12.48	22.50	7.27	8.58	7.26	6.78	9.92

DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present the 43 Annual Report together with the audited accounts and performance for the year ended 31 March 2009:

Financial Results:

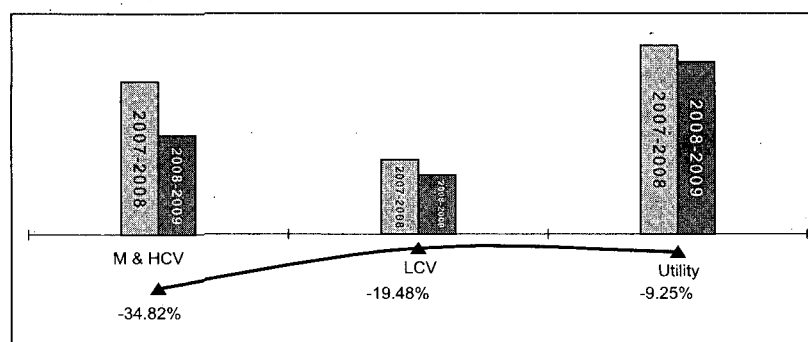
Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Gross Sales	513.78	541.19
PBIDT	32.54	60.77
Finance cost	35.48	26.94
PBDT /Cash Profit	(2.94)	33.83
Depreciation & others	17.40	13.75
PBT	(20.34)	20.08
Provision for current tax	0.35	0.43
Provision for deferred tax	(4.30)	3.58
PAT	(16.39)	16.06
Previous year adjustment	7.06	(0.50)
Balance brought forward	(33.10)	(48.70)
Profit available for appropriation	(23.46)	15.60
Balance carried to Balance Sheet	(56.56)	(33.10)

Industry Scenario & Performance:

The year 2008-09 was, in many ways, a landmark year not only for the company but globally. The year had begun on a very optimistic note for the company with first Quarter (April-June 2008) turnover of Rs. 184.92 crore and all economic indicators indicating robust GDP growth of 9-10% for 2008-09. The Indian economy, stock market and practically all business forecast painted a very bright business environment. The first quarter performance was all time high and had raised high expectation of record turnover and profit. Seeing the April 2008 production and sales trend, the company had geared itself to achieve record turnover of Rs. 780 crore for 2008-2009 and was expecting good jump in profit. Work was also going on in full swing in the Jamshedpur Plant to expand capacity. However, these expectations were rudely shaken due to sudden collapse of a few US banking giants and massive losses suffered by major international banks in USA and Europe and India did not remain immune from the global financial crisis and signs of slowdown became strong from September 2008 onwards.

These events were so sudden that no one was prepared for such rapid decline in economic cycle world over. The signs of slowdown were also visible for our business from the second Quarter (July-Sept 2008) as sales came down to Rs. 158.51 crore. The situation became worse in the third Quarter (October – December 2008) as company's sales sharply came down to Rs. 78.42 crore. February and March demand gave glimpse of hope and revival and the fourth Quarter sales rose to Rs. 110.48 crore. Cumulative sales for the year 2008-09 was Rs. 513.78 crore and net loss was Rs. 16.39 crore.

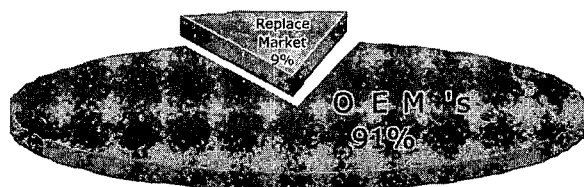
Production of Commercial vehicles (CVs) and Multi utility vehicles (MUVs) declined by 35% in 2008-2009 at 637000 vehicles. The following chart shows the production trend of CVs and MUVs in 2007-2008 and 2008-2009.





The sudden and unprecedented decline in production and sales from mid September 2008 onwards till January 2009 has adversely impacted the company's financial performance.

The management had taken a number of steps to combat the slowdown which included - improve productivity of man, machine and available resources, cut wastage and cost reduction, detect and plug all revenue leakages. All the capital expenditures were kept on hold. The company decided to increase its share in the domestic and export replacement markets. We are happy to inform that we have increased our share in the domestic replacement market.



Sales composition during the year 2008-2009

The month of February 2009 brought some cheers as there were signs of pick up in demand and gave hope of revival in the economy and the company's fortunes. The company ended the year with gross sales of Rs. 513.78 crore as against Rs. 541.19 crore in 2007-08. Net loss for 2008-09 is Rs. 16.39 crore as against net profit of Rs. 16.06 crore in 2007-08. Production trend for the current year are now available and all indicators suggest increase in demand.

Major Development:

The company has decided to supply air suspension and has signed a technical assistance agreement with the US-based Ridewell Corporation for manufacture of air suspension and components. Ridewell Corporation is an established designer and manufacturer of air, rubber and mechanical suspension systems for buses, trucks and trailers. Ridewell Corporation has extensive know-how concerning the design and manufacture of such suspension system. There is a growing demand for air suspension systems in India particularly in bus segment. The company has submitted air suspension drawings to Tata Motors Limited for approval. The company is also in discussion with Ashok Leyland Limited for supply of air suspension.

Expansion Plan:

The company had planned to put up a green-field project at Jamshedpur with a capacity of 60,000 MTPA, primarily to serve the requirements of Tata Motors Ltd's plant there. However, due to the sudden slowdown and sharp decline in spring demand because of lower production of CVs, the expansion work at the Jamshedpur project was put on hold. The company remains hopeful and optimistic to ensure completion of the project when demand improves.

The production at the Pantnagar (Uttarakhand) plant of the company's wholly owned subsidiary i.e. Jai Suspension System Limited has started. It primarily caters to the requirements of TATA Motors Limited (for its ACE, a mini truck model). The company's major portion of domestic replacement market sales are also being channelised through the subsidiary company.

R & D:

An in house R&D centre has been set up at the Malanpur (M.P.) Plant of the company. The R & D centre has been recognized by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. This is a proof of the company's constant endeavour to upgrade technology and innovation in improving the designs of both tapered leaf springs and parabolic springs and gives it edge over its competitors.

Dividend:

In view of the current economic conditions and pending expansion programme, your directors are not recommending dividend payment for 2008-09.

Human Resource:

The sudden and rapid slowdown in the year 2008-2009 required swift action and in such situations it was extremely important to keep the levels of morale and motivation high in the company. Management was continuously engaged in communicating and discussing the cost reduction measure with the employees to explain them the rationale behind the move and impress upon them to maintain motivation level high. The Management was also quick to restore the benefits as the situation is now getting better. The Management appreciates the whole hearted support from the employees all across the company who rose to the occasion and remained committed to the company during this brief difficult period.

Jamna Auto Industries Limited

The particulars of options issued as required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are appended as 'Annexure-A' and form part of this Report.

Internal Control System:

M/s N. Kochar & Co. Chartered Accountants, had conveyed their inability to continue as internal auditors of the company. The Audit Committee of the Board had approved the appointment of M/s K. Khanna & Co., Chartered Accountants, as internal auditors in place of M/s N. Kochar & Co. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of transactions in value terms. Report of internal auditors is placed before the Audit Committee. The functions of internal audit department are both to audit and check compliances. To ensure independence, the internal audit department directly reports to CEO.

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 and integrate all operations under SAP.

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.

Particulars of Employees:

Mr. R. S. Jauhar, Mr. P. S. Jauhar, Mr. S. P. S. Kohli and Mr. Kevin Charlesworth fall 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 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:

Mr. Shashi Bansal was inducted as an independent director in the Board of Directors of the company. He is a Bachelor of Engineering and has over 40 years of experience at various positions. In accordance with the applicable provisions, Mr. R. S. Jauhar and Seth Ashok Kumar retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A brief of their profile is also provided in the notice convening Annual General Meeting.

Auditors:

Joint Statutory 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:

Consolidated Financial Statements of the company and its wholly owned subsidiary i.e. Jai Suspension Systems Limited for the financial year 2008-09 have been included in the Annual Report in compliance with the Accounting Standard 21.

Report on Corporate Governance:

Pursuant to clause 49 of the Listing Agreement, a report on the 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 31 March, 2009 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 and 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 31 March, 2009 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 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 31 March, 2009 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

New Delhi
September 4, 2009

(B. S. Jauhar)
Chairman

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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) Furnaces are being reinsulated to avoid heat losses.
 - (iii) ETP treated water is being utilized for tree plantation and gardening to conserve the natural resources.
 - (iv) Fume extraction system are under installation which will prevent very fine quenching oil drops being released in the air.
- 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 situation in the Plants has improved. This has resulted in improvement in power consumption.
 - (iii) The company is working on the optimum load factor and getting maximum benefit of reduced tariff.
- d) Total energy consumption & energy consumption per unit of production as per Form A of the Annexure-B 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) Study on different kind of Quenching Oils.
- (ii) Generation of Tensile Strength data with different kind of steels.
- (iii) Improved the existing production processes to enhance the life of the product.

b) Benefits derived as a result of R&D.

- (i) Enhanced product life.
- (ii) Rationalisation of steel for better life and cost.
- (iii) The new processes have led to better fatigue life of the product.

c) Future Plan of Action.

- (i) To establish new process for High Stress Springs.
- (ii) To establish SN curve for different processes.

d) Expenditure on R&D:**(Rs. in crore)**

- | | |
|---|----------------|
| (i) Capital/Deferred Revenue: | 12.04 (8.68) |
| (ii) Recurring : | 0.13 (0.25) |
| (iii) Total : | 12.17 (8.93) |
| (iv) Total R&D expenditure as percentage of Total Turnover: | 2.36% (1.65 %) |

* Expenditure related to capital items are debited to fixed assets and depreciated at applicable rates and revenue expenditure charged to the Profit & Loss Account.



C. TECHNOLOGY ABSORPTION & CONTINUOUS IMPROVEMENT

a) Technology Absorption, adaptation and innovation

- (i) Technology imported from NHK Spring Co., Japan for manufacturing of Tapered Leaf Springs has been fully absorbed.
- (ii) Technical help from NHK Spring Co., Japan has yielded better improvement in the quality and productivity for the new product range developed for overseas customers.
- (iii) Your company is also engaged in various other initiatives related to improvements in the process.

b) Benefits derived as a result of the above efforts.

R&D center will help in reducing development time and improve our product with new Technological advancements.

c) Technology imported (For the manufacture of Leaf Springs)

- i) Year of import: (1985-90)
- ii) Has technology been fully absorbed: As reported above, the technology has been fully absorbed.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of foreign exchange earning and outgo follow as under:-

(Rs. in crore)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Foreign exchange used	103.56	81.31
Foreign exchange earned	2.56	1.30

Disclosure regarding Employees Stock Option Plan pursuant to the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and forming part of the Directors' Report for the year ended 31st March, 2009.

Particulars	For the year ended 31.03.2009	Cumulative options upto 31.03.2009
1. Number of Options granted	Nil	314000
2. Pricing formula	N.A.	Market price at the time of grant of option Rs. 30.62 for 257000 options Rs. 44.20 for 57000 options
3. Options vested	44850	76575
4. Options exercised	Nil	Nil
5. Total number of shares arising as a result of exercise of option	Nil	Nil
6. Options lapsed/cancelled	57500	85500
7. Variation in terms of options	Nil	Nil
8. Money realized by exercise of options	Nil	Nil
9. Total number of options in force	228500	228500
10. Employee-wise details of options granted during the year to		
(i) Senior managerial personnel	Nil	314000
(ii) Other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil	Nil