



**Jamna Auto Industries Limited**

Annual Report 2011-12

# **SECURING PROFITABLE GROWTH**



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# ABOUT US

Jamna Auto Industries Limited is India's largest, and the world's third-largest, manufacturer of tapered leaf springs and parabolic springs for automobiles. Our vision for the company has grown over the years and we are determined to be a globally leading automobile suspension solutions provider.

Our strong relationship with customers allows us to anticipate their evolving needs and provide integrated solutions to meet the same. While we remain focused on being the customer's supplier and partner of choice, we also remain focused on profitably growing our business, expanding our product offerings and markets served, strengthening our Balance-Sheet and positioning the company for future growth in revenues and profitability. We

are now better positioned than ever before to successfully manage any kind of market environment.

We will leverage upon our strategically located multi-unit manufacturing and assembly facilities, our engineering and technological excellence and our relentless pursuit of efficiency and innovation. We will remain highly flexible and responsive to change and will continue to invest prudently to strengthen our competitive advantage and support our growth ambitions.

We are well positioned to capitalize on the emerging opportunities in the industry and will pursue growth strategies consistent with our commitment to create value on a sustainable basis.



# 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. Karthik Athreya**

(Alternate Director to Dr. Pierre Jean Everaert)

**Mr. D. K. Jain**

Nominee-IFCI Limited

**Mr. Jainender Kumar Jain**

Additional Director

**Mr. Chander Kailash Vohra**

Director

**Mr. Uma Kant Singhal**

Director

**Seth Ashok Kumar**

Director

**Mr. Shashi Bansal**

Director

## MANAGEMENT TEAM

**Mr. Randeep Singh Jauhar**

CEO & Executive Director

**Mr. Pradeep Singh Jauhar**

COO & Executive Director

**Mr. S. P. S. Kohli**

President & Executive Director

**Mr. Sunil Laroia**

Vice President - International Business and Head (R&D)

**Mr. A. K. Goyal**

Vice President and Head of Malanpur Plant

**Mr. Madhukar Sharma**

Global Head (After Market)

**Mr. R. Muthupalani**

Senior GM and Head of Chennai & Hosur Plant

**Mr. R. P. Singh**

General Manager and Head of Yamuna Nagar Plant

**Mr. Shakti Goyal**

GM (Finance & Strategic Sourcing)

**Mr. Sudheer Chandele**

Acting Plant Head of Jamshedpur Plant

**Mr. Sudhanshu Kulshrestha**

Commercial Head Jamshedpur Plant

**Mr. Praveen Lakhera**

Company Secretary & Head-Legal

**Singh Ved Prakash**

Corporate Head-HR

#### LEGAL ADVISORS

AZB & Partners  
Lakshmikumaran & Sridharan

#### TECHNICAL ASSISTANCE

Ridewell Corporation, USA

#### JOINT VENTURE PARTNER

NHK Spring Co; Ltd, Japan  
(NHK Spring India Ltd)

#### BANKERS

State Bank of India  
ICICI Bank Ltd  
Kotak Mahindra Bank  
Standard Chartered Bank  
IndusInd Bank Ltd  
Lakshmi Vilas Bank

#### AUDITORS

##### **B S R & Co.**

Chartered Accountants

#### SHARE REGISTRAR & TRANSFER AGENT (RTA)

Skyline Financial Services (P) Ltd  
D-153 A, First Floor, Okhla Industrial Area, Phase – I,  
New Delhi-110020  
Ph. no. 011-26812682, 26812683  
Fax no. 011-26292681  
Email: [grievances@skylinerta.com](mailto:grievances@skylinerta.com)

#### INVESTOR CELL

Mr. Praveen Lakhera  
Company Secretary & Head-Legal  
[praveen@jaispring.com](mailto: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, 26893192

#### PLANT

- i) Jai Springs Road, Industrial Area,  
Yamuna Nagar – 135 001, Haryana
- ii) U-27-29, Industrial Area, Malanpur,  
District Bhind– 477116, 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 - 832401, Jharkhand
- v) Gata no. 1490, Khajoor Gaon, Chihat-Deva Road,  
District Barabanki - 225003, U.P.
- vi) Thally Road, Kalugondapalli Post, Hosur-635114,  
District Krishnagiri, Tamil Nadu

#### UNDER SUBSIDIARY ENTITY

##### **JAI SUSPENSION SYSTEMS LLP**

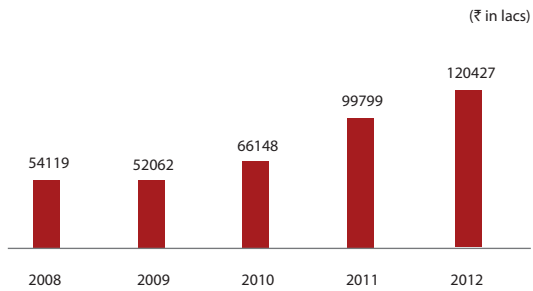
Plot no. 50A, Sector-11, I.I.E., Pant Nagar,  
District Udham Singh Nagar - 26353, Uttarakhand

#### REGISTERED OFFICE

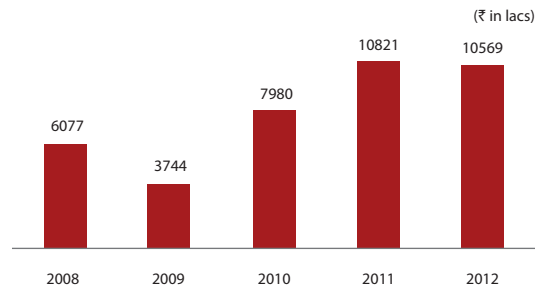
Jai Springs Road, Industrial Area, Yamuna Nagar-135001  
Ph. no. 01732-251810/11/14

# FINANCIAL HIGHLIGHTS

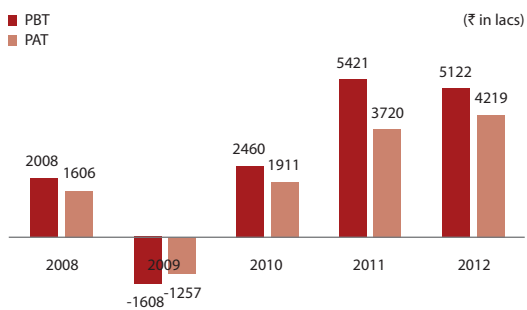
## GROSS SALES



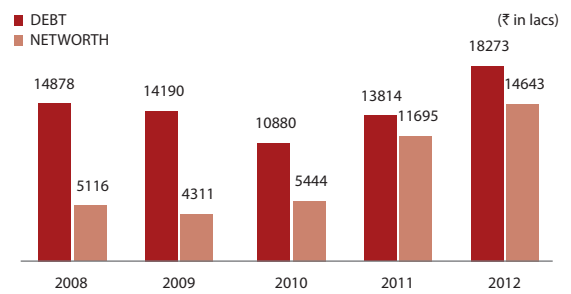
## PBDIT



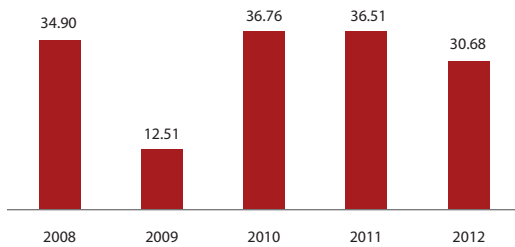
## PBT & PAT



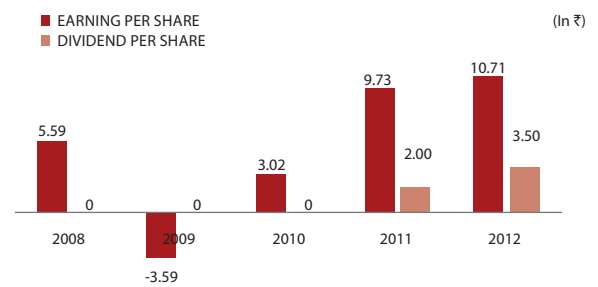
## NETWORTH & DEBT



## ROCE (%)



## EPS & DPS





# MILESTONES

FY 2008	FY 2009	FY 2010
<ol style="list-style-type: none"> <li>1) Equity participation by Clearwater Capital Partners</li> <li>2) Merger of Jai Parabolic Springs Ltd and MAP Springs Ltd with the company</li> <li>3) Bought out Tata Motors Ltd Jamshedpur In-house Spring plant</li> <li>4) Grant of Employee Stock Options (ESOPs) to employees</li> </ol>	<ol style="list-style-type: none"> <li>1) Started Assembly unit at Uttrakhand (under subsidiary)</li> <li>2) In house R&amp;D centre set up at Malanpur</li> </ol>	<ol style="list-style-type: none"> <li>1) Tata Motors Ltd converted its two high selling models into parabolic springs</li> <li>2) Entered into technical assistance agreement with Ridewell Corporation USA for Air Suspension and Lift Axle</li> <li>3) Received the Best Vendor Gold Award from Ashok Leyland Ltd for 2009-2010</li> <li>4) Received an award from Tata Motors Ltd in recognition of JAI's long and enduring relationship</li> <li>5) Purchased land in Chennai for setting up facility for air suspension and lift axel</li> </ol>

FY 2011	FY 2012
<ol style="list-style-type: none"> <li>1) Promoters and Clearwater Capital Partners infuse fresh equity, prepayment of term loans bring down debt</li> <li>2) Shares of the Company listed in NSE</li> <li>3) Started paying Dividend</li> <li>4) Jamshedpur plant commenced manufacturing operations</li> <li>5) Started Assembly unit at Lucknow</li> <li>6) Filed patent application in India for Air Suspension</li> <li>7) Supplies to UD Trucks Corporation, Japan (Volvo subsidiary), Mahindra Navistar Automotives Ltd and Ashok Leyland Nissan Vehicles Ltd started</li> <li>8) Purchased land in Hosur for setting up facility for manufacturing of springs</li> </ol>	<ol style="list-style-type: none"> <li>1) Crossed ₹1,200 crore in consolidated sales for the first time</li> <li>2) Signed agreement to supply Lift Axle with Ashok Leyland</li> <li>3) Started developing springs for Bharat Benz</li> <li>4) Purchased land in Pune for setting up facility for manufacturing of springs and additional land in Malanpur and Yamuna Nagar for expansion</li> </ol>

# LETTER TO SHAREHOLDERS



*Dear Shareholders,*

FOR JAMNA AUTO INDUSTRIES LIMITED, 2011-12 WAS ANOTHER YEAR OF ENCOURAGING PERFORMANCE AS WE CONSOLIDATED OUR DOMINANCE IN THE DOMESTIC MARKET FOR AUTOMOTIVE LEAF SPRINGS AND PARABOLIC SPRINGS AND CONTINUED TO PURSUE OUR STRATEGIES TO EXPAND INTO NEW MARKET AREAS, GROW REVENUES AND IMPROVE COST STRUCTURE.

During 2011-12, our Consolidated sales and profits were at record levels of ₹1204 crores and ₹42 crores respectively. Our Return on Capital Employed was at a healthy 30.68%. We are pleased to report an increase in the company's dividend per share to ₹3.50 from ₹2 in the previous year. The increase in dividend reflects our confidence in our ability to generate continued strong cash flows.

The year under review was a difficult one for the global economy, marked by uncertainties. The Indian economy witnessed a slow down and interest rates hardened. Sales of commercial vehicles, at 809,000 units, grew 18% during 2011-12, as against 29% in the previous year. Sales of light commercial vehicles, at approx. 460,000 units, continue to outpace that of medium and heavy vehicles. We continue to strengthen our relationships with existing customers

even as we develop newer relationships winning exciting new business from global commercial vehicle giants entering the Indian markets. We are honored to be chosen as the sole supplier for Daimler's Bharat Benz range of trucks.

Given the weak macro factors, growth in commercial vehicles is likely to be tepid in the current year. With the slowdown in industrial activity, medium and heavy commercial vehicles will see a poor growth in the near-term even though light commercial vehicles will maintain healthy sales momentum, aided by higher hinterland goods transport.

For Jamna Auto, changes in the market environment symbolize opportunity and we are actively seizing the same. During 2011-12, we ramped up sales in the After-Markets - India/Export by 37%. Historically, our efforts in the After-Markets - India/Export have been restricted by availability of capacity. This situation has changed now. With the new production lines at Yamuna Nagar already having come up in stream in January 2012 and Malanpur coming on stream in September 2012, our production capacity for leaf springs and parabolic springs will be 50% higher than the peak production of 144,000 tonnes reached in 2011-12. With this expansion, we will be the second largest player in the world. Our undisputed market leadership with the OEMs (Original Equipment Manufacturers) together with our multi-location plants and distinct technological advantage gives us a solid foundation upon which to build and grow in the After-Markets - India/Export. We have set in motion an aggressive plan to increase our presence in the After-Markets - India/Export, which will substantially improve future revenues and earnings.



We continue to work closely with our customers partnering with them to provide total suspension solutions and remain focused on doing what is right by the customer. Sales of value-added parabolic springs during 2011-12, were 31% higher than in the previous year.

We have made significant progress in implementing our strategy to expand our product range and move up the value-chain. We have signed an agreement with Ashok Leyland for supplies of Lift Axles for its commercial vehicles, which has commenced from June 2012. We expect a healthy growth in this segment in the coming years. We are undertaking trial runs of Air-Suspension springs fitted in buses and critical feedback is being gathered and processed to further our entry into this space.

On the export front, we have intensified efforts at strengthening our international activities and see significant growth opportunities available to us. Also, our strong local relationships with global OEMs offer exciting opportunities to serve them internationally in the future.

Our capital expenditure program relate primarily to our continued investments to expand our capacities and to further improve our cost structure and our technical/product development capabilities.

Looking ahead, we expect our top customer to account for less than 33% by 2015. By then, we aim to expand the "Non-OE" contribution to sales to 33% and also to bring down the share of tapered leaf-springs to 65% of sales. We will benefit immensely

from our broader business platform, our expanded presence in higher margin activities and our sustained efforts at lowering costs and improving our operating structure. Unlike in the past, when we were hit hard during periods of slowdown in the domestic commercial vehicle market, we are now confident of comfortably riding through challenging times. We are best positioned to take advantage of the longer term growth in demand, which will inevitably happen.

As we grow our business and position the company for future growth and profitability, we will be mindful of our financial objectives to ensure that our net block is funded out of net-worth, to consistently generate strong cash flows, to earn a ROCE of 33% and to distribute 33% of profits as dividends to shareholders.

We are excited about our long-term future. We have a clear leadership position in our core business and have a committed, talented and motivated team to take us to the next level of performance. 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, suppliers, business partners and shareholders for their continued support and confidence in our Company.

**Yours Sincerely**

**Bhupinder Singh Jauhar**  
**Chairman**

# OUR MANUFACTURING & ASSEMBLY FACILITIES

- ▶ Six manufacturing plants at Yamuna Nagar, Malanpur, Chennai, Jamshedpur, Lucknow and Pant Nagar (under subsidiary entity)
- ▶ Seventh plant has come up at Hosur in June 2012
- ▶ Land purchased at Pune for setting up manufacturing facility for light and heavy leaf and parabolic springs
- ▶ Capacity expansion at Yamuna Nagar completed in January 2012 and Malanpur expected by September 2012
- ▶ Lift axle assembly has been started at the existing Chennai Unit of the company instead at new land in Chennai



Jamshedpur Plant



Malanpur Plant



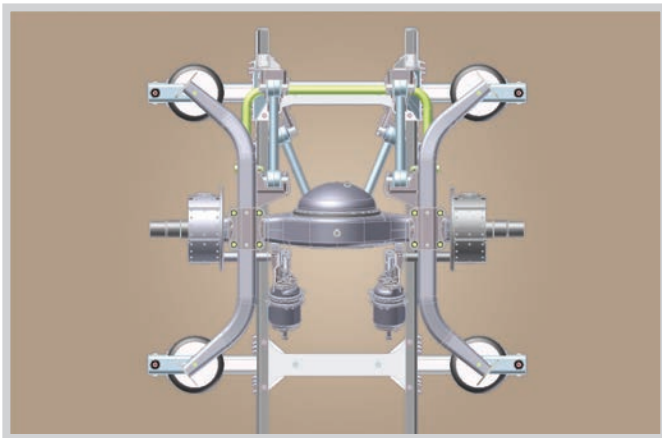
Hosur Plant



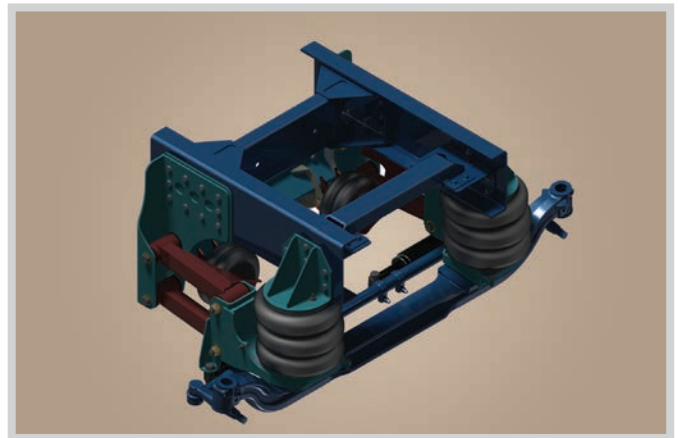
Chennai Plant

## EXPANDING PRODUCT PORTFOLIO

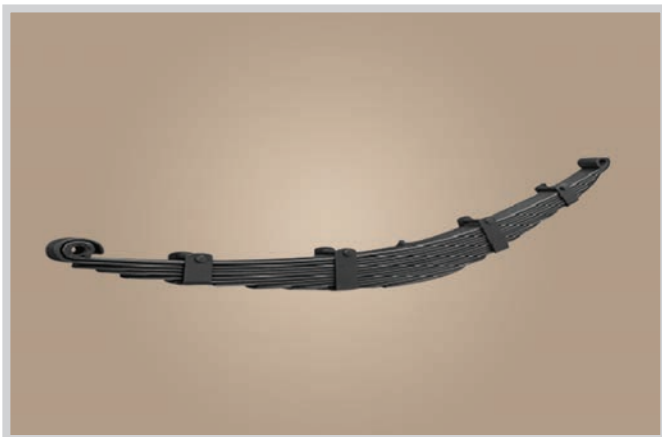
- ▶ The company currently makes Tapered Leaf Springs, Light and Heavy Parabolic Springs
- ▶ The company has signed agreement with Ashok Leyland to supply Lift Axle
- ▶ Prototype for Air Suspension is under development
- ▶ JAI will have the following product range:
  - Leaf Spring
  - Heavy Parabolic Spring
  - Lift Axle
  - Light Parabolic Spring
  - Air Suspension
- ▶ Leaf Springs constitute 89% of the total revenue. The long term objective is to bring down share of Leaf Springs to 65% of the total revenue by 2015 by adding new product and better product mix



Air Suspension



Lift Axle



Leaf Spring



Parabolic Spring

# OUR CUSTOMERS

- ▶ We occupy a clear leadership position in our core business and have a talented and motivated workforce ready and equipped to take Jamna Auto to the next level of performance
- ▶ We work in close partnership with our customers to develop innovative and cost-effective products and solutions that boost customers productivity
- ▶ Jai is a market leader with 60% market shares in the India OEM segment
- ▶ JAI is also single source supplier with Daimler's Bharat Benz, Ashok Leyland Ltd, Ashok Leyland Nissan Vehicles Ltd, Man Trucks India, Volvo India, Renault Nissan and Ford Motors
- ▶ JAI produces around 400 models of springs for OEMs

## Domestic Customers:



## International Customers:



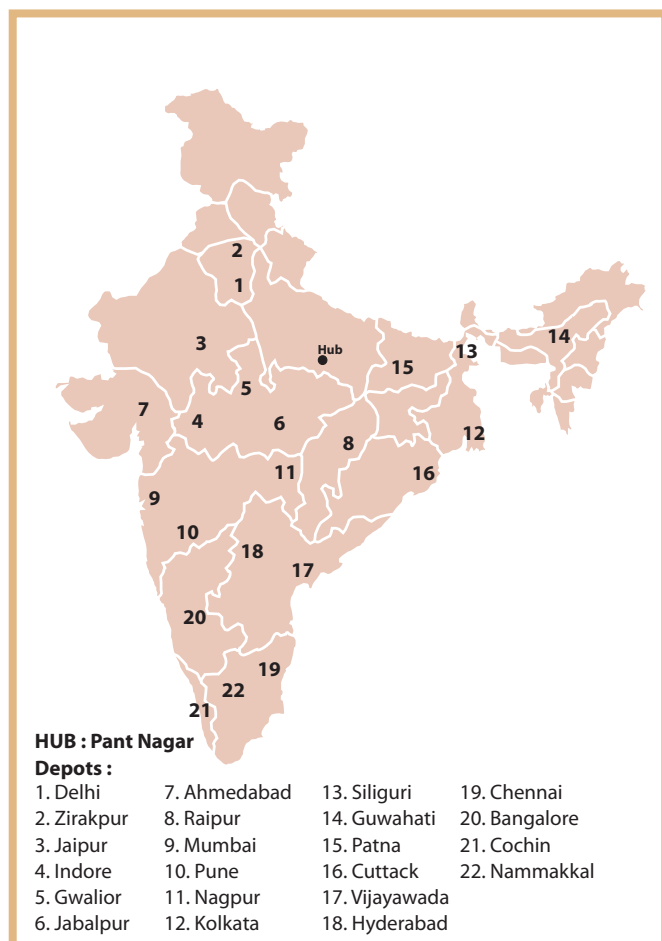
# OUR GROWING PRESENCE IN THE AFTER-MARKET

- ▶ As a part of de-risking strategy the Company has increased its penetration in the after market India/Export segment, which grew by 37% in FY2012
- ▶ Domestic After Market operations are being looked after by Jai Suspension Systems LLP where the Company is the majority partner
- ▶ JSSLLP has expanded its presence across 390 towns in the country with the product range of over 2,400 part numbers
- ▶ JSSLLP has established a wide distribution network and has:

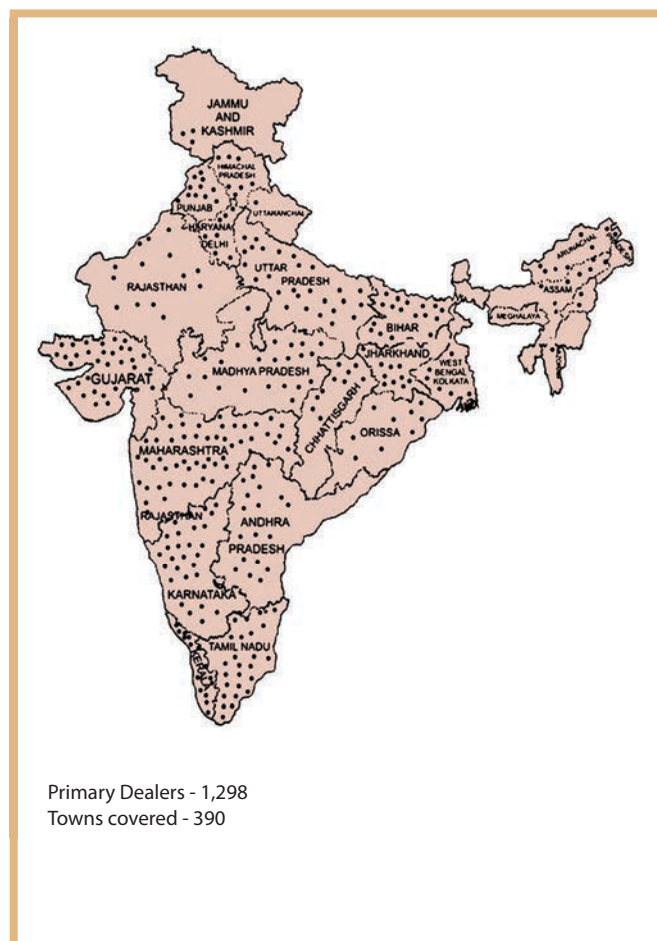
Hubs	1
Depots & Warehouses	22
Primary Dealers	1,298
Secondary Dealers	3,000

- ▶ JAI aims to execute after market orders within a period of 24 hours. To achieve this JAI plans to open 4 major regional Hubs apart from state wise warehouse so that products can be made available in time. As a part of its strategy the 2<sup>nd</sup> Hub is coming up in Nagpur by October 2012

## Depot Network



## Dealer Network





## WHAT OUR PARTNERS SAY ABOUT US



There is a growing demand for air suspension systems in India. As a major global manufacturer and supplier of air suspension systems for buses, trucks and trailers, we, at Ridewell Corporation, USA, are delighted to be in technical partnership with Jamna Auto, India's leading player in leaf springs and parabolic springs. With its efficient cost structure and solid reputation, Jamna Auto is well positioned for success in this promising opportunity.



**– Mr. John Raidel, Ridewell Corporation, USA**



## Q&A



**Mr. Randeep Jauhar, CEO, Jamna Auto Industries Limited**

**Answers questions relating to the performance and prospects of the company.**

**Q. How do you look back on Jamna Auto's financial performance in 2011-12?**

**A.** The operating environment got tougher during 2011-12. The impact of macro headwinds, which gathered momentum in the second-half of the year, showed in the visible moderation of growth in sales of Commercial Vehicles, on which we are primarily dependent. Coming to financials, consolidated sales, at ₹1,204 crores, scaled a new high and was 20% higher than in the previous year. We could partially offset the effects of the cyclical OE market with a solid 37 percent growth in the After-Market - India/Export sales and 31% growth in sales of higher value-added parabolic springs.

During the year we had to contend with rising input costs and pricing pressure from customers. Our people responded well with intense cost-cutting and business process improvement efforts. Consolidated profit-after-tax, at ₹42 crores, also at a new high, was 14% higher than in the previous year. Our ROCE remained robust, at 30.68%.

Working capital management remains a focus area. Operational cash flows were healthy. We stepped up dividend payment to ₹3.50 per share tax-free in the hands of shareholders, from ₹2 per share last year

Overall, I am satisfied with Jamna Auto's resilient performance during the year.

**Q. Could you update us on the Capital Expenditure incurred during 2011-12?**

**A.** Being the market leader and also technology leader, we continued to keep up a focused capital expenditure program to add capacities for future growth even as we continually invest to lower costs, improve productivity and enhance further our technological advantage.

Some of the major capital projects undertaken during 2011-12 will be completed in the current year, benefits of which will be felt from the second-half of this year onwards.

The new production line at Yamuna Nagar has come up and the one in Malanpur is expected to be operational from September 2012. With this, our production capacity for Leaf Springs and Parabolic Springs will be 50% higher than the peak production of 144,000 tonnes reached in FY2012, making us the 2<sup>nd</sup> largest player in the world. We are adding Parabolic machines to substantially ramp up the capacities of value-added Parabolic Springs.

We are the only automobile spring company in India with multi-locational plants, giving us a distinct advantage. Our seven plants are spread across the country.

Other regular capital expenditures relate to on-going investments to strengthen our engineering, design and development capabilities and improving our technological and quality infrastructure.

We continue to move up the value-chain and further consolidate our market-position, with our entry into Lift-Axles and Air-Suspension. We have tied-up with Ashok Leyland for Lift Axles for its commercial vehicles and commenced supplies from June 2012.

**Q. Given the present slowdown in the domestic Commercial Vehicle market, is your capital expenditure well-timed?**

**A.** There is no doubt that FY2013 is shaping up to be a challenging year. While we remain the undisputed market leader with a 60% share in the Indian OEM automobile springs market, the difficult operating environment is expected to continue in the near-term. Domestic Commercial Vehicle manufacturers are grappling with the impact of the slowdown in the Indian

economy and the resultant slackening demand for buses and trucks. Presently, sales to the OE segment accounts for 88% of our revenues.

Our capital expenditure is a focused and strategic move that enables us to grow faster than the market as we improve our product-mix towards a higher proportion of value-added Parabolic springs and aggressively grow our sales in the profitable After-Markets - India/Export.

Our dominant status in the OE segment gives us a distinct advantage in the growing After-Markets - India/Export. Until now, capacity constraints restricted our presence in the After-Markets - India/Export. The capital expenditure underway will enable us to diversify our sales-mix and improve profitability. We continue to add capacities close to our customers. The investments to ensure technological and cost superiority coupled with our multi-location manufacturing units gives us an enduring competitive advantage.

In the OE segment, we are gaining share of business with most customers and the pipeline of new customer opportunities continues to be robust. As we win more new business that utilizes capacity, our margins will improve.

All said, our on-going capital expenditure program is very prudent and well-timed. An aggressive ramping up of sales in the After-Markets - India/Export and a higher proportion of Parabolic sales is crucial to our growth strategy. We will utilize the slow-down to improve and streamline our business processes and bring in greater flexibility and responsiveness. In fact, we are now more confident of successfully managing a downturn in the OE-market than ever before.

**Q. Please share some more information on the After-Markets and the potential it holds for Jamna Auto?**

**A.** We have set in motion an aggressive plan to increase our presence in the After-Markets - India/Export, which will reduce our dependence on the OE-segment and substantially improve future revenues and earnings. The After-Markets - India/Export are inherently more profitable than the OE-market and is poised for secular growth with the rising growth in commercial vehicle population in the country.

While it is extremely difficult to accurately quantify the size of the After-Markets - India/Export for leaf springs and parabolic springs, our internal assessment is that it should be in the region of approximately 160,000 MT, of which we have a 8% share. This, as against our 60% share in the OE-market. As I have stated earlier, After-Market sales during 2011-12 registered a 37% increase over that in the previous year.

We now have the capacities in place to go for a substantial increase in our After-Market - India/Export presence, without sacrificing any profitable opportunity in the OE-market.

Our domestic After-Market - India/Export operations are looked after by our subsidiary entity, Jai Suspension Systems LLP. We have the widest product portfolio in the business, making more than 2,400 part numbers of all types of springs, from conventional leaf to parabolic finding application in all types of Commercial Vehicles, from Light Commercial Vehicles to Medium/Heavy Commercial Vehicles. Our integrated multi-unit manufacturing and distribution presence across India, strong R&D and heavy investments in technology is unmatched and is a potent competitive edge against any competitor looking to enter or expand in India.

We are constantly adding to our base of Dealers and Depots/ Warehouses, which are now at 1,298 and 22 respectively. We have, at present, one large Hub for the After-Markets - India/Export in Pant Nagar, Uttarakhand which stores our entire range of products and feeds the Dealers and Depots across the country. To support our aggressive growth ambitions, our second Hub will be operational, at Nagpur, from October 2012 and we intend to set up two more regional Hubs in the coming year. With four operational Hubs, our reach to customers across the nation will improve manifold and so will our sales in the After-Markets - India/Export. We will be more flexible and responsive than any other player. Presently, we have a stronger presence in the Northern and Eastern regions of the nation. We hope to have a truly pan-India presence in the coming years and our eventual aim is to execute After-Market orders anywhere in the nation within a period of 24 hours.

We are truly excited by the growth potential in the After-Markets - India/Export and are confident of securing an increasing share of the same.

**Q. What does the entry of global multi-national giants into India's commercial vehicle sector mean for Jamna Auto?**

**A.** While the near-term outlook for the commercial vehicle sector is grim, especially in the heavy segment, the long-term outlook for the entire sector is unambiguously bullish. The entry of global giants like Daimler, Navistar, Man Trucks, Volvo, Nissan and Renault Nissan etc. into India marks an exciting phase ahead for the sector with advanced technology, improved emission and safety norms and several new product launches.

We, at Jamna Auto, are operating from a position of real strength. We are a partner of choice with most of our

customers and our dominant market share and proven technological prowess is helping attract us newer customers. It is a matter of prestige for us to be the sole supplier to Daimler's Bharat Benz range of trucks. The technological and quality demands of the products are getting higher and as leaders, we continue to invest for the long-term. Our close partnership with these global leaders adds depth to our capabilities and we continue to learn and grow.

Importantly, as we gain increased acceptance with global majors, we are hopeful of opportunities to supply to them internationally as well.

**Q. Exports have not been Jamna Auto's forte. What are your plans in the international markets?**

**A.** True. Exports, at ₹5 crores in 2011-12, do not make a significant contribution to our sales presently.

Until recently, we have been hard pressed for capacities and exports were not really on the top of our agenda. The global OE and After-Market demand for conventional leaf springs and parabolic springs is huge. Importantly, international sales are more profitable. We have the manufacturing competitiveness, the products and the technology. Also, as I just mentioned, as we step up our supplies to global players locally, we hope to gain opportunities to serve them overseas. Our largest customers, Tata Motors and Ashok Leyland, have a strong presence in the SAARC region. As the population of their vehicles in this region grows, it opens up potential in the After-Markets for us as well.

With adequate capacities now in place, we are now well positioned to exploit new business opportunities in the international markets. Let us be realistic, we are at the early stages of a long journey. However, we are confident and optimistic about meaningfully growing our international presence in the days ahead.

**Q. Coming to the current year, what is the financial outlook for Jamna Auto?**

**A.** The current financial year will be tough. Overall, given the formidable headwinds in the OE segment, consolidated sales levels is likely to be lower in 2012-13 than in the previous year.

However, we are confident of maintaining profit levels during 2012-13 thanks to an improved sales-mix, with higher After-

Market - India/Export and parabolic spring sales buoying profitability. We expect healthy cash generation and lower capital expenditure, allowing us to pay 33% of profits as dividend, even as we intend to drive down debt by ₹20 crores during the year.

**Q. Looking ahead, what are your medium-term growth expectations and what performance/financial metrics will guide your growth?**

**A.** We continue to enhance our customer relationships and solidify our market dominance. As we strengthen our business model, lower our risk profile, improve our cost position and invest in growth opportunities, we are extremely well positioned to take full advantage of an upturn in the economy, when it does occur. We remain focused on improving the sales-mix in the medium term and with the current capacity expansion, we are well equipped for the same.

We are determined to aggressively ramp up sales in the After-Markets - India/Export and also expect improved sales from the Lift-Axles and Air Suspension divisions. In the After-Markets - India/Export, we intend to achieve substantial growth. We intend to meaningfully step up our presence in the international markets as well.

As we continue to add to our customer base and expand our markets served, our top customer will account for less than 33% of total revenues by FY2015. The "non-OE" contribution to sales is expected to increase from 12% presently to 33% by FY2015. With the anticipated changes in product-mix, the share of leaf-springs to total revenues will be down to 65%. With all this, we are aiming for a double-digit pre-tax margin by FY2015.

We will continue to make strategic alliances that enhance our market position and adds to our technological capabilities. We have intensified our efforts at improving our capital efficiency and will remain very judicious while committing fresh capital expenditure. Our Balance-Sheet will benefit from our improved asset management and improved profitability. By FY2015, our net-block will be funded entirely by net-worth. Our financial objectives are to consistently generate healthy cash flows, earn a Return on Capital Employed of around 33% and distribute 33% of profits as dividends to shareholders.

# OUR PEOPLE

Your Company is committed to develop quality Human Resource and rates them as the most valued assets. In the journey towards becoming an Employer of Choice your company is implementing a number of initiatives, a few of them are enumerated below.

We are among few auto component manufacture, who have granted stock options to the employees.

SAP (HCM) implementation Phase I (Organizational Management, Personnel Administration, Payroll and Time Management Modules) started in the month of March 2012, the project is expected to be completed by September 2012. This will support maintenance of robust employee records, reduction of administrative efforts, enhanced analytics and progress towards paperless office functioning.

The Company initiated an annual event “Long Service Awards” to recognize those employees who have been with the company for 10 years and more. Employees were identified for the awards during the first event. The Company encouraged maximum employee participation to create “we” feeling through internally organized cultural programs, celebration of festivals, birthdays, games etc.

Your Company participated in the Salary Survey and benchmarking exercise administered by ACMA and Deloitte. Suitable inputs were utilized for compensation restructuring and improvements. A standard Worker Compensation plan was formulated and implemented at one manufacturing location, and will be implemented at other locations during the next year. We are committed to ensure competitive pay structures at all levels.

The relations with employees and associated workforce remained cordial throughout the year. The next year will be dedicated to improvement of systems and processes linked to Human Resource activities and multi fold enhancement in structured trainings at all levels.



Worker training programme



Felicitations ceremony for long service



# OUR QUALITY STANDARDS

Jamna Auto Industries Limited pursues a policy of continued technical excellence to deliver high quality products, assemblies and services to our customers. We are committed to continually improve the quality of all our products, services and operations in order to consistently meet the needs and expectations to our customers.

We have a dedicated Quality Assurance Team who ensures product quality at all stages of manufacturing processes. This team is completely backed up with the state of the art manufacturing equipments which have fail safe product delivery and Poka Yoked process control parameters ensuring consistency in quality

products. Every Assembly delivered to our customers is 100% screened for fitment & aesthetics.

Our reflection on Quality Standards is the coveted recognition to highest Quality Management System Standards for the Automotive Sector- ISO/TS16949:2009 – ISO 9001:2008.

In pursuit of continual improvement on quality culture, best Manufacturing practices are being nurtured across our entire organisation through world renowned JAPANESE TPM (Total Productive Maintenance) Guru from JITPI (Japan Institute of Total Process Innovation).



# CORPORATE SOCIAL RESPONSIBILITY

At Jamna Auto Industries Limited, we recognize our responsibility to act as a good corporate citizen. Our Corporate Social Responsibility program focus on Environment Conservation, education, sports and community reach. The Company's policy is to plant more trees than the paper it consumes.

Our CSR activities are aimed at making a positive social impact through its support towards select programs in the areas of:

## (a) Environment Conservation

- ▶ 1500 saplings were planted all over the manufacturing units and surrounding villages
- ▶ 30 tons of bio-degradable waste was recycled into vermi- compost
- ▶ Conserved water at all over units by using water saving techniques like rain water harvesting etc.
- ▶ Waste segregation in the plants and reduction of plastics

## (b) Education

- ▶ More than 500 college students from economical deprived families were given JAI Scholarship to excel in the field of education, sports, Indian arts & cultural, NCC & NSS
- ▶ "Jamna Fulwari" a non formal education center was started to provide educational support to the children belongs to migrant labour families in Delhi

## (c) Sports

- ▶ The Company's sponsored sportsman Mr. Ankur Sharma won Gold Medal in Mr. Haryana Classic and Mr. India

Body Building Championship -2011 & 2012

- ▶ The Company's sponsored Star Ms. Kavita, won Gold Medal for the country in the World Cup Kabaddi Championship 2012

## (d) Community reach

- ▶ 4 Govt. Schools were adopted to improve basic facilities like drinking water, sanitation, boundary wall, sports ground etc. of which two were at Village Singhwadi (Gwalior), one at Faizpur (Yamuna Nagar) and one at Karnidhi (Jamshedpur)
- ▶ Around 800 community people (including children, women and senior citizens) were screened and treated at 4 major Health Check-up Camps during the year. The company sponsored patients for cataract surgery and one child for cleft palate
- ▶ Started part time Health Dispensary and Ambulance Sewa for community people at village Karnidhi, Jamshedpur



Rural health & education programme- Yamuna Nagar



Jamna Fulwari - Delhi



Health Camp - Singhwadi



# TEN YEARS FINANCIAL SUMMARY

(₹ in Lakhs)

Operational results	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sales	120,427	99,799	66,148	52,062	54,119	32,372	21,043	20,954	12,258	6,595
Less Excise Duty	8,462	9,473	4,842	6,133	7,416	4,574	2,912	2,796	1,660	905
Net Sales	111,965	90,326	61,306	45,929	46,703	27,798	18,131	18,158	10,598	5,690
Other Income	197	174	268	797	341	227	54	108	30	49
Total Income	112,162	90,500	61,575	46,726	47,044	28,025	18,185	18,266	10,628	5,739
Operating Profit (PBDITA)	10,569	10,821	7,980	3,744	6,077	2,503	1,843	1,734	1,177	248
Interest	1,882	2,170	2,617	3,554	2,694	1,243	1,160	1,070	795	957
Profit /(Loss) before Depreciation (PBDT)	8,687	8,651	5,363	190	3,383	1,260	683	664	382	(709)
Depreciation/Amortisation	3,215	3,201	2,938	1,798	1,285	549	399	376	372	369
Profit Before Tax & other items	5,472	5,451	2,425	(1,608)	2,098	711	283	287	10	(1,078)
Exceptional Items - (Gain)/(Loss)	350	30	(36)	0	90	0	0	0	0	0
Profit Before Tax	5,122	5,421	2,460	(1,608)	2,008	711	283	287	10	(1,078)
Profit for Income Tax	8	431	10	46	43	32	15	1	1	1
Deferred Tax Credit	895	1,270	540	(397)	358	46	191	101	160	(326)
Profit After Tax	4,219	3,720	1,911	(1,257)	1,606	632	78	186	(151)	(752)
Cash Profit/(Loss)	8,687	8,651	5,363	190	3,383	1,260	683	664	382	(709)
<b>Financial indicators</b>										
Net Fixed Assets	27,374	20,399	16,754	15,694	13,261	6,364	5,416	5,285	5,268	5,559
Investments	525	525	525	525	527	1,208	1,208	1,208	1,208	1,208
Current Assets	30,476	26,850	17,586	15,450	18,941	8,060	7,651	7,122	4,766	3,940
Non Current Assets	4,849	4,415	0	0	0	0	0	0	0	0
Equity Share Capital	3,940	3,928	3,654	3,653	3,387	1,771	876	876	876	876
Preference Share Capital	350	350	350	350	350	0	0	0	0	0
Reserves & Surplus	11,317	9,158	4,153	3,098	3,315	(261)	844	741	699	974
Net Worth	14,643	11,695	5,444	4,311	5,116	940	751	636	594	868
Long Term Funds	10,869	6,563	10,585	13,808	11,253	8,431	6,391	6,723	6,174	5,894
Medium/ Short Term Funds	7,405	7,251	295	382	3,624	57	950	824	834	675
Working Capital From Banks	0	0	1,002	1,928	2,699	1,497	1,263	1,845	1,021	985
Non Current Liabilities	2,456	1,374	0	0	0	0	0	0	0	0
Current Liabilities & Provisions	26,885	23,565	18,553	12,793	11,193	4,908	5,166	4,026	3,158	2,984
<b>Ratio</b>										
EBIDT to Sales %	9	12	13	8	13	9	10	10	11	4
EBIT to Sales%	7	8	8	4	10	7	7	6	7	(2)
PBT to Sales%	5	6	4	(4)	4	3	2	2	0	(19)
EBDIT/Avg. capital employed	44	52	58	24	44	27	20	20	15	3
EBIT/Avg. capital employed (ROCE)	31	37	37	13	35	21	16	16	10	(1)
PAT/Net Worth	29	32	35	(29)	31	67	10	29	(25)	(87)
EPS (₹)	11	10	3	(4)	6	5	1	2	(2)	(9)
Dividend per share (₹)	3.5	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Worth Per Share (₹)	37	30	15	39	23	7	9	7	7	10

Note: Financials from 2008 onwards includes financials of subsidiary company/entity

# MANAGEMENT DISCUSSION AND ANALYSIS

## **I. What is the Company's perception about the industry scenario? How has the Indian automobile sector, particularly commercial vehicles, performed in 2011-12?**

CV industry posted strong performance in 2009-10 and 2010-11. But it grew by 18% in 2011-12 as against 29% growth in 2010-11. While medium & heavy commercial vehicles (M&HCVs) registered the subdued growth of 11%, light commercial vehicles grew at 25%, as per SIAM data. In the overall spring demand grew by 11%.

The year under review also witnessed the government and the Reserve Bank of India efforts to contain inflation which resulted in hardening of interest rates affecting overall economic growth. It is the general perception that if the economic activity does not pick up and the GDP growth is in 5-6% in the current year, it may not spell good news for CV segment.

## **II. How does the Company perceive the industry's demand outlook for 2012-13 onwards?**

The year 2012-13 has begun on a somber note for the CV segment. The first quarter of the fiscal year usually is a slow starter for CV industry.

Tight liquidity in banking sector with high lending rates will be a big damper in the demand for CVs. Steady decline in Index of Industrial Production (IIP) from January 2012 onwards also suggests slowdown in truck demand.

Given the weak macro factors, growth in commercial vehicles is likely to be moderate in the current year. With the slowdown in industrial activity, medium and heavy commercial vehicles will see a poor performance in the near-term even as Light commercial vehicles will maintain healthy sales momentum, aided by higher hinterland goods transport.

## **III. What is the short term and long term outlook?**

As the company's fortune is tied with the CV industry, Jamna would be equally hard hit during economic slowdown due to OEM concentration factor. However, Jamna has taken a number of initiatives to insulate itself from such eventuality by trying to reduce OEM concentration risk by diversifying the product range and markets. Besides, it has been constantly trying to improve operational and cost efficiencies across various facets of its operations.

The current financial year will be tough. Overall, given the formidable headwinds in the OE segment, consolidated sales levels is likely to be lower in 2012-13 than in the previous year. However, we are confident of maintaining profit levels during 2012-13 thanks to an improved sales-mix, with higher After-Market - India/Export and parabolic spring sales buoying profitability. We expect healthy cash generation and lower capital expenditure, allowing us to pay 33 percent of profits as dividend.

For details please refer to Q & A section of the annual report.

## **IV. What is the de-risking strategy of the Company?**

As stated elsewhere, the company has been aggressively trying to reduce its OEM concentration risk by diversifying the product range and markets. Looking ahead, we expect our top customer to account for less than 33% by 2015. By then, we aim to expand the "Non-OE" contribution to sales to 33% and also to bring down the share of traditional leaf-springs to 65% of sales.

## **V. What are the internal controls in the Company?**

As the company has grown in size and locations, it is of paramount importance that strong internal controls, systems and processes are in place to minimize any risk of fraud or



any operational risk. All main HR functions like pay roll etc are being brought under SAP in all the plants. The company had engaged an independent SAP firm to conduct an audit of its existing SAP running in three locations. Gaps identified during the audit process are now being plugged with the aid of an experienced SAP firm. The company wants to bring all the plants under SAP which will bring uniformity in practices of all the plants. Jamna has engaged the prestigious JITPI

of Japan to achieve its mission of introducing world class manufacturing concept in all the plants.

The Company places strong emphasis on best practices in corporate governance. Periodic audit of secretarial and legal compliances are being done which is supervised by the board of directors. Besides, the reports of the internal auditors are reviewed by the Audit Committee of the Board.

# DIRECTORS' REPORT

*Dear Members,*

The Directors of the Company are pleased to present the 46th Annual Report, together with the audited accounts and performance for the year ended 31 March 2012:

## Financial Results:

(₹ in crore)

	Standalone		Consolidated	
	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2011
GROSS SALES	1064.59	899.65	1204.27	997.98
PBIDT	101.71	100.25	105.69	108.21
FINANCE COST	16.00	20.55	18.82	21.70
PBDT /CASH PROFIT	85.71	79.70	86.87	86.51
DEPRECIATION & OTHERS	33.96	24.36	35.65	32.06
PBT	51.75	55.33	51.22	54.45
PROVISION FOR CURRENT TAX	—	0.01	0.08	4.30
PROVISION FOR DEFERRED TAX	8.91	12.59	8.95	12.70
PAT	42.84	42.73	42.19	37.45
PREVIOUS YEAR ADJUSTMENT	—	0.25	—	0.25
BALANCE BROUGHT FORWARD	(19.10)	(48.78)	(19.10)	(44.05)
PROFIT AVAILABLE FOR APPROPRIATION	42.84	42.48	42.19	37.20
BALANCE CARRIED TO BALANCE SHEET	(1.59)	(19.10)	(2.23)	(19.10)

## Performance:

Directors are happy to inform that during the year under review, the Company, maintaining its leadership position, crossed the landmark ₹1000 crore turnover. Its consolidated turnover stood at ₹1204 crore as against ₹998 crore in 2010-2011. Consolidated profit after tax for 2011-2012 is ₹42.19 crore compared to ₹37.20 crore in 2010-2011.

The Company has paid interim dividend of ₹1 per share twice during the year under review and is proposing to pay final dividend of ₹1.50 per equity share. The Company is proposing to pay accumulated dividend of ₹4.32 crore up to 31 March 2012 to IFCL Limited on 12.50% Optionally Convertible Cumulative Preference Shares.

In our last annual report, we had stated that the Company would actively pursue broad three objectives - increase in product range, add new markets and enhance shareholders' value. We are glad to inform that the Company has made significant progress in all the three areas.

## Product:

As mentioned above, the Company's plans for launch of lift axles and air-suspension is going as per schedule. As part of our strategy, we intend to bring down the share of conventional spring to 65% by FY2015. We are happy to inform that during the year under review sales of parabolic springs grew by 31%. The Company has tied up with Ashok Leyland Limited for supply of lift axles for its commercial vehicles.

## Market:

As part of de-risking strategy, the Company has been aggressively trying to penetrate the After Market - India/Exports. The domestic After Market sale is being spearheaded by Jai Suspension Systems LLP in which the Company is a major partner. We are aiming at minimum 33% turnover from the After Market - India/Exports segment by 2015. We are happy to inform that our efforts in this direction have started yielding results. The After Market - India/Exports sales grew by 37% in 2011-12.

## Locations:

The expansion plan at Yamuna Nagar (Haryana) is complete and Malanpur (Madhya Pradesh) is going on and will be completed in September 2012. The Hosur Plant was completed in June 2012.

During the year under review the Company purchased land in Pune for setting up facility for manufacturing of springs and additional land in Malanpur and Yamuna Nagar for expansion.

## Patent application:

Patent application filed by the Company for patent in India in respect of its Air Suspension is pending before the authorities. The Company is the owner of copyright of more than 45 designs of Leaf and Parabolic Springs.

## Dividend:

During the F.Y. 2011-2012 the Company has paid an interim dividend of ₹1 per equity share two times.

Directors are pleased to recommend a final dividend of ₹1.50 on the equity shares of ₹10 each out of the profits for the financial year ending 31 March 2012 in addition to the two interim dividends. The total dividend payout for the year would be 35%. The Company proposes to transfer ₹428.41 lacs to the general reserve.

### Human Resource:

Employees and workers continue to be the mainstay of the Company's success as is evident from the performance of 2011-12. As the Company has grown in size and location, we have strengthened the H R set up in the Company to fulfill the aspirations of a growing number of professionals. Training of workers and employees continued to receive high priority. The Company has engaged the world renowned Japan Institute of Total Process Innovation (JITPI) for training of technical team in manufacturing system and total productivity management. We have already mentioned that a number of employees (from senior management level to workers level) have been given the Stock Option. The Company has issued ESOPs constituting 3.92% of its equity capital to the employees till date. The particulars of options issued, as required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are appended as 'Annexure B' and form part of this Report.

### Internal Control Systems:

The Company has been continuously strengthening the internal control systems, accounting and procedural controls aimed to ensure reliability of financial reporting.

Internal auditors i.e. M/s K. Khanna & Co., Chartered Accountants, also evaluate the adequacy of internal controls and concurrently audit the majority of transactions in value terms. The reports of the internal auditors are placed before the Audit Committee.

### Fixed Deposit:

During the period under review, the 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 and Mr. P. S. Jauhar 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 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 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:

During the year Mr. S. P. S. Kohli was re-appointed as President & Executive Director of the Company for a period of 3 years w.e.f. 23 October 2011. Proposal for his re-appointment as President & Executive Director for a further period of 3 years w.e.f. 23 October 2011 is being placed for the consideration of members at the coming annual general meeting.

During the year Mr. Robert Dean Petty ceased to be the director due to repayment of loan of Clearwater Capital Partners India Pvt. Limited. The Board places on record its deep appreciation of the valuable services rendered by him during his tenure as Director.

In accordance with the applicable provisions, Mr. C. K. Vohra, Mr. U. K. Singhal and Mr. P. S. Jauhar retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. J. K. Jain as director of the Company in the coming annual general meeting.

A brief of their profiles is also provided in the notice convening the Annual General Meeting.

### Auditors:

The Statutory Auditors have, in their report, mentioned about delays in deposit of statutory dues in few cases. We may mention here that these were few stray cases and there was no amount outstanding as on 31 March 2012. Steps have been taken to ensure such delays do not occur again.

The Statutory Auditors have reported delay in repayment of dues to banks and financial institutions. The management has taken the note of same and will ensure that it does not re-occur. Further there was no amount outstanding as on 31 March 2012.

The auditors have also observed that the company used short term funds of ₹35.81 crore for long term investment. We would like to inform that the company is managing its working capital cycle very efficiently and is fully conscious of judicious deployment of funds for long term and short term usage in the company's operations.

The present Statutory Auditors i.e. M/s B. S. R. & Co. Chartered Accountants, has confirmed their eligibility and willingness to act as Statutory Auditors of the Company, if appointed at the

coming annual general meeting. Directors recommend M/s B. S. R. & Co; Chartered Accountants may be appointed as Statutory Auditors at the coming Annual General Meeting.

Pursuant to the cost audit orders issued by the Ministry of Corporate Affairs (MCA), vide its notification No. 52/26/CAB-2010 dated 30 June 2011, the cost audit is applicable to the company from the financial year 2011-2012. The company has appointed M/s Goyal Goyal & Associates and M/s Vijender Sharma & Co; as the cost auditor. Report of cost auditors for the financial year 2011-2012 is to be filed with the Central Government by 30 September 2012. Following are the details of the cost auditors:

M/s Vijender Sharma & Co  
11, 3rd Floor, Hargovind Enclave,  
VikasMarg, New Delhi- 110 092  
Membership No.: M18513

M/s GoyalGoyal& Associates  
K-81A, Lajpat Nagar-II, New Delhi- 110 024  
Membership No.: 00100

#### Consolidated Financial Statements:

Consolidated Financial Statements of the Company and Jai Suspension Systems LLP for the financial year 2011-12 have been included in the Annual Report in compliance with the Accounting Standard 21. The Company is the majority partner in the partnership firm.

#### Report on Corporate Governance:

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

#### Directors' Responsibility Statement:

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

- (a) The Annual Accounts for the financial year ended 31st March 2012 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 2011-12 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 2012 have been prepared on a going concern basis.

#### Appreciation:

Our shareholders, partners, customers and employees remain the centre of our focus. Our endeavor is to continue our efforts in value maximization, encouraging transparency and effective communication with all the 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: 7 June, 2012

**(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) Furnaces are being reinsulated to avoid heat losses.
- (iii) ETP treated water is being utilized for tree plantation and gardening.
- (iv) Fume extraction system are under installation which will prevent 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 position in the Plants has been 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 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) Generation of Life expectancy of leaf springs under different stress amplitudes.

- (ii) Design & Development of Air Suspension & Lift Axle Systems.

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

- (i) Reduction in Design & Development time.
- (ii) Optimum utilization of weight of the springs for expected life.
- (iii) Product diversification.

### c) Future Plan of Action

- (i) Trials of advanced shot peening techniques and impact on life.

### d) Expenditure on R&D

		(₹ in crore)
	Year ended 31.03.2012	Year ended 31.03.2011
i) Capital/Deferred Revenue	0	(0)
ii) Recurring	0.78	(0.15)
iii) Total	0.78	(0.15)
iv) Total R&D expenditure as percentage of total turnover:	0.07% (0.02%)	

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

## C. TECHNOLOGY ABSORPTION & CONTINUOUS IMPROVEMENT

### a) Technology Absorption, adaptation and innovation

- (i) Technology imported from NHK Spring Co; Limited, Japan for manufacturing of Leaf Springs has been fully absorbed.
- (ii) Technical help from NHK Spring Co; Limited, Japan has yielded improvement in the quality and productivity for the new product range developed for overseas customers.
- (iii) Technology imported from Ridewell Corporation for Design & Manufacturing of Air Suspension & Lift Axles is partially absorbed.
- (iv) 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 products with new technological advancements.

**c) Technology imported**

- i) Year of import: (1985-90 for manufacturing Leaf Springs) (2009-2010 for manufacturing Air Suspension)
- ii) Has technology been fully absorbed: Technology imported for Leaf Springs has been fully absorbed.

Technology imported for Air Suspension has not been fully absorbed yet.

**D. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details of foreign exchange earning and outgo follow as under

Particulars	(₹ in crore)	
	Year Ended 31.03.2012	Year Ended 31.03.2011
Foreign exchange used	29.39	29.57
Foreign exchange earned	3.29	8.83

## ANNEXURE “B”

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, 2012.

	Particulars	For the Year ending 31 March, 2012	Cumulative options upto 31 March, 2012
1.	Number of Options granted	Nil	1542711
2.	Pricing formula	Market price at the time of grant of option	Market price at the time of grant of option
3.	Options vested	225977	507126
4.	Options exercised	121739	249836
5.	Total number of shares arising as a result of exercise of option	121739	249836
6.	Options lapsed/Cancelled	99250	439100
7.	Variation in terms of options	Nil	Nil
8.	Money realized by exercise of options	₹5686710.05	₹9966660.45
9.	Total number of options in force	853775	853775
10.	Employee-wise details of options granted during the year to		
	(i) Senior managerial personnel	Nil	1109661
	(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
	(iii) Employees who received the options during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant	Nil	Nil
11.	Diluted earning per share (EPS) pursuant to issuance of options under ESOP calculated in accordance with International Accounting Standard (IAS) 33	₹10.81	₹10.95
12.	The Company had been using intrinsic value method of accounting ESOP expenses as prescribed by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guide Lines 1999, to account for stock options issued under the Company’s stock option schemes. Under this method, compensation expenses are recorded on the basis of excess of the market price of share at the date of grant of option over exercise price of the option. There would be no impact on the profit or earnings per share had the Company used the fair value of the options as the method of accounting instead of intrinsic value as the fair value is less than the intrinsic value of the option.		
13.	Weighted average exercise price (per option): Not applicable since the Company has not granted stock options during the year Weighted average fair value of per option: Not applicable since the Company has not granted stock options during the year (per black scholes model)		

# ANNEXURE “C”

## CORPORATE GOVERNANCE REPORT

### THE COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company continues to be driven by intent of transparency, disclosures, controls and accountability as Corporate Governance practices to enhance shareholders value.

### BOARD OF DIRECTORS

The Board provides strategic direction to the Company. The total strength of Board of Directors of the Company is eleven directors consisting of Independent, Executive and non-executive directors. The Chairman of the Board, Mr. Bhupinder Singh Jauhar is the promoter & non executive director. The composition of the Board is as follows:

<b>Promoter Directors</b>	Mr. Bhupinder Singh Jauhar (Non Executive Director) Mr. Randeep Singh Jauhar (CEO & Executive Director) Mr. Pradeep Singh Jauhar (COO & Executive Director)
<b>Independent Directors</b>	Mr. Jainendar Kumar Jain (Additional Director) Mr. Dileep Kumar Jain (Nominee, IFCI Limited) Mr. Chander Kailash Vohra Seth Ashok Kumar Mr. Uma Kant Singhal Mr. Shashi Bansal
<b>Non-Independent Directors</b>	Dr. Pierre Jean Everaert (Nominee, Clearwater Capital Partners (Cyprus) Limited) Mr. Karthik Athreya, Alternate Director to Dr. Pierre Jean Everaert Mr. Surinder Pal Singh Kohli (President & Executive Director)

Board meetings are normally held at New Delhi at the Corporate Office of the Company. Notices of the Board meetings are given in advance to all the directors and to the Stock Exchanges as per the requirements of the listing agreement. Board of Directors meets at least once in a quarter to approve financial statements, policy matters and other matters which require board consideration. Normally, head of finance and accounts is present at the meetings to give information on the matters related to finance and accounts. Board can also call for any information or employee to give information related to the Company or take opinion/ advice of the experts before making decision on any matter.

To expedite resolution of routine matters, the Board has constituted the following committees with specific terms of reference/scope:

- 1) Audit Committee
- 2) Compensation Committee (ESOP)
- 3) Remuneration Committee
- 4) Borrowing, Investment & Administrative Committee
- 5) Shareholders' Grievance & Transfer Committee

These committees also confirm to the requirement of the Companies Act, 1956, listing agreement and SEBI regulations. Committee meetings are usually held before the Board meetings or whenever the need arises to discuss any matter.

During the year under review, seven meetings of the Board of Directors were held on 02.05.2011, 11.07.2011, 01.08.2011, 03.09.2011, 15.10.2011, 14.11.2011 and 31.01.2012. Details of attendance of the directors at Board Meetings, last Annual General Meeting and number of their directorships and committee memberships/chairmanships in accordance with Clause 49 of the listing agreement as on 31 March 2012, are as follows:

Name	Attendance		Particulars of Other directorships/ Committee Membership(s)/ Chairmanship(s) in public companies		
	Board Meetings	Last AGM (Yes / No)	Directorship	Committee Membership	Committee Chairmanship
Mr. B. S. Jauhar	–	Yes	–	–	–
Mr. R. S. Jauhar	7	No	1	1	–
Mr. P. S. Jauhar	7	Yes	–	–	–
Mr. S. P. S. Kohli	5	No	–	–	–
Mr. D. K. Jain	7	No	1	–	–
Mr. J. K. Jain	4	No	2	2	–
Seth Ashok Kumar	–	No	3	2	1
Mr. C. K. Vohra	3	Yes	–	–	–
Mr. U. K. Singhal	7	No	–	–	–
Mr. Shashi Bansal	5	No	–	–	–
Dr. Pierre Jean Everaert	–	No	–	–	–
Mr. Karthik Athreya (appointed as alternate director to Dr. Pierre Jean Everaert w.e.f. 20.02.2012)	–	–	4	–	–
Mr. Robert Dean Petty (ceased to be a director w.e.f. 08.02.2012)	–	No	–	–	–

Mr. J. K. Jain ceased to be the nominee director of ICICI Bank Limited w.e.f. 06.01.2012 and was inducted in the Board as an Independent Director w.e.f. 31.01.2012.

Mr. Robert Dean Petty ceased to be Director due to repayment of loan to Clearwater Capital Partners India Pvt. Limited.

Mr. Karthik Athreya has been appointed as alternate director to Dr. Pierre Jean Everaert.

## AUDIT COMMITTEE

The Audit Committee consists exclusively of independent directors. Total strength of the committee is 4 members. Chairman of the committee is Mr. C. K. Vohra having knowledge of accounts and finance. The scope of the committee includes roles and powers enumerated in Clause 49 (II) of the Listing Agreement. The composition of the Committee is as follows:

**Independent Directors** Mr. Chander Kailash Vohra, Chairman

Mr. Jainendar Kumar Jain

Mr. Dileep Kumar Jain

Mr. Uma Kant Singhal

**Non-Independent Director** Mr. Robert Dean Petty

(ceased to be a member w.e.f. 08.02.2012)

The primary objective of the Committee is to monitor and provide effective supervision of the management's financial reporting process to ensure accurate and timely disclosures, with the highest level of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the management, the internal auditors and the independent auditor, and notes the processes and the safeguards employed by each. Measures are taken by the committee to ensure the objectivity and independence of the independent auditor.

The Audit Committee meets at least once in a quarter to discuss financials, audit reports and other items. The details of all the related party transactions are placed before the committee on quarterly basis. Financial results and accounts are reviewed by the Audit Committee before they are placed before the Board. Head of finance and accounts is present at the meetings to give information on the matters related to finance and accounts. Statutory and internal auditors are also invited to the meeting as

and when required. The Committee also has the power to call for any information or employee to give information related to the Company or take opinion/ advice of the experts before making the decision on any matter.

During the financial year under review, six meetings of the Committee were held on 02.05.2011, 11.07.2011, 01.08.2011, 14.11.2011, 31.01.2012 and 25.02.2012. The details of attendance of members at Audit Committee meeting are as follows:

Member	Mr. C. K. Vohra	Mr. J. K. Jain	Mr. D. K. Jain	Mr. U. K. Singhal	Mr. Robert Petty
Attendance	3	3	6	6	–

#### COMPENSATION COMMITTEE (ESOP)

The Compensation Committee was constituted under SEBI ESOP guidelines, 1999. The Committee consists of Independent and Executive directors. Total strength of the Committee is 4 members. Mr. C. K. Vohra an Independent Director is the Chairman of the Committee. The composition of the Committee is as follows:

<b>Independent Directors</b>	Mr. Chander Kailash Vohra Mr. Jainendar Kumar Jain Mr. Uma Kant Singhal
<b>Executive Director</b>	Mr. Randeep Singh Jauhar
<b>Non-Independent Director</b>	Mr. Robert Dean Petty (ceased to be a member w.e.f. 08.02.2012)

The Committee meets normally in a quarter to administer the ESOP scheme, allot shares upon exercise of the stock options and grant of stock options. The Compensation Committee had allotted 121,739 shares upon exercise of stock options during the financial year under review.

During the financial year under review, four meetings of the Compensation Committee were held on 02.05.2011, 11.07.2011, 14.11.2011 and 25.02.2012. The details of attendance of members at Compensation Committee meeting are as follows:

Member	Mr. R. S. Jauhar	Mr. J. K. Jain	Mr. C. K. Vohra	Mr. U. K. Singhal	Mr. Robert Petty
Attendance	4	3	1	4	–

#### REMUNERATION COMMITTEE

The Remuneration Committee consists exclusively of Independent directors. Total strength of the committee is 4 members. Mr. C. K. Vohra is the Chairman of the Committee.

<b>Independent Directors</b>	Mr. Chander Kailash Vohra Mr. Jainendar Kumar Jain Mr. Uma Kant Singhal Mr. Dileep Kumar Jain
<b>Non-Independent Directors</b>	Mr. Robert Dean Petty (ceased to be a member w.e.f. 08.02.2012)

The Committee meets to make recommendation to the Board on remuneration of the executive directors and other senior executives as designated by the Board. All the executive directors are appointed for a fixed term, normally, of three years. Executive Directors are paid monthly remuneration as per terms of their appointment. Non-Executive Directors are paid sitting fee for attending meeting of the Board or Committee meeting of the Board.

During the financial year under review, one meeting of the Remuneration Committee was held on 14.11.2011 to recommend the re-appointment of Mr. S. P. S. Kohli as President & Executive Director for a period of 3 years w.e.f. 23.10.2011. The resolution for re-appointment of Mr. S. P. S. Kohli shall be placed for consideration of members in the coming annual general meeting. The detail of attendance of members at the meeting is as follows:

Member	Mr. D. K. Jain	Mr. J. K. Jain	Mr. C. K. Vohra	Mr. U. K. Singhal	Mr. Robert Petty
Attendance	1	–	1	1	–





## BORROWING INVESTMENT & ADMINISTRATIVE COMMITTEE

The Borrowing Investment & Administrative Committee consists of 3 members. Mr. U. K. Singhal is the chairman of the Committee. Following is the composition of the Committee:

<b>Independent Director</b>	Mr. Uma Kant Singhal
<b>Executive Directors</b>	Mr. Randeep Singh Jauhar
	Mr. S. P. S. Kohli
<b>Non-Independent Director</b>	Mr. Robert Dean Pettty
	(ceased to be a member w.e.f. 08.02.2012)

The Committee meets as and when required to expedite resolution of routine matters. During the financial year under review, one meeting of the committee was held on 13.03.2012 to approve authorization of employees to perform their day to day duties.

The detail of attendance of members at the meeting is as follows:

Member	Mr. R. S. Jauhar	Mr. U. K. Singhal	Mr. S.P. S Kohli
Attendance	1	1	–

## SHAREHOLDERS' GRIEVANCE & TRANSFER COMMITTEE

The Investors Grievance Committee consists of 3 members. Mr. U. K. Singhal is the chairman of the Committee. Following is the composition of the Committee:

<b>Independent Director</b>	Mr. Uma Kant Singhal
<b>Executive Directors</b>	Mr. Randeep Singh Jauhar
	Mr. S. P. S. Kohli

The Committee meets at regular intervals to monitor transfer/transmission and transposition of shares held in physical form and for timely redressal of shareholder complaints.

During the financial year under review, four meetings of the Shareholder Grievance and Transfer Committee were held on 02.05.2011, 11.07.2011, 14.11.2011 and 31.01.2012. The details of attendance of members at Committee meeting are as follows:

Member	Mr. R. S. Jauhar	Mr. U. K. Singhal	Mr. S.P. S Kohli
Attendance	4	4	3

## CERTIFICATIONS:

Members of the Board and Senior Management personnel have affirmed compliance with the code of conduct for business ethics and code of conduct for insider trading.

Pursuant to Clause 49V of the listing agreement, Mr. P. S. Jauhar, COO & Executive Director and Mr. Shakti Goyal, GM-Finance & Material of the Company have certified to the Board regarding the Financial Statements for the year ended 31 March 2012

## ANNUAL GENERAL MEETINGS:

The last three Annual General Meetings of the Company were held at the Registered Office of the Company at Jai Springs Road, Industrial Area, Yamuna Nagar-135001, Haryana. Following are the details of date, time and special resolutions passed at the AGM's:

Year	2009	2010	2011
Date	30.09.2009	07.08.2010	31.08.2011
Time	11:00 a.m.	11:30 a.m.	11:30 a.m.
Special Resolution	Nil	Preferential issue of equity shares	Nil
Resolution proposed or passed by postal ballot	Nil	Nil	Nil

## DISCLOSURES

## (A) Basis of related party transactions

Details of related party transactions entered into by the Company are placed before the Board and the Audit Committee. The details are also included in the Notes to Accounts. All the transactions with related parties are in the normal course of business on an arm's length basis and do not have potential conflict with the interests of the Company at large.

During the last three years, there have been no strictures or penalties imposed by either SEBI or the Stock Exchange or any statutory authority for non-compliance on any matter related to the capital markets.

## (B) Remuneration of Directors

## Non-Executive Directors

Non-Executive Directors are paid sitting fee for attending meeting of the Board or Committee of the Board. During the financial year ended 31 March 2012 the Company has paid following sitting fee to the Non executive directors:

Name of Director	Sitting Fee Paid (₹ in lakhs)	No. of equity shares held	Convertible Instruments / ESOP
Mr. D. K. Jain	1.40	—	—
Seth Ashok Kumar	—	5250	—
Mr. J. K. Jain	1.00	—	—
Mr. C. K. Vohra	0.80	—	—
Mr. U. K. Singhal	2.30	—	—
Mr. Shashi Bansal	0.50	—	—
Mr. Robert Dean Petty	—	—	—
Mr. Pierre Jean Everaert	—	—	—

For the year ended 31 March 2012, Non Executive Directors did not have any pecuniary transaction or relationship with the Company except receipt of sitting fee as above.

## Executive Directors

The Company pays monthly remuneration to all the three Executive Directors as per terms of their appointment. The following remuneration was paid to the executive directors during the year 2011-12:

(₹ in lakhs)

	Mr. R. S. Jauhar	Mr. P. S. Jauhar	Mr. S. P. S. Kohli
Basic Salary	60.00	48.00	14.79
Allowance	36.28	29.36	24.59
Perquisites	1.22	0.63	3.09
Contribution to provident and superannuation fund	7.20	5.77	1.78
Convertible Instruments / ESOP	—	—	—

## (C) Management

The Management Discussion and Analysis Report are given separately in the Annual Report.

## (D) Shareholders

Mr. Pradeep Singh Jauhar, Mr. Chander Kailash Vohra and Mr. Uma Kant Singhal are retiring by rotation at the Annual General Meeting and, being eligible, offer themselves for re-appointment at the Annual General Meeting. Following is the shareholding of retiring directors in the Company as on 31 March 2012:

- |                              |                  |
|------------------------------|------------------|
| 1) Mr. Chander Kailash Vohra | Nil              |
| 2) Mr. Uma Kant Singhal      | Nil              |
| 3) Mr. Pradeep Singh Jauhar  | 1,812,897 shares |

Brief resume of the directors retiring by rotation and seeking re-appointment at the Annual General Meeting are given separately in the notice to the Annual General meeting.

#### **(E) Investor complaints and Compliance Officer**

During the financial year ended 31 March 2012 the Company has received and resolved 18 complaints. No complaint was pending as on 31 March 2012. Mr. Praveen Lakhera, Company Secretary & Head-Legal is the Compliance Officer. The Company confirms that there are no share transfers pending as on 31 March 2012 for more than 21 days from the date of lodgment thereof.

#### **Share Registrar & Transfer Agent (RTA)**

Communication regarding share transfer/transmission, change of address, dividend, etc can be addressed to RTA at:

Skyline Financial Services (P) Limited,  
D-153 A, First Floor, Okhla Industrial Area, Phase - I  
New Delhi-110020  
Ph. 011- 26812682, 26812683 Fax no. - 011-26292681  
Email: grievances@skylinerta.com

#### **Share Transfer System**

Skyline Financial Services Pvt. Limited is the Share Registrar & Transfer Agent of the Company. All transfer requests received till seven days prior to the date of the meeting are normally considered for approval in the meeting. All requests for dematerialisation of shares are processed and the confirmation is given to the depositories within 15 days. Grievances received from the members and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrar expeditiously.

#### **(F) Relationship between Directors**

Mr. B. S. Jauhar, Chairman is the father of Mr. R. S. Jauhar, CEO & Executive Director and Mr. P. S. Jauhar, COO & Executive Director.

#### **(G) The Company is complying with mandatory requirements of clause 49 of the listing agreement. Towards the non mandatory requirements of clause 49, the Company has taken following steps:**

**The Board:** The Board has Non Executive Chairman. The Company does not reimburse expenses incurred by the Non-Executive Chairman for maintenance of a separate Chairman's office. None of the Independent directors have completed the tenure of 9 years from the date of their appointment.

**Remuneration Committee:** Please refer heading "Board of Directors" and 'Remuneration Committee'.

**Shareholder Rights:** Please refer heading "Means of Communications".

**Audit Qualifications:** Nil

#### **OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

#### **DEMATERIALIZATION OF SHARES**

35,074,791 (88.99%) shares of the Company were in dematerialized form as on 31 March 2012.

#### **GENERAL SHAREHOLDERS INFORMATION**

##### **Date, time and venue of the 46th Annual General Meeting**

Saturday, 18th August 2012 at 9:30 a.m. at the Registered Office at Jai Springs Road, Industrial Area, Yamuna Nagar – 135001, Haryana.

**Financial Calendar (tentative and subject to changes)**

Financial Year: 1 April 2012 to 31st March 2013

- a) Un-audited Financial Results for Quarter ending June, 2012: 14 August, 2012
- b) Un-audited Financial Results for Quarter ending September, 2012: 14 November, 2012
- c) Un-audited Financial Results for Quarter ending December, 2012 : 14 February, 2013
- d) Audited Results for the year ending 31 March 2013 : May 2013
- e) Annual General Meeting for the year 2013 : On or before 31 July 2013

**Book Closure / Record dates**

Monday, 22 August 2011 to Thursday, 25 August 2011 (both the days inclusive) was fixed as the book closure period for the purpose of ascertaining the eligibility of members to receive the First Interim Dividend.

Tuesday, 7 February 2012 was fixed as the record date for the purpose of payment of Second Interim Dividend

The register of members of the Company and Share Transfer Books will remain closed from Thursday, 16 August 2012 to Saturday, 18 August 2012 (both the days inclusive).

**Dividend payment date**

The Company has paid two Interim Dividends during the year ended 31 March 2012

	Date of declaration of Interim Dividend	Date of Payment of Interim Dividend	Rate of Dividend
I Interim Dividend	01.08.2011	30.08.2011	₹1
II Interim Dividend	31.01.2012	27.02.2012	₹1

If approved at the Annual General Meeting, the final dividend will be paid on 4 September, 2012.

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend remaining unclaimed/unpaid for a period of 7 years from the date of transfer to the Company's unpaid dividend account will be transferred to the Investor Education and Protection Fund (IEP Fund).

Following are the dates of dividends declared and the corresponding dates when unclaimed dividends are due for transfer to IEP Fund:

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to Investor Education and Protection Fund
2010-11 (Interim Dividend)	03.02.2011	02.02.2018	06.03.2018
2010-11 (Final Dividend)	31.08.2011	30.08.2018	01.10.2018
2011-12 (Interim Dividend)	01.08.2011	31.07.2018	01.09.2018
2011-12 (Second Interim Dividend)	31.01.2012	30.01.2019	02.03.2019

In view of the above, members are advised to send unencashed dividend warrants pertaining to the above years to the Registrar and Transfer Agent for revalidation or issuance of Demand Drafts in lieu thereof and encash them before the due dates for transfer to the IEP Fund.

**Listing on Stock Exchanges**

National Stock Exchange, Bombay Stock Exchange, Delhi Stock Exchange and Ludhiana Stock Exchange. The Company has applied to Ludhiana Stock Exchange for delisting of shares.

## WEBSITE

The Company has a separate section on “Investor Relations” on its web site [www.jaispring.com](http://www.jaispring.com). Shareholding pattern, financial results, annual reports and other information are periodically updated in this section. The section also contains information on the code of conduct, insider trading policy, details about the board of directors, contact information of Compliance Officer, RTA etc. Apart from that regular announcements and press releases etc; are updated under the caption “Information Bulletin and Media & Press Release”.

**ISIN No. (Equity Shares):** INE039C01016

**STOCK CODE:** 520051 (BSE), JAMNAAUTO (NSE)

## MARKET PRICE DATA

Bombay Stock Exchange				National Stock Exchange			
Month	High (₹)	Low (₹)	Close (₹)	Month	High (₹)	Low (₹)	Close (₹)
April 2011	164.90	132.00	145.20	April 2011	165.75	132.00	146.10
May 2011	148.00	124.00	126.00	May 2011	164.00	124.55	125.00
June 2011	129.95	110.05	120.05	June 2011	133.00	110.30	120.10
July 2011	151.90	120.00	149.35	July 2011	152.00	120.00	150.55
August 2011	154.00	113.50	120.85	August 2011	150.00	115.00	119.00
September 2011	144.80	114.25	140.30	September 2011	144.00	110.20	142.15
October 2011	141.25	112.00	121.95	October 2011	140.00	113.00	120.75
November 2011	127.80	97.00	104.40	November 2011	134.00	97.10	103.50
December 2011	104.95	75.25	85.00	December 2011	104.00	73.60	83.05
January 2012	97.70	80.00	92.85	January 2012	97.00	81.10	92.20
February 2012	121.50	85.20	100.00	February 2012	122.00	85.10	101.15
March 2012	114.50	99.05	105.05	March 2012	116.90	93.05	105.45

## DISTRIBUTION SCHEDULE AS ON 31 MARCH 2012

Share Holding Class	No. of Share holders	% of total number of shareholders	Number of shares of ₹ 10 each	% of total number of shares
Up to 500	17639	94.93	2,290,181	5.81
501 to 1000	549	2.95	418,615	1.06
1001 to 2000	164	0.88	240,953	0.61
2001 to 3000	49	0.26	125,849	0.32
3001 to 4000	31	0.17	105,810	0.27
4001 to 5000	20	0.11	91,965	0.23
5001 to 10000	45	0.24	343,426	0.87
10001 and above	84	0.45	35,796,662	90.82
<b>Total</b>	<b>18581</b>	<b>100</b>	<b>39,413,461</b>	<b>100</b>

## SHAREHOLDING PATTERN AS ON 31 MARCH 2012

Category	No. of shares held	% of total share capital
Promoters	17,409,830	44.17
Mutual Funds / UTI	23,550	0.06
Financial Institutions / Banks	6,650	0.02
FII's	9,815	0.02
Bodies Corporate	1,806,057	4.58
Indian Public	6,219,391	15.78
NRIs /Foreign Nationals/OCB	436,515	1.11
Foreign Company	13,501,653	34.26



## MEANS OF COMMUNICATION

Financial results and other statutory notices are published generally in Business Standard and Financial Express for English newspaper and Veer Arjun or Jansatta for vernacular language newspaper.

Company's website also provides updated information about shareholding pattern, financial results, annual reports, regular announcements, press releases etc.

A separate section on Management Discussion and Analysis for the year ended on 31 March 2012 also forms part of this Annual Report.

## PLANT LOCATIONS

- Jai Springs Road, Industrial Area, Yamuna Nagar – 135 001, Haryana.
- U- 27-29, Industrial Area, Malanpur, District Bhind– 477116, M.P.
- Plot No. 22-25, Sengundram Village, Maraimalainagar Industrial Complex, Singaperumal Koil Post, Distt. Kanchipuram- 603 204, Tamil Nadu.
- 262 - 263, Village Karnidih, Chandil, District Saraikella, Kharswan - 832401, Jharkhand.
- Gata no. 1490, Khajoor Gaon, Chihat-Deva Road, Distt. Barabanki-225003, U.P.
- Thally Road, Kalugondapalli Post, Hosur-635114, Distt. Krishnagiri, Tamil Nadu

## CORPORATE OFFICE:

2 Park Lane, Kishangarh,  
Vasant Kunj, New Delhi –110 070  
Ph: 011-32648668, 32648698 Fax:26893192  
E-mail: praveen@jaispring.com, website: www.jaispring.com



# AUDITOR'S CERTIFICATE ON COMPLIANCE OF PROVISIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of  
Jamna Auto Industries Limited

We have examined the compliance of conditions of Corporate Governance by Jamna Auto Industries Limited ('the Company'), for the year ended on 31 March 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For B S R & CO.**

Chartered Accountants  
Firm Registration No. 101248W

**ZUBIN SHEKARY**

Partner  
Membership No. 048814

Place : Bangalore  
Date : 7 June 2012

# AUDITORS' REPORT

## TO THE MEMBERS OF JAMNA AUTO INDUSTRIES LIMITED

- 1 We have audited the attached Balance Sheet of **Jamna Auto Industries Limited** ('the Company') as at 31 March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement (collectively referred to as 'financial statements') of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  - 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  - 3 As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  - 4 Further to our comments in the Annexure referred to above, we report that:
    - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - (ii) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
    - (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
  - (v) on the basis of written representations received from the Directors of the Company as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
  - (vi) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
    - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

FOR **B S R & CO.**  
Chartered Accountants  
Firm registration number: 101248W

**ZUBIN SHEKARY**  
Partner  
Membership No.: 048814

Place : Bangalore  
Date : 7 June 2012

# ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT

## TO THE MEMBERS OF JAMNA AUTO INDUSTRIES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are physically verified by the management in a phased manner over a period of three years. In accordance with such phased programme, certain categories of fixed assets at certain locations have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its fixed assets. As informed to us, discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.
- (ii) (a) According to the information and explanations given to us, the Company has a designed programme of physical verification of inventories, except stocks lying with third parties, wherein each item of inventory, lying at different manufacturing facilities have been physically verified at least once in a year, at various points of time. In our opinion, the frequency of such verification is reasonable. In respect of stocks lying with third parties at the year end, written confirmations have been obtained.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As informed to us, the discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paras 4 (iii) (b) to (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that certain goods sold and some services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, we have not observed any major weaknesses in the internal control system during the course of our audit.
- (v) (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding ₹5 lacs with any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time, except for purchases of fixed assets which are for the Company's specialised requirements and similarly for sale of certain goods for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues have generally been regularly deposited with appropriate authorities *though there have been some delays in few cases.*

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, and on the basis of the records of the Company examined by us, there are no dues of Income-tax, Wealth-tax, Service tax, Sales-tax, Customs duty and Excise duty which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned in appendix.

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) *In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions except in respect of dues aggregating ₹4,589.75 lakhs to banks and a financial institution for*

*delays ranging upto 67 days.* However, there are no overdue amounts outstanding to banks and financial institutions as at the year end.

(xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

(xvi) According to the information and explanations given to us, term loans have been applied for the purpose for which such loans were obtained.

(xvii) *According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis amounting to ₹3,581.17 lakhs have been used for long-term investments.*

(xvii) The Company has not made any preferential allotment of shares to companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

FOR **B S R & Co.**

Chartered Accountants

Firm registration number: 101248W

**ZUBIN SHEKARY**

Partner

Membership No.: 048814

Place : Bangalore

Date : 7 June 2012



Name of the Statute	Nature of the disputed dues	Forum where dispute is pending	Amount involved (in ₹ lakhs)	Amount paid under protest (in ₹ lakhs)	Period to which the amount relates
The Central Excise Act, 1944	Excise duty	Superintendent, Central Excise, Yamuna Nagar	0.10	—	2010-11 to 2011-12
The Central Excise Act, 1944	Excise duty	CESTAT, New Delhi	6.43	4.05	2005-06 to 2008-09
The Central Sales Act, 1956	Sales tax	Additional Commissioner Commercial Tax, Gwalior	9.19	—	2004-05
Custom Act, 1962	Custom duty	Assistant Commissioner Customs & Central Excise, Gwalior	40.24	—	2009-10
Madhya Pradesh Sales Tax Act, 1958	Sales tax	Additional Commissioner Commercial Tax, Gwalior	5.81	0.59	2008-09
Entry Tax/ Sales Tax	Sales tax	MP Commercial Tax Appellate Board, Bhopal	11.78	3.30	2001-02
The Central Excise Act, 1944	Excise duty	Assistant Commissioner Customs & Central Excise, Gwalior	49.63	—	2010-11
M.P. Commercial Tax Act, 1994	Commercial tax	MP Commercial Tax Appellate Board, Bhopal	0.65	0.12	1997-98
The Central Sales Act, 1956	Sales tax	Appellate Deputy Commissioner	18.11	9.58	2003-04
Finance Act, 1994 (Service tax)	Service tax	Assistant Commissioner, Central Excise, Chennai	4.93	—	2006-07
Finance Act, 1994 (Service tax)	Service tax	Deputy Commissioner, Central Excise, Chennai	1.92	—	2009-10
Finance Act, 1994 (Service tax)	Service tax	CESTAT, New Delhi	51.50	—	2008-09
Finance Act, 1994 (Service tax)	Service tax	Assistant Commissioner Customs & Central Excise	20.63	—	2005-06 to 2009-10
Finance Act, 1994 (Service tax)	Service tax	Assistant Commissioner Customs & Central Excise, Gwalior	3.56	—	2009-10 to 2010-11
Finance Act, 1994 (Service tax)	Service tax	Commissioner Appeal, Delhi	2.62	—	2005-06 to 2009-10
Finance Act, 1994 (Service tax)	Service tax	Assistant Commissioner Customs & Central Excise, Yamuna Nagar	12.55	0.34	2004-05 to 2007-08
Finance Act, 1994 (Service tax)	Service tax	CESTAT, New Delhi	5.92	—	2007-08 to 2009-10
Finance Act, 1994 (Service tax)	Service tax	Commissioner Appeal, Delhi	7.00	—	2010-11 to 2011-12
Finance Act, 1994 (Service tax)	Service tax	Assistant Commissioner, Central Excise, Chennai	0.57	—	2005-06
Madhya Pradesh Sales Tax Act, 1958	Sales tax	MP Commercial Tax Applet Board, Bhopal	0.25	0.07	1999-2000
U.P. Trade Tax Act, 1948	Sales tax	High Court, Allahabad	6.20	—	2008-09
<b>Total</b>			<b>259.59</b>	<b>18.05</b>	

# BALANCE SHEET

AS AT 31 MARCH 2012  
(ALL AMOUNTS IN RUPEES LAKHS, UNLESS OTHERWISE STATED)

	NOTE	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
(a) Share capital	3	4,289.77	4,277.60
(b) Reserves and surplus	4	11,382.33	9,157.89
		15,672.10	13,435.49
<b>2 SHARE APPLICATION MONEY PENDING ALLOTMENT</b>	3(I)	2.72	0.83
<b>3 NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	5	6,796.28	4,910.07
(b) Deferred tax liabilities (net)	6	1,119.92	228.77
(c) Other long-term liabilities	7	7.02	7.38
(d) Long-term provisions	8	696.82	760.69
		8,620.04	5,906.91
<b>4 CURRENT LIABILITIES</b>			
(a) Short-term borrowings	9	4,789.69	5,956.24
(b) Trade payables	10	21,484.27	20,764.13
(c) Other current liabilities	11	5,290.78	2,624.98
(d) Short-term provisions	8	1,229.31	493.75
		32,794.05	29,839.10
<b>TOTAL</b>		57,088.91	49,182.33
<b>II ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	12	16,699.75	14,997.05
(ii) Intangible assets	12	1,072.58	1,840.05
(iii) Capital work-in-progress	12(B)	8,287.90	2,431.17
		26,060.23	19,268.27
(b) Non current investments	13	2,190.59	2,642.74
(c) Long-term loans and advances	14	2,882.44	3,767.87
(d) Other non-current assets	15	750.70	539.75
		5,823.73	6,950.36
<b>2 CURRENT ASSETS</b>			
(a) Inventories	16	10,851.51	8,605.72
(b) Trade receivables	17	10,706.77	11,779.59
(c) Cash and bank balances	18	643.61	866.34
(d) Short-term loans and advances	14	1,254.19	865.10
(e) Other current assets	15	1,748.87	846.95
		25,204.95	22,963.70
<b>TOTAL</b>		57,088.91	49,182.33
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements			

As per our report attached.

For **BSR & CO.**

Chartered Accountants

Firm registration number: 101248W

**ZUBIN SHEKARY**

Partner

Membership No.: 048814

Place : Bangalore

Date : 7 June 2012

For and on behalf of the Board of Directors of

**JAMNA AUTO INDUSTRIES LIMITED**

**P. S. JAUHAR**

COO &  
Executive Director

Place : New Delhi

Date : 7 June 2012

**S. P. S. KOHLI**

President &  
Executive Director

**PRAVEEN LAKHERA**

Company Secretary &  
Head Legal

**SHAKTI GOYAL**

GM-Finance &  
Material

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2012

(ALL AMOUNTS IN RUPEES LAKHS, UNLESS OTHERWISE STATED)

	Note	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>INCOME</b>			
I Revenue from operations (gross)	19	106,459.04	89,964.77
Less : excise duty		9,715.67	8,392.77
Revenue from operations (net)		96,743.37	81,572.00
II Other income	20	2,829.69	2,227.28
III <b>Total revenue</b>		99,573.06	83,799.28
<b>IV Expenses</b>			
Cost of material consumed	21	68,325.55	57,629.31
Change in inventories of finished goods and work in progress	22	(296.71)	(156.41)
Employee benefits expenses	23	4,610.46	3,866.63
Other expenses	24	16,762.48	12,434.79
<b>Total expenses</b>		89,401.77	73,774.32
V <b>Profit before finance costs, depreciation/amortisation cost and exceptional items</b>		10,171.29	10,024.96
VI Finance costs	25	1,599.61	2,055.46
VII Depreciation and amortisation expenses	26	3,160.27	3,162.83
VIII <b>Profit before exceptional items and tax</b>		5,411.41	4,806.67
Exceptional expense/ (income)	43	—	(718.59)
Prior period items/ adjustments	42	236.13	(8.09)
<b>Profit before tax</b>		5,175.28	5,533.35
Tax expense			
Current tax		555.25	610.00
Less : Minimum alternate tax credit entitlement		(555.25)	(609.00)
Previous year tax adjustment		—	25.17
Deferred tax		891.15	1,259.02
<b>Profit for the year</b>		4,284.13	4,248.16
Basic earnings per share	35	10.88	11.12
Diluted earnings per share	35	10.81	10.95
Significant accounting policies	2		
The accompanying notes form an integral part of the financial statements			

As per our report attached.

For **BSR & CO.**

Chartered Accountants

Firm registration number: 101248W

**ZUBIN SHEKARY**

Partner

Membership No.: 048814

Place : Bangalore

Date : 7 June 2012

For and on behalf of the Board of Directors of

**JAMNA AUTO INDUSTRIES LIMITED**

**P. S. JAUHAR**

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Place : New Delhi

Date : 7 June 2012

**PRAVEEN LAKHERA**

Company Secretary &  
Head Legal

Place : New Delhi

Date : 7 June 2012

**SHAKTI GOYAL**

GM-Finance &  
Material

Place : New Delhi

Date : 7 June 2012

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012  
(ALL AMOUNTS IN RUPEES LAKHS, UNLESS OTHERWISE STATED)

	Year ended 31 March 2012	Year ended 31 March 2011
<b>A. Cash flow from operating activities</b>		
Profit before tax	5,175.27	5,508.18
Adjustments for:		
Depreciation	3,160.27	3,162.83
Loss on sale of fixed assets	55.60	45.59
Finance costs	1,575.89	2,033.58
Interest income from fixed deposits	(57.08)	(122.26)
Dividend income	—	(799.96)
Excess provision no longer required written back	(37.58)	—
Provision for doubtful debts	110.00	217.74
Bad debts written off	922.29	94.14
Sundry balance written off	202.93	—
Amortisation of ancilliary cost of arranging the borrowings	23.72	20.90
Exchange loss on mark to market on forward exchange contracts	226.78	—
Unamortised premium on forward contract	(197.00)	—
Profit in share of limited liability partnership	(2,650.00)	(1,203.63)
<b>Operating profit before working capital changes</b>	<b>8,511.09</b>	<b>8,957.11</b>
<b>Changes in operating assets and liabilities:</b>		
Increase/(decrease) in provisions	10.67	(5.67)
Increase/(decrease) in trade payables	757.72	7,334.37
Increase/(decrease) in other liabilities	96.31	(316.63)
(Increase)/decrease in trade receivables	40.53	(1,896.57)
(Increase)/decrease in inventories	(2,245.79)	(1,788.95)
(Increase)/decrease in long term loans and advances	(580.12)	901.25
(Increase)/decrease in other current assets	(719.28)	(807.14)
<b>Cash generated from operations</b>	<b>5,871.13</b>	<b>12,377.77</b>
Direct taxes paid	(967.67)	(115.77)
<b>Net cash generated from operations</b>	<b>4,903.46</b>	<b>12,262.00</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(8,422.99)	(5,629.54)
Proceeds from sale of fixed asset	87.73	18.27
Movement in fixed deposit	(141.50)	895.31
Profit in share of limited liability partnership	3,102.15	82.84
Interest received	32.76	112.30
<b>Net cash used from investing activities</b>	<b>(5,341.85)</b>	<b>(4,520.82)</b>

	Year ended 31 March 2012	Year ended 31 March 2011
<b>C. Cash flow from financing activities</b>		
Share application money pending allotment	1.89	—
Issue of share	56.86	2,541.53
Dividend paid (including dividend distribution tax)	(1,372.12)	(392.76)
Proceeds from long term borrowings	6,203.18	1,891.60
Repayment from long term borrowings	(1,962.12)	(6,824.13)
Short term borrowings (net)	(1,166.55)	(1,941.39)
Ancillary cost of arranging the borrowings	—	(39.05)
Finance costs	(1,546.43)	(2,335.69)
<b>Net cash from financing activities</b>	<b>214.71</b>	<b>(7,099.89)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(223.68)</b>	<b>641.29</b>
<b>Opening cash and cash equivalents (excluding unclaimed dividend account)</b>	<b>772.17</b>	<b>130.88</b>
<b>Closing cash and cash equivalents</b>	<b>548.49</b>	<b>772.17</b>
<b>Cash and cash equivalent comprises of:</b>		
Cash in hand	7.95	17.70
Balances with scheduled banks (excluding unclaimed dividend account)	540.54	754.47
<b>(Refer note 18 )</b>	<b>548.49</b>	<b>772.17</b>

**Notes:**

- (a) The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard 3 – Cash Flow Statements as specified in the Companies (Accounting Standards) Rules, 2006.

The accompanying notes form an integral part of the financial statements.

As per our report attached.

For **BSR & CO.**

Chartered Accountants

Firm registration number: 101248W

**ZUBIN SHEKARY**

Partner

Membership No.: 048814

Place : Bangalore

Date : 7 June 2012

For and on behalf of the Board of Directors of

**JAMNA AUTO INDUSTRIES LIMITED**

**P. S. JAUHAR**

COO &  
Executive Director

Place : New Delhi

Date : 7 June 2012

**S. P. S. KOHLI**

President &  
Executive Director

**PRAVEEN LAKHERA**

Company Secretary &  
Head Legal

**SHAKTI GOYAL**

GM-Finance &  
Material



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(ALL AMOUNTS IN RUPEES LAKHS, UNLESS OTHERWISE STATED)

## NOTE NO. 1 CORPORATE INFORMATION

Jamna Auto Industries Limited (hereinafter referred to as 'the Company' or 'JAI') is a manufacturer of Tapered Leaf and Parabolic springs. The Company's manufacturing facilities are located at Malanpur, Chennai, Yamuna Nagar, Jamshedpur and Lucknow.

## NOTE NO: 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements are prepared on accrual basis under the historical cost convention, modified to include revaluation of certain assets, in accordance with applicable Accounting Standards (AS) specified in the Companies (Accounting Standards) Rules, 2006 and presentational requirements of the Companies Act, 1956. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period within 12 months for the purposes of classification of assets and liabilities as current and non-current.

### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the result of operations during the year. Differences between actual results and estimates are recognised in the year in which the results are known or materialised. Examples of such estimates are estimated useful life of assets, classification of assets/liabilities as current or non-current in certain circumstances, provision for doubtful receivables and retirement benefits, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### 2.3 Fixed assets

Fixed Assets are stated at cost or at revalued amounts less accumulated depreciation. Cost of fixed assets includes all incidental expenses and interest costs on borrowings, attributable to the acquisition of qualifying assets, upto the date of commissioning of assets.

Foreign currency exchange differences to the extent covered under AS-11 are capitalised as per the policy stated in note 2.11 below.

### 2.4 Depreciation / amortisation

Leasehold land and cost of leasehold improvements are amortised over the period of lease or their useful lives, whichever is shorter.

Depreciation on other fixed assets is provided using the straight line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

Fixed assets individually costing up to rupees five thousand are depreciated at the rate of 100 percent.

### 2.5 Impairment

The carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as higher of its net selling price and value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, had no impairment loss been recognised.

## 2.6 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss.

## 2.7 Investments

Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost less diminution, other than temporary in value.

## 2.8 Inventories

Stores and spares parts are valued at cost or under, computed on weighted average basis. Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Finished goods and work in progress include material cost and appropriate portion of manufacturing and other overheads. Cost is ascertained on a weighted average basis.

## 2.9 Revenue recognition

### a) Sales of goods

Revenue from sale of products is recognised when the products are delivered against orders from customers in accordance with the contract terms, which coincides with the transfer of risks and rewards. Sales are stated inclusive of excise duty and net of rebates, trade discounts, sales tax and sales returns.

### b) Dividend/Share of Profit from LLP

Dividend/Share of profit from LLP from investments is recognised when the right to receive dividend/share of profit is established.

### c) Interest income

Interest income is recognised using the time-proportion method, based on interest rates implicit in the transaction.

### d) Service income

Revenue from jobwork services is recognised on completion of services to be rendered.

## 2.10 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating lease. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## 2.11 Foreign exchange transactions and forward contracts

Foreign exchange transactions

- i) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences other than in relation to acquisition of fixed assets and other long term foreign currency monetary liabilities are dealt with in the Statement of Profit and Loss.
- ii) In accordance with Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", exchange differences arising in respect of long term foreign currency monetary items used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance life of asset.
- iii) In case of foreign exchange forward contracts taken for underlying transactions, and covered by Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", the premium or discount is amortised as income or expense over the life of the contract. The exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are

recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on the cancellation or renewal of such contracts is recognised as income or expense for the year.

## 2.12 Employee benefits

### a) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus, etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

### b) Post employment benefit

Defined contribution plan : The Company deposits the contributions for provident fund to the appropriate government authorities and these contributions are recognised in the Statement of Profit and Loss in the financial year to which they relate. Defined benefit plan : The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary, using the Projected unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

### c) Other long-term employee benefits

Entitlements to annual leave are recognised when they accrue to employees. Leave entitlements can be availed while in service or en-cashed at the time of retirement/ termination of employment, subject to a restriction on the maximum number of accumulation. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the year end.

## 2.13 Taxation

Income tax expense comprises current tax, deferred tax charge or credit. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognised using the tax rates that have been enacted or substantively enacted on the balance sheet date. Deferred tax assets are recognised only to the extent where there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date to reassess their realisability. In accordance with the provisions of Section 115JAA of the Income-tax Act, 1961, the Company is allowed to avail credit equal to the excess of Minimum Alternate Tax (MAT) over normal income tax for the assessment year for which MAT is paid. MAT credit so determined can be carried forward for set-off for ten succeeding assessment years from the year in which such credit becomes allowable. MAT credit can be set-off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income-tax Act, 1961 and such tax is in excess of MAT for that year. Accordingly, MAT credit entitlement is recognised only to the extent there is convincing evidence that the Company will pay normal tax during the specified period.

## 2.14 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## 2.15 Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be a outflow of resources embodying economic benefits to settle such obligations and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on the management's estimation of the outflow required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Company. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## NOTE NO: 3 SHARE CAPITAL

	As at 31 March 2012	As at 31 March 2011
<b>AUTHORISED SHARE CAPITAL</b>		
63,886,500 (Previous year 63,886,500) equity shares of ₹10 each	6,388.65	6,388.65
350,000 (Previous year 350,000) 12.50% optionally convertible cumulative preference shares of ₹100 each	350.00	350.00
<b>Total</b>	<b>6,738.65</b>	<b>6,738.65</b>
<b>ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARES</b>		
Subscribed and fully paid (39,382,816 (Previous year 39,261,077) equity shares of ₹10 each)	3,938.28	3,926.11
Subscribed but not fully paid (30,645 (Previous year 30,645) equity shares of ₹10 each, amount called up ₹10 each)	3.06	3.06
Less: Call in arrears (Held by other than directors)	1.52	1.52
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP PREFERENCE SHARES</b>		
350,000 (Previous year 350,000) 12.50% optionally convertible cumulative preference share of ₹100 each	350.00	350.00
	<b>4,289.77</b>	<b>4,277.60</b>

### a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2012		As at 31 March 2011	
<b>Equity shares - Subscribed and fully paid up</b>	<b>Number of shares</b>	<b>Amount (in ₹)</b>	<b>Number of shares</b>	<b>Amount (in ₹)</b>
At the beginning of the year	39,261,077	392,610,770	36,507,927	365,079,270
Add : Fresh allotment of share on account of ESOP (Refer note 38 on employee stock option plan.)	121,739	1,217,390	121,572	1,215,720
Add : Preferential shares issued during the year (refer note 3(h))	—	—	2,631,578	26,315,780
Number of shares at the end of the year	39,382,816	393,828,160	39,261,077	392,610,770
<b>Equity shares - Subscribed but not fully paid up</b>				
Number of shares at the beginning and end of the year	30,645	306,450	30,645	306,450
<b>Preference shares</b>				
Number of shares at the beginning and end of the year	350,000	35,000,000	350,000	35,000,000

### b. Term and rights attached to Equity shares

The Company has only one type of equity shares having par value of ₹10 each. All shares rank pari passu with respect to dividend, voting rights and other terms. Each shareholder is entitled to one vote per share except, in respect of any shares on which any calls or other sums payable have not been paid. The Company pays and declares dividends in Indian ₹. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. During the year, the Company has declared two interim dividends of ₹1 per share each (Previous year one interim and final dividend of ₹1 each). The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### c. Terms and rights of preference shares including the terms of conversion/redemption

The preference shares were issued to IFCI Limited pursuant to the debt restructuring scheme entered between erstwhile Jai Parabolic Springs Limited and IFCI Limited in the year ended 31 March 2003. The redemption of preference share capital will be made in two equal instalments of ₹175 each on 1 October 2013 and 1 October 2014. The preference shareholders are not entitled to any voting rights. The preference shares are entitled to dividend as follows-

Date	Amount
30 September 2012	₹100
30 September 2013	₹100
30 September 2014	₹175
30 September 2015	₹156

The Boards of Directors have recommended a cumulative preference dividend amounting to ₹432 lakhs relating to the period December 2002 to 31 March 2012 in the board meeting held on 7 June 2012. The preference dividend for the year ended 31 March 2012 amounts to ₹43.75 (previous year ₹43.75). The same is subject to the approval of shareholders.

**d. Details of shareholders holding more than 5% shares in the Company**

	As at 31 March 2012		As at 31 March 2011	
	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Equity shares of ₹10 each fully paid</b>				
Clearwater Capital Partners (Cyprus) Limited	9,614,147	24.41%	9,614,147	24.49%
Randeep Investment Private Limited	7,061,390	17.93%	6,983,800	17.79%
Map Auto Limited	4,624,711	11.74%	4,624,711	11.78%
NHK Springs Co; Limited, Japan	2,308,509	5.86%	2,308,509	5.88%
<b>Preference shares of ₹100 each fully paid</b>				
IFCI Limited	350,000	100.00%	350,000	100.00%

**e. Shares reserved for issue under Options and contracts/commitments for the sale of shares/ disinvestment, including the terms and amounts**

The Company provides shares based payment schemes to its employees. During the year ended 31 March 2012, employee stock option schemes were in existence and 853,775 stock options (Previous year: 1,202,857) is eligible to be exercised by the employees as per their vesting and in accordance with the terms of issue of stock option. Refer note 38 on employee stock option plan.

**f. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the balance sheet date**

	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Equity shares (of ₹10 each) allotted pursuant to scheme of amalgamation	—	—	—	—	14,191,048
Preference shares (of ₹100 each) allotted pursuant to the scheme of amalgamation	—	—	—	—	350,000

During the year ended 31 March 2008 pursuant to the scheme of amalgamation, erstwhile Jai Parabolic Springs Limited and MAP Springs Limited amalgamated with the Company with effect from 1 July 2007. In accordance with the scheme, the Company had issued and allotted:

- (A) 12,395,821 equity shares of face value of ₹10 each fully paid up to the shareholders of erstwhile Jai Parabolic Springs Limited and MAP Springs Limited;
- (B) 1,795,227 equity shares of face value of ₹10 each fully paid up were issued to Clearwater Capital Partners (Cyprus) Limited in lieu of 3,590,455 optionally convertible debentures of ₹72 each held in Jai Parabolic Springs Limited.
- (C) 350,000 Preference shares of ₹100 each fully paid up were issued to IFCI Limited held in erstwhile Jai Parabolic Springs Limited. Also, refer note 3(c).



**g. Forfeited shares (amount originally paid up, included in capital reserve)**

	Number of shares	Amount	Number of shares	Amount
Equity share capital (28,190 equity shares of ₹10 each, amount called up ₹10 each (Previous year 28,190 equity shares of ₹10 each, amount called up ₹10 each))	28,190	1.45	28,190	1.45
	28,190	1.45	28,190	1.45

**h.** During the previous year, in the Annual General Meeting held on 7 August 2010, the Company had made preferential allotment of 15,78,947 equity shares of ₹10 each to Clearwaters Capital Partners Singapore Fund III Private Limited and 10,52,631 equity shares of ₹10 each to MAP Auto Limited at a premium of ₹85 per equity share aggregating to equity share capital amounting to ₹263.16 lakhs and share premium amounting to ₹2,236.84 lakhs.

**i. Share application money**

	As at 31 March 2012	As at 31 March 2011
Shares proposed to be issued (in numbers)	5,800	1,625
Fully paid up value of shares	0.58	0.16
Premium on shares proposed to be issued	2.14	0.67

The share application money includes amount received from employees against the employee stock option plan. The Company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money. The share application money pending allotment was received between 23 February 2011 to 14 March 2012 and the corresponding shares have been allotted in the compensation committee meeting held on 30 May 2012.

**NOTE NO: 4 RESERVES AND SURPLUS**

	As at 31 March 2012	As at 31 March 2011
<b>Capital reserve</b> (refer note (a) below)	315.71	315.71
<b>Capital redemption reserve</b>	50.00	50.00
<b>Securities premium account</b>		
Balance as per the last financial statements	14,886.80	12,620.78
Add : Premium on issue of shares (refer note 3(h))	44.69	2,266.02
<b>Closing balance</b>	14,931.49	14,886.80
<b>Amalgamation reserve</b>	1,481.46	1,481.46
<b>General reserve</b>		
Balance as per the last financial statements	3,707.84	3,707.84
Add : Amount transferred from the balance in the Statement of Profit and Loss	428.41	–
<b>Closing balance</b>	4,136.25	3,707.84
<b>Surplus/(deficit) in the Statement of Profit and Loss</b>		
Balance as per the last financial statements	(11,283.92)	(14,252.66)
Add: Profit for the year	4,284.13	4,248.16
Less: Appropriations		
Transferred to general reserve	428.41	430.00
Interim dividend paid (refer note (b) below)	787.58	392.76
Proposed equity dividend	590.97	392.92
Proposed preference dividend (refer note 3(c))	432.00	
Tax on equity dividend	223.75	63.74
Tax on preference dividend	70.08	
<b>Net surplus/(deficit) in the Statement of Profit and Loss</b>	(9,532.58)	(11,283.92)
<b>Total Reserves and surplus</b>	11,382.33	9,157.89

- (a) Includes ₹150 lakhs representing 10% of the issued price of 2,083,333 convertible warrants as application money received towards the subscription of such warrants by the promoters in erstwhile Jai Parabolic Springs Limited. Such application money was forfeited in accordance with SEBI guidelines on the expiry of 18 months from the date of issue. It includes ₹97 lakhs representing application money received towards the subscription of 1,343,210 convertible warrants allotted to MAP Auto Limited. Such application money was forfeited on 27 June 2007.
- (b) Total interim dividend of ₹2 (previous year ₹1) per equity share was declared in the current year ended 31 March 2012.

**NOTE NO: 5 LONG TERM BORROWINGS**

	Non-current portion		Current maturities	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Secured loans				
From Banks				
- Term loans	960.06	1,317.63	751.32	642.27
- Foreign currency term loans	3,525.51	976.08	1,750.00	371.55
- Vehicle loans	0.69	3.85	3.16	21.94
From Others				
- Vehicle loans	14.70	15.25	16.43	12.87
- Term loans	570.00	950.00	380.00	392.00
	5,070.96	3,262.81	2,900.91	1,440.63
Unsecured:				
- Working capital term loan from bank	476.62	—	740.81	—
- Deferred sales tax loan	1,248.70	1,647.26	366.21	212.45
	1,725.32	1,647.26	1,107.02	212.45
Less: Amount disclosed under the head "other current liabilities" (note 11)	—	—	(4,007.93)	(1,653.08)
<b>Net amount</b>	<b>6,796.28</b>	<b>4,910.07</b>	<b>—</b>	<b>—</b>

**Term loan from Banks**

	Nature of Security	Terms of repayment and rate of interest
<b>(A)</b>	<b>ICICI Bank Limited (₹921.06 (previous year ₹1447.36))</b>	
(a)	First pari passu charge on movable assets (other than current assets) of the Malanpur Plant (excluding one parabolic line of value not exceeding ₹350), Jamshedpur Plant and Yamuna Nagar Plant	<p>Repayment terms: 19 equal quarterly instalments of ₹131.57 each commencing from 12 months from the date of first disbursement i.e. 30 June 2008.</p> <p>Rate of interest: The rate of interest shall be 2.55% per annum below the sum of ICICI Bank Benchmark advance rate ('IBAR') and six months term premia. The same shall be reset at the end of every six months from the date of disbursement based on prevailing IBAR as on the reset date. The rate of interest varies from 13.30% to 16.31%.</p>
(b)	Second pari passu charge on movable fixed assets at Chennai Plant.	
(c)	Second pari passu charge on the current assets of the Company.	
(d)	First pari passu charge by way of equitable mortgage in respect of the immovable properties located at Yamuna Nagar, Malanpur and Jamshedpur Plants.	
(e)	Second pari passu charge in respect of the immovable properties located at Chennai Plant.	
(f)	Personal Guarantees of Mr. R. S. Jauhar, CEO & Executive Director and Mr. P. S. Jauhar, COO & Executive Director. (Refer Note 34 on related party)	
(g)	Pledge of 1.52 lakhs shares of the promoters/promoter group to be shared on pari passu basis with other participating banks/institutions. (Refer Note 34 on related party)	

<b>(B)</b>	<b>ICICI Bank Limited (₹787.50 (previous year ₹500.00))</b>	Repayment terms: 16 equal quarterly instalments of ₹56.25 each commencing from 12 months from the date of first disbursement i.e. November 2011.
	(a) First pari passu charge with the other lenders on the movable fixed assets of the Company except the Chennai Plant and on any asset exclusively charged to other lenders.	Rate of interest: Rate of interest shall be sum of I-base and spread of 4.3% per annum, subject to minimum rate of I-base p.a. The rate of interest varies from 14.75% to 16.61%
	(b) First pari passu charge by way of equitable mortgage on immovable properties situated at Yamuna Nagar, Malanpur and Jharkhand Plants.	
	(c) Second pari passu charge with other lenders on the immovable properties of Chennai Plant	
	(d) Second pari passu charge with other lenders on the current assets of the Company.	
	(e) Personal guarantees of Mr. R. S. Jauhar, CEO & Executive Director and Mr. P. S. Jauhar, COO & Executive Director. (Refer Note 34 on related party)	

<b>(C)</b>	<b>State Bank of India (₹5,278.33 (previous year ₹1,360.17))</b>	<b>Capex term loan from State Bank of India</b>
	<b>Term loan from banks</b>	
	(i) Capex loan (₹2.20 (previous year ₹12.52))	16 equal quarterly instalments of ₹187.5 commencing from the end of moratorium period.
	(ii) Working capital loan (₹0.62 (previous year nil))	<b>Working capital term loan from State Bank of India</b>
	(a) First pari passu charge with the other lenders on the fixed assets of the Company except the Chennai plant and on any asset exclusively charged to other lenders.	10 quarterly instalments, whereby first eight of ₹250 and next two of ₹500 each. Rate of interest: 4% above the base rate i.e. 14%.
	(b) Second pari passu charge with other lenders on the fixed assets of Chennai Plant	
	(c) Second pari passu charge with other lenders on the current assets of the Company.	
	(d) Personal Guarantees of Mr. R. S. Jauhar, CEO & Executive Director and Mr. P. S. Jauhar, COO & Executive Director. (Refer Note 34 on related party)	
	(e) Corporate guarantee of Jai Suspension Systems LLP. (Refer Note 34 on related party)	
	<b>Foreign currency term loan from banks</b>	<b>Foreign currency term loans (FCNR)</b>
	Foreign currency term loans (₹5,275.51 (previous year ₹1,347.63)) (Includes ₹2,276.13 of capex loan converted and ₹2,999.38 of corporate loan converted into foreign currency loan in accordance with the terms and conditions of the loan agreement)	The capex term loan and the working capital loan are fully convertible into foreign currency term loans. The repayment terms of the FCNR is in line with the terms of the respective loans of capex and working capital loans as detailed below. The interest is 6.5% to 7.25% above the six months LIBOR. The interest rate ranges from 7.50% to 8.02%.

**(D) Working capital term loan (₹1,217.43 (Previous year : Nil))**

The working capital term loan from Kotak Mahindra Bank is an unsecured facility and shall be repaid in 24 equal instalments of ₹70.96 and 25th instalment of ₹71.05. The instalment is inclusive of interest @ 12.5% per annum.

<b>(E)</b>	<b>IFCI Limited (₹950.00 (previous year ₹1342.00))</b>	Repayment terms: The quarterly repayment has commenced from 1 April 2011 payable in 7 quarterly instalments of ₹98.00 and 4 quarterly instalments of ₹141.00 and 2 quarterly instalments of ₹144.00.
(a)	First pari passu charge on the immovable properties of the Chennai Plant.	
(b)	First pari passu charge on the whole of the movable including movable plant and machinery and other movable assets (except book debts) situated at Company's Plant at Chennai.	Rate of interest: The rate of interest is 20% post 1 October 2010.
(c)	Second pari passu charge on the immovable properties of the Company at Yamuna Nagar, Jharkhand and Malanpur Plant.	
(d)	Second pari passu charge on the movable properties of the Company at Yamuna Nagar, Jharkhand and Malanpur Plants.	
(e)	Personal Guarantees of Mr. B. S. Jauhar, Chairman and Mr. P. S. Jauhar, COO & Executive Director. (Refer Note 34 on related party)	

**(F) Deferred sales tax loan (₹1,614.91 (previous year ₹1,859.71))**

As per the eligibility certificate issued, the Company is eligible for waiver of deferred sales tax repayable over the period from 1 March 2010 to 28 February 2019 and is unsecured and interest free.

**(G) Vehicle loans (₹34.98 (previous year ₹53.91))**

Vehicle loans are secured by the hypothecation of specific vehicles. The loans are repayable in equated monthly instalments in accordance with terms and conditions of bank. The period of loan ranges from 3 to 5 years.

**NOTE NO: 6 DEFERRED TAX LIABILITIES (NET)**

	As at 31 March 2012	As at 31 March 2011
<b>Deferred tax liability</b>		
Impact of depreciation/ amortisation allowed as per the books of accounts and allowed as per the Income Tax Act, 1961	1,722.32	2,087.06
<b>Less : Deferred tax assets</b>		
Brought forward losses as per tax laws	546.55	1,858.29
Effect of expenditure debited to statement of profit and loss account in the current/ earlier years but allowable for tax purposes in the following years	55.85	—
<b>Total</b>	1,119.92	228.77

**NOTE NO: 7 OTHER LONG-TERM LIABILITIES**

	As at 31 March 2012	As at 31 March 2011
Security deposit	7.02	7.38

## NOTE NO: 8 PROVISIONS

	Long term		Short term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
<b>Provision for employees benefits</b>				
Provision for leave encashment	63.87	74.77	31.52	29.29
Provision for gratuity (Refer note 41)	78.10	59.84	8.87	7.80
	141.97	134.61	40.39	37.09
<b>Other provisions</b>				
Provision for proposed equity dividend	—	—	590.97	392.92
Provision for proposed preference dividend (Refer note 3(c))	—	—	432.00	—
Tax on proposed equity dividend	—	—	95.87	63.74
Tax on proposed preference dividend	—	—	70.08	—
Provision for income tax	554.85	626.08	—	—
	554.85	626.08	1,188.92	456.66
<b>Total</b>	<b>696.82</b>	<b>760.69</b>	<b>1,229.31</b>	<b>493.75</b>

## NOTE NO: 9 SHORT TERM BORROWINGS

	As at 31 March 2012	As at 31 March 2011
<b>Loan repayable on demand</b>		
Buyer's credit from bank (Secured) #	794.35	713.90
Bill discounting facility from banks (Unsecured) ^	3,995.34	5,242.34
	4,789.69	5,956.24
<b>Total above amount includes</b>		
Secured borrowings #	794.35	713.90
Unsecured borrowings ^	3,995.34	5,242.34
<b>Total</b>	<b>4,789.69</b>	<b>5,956.24</b>

# Buyer's credit is a part of term loan facility from ICICI Bank Limited. For details of security, refer note 5(B) on security related to term loans from banks

The Company has not availed any fund based working capital facility from the consortium limits. The details of security are as follows-

### Working capital

- First pari passu charge by way of hypothecation on the current assets (inventory, spares (not relating to plant and machinery), bills receivable and book debts) of the Company.
- Second pari passu charge on the immovable fixed assets of the Company and other movable fixed assets of the borrower.
- Personal guarantees of Mr. R. S. Jauhar, CEO & Executive Director and Mr. P. S. Jauhar, COO & Executive Director. (Refer Note 34 on related party)
- First pari passu charge on 15 lakhs shares of the Company held by Promoters/Promoters group given as collateral securities for working capital. (Refer Note 34 on related party)

**NOTE NO: 10 TRADE PAYABLES**

	As at 31 March 2012	As at 31 March 2011
Trade payables (including acceptances) (Refer to note (a) below)	21,484.27	20,764.13

**NOTE NO: 11 OTHERS CURRENT LIABILITIES**

	As at 31 March 2012	As at 31 March 2011
Current maturities of long-term borrowing (Refer note 5)	4,007.93	1,653.08
Provision for mark to market forward exchange contracts	226.78	–
Interest accrued and not due on borrowings	39.36	9.90
Unclaimed dividends	74.45	19.02
<b>Other payables</b>		
Creditors towards fixed assets (Refer to note (a) below)	224.49	321.89
Statutory dues payable	428.12	233.27
Salaries, wages and bonus payable	201.28	227.93
Expenses payable	88.37	159.89
<b>Total</b>	<b>5,290.78</b>	<b>2,624.98</b>

**Note (a) : Details of dues to micro and small enterprises defined under the MSMED Act, 2006**

Based on the information presently available with the Company, there are no dues outstanding to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.



**NOTE NO: 12 (A) FIXED ASSETS**

**AS AT 31 MARCH 2012**

Particulars	Gross block			Accumulated depreciation			Net block	
	As at 1 April 2011	Additions during the year (refer note 12 (a)(iii))	Disposals	As at 31 March 2012	As at 1 April 2011	Depreciation/ Amortisation charged for the year	As at 31 March 2012	As at 31 March 2011
<b>Tangible fixed assets</b>								
Freehold land	677.40	627.37	—	1,304.77	—	—	1,304.77	677.40
Leasehold land	81.23	—	—	81.23	—	14.48	66.75	81.23
Factory building	3,712.48	700.97	—	4,413.45	932.39	115.76	3,365.30	2,780.09
Office building	53.85	8.62	—	62.47	1.91	0.91	59.65	51.94
Plant and machinery	21,106.89	2,621.92	202.20	23,526.61	10,208.43	2,038.88	11,352.33	10,898.46
Furniture and fixtures	135.94	13.91	—	149.85	84.86	8.32	56.67	51.08
Vehicles	390.54	71.45	51.32	410.67	187.05	31.13	230.57	203.49
Office equipment	315.87	24.70	2.00	338.57	145.20	15.09	180.04	170.67
Computer hardware	380.98	29.83	2.88	407.93	298.29	28.17	83.67	82.69
<b>Total</b>	<b>26,855.18</b>	<b>4,098.77</b>	<b>258.40</b>	<b>30,695.55</b>	<b>11,858.13</b>	<b>2,252.74</b>	<b>16,699.75</b>	<b>14,997.05</b>
<b>Intangible fixed assets</b>								
Goodwill	921.02	—	—	921.02	826.42	94.60	—	94.60
Computer Software	264.88	140.06	—	404.94	95.67	57.74	251.53	169.21
Copyrights (Refer note 12 (a)(i))	3,497.58	—	—	3,497.58	1,921.34	755.19	821.05	1,576.24
<b>Total</b>	<b>4,683.48</b>	<b>140.06</b>	<b>—</b>	<b>4,823.54</b>	<b>2,843.43</b>	<b>907.53</b>	<b>1,072.58</b>	<b>1,840.05</b>
<b>Grand Total</b>	<b>31,538.66</b>	<b>4,238.83</b>	<b>258.40</b>	<b>35,519.09</b>	<b>4,701.56</b>	<b>3,160.27</b>	<b>17,772.33</b>	<b>16,837.10</b>



## AS AT 31 MARCH 2011

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2010	Additions during the year	Disposals	As at 31 March 2011	As at 1 April 2010	Depreciation/ Amortisation charged for the year	Sales / adjustments during the year	As at 31 March 2011	As at 31 March 2010
Tangible fixed assets									
Freehold land	656.81	20.59	—	677.40	—	—	—	677.40	656.81
Leasehold land	81.23	—	—	81.23	—	—	—	81.23	81.23
Factory building	3,324.04	388.44	—	3,712.48	834.93	97.46	—	2,780.09	2,489.11
Office building	38.68	15.17	—	53.85	1.26	0.65	—	51.94	37.42
Plant and machinery	18,515.48	2,844.71	253.30	21,106.89	8,499.97	1,880.53	172.07	10,208.43	10,015.51
Furniture and fixtures	128.98	6.96	—	135.94	74.02	10.84	—	84.86	54.96
Vehicles	382.90	53.46	45.82	390.54	215.81	30.03	58.79	203.49	167.09
Office equipment	291.37	24.68	0.18	315.87	127.50	17.83	0.13	145.20	163.87
Computer	352.12	28.86	-	380.98	274.86	27.87	4.44	298.29	77.26
Total	23,771.61	3,382.87	299.30	26,855.18	10,028.35	2,065.21	235.43	14,997.05	13,743.26
Intangible fixed assets									
Goodwill	921.02	—	—	921.02	731.81	94.61	—	826.42	189.21
Computer Software	214.74	50.14	—	264.88	42.95	52.72	—	169.21	171.79
Copyrights (Refer note 12 (a)(i))	3,497.58	—	—	3,497.58	971.05	950.29	—	1,921.34	2,526.53
Total	4,633.34	50.14	—	4,683.48	1,745.81	1,097.62	—	2,843.43	2,887.53
Grand Total	28,404.95	3,433.01	299.30	31,538.66	11,774.16	3,162.83	235.43	16,837.10	16,630.79

## Notes

(i) During the year ended 31 March 2012, the management had re-assessed the classification of expenditure incurred in earlier years on development of design and prototypes for which the Company has obtained copyrights amounting to ₹3,497.58 (previous year: ₹3,497.58) (net of accumulated depreciation as at 31 March 2011: ₹1,921.34 (previous year ₹971.05)) and has correctly reclassified the same as part of Intangible Assets. Consequently, the amortisation charge of ₹755.19 (previous year ₹950.29) for the year ended 31 March 2012 has been included in depreciation. Such expenses were previously classified under deferred revenue expenditure.

(ii) Additions include directly attributable borrowing cost capitalised amounting to ₹62.05 for factory building (Previous year nil) and ₹288.94 for plant and machinery (previous year ₹454.10).

## Note 12 (b): Capitalization of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to Capital Work in Progress. Consequently, expenses disclosed under the respective notes are net of the amounts capitalised by the Company

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Finance cost	803.74	70.98
Salary, wages and bonus	240.85	327.66
Consumption of stores and consumables	253.28	65.38
Others expenses	320.62	178.04
<b>Total</b>	<b>1,618.49</b>	<b>642.06</b>

#### NOTE NO: 13 NON CURRENT INVESTMENTS

	As at 31 March 2012	As at 31 March 2011
<b>Non-trade investments (valued at cost)</b>		
<b>Investment in equity instruments (unquoted)</b>		
5,249,920 (previous year: 5,249,920) equity share of ₹10 each fully paid-up in NHK Spring Company India Limited	524.99	524.99
<b>Investment in limited liability partnership</b>		
99.9975% share in Jai Suspension Systems LLP	1,665.60	2,117.75
<b>Total</b>	<b>2,190.59</b>	<b>2,642.74</b>

#### NOTE NO: 14 LOAN AND ADVANCES (UNSECURED, CONSIDERED GOOD)

	Non-current assets		Current assets	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Capital advances	745.93	2,515.90	—	—
Security deposits	163.92	161.89	4.06	24.65
<b>Advances recoverable in cash or in kind</b>				
Advance to suppliers	—	—	411.56	325.14
Advances income tax	804.43	463.24	—	—
Minimum alternate tax credit	1,164.25	609.00	—	—
Prepaid expenses	0.44	—	19.72	17.35
Advance to employees	—	—	48.40	33.95
Balance with sales tax authorities	—	3.99	36.28	—
Balance with excise authorities	—	—	713.05	437.69
Other recoverable in cash or kind	3.47	13.85	21.12	26.32
	1,972.59	1,090.08	1,250.13	840.45
<b>Total</b>	<b>2,882.44</b>	<b>3,767.87</b>	<b>1,254.19</b>	<b>865.10</b>

#### NOTE NO: 15 OTHER ASSETS

	Non-current assets		Current assets	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Non current bank balances (Refer note 18)	562.48	366.50	—	—
<b>Unamortised expenditure</b>				
Unamortised premium on forward contract	—	—	197.00	—
Ancillary cost of arranging the borrowings	153.94	164.06	25.45	39.05
	153.94	164.06	222.45	39.05
<b>Others</b>				
Interest accrued on fixed deposits	34.28	9.19	—	0.77
Unbilled revenue	—	—	1,526.42	807.13
	34.28	9.19	1,526.42	807.90
<b>Total</b>	<b>750.70</b>	<b>539.75</b>	<b>1,748.87</b>	<b>846.95</b>

## NOTE NO: 16 INVENTORIES

	As at 31 March 2012	As at 31 March 2011
Raw material and components [includes goods in transit: ₹97.78 (previous year: ₹27.33)]	4,253.38	4,190.92
Work-in-progress	3,007.55	2,150.68
Finished goods [includes goods in transit ₹1,059.73 (Previous year: ₹62.67)]	2,201.57	980.10
Stores and spares	1,380.89	1,261.27
Scrap	8.12	22.75
<b>Total</b>	<b>10,851.51</b>	<b>8,605.72</b>

## NOTE NO: 17 TRADE RECEIVABLES (CONSIDERED GOOD, UNLESS OTHERWISE STATED)

Particulars	As at 31 March 2012	As at 31 March 2011
- Outstanding over six months		
Unsecured, considered good	289.24	1,449.15
Unsecured, considered doubtful	110.00	217.74
	399.24	1,666.89
Less: Provision for doubtful debts	(110.00)	(217.74)
- Other receivables	10,417.53	10,330.44
<b>Total</b>	<b>10,706.77</b>	<b>11,779.59</b>
<b>Trade receivables to related parties includes:</b>		
Dues from Jai Suspension Systems LLP (refer note 34)	2,760.22	1,368.10

## NOTE NO: 18 CASH AND BANK BALANCES

Particulars	Non current		Current	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
<b>Cash and cash equivalents</b>				
Balance with banks				
On current account	—	—	540.54	754.47
Cash on hand	—	—	7.95	17.70
	—	—	548.49	772.17
<b>Other bank balances</b>				
Deposits with bank with more than 12 months	4.05	4.05	—	—
Deposits with bank with more than 3 months and less than 12 months	—	—	—	35.00
On unclaimed dividend account	—	—	74.45	19.02
Margin money deposits	558.43	362.45	20.67	40.15
<b>Total</b>	<b>562.48</b>	<b>366.50</b>	<b>95.12</b>	<b>94.17</b>
Amount disclosed under non current assets (Refer note 15)	(562.48)	(366.50)	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>643.61</b>	<b>866.34</b>

## NOTE NO: 19 REVENUE FROM OPERATIONS

	For the year ended 31 March 2012	For the year ended 31 March 2011
Sale of products - finished goods (Refer to note 42) (#)	102,717.53	87,562.03
Sale of services (net of excise) (##)	1,342.52	561.92
Other operating revenue - Scrap sale	2,398.99	1,840.82
<b>Revenue from operations (gross)</b>	<b>106,459.04</b>	<b>89,964.77</b>
Less : Excise duty	9,715.67	8,392.77
<b>Revenue from operations (net)</b>	<b>96,743.37</b>	<b>81,572.00</b>
<b># Detail of product sold</b>		
Conventional leaf springs	92,171.79	80,998.78
Parabolic leaf springs	10,545.74	6,563.25
	<b>102,717.53</b>	<b>87,562.03</b>
<b>## Detail of services rendered</b>		
Job work	1,342.52	561.92
	<b>1,342.52</b>	<b>561.92</b>

## NOTE NO: 20 OTHER INCOME

	For the year ended 31 March 2012	For the year ended 31 March 2011
Interest income on bank deposits	57.08	122.26
Dividend income on long term investments	—	799.96
Share in Profit of limited liability partnership	2,650.00	1,203.63
Excess provision written back	37.58	—
Miscellaneous income	85.03	101.43
<b>Total</b>	<b>2,829.69</b>	<b>2,227.28</b>

## NOTE NO: 21 COST OF MATERIALS CONSUMED

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>A. Cost of materials consumed</b>		
Inventory at the beginning of the year	4,190.92	3,046.46
Add : Purchases	68,388.01	58,773.77
Less : Inventory at the end of the year	4,253.38	4,190.92
Cost of materials consumed	68,325.55	57,629.31
<b>Detail of materials consumed</b>		
Steel Flat	64,518.00	53,827.95
Bushes	1,722.25	1,754.31
Clamps	2,085.30	2,047.05
<b>Total</b>	<b>68,325.55</b>	<b>57,629.31</b>
<b>Detail of inventory</b>		
<b>Raw material and components</b>		
Steel flats	4,139.58	4,091.29
Bushes	46.21	46.55
Clamps	67.59	53.08
<b>Total</b>	<b>4,253.38</b>	<b>4,190.92</b>

**NOTE NO: 22 CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE**

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Inventories at the end of year</b>		
- Finished goods	2,201.57	980.10
- Work in progress	3,007.55	2,150.68
- Scrap	8.12	22.75
<b>Total</b>	<b>5,217.24</b>	<b>3,153.53</b>
<b>Inventories at the beginning of year</b>		
- Finished goods	980.10	897.89
- Work in progress	2,150.68	2,063.25
- Scrap	22.75	35.98
<b>Total</b>	<b>3,153.53</b>	<b>2,997.12</b>
<b>Decrease/ (increase) during the year before adjustment</b>	<b>(2,063.71)</b>	<b>(156.41)</b>
Adjustment to decrease/ (increase) during the year (Refer note 42)	1,767.00	–
<b>Decrease/ (increase) during the year</b>	<b>(296.71)</b>	<b>(156.41)</b>
<b>Detail of inventory</b>		
<b>Finished goods</b>		
Conventional leaf springs	1,974.38	903.16
Parabolic leaf springs	227.19	76.94
<b>Total</b>	<b>2,201.57</b>	<b>980.10</b>
<b>Work-in-progress</b>		
Conventional leaf springs	2,698.17	1,981.75
Parabolic leaf springs	309.38	168.93
<b>Total</b>	<b>3,007.55</b>	<b>2,150.68</b>

**NOTE NO: 23 EMPLOYEE BENEFITS EXPENSE**

	For the year ended 31 March 2012	For the year ended 31 March 2011
Salaries, wages and bonus	4,158.73	3,480.49
Contribution to provident and other funds	205.09	178.55
Staff welfare expenses	246.64	207.59
<b>Total</b>	<b>4,610.46</b>	<b>3,866.63</b>



## NOTE NO: 24 OTHER EXPENSES

		For the year ended 31 March 2012		For the year ended 31 March 2011
Consumption of stores and spare parts		3,443.98		2,762.24
Power and fuel		7,962.82		5,667.06
Job charges		293.26		562.90
Increase/(decrease) in excise on stocks of finished goods		153.65		(10.70)
Rent (Refer Note 36)		125.71		53.41
Repairs to buildings		57.40		41.82
Repairs to machinery		129.03		141.76
Repair to others		75.60		61.82
Rates and taxes, excluding taxes on income		44.14		36.81
Travelling and conveyance		212.86		182.98
Legal and professional fees (Refer to note 33)		275.15		286.61
Loss on sale of assets (net)		55.60		45.59
Sundry balance written off		202.93		
Provision for doubtful debts	217.74		–	
Less: Adjusted against bad debts written off	(217.74)		–	
Add: Provision recognised during the year	110.00	110.00	217.74	217.74
Bad debts written off		922.29		94.14
Freight forwarding and packing		1,542.32		1,330.71
Sales promotion and advertisement		250.83		181.03
Selling expenses		310.19		369.97
Donation		17.90		0.25
Net exchange fluctuation loss		169.85		39.79
Miscellaneous expenses		406.97		368.86
<b>Total</b>		<b>16,762.48</b>		<b>12,434.79</b>

## NOTE NO: 25 FINANCE COSTS

	For the year ended 31 March 2012	For the year ended 31 March 2011
Interest	728.21	1,043.08
Bank charges	1.15	0.05
Interest Others	30.87	–
Other borrowing cost	839.38	1,012.33
<b>Total</b>	<b>1,599.61</b>	<b>2,055.46</b>

## NOTE NO: 26 DEPRECIATION AND AMORTISATION EXPENSE #

	For the year ended 31 March 2012	For the year ended 31 March 2011
Depreciation on tangible assets	2,252.74	2,065.21
Amortisation on intangible assets	907.53	1,097.62
<b>Total</b>	<b>3,160.27</b>	<b>3,162.83</b>

# Also refer to note 12.

**NOTE NO: 27 CONTINGENT LIABILITY**

	As at 31 March 2012	As at 31 March 2011
Claims against Company not acknowledged as debts	872.32	152.05
Guarantee given by Company	7.89	6.50
Import of machinery under Export Promotion of Capital Goods scheme	335.48	288.32
Income tax and other demands	20.63	20.63
	1,236.32	467.50

**NOTE NO: 28 COMMITMENTS**

	As at 31 March 2012	As at 31 March 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,720.86	1,617.01
Lease Commitments (refer note 36 below)	40.05	64.56
	1,760.91	1,681.57

**NOTE NO: 29 DIVIDEND REMITTED IN FOREIGN CURRENCY**

	For the year ended 31 March 2012	For the year ended 31 March 2011
Number of non-resident shareholders	2	—
Number of equity shares held on which dividend was due	2,608,509	—
Amount remitted in foreign currency (equivalent INR)	78.26	—

**NOTE NO: 30 VALUE OF IMPORT CALCULATED AT C.I.F BASIS**

	For the year ended 31 March 2012	For the year ended 31 March 2011
Raw material	243.93	2,689.88
Components and spare parts	3.98	32.48
Capital goods	2,266.62	29.48
	2,514.53	2,751.84

**NOTE NO: 31 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)**

	For the year ended 31 March 2012	For the year ended 31 March 2011
Professional fee	395.38	17.22
Travelling	29.06	53.09
Royalty	—	61.61
Other administrative expenses	—	—
	424.44	152.12

**NOTE NO: 32 EARNING IN FOREIGN CURRENCY**

	For the year ended 31 March 2012	For the year ended 31 March 2011
Export at F.O.B. value	328.59	771.34
	328.59	771.34

**NOTE NO: 33 PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX)\***

	For the year ended 31 March 2012	For the year ended 31 March 2011
As auditor		
- Audit fee	9.00	10.80
- Limited review fees	12.75	3.00
As other capacity		
- Other services	1.00	–
Reimbursement of expenses	0.23	–
	22.98	13.80

\* Includes ₹0.75 (Previous year ₹13.80) paid to erstwhile auditors of the Company.

**NOTE NO: 34 RELATED PARTY DISCLOSURES**
**List of related parties**
**Enterprise in which the Company holds controlling interest**

Jai Suspension Systems LLP

**Key managerial personnel and their relatives**

Mr. B.S. Jauhar	Chairman
Mr. R.S. Jauhar	CEO & Executive Director
Mr. P.S. Jauhar	COO & Executive Director
Mr. S.P.S. Kohli	President & Executive Director
Mrs. Khem Kaur	Relative of key managerial personnel
Mrs. Sonia Jauhar	Relative of key managerial personnel
Mrs. Kiran Chadha	Relative of key managerial personnel

**Entities over which key managerial personnel/ their relatives are able to exercise significant influence**

Jamna Agro Implements Private Limited	Mrs. Khem Kaur
S.W. Farms Private Limited	Mr. R.S. Jauhar
Map Auto Limited	Mr. B.S. Jauhar
Winthrop Marketing	Mr. S.P.S. Kohli

## a) Transactions with related parties

Transactions during the year	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Sale of goods</b>		
Jai Suspension Systems LLP	13,533	7,109.34
Jai Suspension Systems Limited	–	2,843.34
<b>Services rendered (Job Work)</b>		
Jai Suspension Systems LLP	1,628.05	213.17
Jai Suspension Systems Limited	–	519.01
Jamna Agro Implements Private Limited	77.73	95.91
<b>Services received</b>		
MAP Auto Limited - Freight and forwarding	1,166.14	1,083.97
Winthrop Marketing - Commission	13.02	11.32
<b>Managerial remuneration</b>		
Mr. R.S. Jauhar	104.70	97.56
Mr. P.S. Jauhar	83.76	91.91
Mr. S.P.S.Kohli	44.25	57.81
<b>Remuneration to others</b>		
Mrs. Kiran Chadha	18.15	18.59
<b>Profit in share of profits of LLP</b>		
Jai Suspension Systems LLP	2,650.00	1,203.63
<b>Dividend income</b>		
Erstwhile Jai Suspension Systems Limited	–	799.96
<b>Rent</b>		
Mr. P.S. Jauhar	13.31	12.00
Mrs. Sonia Jauhar	25.21	10.00
S.W. Farms Private Limited	15.97	14.40
MAP Auto Limited	1.86	2.66
<b>Guarantee and collaterals</b>		
Corporate gurantee given on behalf of Jai Suspension Systems LLP	3,437	–
Guarantee given by Jai Suspensions LLP on behalf of the Company	6,900	3,000
Personal gurantees given by promoters		
Mr. R. S. Jauhar	3,000	–
Mr. P. S. Jauhar	3,000	–

**b) Balances with related parties:**

Outstanding balances as at year end	As at 31 March 2012	As at 31 March 2011
<b>Accounts receivables from related parties:</b>		
MAP Auto Limited	–	2.53
Jai Suspension Systems LLP	2,760.22	1,368.10
<b>Accounts payable to related parties:</b>		
MAP Auto Limited	96.20	134.16
Jamna Agro Implements Private Limited	26.53	18.94
Winthrop Marketing	1.04	0.95
<b>Guarantee and collaterals</b>		
Guarantee given on behalf of Jai Suspension Systems LLP	5,000	2,000
Guarantee given by Jai Suspension Systems LLP on behalf of the Company	26,554	19,654
Personal guarantee given by promoters		
Mr. B. S. Jauhar	3,932	11,732
Mr. R. S. Jauhar	10,800	7,800
Mr. P. S. Jauhar	14,732	11,732
<b>Pledge of shares by promoters</b>		
Mr. B. S. Jauhar	34,224	607,502
B.S. Jauhar (HUF)	8,600	22,050
Mrs. Khem Kaur	–	158,752
Mr. R. S. Jauhar	387,740	545,224
S. W. Farms Private Limited	340,000	482,453
Randeep Investment Private Limited	881,610	4,334,322
Pradeep Holdings Private Limited	–	87,798
Mr. P. S. Jauhar	–	1,462,897

**NOTE NO: 35 EARNING PER SHARE**

Earning per share	For the year ended 31 March 2012	For the year ended 31 March 2011
Net profit after tax	4,284.13	4,248.16
Less: Dividend on 12.5% optionally convertible cumulative preference shares for the year ended 31 March 2012 (including tax thereon)	50.85	50.85
Net profit for the period attributable to equity shares	4,233.28	4,197.31
Weighted average number of equity shares during the period in calculating basic EPS	39,390,460	38,217,010
Add: Stock options granted under ESOP	243,736	589,841
Weighted average number of equity shares during the period in calculating diluted EPS	39,634,196	38,806,851
Basic EPS	10.88	11.12
Diluted EPS	10.81	10.95

**NOTE NO: 36 OBLIGATION ON LONG TERM NON-CANCELLABLE OPERATING LEASE**

The Company has taken Lucknow plant space on operating lease. The lease rentals charged during the year in respect of cancellable and non cancellable operating leases and maximum obligations on long term non-cancellable operating lease payable as per the rentals stated in the agreement are as follows:

	For the year ended 31 March 2012	For the year ended 31 March 2011
Lease rental expense	125.71	53.41

Total future minimum lease rental payable	As at 31 March 2012	As at 31 March 2011
Within one year	25.74	24.51
Later than one year and not later than five years	14.31	40.05
Later than five years	—	—
<b>Total</b>	<b>40.05</b>	<b>64.56</b>

**NOTE NO: 37 SEGMENT INFORMATION****(a) Information about primary business segment**

The Company recognises 'Parabolic/ Tapered Leaf Spring' as its only primary segment since its operations consist of manufacturing of these products and related activities. Accordingly, 'Parabolic/ Tapered Leaf Spring' segment is the only segment comprising the primary basis of segmental information set out in these financial statements.

**(b) Information on secondary/ geographical segment**

The Company sells its products to various manufacturers within the country and also exports to other companies. Considering the size and proportion of exports to local sales, the Company considers sales made within the country and exports as two geographical segments. Information of geographical segment is based on the geographical location of the customers.

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Segment revenue</b>		
Domestic	96,263.51	80,607.15
Overseas	479.86	964.85
<b>Total</b>	<b>96,743.37</b>	<b>81,572.00</b>
<b>Segment assets</b>	<b>As at 31 March 2012</b>	<b>As at 31 March 2011</b>
Domestic	10,618.47	11,545.20
Overseas	88.30	234.39
<b>Total</b>	<b>10,706.77</b>	<b>11,779.59</b>
<b>Addition to fixed assets #</b>		
Domestic	10,095.56	3,714.42
<b>Total</b>	<b>10,095.56</b>	<b>3,714.42</b>

# The Company has common assets for producing goods for domestic market and overseas markets. Hence, separate figures for other assets/ additions to other assets cannot be furnished.

**NOTE NO: 38 SHARE BASED COMPENSATION**

(A) The Company has issued stock options to its employees in accordance with the Company's Employee Stock Option Scheme 2006 and 2008. Both the Schemes are administered by the Compensation Committee constituted pursuant to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. All the permanent employees of the Company and the subsidiaries, including Directors but excluding promoters of the Company are eligible to participate in the schemes. The Committee grants stock options to the employees at its discretion depending upon criteria such as role/ designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Committee.

The stock option shall vest proportionately over the period of five years from the date of grant in the ratio of 15% for the first year, 20% for second to fourth year and 25% for the fifth year. The options would be granted at the exercise price that is equivalent to the prevailing market price at the time of grant. The exercise price, in cash, is paid by the employee at the time of exercise of the stock option. The option lapses if not exercised within a period of 3 years from the date of vesting of option. The lapsed option is available for being re-granted/ re-issue at a future date. The maximum number of options that may be granted to any specific employee is upto 0.5 % of the issued capital of the Company.



ESOP Scheme	Date of approval by shareholders	Number of options approved
ESOP Scheme-2006	25 January 2007	314000
ESOP Scheme-2008	1 July 2008	Not more than 5% of the paid up equity shares capital of the Company as on 31 March 2012

Following stock options have been granted upto 31 March 2012:

Date of Grant	Number of options granted	Exercise Price
<b>ESOP Scheme-2006</b>		
25 January 2007	257,000	₹30.62
25 August 2007	57,000	₹44.20
<b>ESOP Scheme-2008</b>		
8 February 2008	867,461	₹54.95
5 August 2010	361,250	₹120.65

**(B) Summary of stock options:**

	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Number of stock options	Weighted Average Exercise Price	Number of stock options	Weighted Average Exercise Price
Options outstanding at the beginning of the year	1,074,764	64.14	1,075,661	50.45
Options granted during the year	Nil	Nil	361,250	120.65
Options forfeited/lapsed during the year	99,250	57.16	240,575	103.25
Options exercised during the year	121,739	46.71	121,572	33.56
Options outstanding at the end of the year	853,775	67.43	1,074,764	64.14
Options exercisable at the end of the year	252,290	57.55	226,122	44.92

**(C) Weighted average shares price on the date of exercise of the options is ₹112.16 (Previous year ₹130.46)**

**(D) Range of exercise price and weighted average remaining contractual life of stock options outstanding**

For the year ended 31 March 2012			For the year ended 31 March 2011		
Number of stock options outstanding at the year end	Range of exercise price	Weighted average remaining contractual life	Number of stock options outstanding at the year end	Range of exercise price	Weighted average remaining contractual life
44,825	30.62	1.2 years	87,225	30.62	1.90 years
4,518	44.20	1.7 years	7,668	44.20	2.61 years
624,832	54.95	4.03 years	795,971	54.95	5.03 years
179,600	120.65	4.3 years	183,900	120.65	5.36 years

- (E) Weighted average fair value of options: The fair value of each option is estimated using the Black Scholes model after applying the following weighted average assumptions:-

	For the year ended 31 March 2012	For the year ended 31 March 2011
Risk free interest rate	*	8.29%
Expected life	*	1 Years
Expected volatility (%)	*	19.86%
Expected Dividend (%)	*	Nil
Price of underlying shares in the market at the time of option grant	*	₹30.62 for 257,000 options ₹44.20 for 57,000 options ₹54.95 for 867,461 options ₹120.65 for 361,250 options

\*Not applicable since the Company has not granted stock options during the year

- (F) The Company had been using intrinsic value method of accounting ESOP expenses as prescribed by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999, to account for stock options issued under the Company's stock option schemes. Under this method, compensation expenses are recorded on the basis of excess of the market price of share at the date of grant of option over exercise price of the option.

There would be no impact on the profit or earnings per share had the Company used the fair value of the options as the method of accounting instead of intrinsic value as the fair value is less than the intrinsic value of the option.

#### NOTE NO: 39 IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS AND SPARE PARTS CONSUMED

	31 March 2012		31 March 2011	
	% of total consumption	Value	% of total consumption	Value
<b>Raw material and components</b>				
Imported	0.72%	493.91	3.93%	2,266.36
Indigenous	99.28%	67,831.64	96.07%	55,362.95
	100.00%	68,325.55	100.00%	57,629.31
<b>Spare parts</b>				
Imported	0.03%	1.18	1.18%	32.48
Indigenous	99.97%	3,442.80	98.82%	2,729.76
	100.00%	3,443.98	100.00%	2,762.24

#### NOTE NO: 40 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

##### (a) Particulars of foreign currency forward contracts outstanding

	Currency	As at 31 March 2012		As at 31 March 2011	
		Amount in foreign currency (in lakhs)	Rupee in equivalent	Amount in foreign currency (in lakhs)	Rupee in equivalent
Buy	USD	103.125	5,275.51	—	—

**(b) Particulars of unhedged foreign currency exposure**

	Currency	As at 31 March 2012		As at 31 March 2011	
		Amount in foreign currency (in lakhs)	₹ equivalent	Amount in foreign currency (in lakhs)	₹ equivalent
Trade receivables	USD	1.41	72.26	1.60	72.40
	GBP	0.19	15.36	–	–
	JPY	1.09	0.68	149.77	103.82
Trade payables	USD	0.03	1.63	0.07	3.22
	EURO	2.02	137.26	–	–
	JPY	30.10	17.36	–	–
Loans	USD	–	–	13.69	616.98
	EURO	11.70	799.37	1.58	100.44

**NOTE NO: 41 EMPLOYEE BENEFITS**

- i) The details of retirement benefits with regard to provision/ charge for the year on account of gratuity, which is in the nature of defined benefit, are as under:

**Balance Sheet**

	As at 31 March 2012	As at 31 March 2011
Changes in the present value of the defined benefit obligation are as follows:		
Obligations at the beginning of the year	210.56	203.35
Service Cost	32.91	24.79
Interest Cost	17.90	16.27
Actuarial (gain) / loss	47.24	(24.34)
Benefits paid	(5.75)	(9.51)
Obligations at the end of the year	302.86	210.56
Changes in the fair value of the plan assets are as follows:		
Fair value of planned assets at the beginning of the year	142.92	119.79
Expected return on plan assets	12.86	11.08
Contributions	42.27	40.51
Benefits paid	(5.75)	(9.51)
Actuarial gain / (loss) on planned assets	23.59	(18.95)
Fair value of planned assets at the end of the year	215.89	142.92
Net liability recognized	86.97	67.64
Net employee benefit expense recognised in the employee cost		
Gratuity cost for the year		
Current service cost	32.91	24.79
Interest cost on obligation	17.90	16.27
Expected return on planned assets	(12.86)	(11.08)
Net actuarial (gain) / losses	23.56	(5.39)
Net expense to be recognised	61.60	24.59
Assumptions used in accounting for the gratuity plan		
Discount rate	8.50%	8.00%
Expected rate of salary increase	6.00%	5.50%
Expected rate of return on planned assets	9.25%	9.25%
Normal retirement age	58 years	58 years

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors.

- ii) The guidance on implementing AS-15 issued by Accounting Standards Board of the Institute of Chartered Accountants of India states that benefit involving employer established provided funds, which requires interest shortfall to be re-compensated, are to be considered as defined benefit plans. Considering a confirmation by the actuary that there is no formal guidance available from Actuarial Society of India in this regard, the Company believes that actuarial valuation at present is not necessary. Amount charged to the Profit and Loss Account in this regard is ₹161.31 lakhs (Previous year ₹135.98 lakhs).

#### Experience adjustments

The disclosure relating to experience adjustments have not been given in the financial statements, the management is of the view that the same will not be material to the overall financial statement disclosure and presentation.

#### NOTE NO: 42

Until 31 March 2011, Company had recognised revenue on dispatch of material to customers from factory gate. The Company has refined its revenue recognition policy during the year to recognise revenue on transfer of significant risk and rewards to customers that coincides at the time of delivery. The impact of correction on the year ended 31 March 2012 is as given below and forms part of the adjustments related to prior period expenditure:

Prior period effect of revenue reversal as on 31 March 2011 having an impact on the year ended 31 March 2012

	Account head	As per Audited financial statements for the year ended 31 March 2011	As per Performa financial statements for the year ended 31 March 2011	Effect of the adjustments in the year ended 31 March 2012
A	Revenue *	81,033	79,128	1,905
B	Decrease/ (Increase) in stock #	127	(1,640)	1,767
	Profit after tax ##			138

\* In the year ended 31 March 2012, revenue amounting to ₹1905 lakhs had been recognised on the basis of dispatch of goods to its customers, however the goods were actually delivered in the year ended 31 March 2012. As a consequence, revenue relating to previous year has been adjusted in the current year financial statements.

# As explained above, the consequential impact of finished goods in transit amounting to ₹1,767 lakhs relating to those goods that had not been delivered as on 31 March 2011 has been adjusted to the Changes in inventory of finished goods in the current year financial statements.

## The cumulative effect of the above on the profit after tax amounting to ₹138 lakhs has been disclosed as a prior year expenditure.

#### NOTE NO: 43

In the previous year ended 31 March 2011, erstwhile Jai Suspension Systems Limited (JAI), a wholly owned subsidiary of the Company, converted into a Limited Liability Partnership Firm in accordance with the Limited Liability Partnership Act, 2008 w.e.f. 21 October 2010 and was named Jai Suspension Systems LLP (LLP). The shareholders that existed as on the date of conversion became the partners of the LLP with their profit sharing ratios determined on the basis of the shareholding in JAI as on the date of conversion.

As a consequence, the profit of JAI upto 20 October 2010 aggregating to ₹718.59 lakhs was recognized as an income and was disclosed as an exceptional item in the Statement of Profit and Loss.

As per our report attached.

For **BSR & CO.**

Chartered Accountants

Firm registration number: 101248W

**ZUBIN SHEKARY**

Partner

Membership No.: 048814

Place : Bangalore

Date : 7 June 2012

For and on behalf of the Board of Directors of

**JAMNA AUTO INDUSTRIES LIMITED**

**P. S. JAUHAR**

COO &  
Executive Director

Place : New Delhi

Date : 7 June 2012

**S. P. S. KOHLI**

President &  
Executive Director

**PRAVEEN LAKHERA**

Company Secretary &  
Head Legal

**SHAKTI GOYAL**

GM-Finance &  
Material



# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I Registration Details

Registration Number	4485	State Code	05
Balance Sheet Date	31	03	2012
	Date	Month	Year

## II Capital raised during the year (₹ in thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	1217

## III Position of Mobilisation and Deployment of Funds (₹ in thousands)

Total Liabilities	5708891	Total Assets	5708891
Sources of Funds			
Paid-up Capital	428977	Reserves & Surplus	1138233
Secured Loans	507096	Unsecured Loans	172532
Application of Funds			
Net Fixed Assets	2606023	Investments	219059
Net Current Assets	(758910)	Misc. Expenditure	—
		Deferred Tax	(111992)

## IV Performance of Company (₹ in thousands)

Sales & Other Income	9957306	Total Expenditure	8940177
Profit Before Tax	101729	Profit After Tax	428413
Earning per Share (in ₹)	10.88	Dividend Rate (%)	35

## V Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code): 732000

Product Description: PARABOLIC/TAPERED SPRING

As per our report attached.

For **BSR & CO.**

Chartered Accountants

Firm registration number: 101248W

**ZUBIN SHEKARY**

Partner

Membership No.: 048814

Place : Bangalore

Date : 7 June 2012

For and on behalf of the Board of Directors of

**JAMNA AUTO INDUSTRIES LIMITED**

**P. S. JAUHAR**

COO &

Executive Director

Place : New Delhi

Date : 7 June 2012

**S. P. S. KOHLI**

President &

Executive Director

**PRAVEEN LAKHERA**

Company Secretary &

Head Legal

**SHAKTI GOYAL**

GM-Finance &

Material



## JAI SUSPENSION SYSTEMS LLP



# AUDITORS' REPORT

To

The Partners of

M/S Jai Suspension Systems LLP

1. We have audited the Balance Sheet of **M/s JAI SUSPENSION SYSTEMS LLP** as at 31 March 2012 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibilities of the LLP's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mismanagement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We further report that :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts, as required by law have been kept by the entity so far appears from our examination of the Books;

- c) The Balance Sheet dealt with by this report is in agreement with books of accounts;
- d) In our opinion, the Balance Sheet and Profit & Loss Account of the entity dealt with this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 as may be relevant to the entity.
- e) In our opinion and to the best of our information and according to the explanation given to us, the said accounts together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, as may be relevant to the entity, in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India.
  - In the case of Balance Sheet of the state of affairs of the entity as at 31 March 2012 and
  - In the case of Profit & Loss Account of the **Profit** of the entity for the period ended on that date.

for **K. KHANNA & COMPANY**

Chartered Accountants

Firm Registration No.: 008450N

Place : New Delhi  
Dated : 29 May 2012

**KAMAL KHANNA**

Proprietor

Membership No.: 086600

# BALANCE SHEET AS AT 31 MARCH 2012

(ALL AMOUNTS IN RUPEES UNLESS OTHERWISE STATED)

	Note	As at 31 March 2012	As at 31 March 2011
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Partner's Capital Account	1	168,632,347	211,780,243
		168,632,347	211,780,243
<b>Non-current liabilities</b>			
Long-term borrowings	2	5,055,209	—
Deferred tax liabilities (net)		3,096,508	2,684,964
Other long-term liabilities	3	7,025,676	5,294,808
Long-term provisions	4	53,124,563	29,764,569
		68,301,955	37,744,341
<b>Current liabilities</b>			
Short-term borrowings	5	261,483,180	129,453,030
Trade payables	6	513,716,670	238,596,898
Other current liabilities	6	80,466,784	31,148,553
Short-term provisions	4	2,295,041	3,077,574
		857,961,675	402,276,055
<b>Total</b>		1,094,895,978	651,800,639
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	7		
Tangible assets		74,764,339	51,359,131
Intangible assets		49,014	68,066
Capital work-in-progress		56,547,387	61,680,750
		131,360,740	113,107,947
Long-term loans and advances	8	121,391,938	10,282,162
Other non-current assets	10	143,840	442,036
		121,535,778	10,724,198
<b>Current assets</b>			
Inventories	11	286,801,724	205,647,280
Trade receivables	9	493,295,923	272,240,315
Cash and cash equivalents	12	30,968,852	28,705,884
Other current assets	8, 10	30,932,963	21,375,016
		841,999,460	527,968,494
<b>Total</b>		1,094,895,978	651,800,639

The accompanying notes are integral part of the Balance Sheet.

As per our report attached.

For **K KHANNA & CO.**  
Chartered Accountants  
Firm Registration No.: 008450N

**KAMAL KHANNA**  
Proprietor  
Membership No.: 086600

**SHAKTI GOYAL**  
Designated Partner

**A.K. GOYAL**  
Designated Partner

**GAUTAM MUKERJEE**  
Jamna Auto Industries Ltd.

Place : New Delhi  
Date : 29 May 2012

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2012

(ALL AMOUNTS IN RUPEES UNLESS OTHERWISE STATED)

	Note	For the year ended 31 March 2012	For the period ended 31 March 2011
<b>Income</b>			
Revenue from operations (gross)	13	2,864,160,514	1,017,668,370
Less : excise duty		—	—
Revenue from operations (net)		2,864,160,514	1,017,668,370
Other income	14	917,800	442,238
<b>Total revenue</b>		<b>2,865,078,313</b>	<b>1,018,110,608</b>
<b>Expenses</b>			
Cost of raw material and components consumed	15	2,157,550,700	750,321,061
Purchase of traded goods	15	5,573,735	515,586
(Increase)/decrease in stocks	16	(56,111,004)	4,616,624
Employee benefit expenses	17	61,902,636	23,033,497
Other expenses	18	393,982,884	108,319,730
<b>Total expenses</b>		<b>2,562,898,951</b>	<b>886,806,498</b>
<b>Profit before finance charges, depreciation and tax</b>		<b>302,179,362</b>	<b>131,304,110</b>
Finance cost	19	28,202,883	6,479,550
Depreciation	20	5,475,274	1,813,919
<b>Profit/(loss) after depreciation</b>		<b>268,501,204</b>	<b>123,010,642</b>
Exceptional Items -Gain/Loss		—	—
Extrordinary items/prior period expenditure(Net)		824,158	(28,198)
<b>Profit/(loss) before tax</b>		<b>267,677,046</b>	<b>123,038,840</b>
<b>Tax expense</b>			
Less: Current tax		51,178,400	132,029
Add: AMT credit entitlement		50,372,893	—
Less: Deferred tax		411,543	2,684,964
Add: Income tax adjustments( Net)		605,328	—
<b>Profit/(loss) for the year</b>		<b>267,065,323</b>	<b>120,221,847</b>
Balance profit transferred to partner's capital accounts		267,065,323	120,221,847
Balance Carried to Balance Sheet		—	—
Significant accounting policies and notes to the financial statements	21		

The accompanying notes are integral part of the Profit and Loss Account.

As per our report attached.

For **K KHANNA & CO.**  
Chartered Accountants  
Firm Registration No.: 008450N

**KAMAL KHANNA**  
Proprietor  
Membership No.: 086600

**SHAKTI GOYAL**  
Designated Partner

**A.K. GOYAL**  
Designated Partner

**GAUTAM MUKERJEE**  
Jamna Auto Industries Ltd.

Place : New Delhi  
Date : 29 May 2012

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012  
(ALL AMOUNTS IN RUPEES UNLESS OTHERWISE STATED)

## NOTE NO.: 1 PARTNER'S CAPITAL ACCOUNT

	Fixed Capital Account	Current Account(Cr)	As at 31 March 2012	As at 31 March 2011
<b>Partner's Capital Account</b>				
Jamna Auto Industries Limited	19,999,500	148,620,875	<b>168,620,375</b>	211,774,947
Mr. H.S. Gujral	200	4,589	<b>4,789</b>	2,118
Mr. Shakti Goyal	150	3,442	<b>3,592</b>	1,589
Mr. Ashok Kumar Goyal	150	3,442	<b>3,592</b>	1,589
<b>Total</b>	<b>20,000,000</b>	<b>148,632,347</b>	<b>168,632,347</b>	<b>211,780,243</b>

Partner's Current Account	Current Account As at 1 April 2011	Share of profit for the year	Withdrawals for the year	As at 31 March 2012	% of share of profit
Jamna Auto Industries Limited	191,775,447	267,058,646	310,213,219	148,620,875	99.99750
Mr. H.S. Gujral	1,918	2,671	—	4,589	0.00100
Mr. Shakti Goyal	1,439	2,003	—	3,442	0.00075
Mr. Ashok Kumar Goyal	1,439	2,003	—	3,442	0.00075
<b>Total</b>	<b>191,780,243</b>	<b>267,065,323</b>	<b>310,213,219</b>	<b>148,632,347</b>	<b>100.00</b>

## NOTE NO: 2 LONG TERM BORROWINGS

	Non-current portion		Current maturities	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
<b>Term loans</b>				
Axis Bank Limited (car loan)	3,226,569	—	802,118	—
Kotak Mahindra Prime Limited (car loan)	1,828,640	—	588,189	—
Deferred payment liabilities				
Deferred Income tax liability	3,096,508	2,684,964	—	—
	5,055,209	—	1,390,307	—
<b>Total above amount includes</b>				
Secured borrowings	5,055,209		1,390,307	
Unsecured borrowings	—		—	
Net amount	5,055,209	—	1,390,307	—
<b>Security details</b>	<b>Repayment Details</b>			
<b>1. Axis Bank Limited (car loan)</b>	<b>Rate</b>	<b>Tenure</b>	<b>Installment Amount</b>	<b>Maturity Date</b>
Secured against hypothecation of car financed through them	10.59%	60 months	₹ 99995/-	15 May 2016
<b>2. Kotak Mahindra Prime Limited( car loans)</b>				
Secured against hypothecation of cars financed through them	12.75%	36 months	₹30400/-	10 October 2014
	12%	60 months	₹40207/-	7 January 2016

### NOTE NO: 3 OTHER LONG TERM LIABILITIES

	As at 31 March 2012	As at 31 March 2011
Trade payables	–	–
Others (Security deposits from customers & employees)	7,025,676	5,294,808
	7,025,676	5,294,808

### NOTE NO: 4 PROVISIONS

	Long term		Short term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
<b>Provision for employee benefits</b>				
Provision for leave encashment	495,015	–	2,179,428	3,077,574
Provision for gratuity	1,451,148	832,540	115,613	–
	1,946,163	832,540	2,295,041	3,077,574
<b>Other provisions</b>				
Provision for income tax	51,178,400	28,932,029	–	–
	51,178,400	28,932,029	–	–
	53,124,563	29,764,569	2,295,041	3,077,574

Information required to be disclosed in respect of provisions and contingent liabilities to comply with the Accounting Standard (AS 29) on “Provisions, Contingent Liabilities and Contingent Assets” are set out below:

	As at 31 March 2012	As at 31 March 2011
At the beginning of the year	–	–
Add : Arising during the year	–	–
Less : Utilised during the year	–	–
Less : Release during the year	–	–
<b>At the end of the year</b>	–	–
Current portion	–	–
Non - current portion	–	–

### NOTE NO.: 5 SHORT TERM BORROWINGS

	As at 31 March 2012	As at 31 March 2011
<b>Loan repayable on demand</b>		
Kotak Mahindra Bank Limited (Bill discounting liability)	260,881,716	129,453,030
Kotak Mahindra Bank Limited (Cash credit #)	601,464	–
	261,483,180	129,453,030
<b>Total above amount includes:</b>		
Secured borrowings	601,464	–
Unsecured borrowings	260,881,716	129,453,030

#### Note :

# Cash credit limit with Kotak Mahindra Bank Limited is secured against:

- Exclusive charge on the movable fixed assets and current assets of the entity.
- Personal guarantees of Mr. P S Jauhar and Mr. R S Jauhar
- Corporate guarantee of Jamna Auto Industries Limited.

## NOTE NO. : 6 OTHER CURRENT LIABILITIES

	As at 31 March 2012	As at 31 March 2011
<b>Trade payables</b>	<b>513,716,670</b>	<b>238,596,898</b>
<b>Others liabilities</b>		
Current maturities of long-term borrowing (includes current maturities of finance lease obligations)	<b>1,390,307</b>	—
Interest accrued but not due on borrowings	<b>37,170</b>	—
<b>Other payables</b>		
Service tax payable	<b>218,651</b>	88,735
VAT/CST/Entry tax payable	<b>27,732,840</b>	15,956,864
TDS payable	<b>2,530,407</b>	1,207,888
Works contract tax payable	<b>35,795</b>	40,891
Bonus payable	<b>591,608</b>	255,231
ESI & PF payable	<b>504,652</b>	452,835
Salary payable	<b>734,927</b>	2,296,737
Expenses payable	<b>40,907,228</b>	8,800,198
Credit balance of customers	<b>5,237,334</b>	1,721,432
Credit balance in employees account	<b>293,006</b>	157,596
Other payable	<b>252,859</b>	170,147
	<b>80,466,784</b>	31,148,553
	<b>594,183,454</b>	269,745,451

	As at 31 March 2012	As at 31 March 2011
<b>Other Payables</b>		
<b>Replacement Market</b>		
Other expenses payable	<b>331,870</b>	186,793
Salary & wages payable	<b>388,203</b>	1,112,317
Reimbursement payable to staff	<b>73,121</b>	177,643
Provision for discount	<b>1,298,751</b>	2,871,106
Provision for expenses payable	<b>25,097</b>	921,780
Freight payable	<b>1,151,848</b>	1,738,660
Bonus payable	<b>203,847</b>	50,102
Debtors - credit balances	<b>5,237,334</b>	1,721,432
Staff - credit balances	<b>293,005</b>	157,596
Rent payable	<b>252,859</b>	170,147
	<b>9,255,935</b>	9,107,576
<b>Plant</b>		
Salary & wages payable	<b>263,519</b>	995,980
Exp. Payable	<b>38,099,662</b>	3,081,859
Bonus Payable	<b>387,761</b>	205,129
Death releaf fund	<b>10,084</b>	6,149
	<b>38,761,026</b>	4,289,117
<b>Total</b>	<b>48,016,962</b>	13,396,693



	As at 31 March 2012	As at 31 March 2011
<b>Statutory Dues</b>		
<b>Plant</b>		
EPF Payable	218,935	198,677
ESI Payable	26,638	27,687
TDS on Salary	592,650	233,796
TDS on Contractor	1,124,861	551,286
TDS on Interest	19,001	24,129
TDS on Rent	8,870	–
TDS on Professional	35,859	62,563
Central Sales Tax Payable	1,295	287
Service Tax Payable	97,561	–
VAT Payable	21,451,322	11,344,877
TCS Payable	160	–
Works Contract Payable	35,795	40,891
<b>Total</b>	<b>23,612,949</b>	<b>12,484,194</b>
<b>Market</b>		
Statutory Dues		
PF payable	218,690	205,277
FPF payable	28,502	21,194
ESI payable	11,887	4,648
TDS on salary	450,068	108,736
TDS on contractor	16,720	11,308
TDS on interest	13,704	–
TDS on rent	61,568	42,894
TDS on prof. & services	56,718	10,921
TDS on foreign payment	–	–
TDS on commission	150,227	162,254
TDS on advertisement	–	–
Professional tax payable	2,098	1,796
VAT payable	5,580,095	4,031,901
CST payable	646,604	495,562
Entry tax payable	51,424	82,440
Service tax payable	121,090	88,735
<b>Total</b>	<b>7,409,395</b>	<b>5,267,666</b>

## NOTE NO.: 7 FIXED ASSETS

Particulars	Gross block			Accumulated depreciation			Net block	
	As at 1 April 2011	Additions during the year #	Disposals	As at 31 March 2012	As at 1 April 2011	Depreciation/ charged for the year	As at 31 March 2012	As at 31 March 2011
<b>Tangible fixed assets</b>								
Land (leasehold)	7,762,409	—	—	7,762,409	—	—	7,762,409	7,762,409
Factory building	17,849,558	7,668,662	—	25,518,220	1,353,934	655,808	23,508,479	16,495,624
Plant and machinery	26,895,132	2,818,589	—	29,713,721	5,268,969	2,937,365	21,507,386	21,626,162
Furniture and fixtures	1,756,863	6,272,309	—	8,029,172	153,167	395,009	7,480,996	1,603,696
Vehicles	1,875,034	11,355,542	—	13,230,576	169,980	996,024	12,064,572	1,705,054
Office equipment	372,867	106,316	—	479,183	42,874	79,107	357,202	329,993
Computers	2,116,836	489,479	—	2,606,315	291,553	386,672	1,928,090	1,825,282
Tools & Implements	15,197	153,464	—	168,661	4,287	9,169	155,205	10,910
<b>Total</b>	<b>58,643,895</b>	<b>28,864,361</b>	<b>—</b>	<b>87,508,256</b>	<b>7,284,764</b>	<b>5,459,153</b>	<b>74,764,339</b>	<b>51,359,131</b>
<b>Intangible fixed assets</b>								
Computer software	80,605	—	—	80,605	15,470	16,121	49,014	65,135
<b>Total</b>	<b>80,605</b>	<b>—</b>	<b>—</b>	<b>80,605</b>	<b>15,470</b>	<b>16,121</b>	<b>49,014</b>	<b>65,135</b>
Grand total	58,724,500	28,864,361	—	87,588,861	7,300,234	5,475,274	74,813,353	51,424,266
<b>Previous year</b>	<b>55,781,138</b>	<b>2,943,362</b>	<b>—</b>	<b>58,724,500</b>	<b>5,483,384</b>	<b>1,813,919</b>	<b>51,427,197</b>	<b>50,297,754</b>
<b>Capital work-in-progress</b>								
<b>Intangible assets under development</b>							<b>56,547,387</b>	<b>61,680,750</b>

Note: Accumulated Depreciation on Software include an amount of ₹2931 being adjustment relating to earlier years, which has been charged as previous year's adjustments

# Details of additions:

Particulars	Assets capitalised during the year	Acquisition through amalgamation	Borrowing cost capitalised (AS-16)	Revaluation of fixed assets	Total
<b>Tangible fixed assets</b>					
Freehold land	—	—	—	—	—
Factory building	7,668,662	—	—	—	7,668,662
Plant and machinery	2,818,589	—	—	—	2,818,589
Furniture and fixtures	6,272,309	—	—	—	6,272,309
Vehicles	11,355,542	—	—	—	11,355,542
Office equipment	106,316	—	—	—	106,316
Computers	489,479	—	—	—	489,479
Tools & Implements	153,464	—	—	—	153,464
<b>Total</b>	<b>28,864,361</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>28,864,361</b>

Revenue expenditure capitalised during the year:

	31 March 2012	31 March 2011
Salary, wages and bonus	—	—
Consumption of stores and consumables	—	—
Power and fuel	—	—
Finance cost	—	—

## NOTE NO.: 8 LONG TERM ADVANCES

	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
	Non-current assets		Current assets	
Capital advances	3,861,151	900,436	—	—
<b>Security deposits</b>				
Security deposit (with Govt. authorities)	277,400	264,650	—	—
Security deposit - Rent	3,658,071	904,664	—	—
<b>Advances recoverable in cash or in kind</b>				
Prepaid expenses	—	—	2,151,991	1,253,499
VAT recoverable capital goods	—	—	14,382	—
Advance to suppliers	—	—	96,668	—
Imprest to staff	—	—	217,574	—
Others	—	—	550,162	633,970
<b>Other loans and advances</b>				
Advance income tax	63,000,000	5,000,000	—	—
TDS by others	62,423	2,377,143	—	—
FBT refund receivable	160,000	835,269	—	—
AMT credit entitlement	50,372,893	—	—	—
AIS Adhesive Limited	—	—	—	2,000,000
Loans to employees	—	—	324,838	282,171
	121,391,938	10,282,162	3,355,615	4,169,640

## NOTE NO: 9 TRADE RECEIVABLES

	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
	Non-current assets		Current assets	
Unsecured, considered good unless stated other wise outstanding for period exceeding six months from the date they are due for payment	—	—	378,325	912,596
Others	—	—	—	—
Debtors- OEM	—	—	351,772,263	145,845,636
Debtors- Replacement Market	—	—	141,145,335	125,482,083
	—	—	493,295,923	272,240,315

## NOTE NO: 10 OTHER CURRENT ASSETS

	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
	Non-current assets		Current assets	
Interest accrued on fixed deposits	58,840	357,036	—	—
Non Current Bank Balances	85,000	85,000	—	—
Unbilled Revenue	—	—	27,577,347	17,205,376
	143,840	442,036	27,577,347	17,205,376

## NOTE NO.: 11 INVENTORIES

	As at 31 March 2012	As at 31 March 2011
Raw material (including stock in transit ₹19713492 (previous year ₹21545834.74))	90,768,080	67,615,197
Work-in-progress	21,378,081	16,139,950
Finished goods	158,117,277	109,383,575
Trading goods	4,056,054	1,916,884
Stores and spares (including components)	12,482,232	10,591,674
	286,801,724	205,647,280

## Mode of valuation for each class of inventories :

- a) Raw Material, Stores and Spares have been valued at Cost.  
b) Finished goods, Work in progress and Trading goods have been valued at lower of cost or net realisable value.

## NOTE NO: 12 CASH AND BANK BALANCE:

	As at 31 March 2012	As at 31 March 2011
<b>Balance with banks</b>		
On current/CC account	25,803,746	19,564,864
Deposits with maturity of less than three months(Float Margin)	2,583,014	1,103,640
Cheques/drafts in hand	2,270,654	600
Cash in hand	311,438	36,780
<b>(A)</b>	<b>30,968,852</b>	<b>20,705,884</b>
<b>Other bank balances</b>		
Deposits with bank with more than 3 months and less than 12 months	—	8,000,000
<b>(B)</b>	<b>—</b>	<b>8,000,000</b>
<b>Total(A+B)</b>	<b>30,968,852</b>	<b>28,705,884</b>

## NOTE NO: 13 REVENUE FROM OPERATIONS

	For the year ended 31 March 2012	For the period ended 31 March 2011
<b>Sale of products</b>		
Manufactured Goods	2,859,728,168	1,016,728,511
Traded goods	3,117,674	619,620
<b>Other operating revenue</b>		
Scrap sale	468,531	—
Other sale	846,140	320,239
<b>Revenue from operations( gross)</b>	<b>2,864,160,514</b>	<b>1,017,668,370</b>
Less : Excise duty	—	—
<b>Revenue from operations (net)</b>	<b>2,864,160,514</b>	<b>1,017,668,370</b>
<b>Detail of product sold #</b>		
Conventional leaf springs	1,951,435,382	647,293,320
Parabolic leaf springs	908,292,787	369,435,192
	2,859,728,168	1,016,728,511
<b>Traded goods sold #</b>		
Conventional leaf springs	1,007,367	398,407
Parabolic leaf springs	2,110,307	221,213
	3,117,674	619,620

#### NOTE NO: 14 OTHER INCOMES

	For the year ended 31 March 2012	For the period ended 31 March 2011
Interest on bank deposits	62,216	247,427
Other interest income	847,108	186,633
Miscellaneous income	8,476	8,178
	917,800	442,238

#### NOTE NO: 15 COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	For the year ended 31 March 2012	For the period ended 31 March 2011
<b>A. Cost of raw material</b>		
Inventory at the beginning of the year	67,615,197	20,736,640
Add : Purchases	2,039,956,770	743,196,652
	2,107,571,966	763,933,292
Less : Inventory at the end of the year	90,768,080	67,615,197
Cost of raw material (A)	2,016,803,887	696,318,095
<b>B. Cost of components consumed</b>		
Opening Stock	10,591,674	6,577,367
Add: Purchases		
Clamp	38,387,986	16,138,509
Bush	58,223,400	26,161,608
Other components	41,973,421	15,039,839
Job charges production components	55,044	—
Freight & cartage job work component	13,032	—
Freight component	1,913,775	677,317
	151,158,331	64,594,640
Less: Closing Stock	10,411,518	10,591,674
Cost of componets (B)	140,746,814	54,002,966
<b>Total Consumption (A+B)</b>	2,157,550,700	750,321,061
<b>Detail of raw material and components consumed</b>		
Steel Flat	2,016,803,887	696,318,095
Components	140,746,814	54,002,966
<b>Total</b>	2,157,550,700	750,321,061
<b>Detail of inventory</b>		
<b>Raw materials and components</b>		
Steel Flat	90,768,080	67,615,197
Components	10,411,518	10,591,674
<b>Detail of purchase of traded goods</b>		
Leaves & Leaf Springs	4,634,777	515,586
Air Bellows	938,958	—
	5,573,735	515,586

## NOTE NO: 16 (INCREASE)/DECREASE IN STOCKS

	For the year ended 31 March 2012	For the period ended 31 March 2011
<b>Closing stock</b>		
- finished goods	158,117,277	109,383,575
- work in progress	21,378,081	16,139,950
- traded goods	4,056,054	1,916,884
	183,551,412	127,440,409
<b>Less: Opening stock</b>		
- finished goods	109,383,574	119,464,467
- work in progress	16,139,950	10,658,778
- traded goods	1,916,884	1,933,788
	127,440,408	132,057,032
(Increase)/ decrease in stocks	(56,111,004)	4,616,624
<b>Detail of inventory</b>		
<b>Finished goods</b>		
Leaves & Leaf Springs	158,117,277	109,383,575
	158,117,277	109,383,575
<b>Work-in-progress</b>		
Leaves & Leaf Springs SFG	21,378,081	16,139,950
	21,378,081	16,139,950
<b>Traded goods</b>		
Leaves & Leaf Springs	3,117,096	1,916,884
Air Bellows	938,958	–
	4,056,054	1,916,884

## NOTE NO.: 17 EMPLOYEE BENEFIT EXPENSES

	For the year ended 31 March 2012	For the period ended 31 March 2011
Salaries, wages and bonus	57,727,010	20,648,119
Contribution to provident and other funds	2,775,121	1,801,884
Staff welfare expenses	1,400,505	583,494
	61,902,636	23,033,497

## NOTE NO.: 18 OTHER EXPENSES

	For the year ended 31 March 2012	For the period ended 31 March 2011
Rent	7,606,687	2,378,482
Consumption of stores & spares	17,388,404	5,984,279
Power & fuel consumed	4,326,632	1,476,108
Job charges	162,720,424	15,721,413
Repairs to machinery	2,045,429	801,997
Fork lift hiring charges	914,790	503,348
Insurance	215,915	62,344
Printing & stationery	712,802	333,398
Rates and taxes	259,482	53,371
Membership & subscription	25,852	–
Travelling & local conveyance	8,442,508	2,283,660
Charity & donation	2,501	5,200
Professional fees	2,639,008	663,866



	For the year ended 31 March 2012	For the period ended 31 March 2011
Communication expenses	1,410,845	360,103
Advertisement, publicity & business promotion	30,853,871	14,914,559
Discounts & rebates	86,785,610	38,233,170
Miscellaneous selling expenses	2,511,489	1,477,855
Facility sharing charges	29,127,966	10,502,266
Packing material	340,297	1,216,334
Loading expenses	1,953,175	670,025
Warranty claim	520,882	45,779
Freight outward	31,287,825	9,881,848
Auditors' expenses	46,564	21,040
Horticulture expenses	7,146	–
General expenses	649,353	309,072
Security expenses	74,635	31,544
Repairs others	1,109,947	388,670
Sundry balances w/off	2,845	–
	393,982,884	108,319,730

#### NOTE NO.: 19 FINANCE COSTS

	For the year ended 31 March 2012	For the period ended 31 March 2011
Interest	4,471,630	4,274,023
Other borrowing cost	22,147,797	2,178,208
Interest on income tax	1,583,457	27,319
	28,202,883	6,479,550

#### NOTE NO.: 20 DEPRECIATION AND AMORTISATION EXPENSES

	For the year ended 31 March 2012	For the period ended 31 March 2011
Depreciation of tangible assets	5,459,153	1,808,120
Amortisation of intangible assets	16,121	5,799
	5,475,274	1,813,919

**NOTE NO: 21 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS****1. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Accounting:**

The financial statements are prepared under the historical cost convention, in accordance with generally accepted accounting principles, mandatory accounting standards and the provisions of the Companies Act, 1956, as adopted consistently by the entity in accordance with Accounting Standard 21, being a subsidiary enterprise of a listed company.

Accounting policies not specifically referred to, otherwise are consistent with generally accepted accounting principles and followed by the entity.

**b) Revenue Recognition:**

Revenue from the sale of goods is recognized at the point of despatch of finished goods to the customers. Sale is accounted for net of returns on receipt of the rejected material. All expenses & revenue are accounted for on accrual basis. Leave travel assistance to employees are accounted for on payment basis.

**c) Fixed Assets and Depreciation:**

Fixed assets are stated at cost of acquisition or construction/installation and also the preoperative expenses/ other attributable expenses incurred upto the date of start of commercial production less accumulated depreciation. Depreciation on Fixed Assets (other than leasehold land, which is not amortised) is provided at the rates and in the manner provided by Schedule XIV to the Companies Act, 1956 under the straight line method keeping in view of Accounting Standard 21.

**d) Inventories:**

Raw material and stores (including components and spares) are valued at cost and finished goods are valued at lower of cost, which includes cost of production and overheads, or net realizable value.

**e) Sales**

Sales comprise of goods (net of returns), scrap and waste.

**f) Employees Retirement Benefits**

Contributions made towards Provident Fund (under the Employees Provident Fund and Miscellaneous Provisions Act, 1952) are charged to the Profit and Loss Account.

Provision of Gratuity is made during the year and accordingly charged to profit & loss account on the basis of actuarial valuation, in accordance with AS 15 (Revised), "Employee Benefits", for the employees enrolled at the plant. The Company makes annual contributions to the LIC for the Gratuity plan in respect of employees in the Marketing Division.

Provision is made in the Books of Accounts for value of unutilized leaves due to employees at the end of each period.

**g) Borrowing Cost**

Borrowing cost attributable to acquisition, construction or production of qualifying assets (assets which requires substantial period of time to get ready for its intended use) are capitalized to the cost of respective assets up to the date of capitalization.

**h) Excise Duty**

The Unit of the company is exempted from excise duty vide notification no 50/2003 dated 10-6-2003 of Central Government for a period of 10 Years from the date of start of commercial production.

**i) Miscellaneous Expenditure**

Preliminary expenses are written off to Profit & Loss Account in full on the start of commercial production.

**j) Pre-operative Expenses**

All expenditure in relation to the project being implemented by the entity is treated as preoperative expenditure till the start of commercial production. Such expenditure is allocated to various assets on start of commercial production.

**k) Impairment of Assets**

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating units exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and the value in use which is determined based on the estimated future cash flow discounted to their present values. All impairment losses are recognized in compliance with AS-28.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and recognized in compliance with AS-28.

**l) Taxation**

The provision for income tax is made as per provisions of Income Tax Act, 1961.

In accordance with the provisions of Accounting Standard 22 – 'Accounting for Taxes on Income,' issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the books and tax profits for the period is accounted for using the tax rates and the law that have been enacted or substantively enacted on the balance sheet date.

Deferred tax assets arising from the timing differences shall be accounted for only in the case there is virtual certainty that the asset can be realized in future.

Net outstanding balance in deferred tax account is recognized as deferred tax asset/liabilities. The deferred tax account is used solely for reversing timing difference as and when crystallized.

## 2. NOTES TO THE FINANCIAL STATEMENTS

1. Contingent Liabilities not provided for: (Amount in Lacs)

A	Contingent Liability	31 March 2012	31 March 2011
	Claims against company not acknowledged as debts	—	—
	Corporate Guarantee given for the holding company Jamna Auto Industries Ltd. for its working capital and term loans	33554.00	—
	Bills of exchange given by the company	—	—
	Income tax and other demands	0.20	—
		33554.20	—

2. Estimated capital commitments outstanding (net of advances) and not provided for(Amount in Lacs):

B	Commitments	31 March 2012	31 March 2011
	Estimated amount of contracts remains to be executed on capital account and not provided for	104.81	21.04
	Uncalled liability on shares and other investments partly paid-up	—	—
	Other Commitment (specify nature)	—	—
		104.81	21.04

3. The entity has been formed as Limited Liability Partnership (LLP) w.e.f 21st Oct, 2010 after conversion of the erstwhile company "Jai Suspension Systems Limited" by the order of Registrar of LLP, Delhi vide LLP Identity No. AAA – 2552 dt.

21st October 2010.

4. The unit of the entity at Pant Nagar is eligible for 100% deduction of the profit of the said undertaking for first 5 years and 25% for the next 5 years from the year of set up of the undertaking as per provisions of section 80-IC of the Income Tax Act, 1961. The profit on trading/other activities of the entity is taxable as per the other provisions of the Income Tax Act, 1961.

The entity is liable for Alternate Minimum Tax (AMT) as per the Income Tax Act, 1961. Accordingly, appropriate provision has been made in the books of accounts for the current tax and the credit entitlement as available to the entity.

5. The entity has charged depreciation on plant and machinery on Triple Shift on pro-rata basis for the year. Depreciation on fixed assets other than Lease-hold Land is provided at the rate and in the manner provided by schedule XIV to the Companies Act, 1956 under the straight line method in accordance with Accounting Standard 21. Intangible assets have been amortized over the period of 5 years being the estimated useful life of the asset as per management.
6. Borrowing costs are not capitalized during the year as the qualifying assets have been funded from own source of funds instead of borrowed funds. All borrowing costs have been charged to revenue.
7. Pursuant to The Micro, Small & Medium Enterprises Development Act, 2006, (MSMED Act 2006) the name(s) of the supplier(s) to whom the Company owe a sum exceeding ₹1.00 Lac which is outstanding beyond the specified period as on 31 March, 2012 have not been furnished in view of insufficient information from the suppliers regarding their status as MSME unit hence amount overdue to such enterprises as on 31 March, 2012 cannot be ascertained. However, no specific claims have been received for interest from suppliers.
8. Security Deposit with Sales Tax Department includes an amount of ₹60, 000/- as NSCs purchased in the name of one of the Partner of the Entity and pledged with Sales Tax Department, Rudrapur and Ahemdabad.
9. Employees Benefits
  - i) Defined contribution Plans: The company has recognized ₹24,55,992 (Previous Year ₹1654196) related to employer's contribution to Provident Fund in Profit & Loss Account.
  - ii) Post employment benefit plan in the form of gratuity.
    - a) The liability of employee gratuity benefit has been determined by an Actuary for its Rudrapur unit, appointed for the purpose, in conformity with the principle set out in the AS-15 (revised). The details of which are as under:

	Assets / Liability	31 March 2012	31 March 2011
A	Present value of obligation	15,66,761	8,32,540
B	Fair value of plan assets	—	—
C	Net assets / (liability) recognized in balance sheet as provision	(15,66,761)	(8,32,540)
D	Enterprise best estimate of contribution during next year is ₹ NIL		

#### 1. Summary of membership data

	As at	31 March 2012	31 March 2011
a)	Number of employees	54	69
b)	Total Monthly Salary (Lakhs)	8.80	7.41
c)	Average Past Service (Years)	2.94	4.60
d)	Average Age (Years)	35.34	28.28
e)	Average remaining (Years) working life	22.66	29.72

## Actuarial Assumptions

### a) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows which have been agreed by the company:

		31 March 2012	31 March 2011
i)	Discounting Rate	8.50	8.00
ii)	Future salary Increase	6.00	5.50
iii)	Expected Rate of return on plan assets	—	—

### b) Demographic Assumption

		31 March 2012	31 March 2011
i)	Retirement Age (Years)	58	58
ii)	Mortality Table	LIC (1994 - 96)	
iii)	Ages	Withdrawal	Withdrawal
		Rate (%)	Rate (%)
	Up to 30 Years	3.00	3.00
	From 31 to 44 years	2.00	2.00
	Above 44 years	1.00	1.00

## Actuarial Method

- Actuary has used the projected unit credit (PUC) actuarial method to assess the plan's liabilities of exit employees for retirement, death-in-service and withdrawals (Resignations / Terminations).
- Under the PUC method a projected accrued benefit is calculated at the beginning of the period and again at the end of the period for each benefit that will accrue for all active member of the plan. The projected accrued benefit is based on the plan accrual formula and upon service as of the beginning or end of period, but using member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the projected accrued benefits as on the date of valuation.

## Plan Assets

The details of the plan assets are as provided by the entity.

## Scale of Benefits

a)	Salary for calculation of gratuity	Last drawn salary.
b)	Vesting Period	5 years of service.
c)	Benefit on normal retirement	As per the provisions of payment of Gratuity Act 1972 as amended.
d)	Benefit on early retirement / withdrawal / resignation	Same as normal retirement benefit based on service upto the date of exit.
e)	Benefit on death in service	Same as normal retirement benefit based on service upto the date of death & no vesting conditions apply.
f)	Limit	₹10.00 Lakhs.

**Change in present value of obligation**

	31 March 2012
a) Present value of obligation as at the beginning of the period (31 March 2011)	8,32,540
b) Acquisition adjustment	—
c) Interest cost	70,766
d) Past service cost	—
e) Current service cost	4,18,784
f) Curtailment cost/(Credit)	—
g) Settlement cost/(Credit)	—
h) Benefits paid	—
i) Actuarial (gain)/loss on obligation	2,44,671
j) Present value of obligation as at the end of period (31 March 2012)	15,66,761

**Changes in the fair value of plan assets**

	31 March 2012
a) Fair value of plan assets at the beginning of the period	—
b) Acquisition adjustment	—
c) Expected return on plan assets	—
d) Contributions	—
e) Benefits paid	—
f) Actuarial gain/(loss) on plan assets	—
g) Fair value of plan assets at the end of the period	—

**Fair value of plan assets**

	31 March 2012
a) Fair value of plan assets at the beginning of the period	—
b) Acquisition adjustment	—
c) Actual return on plan assets	—
d) Contributions	—
e) Benefits paid	—
f) Fair value of plan assets at the end of the period	—
g) Funded status	(15,66,761)
h) Excess of actual over estimated return on plan assets	—

**Actuarial gain / loss recognized**

	31 March 2012
a) Actuarial gain/(loss) for the period- obligation	(2,44,671)
b) Actuarial (gain)/loss for the period - plan assets	—
c) Total (gain)/loss for the period	2,44,671
d) Actuarial (gain) / loss recognized in the period	2,44,671
e) Unrecognized actuarial (gains) losses at the end of period	—

**The amounts to be recognized in balance sheet and related analysis**

	31 March 2012
a) Present value of obligation as at the end of the period	15,66,761
b) Fair value of plan assets as at the end of the period	—
c) Funded status / Difference	(15,66,761)
d) Excess of actual over estimated	—
e) Unrecognized actuarial (gains)/losses	—
f) Net asset/(liability) recognized in balance sheet	(15,66,761)



### Expense recognized in the statement of profit and loss

	31 March 2012
a) Current service cost	4,18,784
b) Past service cost	—
c) Interest cost	70,766
d) Expected return on plan assets	—
e) Curtailment cost / (Credit)	—
f) Settlement cost / (credit)	—
g) Net actuarial (gain)/ loss recognized in the period	2,44,671
h) Expenses recognized in the statement of profit & loss	7,34,221

### Reconciliation statement of expense in the statement of profit and loss.

	31 March 2012
a) Present value of obligation as at the end of period (31 March 2012)	15,66,761
b) Present value of obligation as at the beginning of the period (31 March 2011)	8,32,540
c) Benefits paid	—
d) Actual return on plan assets	—
e) Acquisition adjustment	—
f) Expenses recognized in the statement of profit & loss	7,34,221

### Amount for the current period.

	31 March 2012
a) Present value of obligation as at the end of period	15,66,761
b) Fair value of plan assets as at the end of the period	—
c) Surplus / Deficit	(15,66,761)
d) Experience adjustment on plan Liabilities (loss) / gain	(2,48,362)
e) Experience adjustment on plan Assets (loss) / gain	—

### Movement in the liability recognized in the balance sheet.

	31 March 2012
a) Opening net liability (31 March 2011)	8,32,540
b) Expense as above	7,34,221
c) Benefits paid	—
d) Actual return on plan assets	—
e) Acquisition adjustment	—
f) Closing net liability (31 March 2012)	15,66,761

### Major categories of plan assets (as percentage of total plan assets)

	31 March 2012
a) Government of India Securities	—
b) State Government securities	—
c) High Quality Corporate Bonds	—
d) Equity Shares of listed companies	—
e) Property	—
f) Special Deposit Scheme	—
g) Funds Managed by Insurer	—
h) Bank Balance (For Gratuity)	—
Total	—

Enterprise best estimate of contribution during next year is ₹ NIL

**Bifurcation of PBO at the end of year as per revised schedule VI to the companies Act.**

	31 March 2012
a) Current liability (Amount due within one year)	1,15,613
b) Non-Current liability (Amount due over one year)	14,51,148
c) Total PBO at the end of year (For the Rudrapur Unit)	15,66,761

- b) The entity has subscribed to Gratuity policy of LIC for its marketing department staff and the insurance premium has duly been paid during the year.

iii) Leave Encashment

Leave encashment is accounted on the basis of actual leaves outstanding to the credit of respective employees at the end of the financial year as per the entity's policy.

10. In compliance with the Accounting Standard –22 relating to “Accounting for Taxes on Income” the deferred tax liability has been provided as per details below:

Particulars	As at 31 March 2012	For the year ended 31 March 2012	As at 31 March 2011
Deferred Tax Liabilities is on account of followings:			
Difference of WDV of Fixed Assets	1,00,21,061	19,38,079	80,82,981
Gross Deferred Tax Liabilities	30,96,507	4,11,543	26,84,964
Less: Deferred Tax Assets:			
Carry Forward Losses	Nil	Nil	Nil
Other Timing Difference	Nil	Nil	Nil
Total	30,96,507	4,11,543	26,84,964

**11. Segment Reporting:**

i) Information about Business Segment (for the year 2011-12)

The company operates in a Single Primary Segment (business segment) i.e. Tapered Leaf Springs / Parabolic Springs.

ii) Secondary Segment (Geographical Segment)

The Company's operating facilities and all other assets are located in India. There is no separate reportable segment as per Accounting Standard 17 for “Segment Reporting” issued by The Institute of Chartered Accountants of India.

12. As required by Accounting Standard – AS 18 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, following are the names and nature of related parties (As identified by the Management) :

A. Company that Control the reporting enterprise	Nature of Association
1. Jamna Auto Industries Ltd.	Major Partner
B. Key Management Personnel and their relatives:	
1. Mr Bhupinder Singh Jauhar	
2. Mr. Randeep Singh Jauhar – Relative of Key Management Personnel	
3. Mr. Pradeep Singh Jauhar- Relative of Key Management Personnel	
4. Mr. A.K. Goyal- ( Managing Partner)	
5. Mr. Shakti Goel- ( Managing Partner)	

- C. Entities over which key management personnel/ their relatives are able to exercise significant influence with which transactions have taken place during the year:

1. Map Auto Ltd.

Transactions with Related Parties.

Name	Nature of Transaction	Volume of transaction during the period ending 31 March 2012 (₹ in lacs)	Receivables / (Payables) as at 31 March 2012 (₹ in lacs)
Mr Bhupinder Singh Jauhar	Remuneration	95.99	(0.95)
Mr Randeep Singh Jauhar	Rent	2.40	(0.18)
	Security Deposit	7.50	7.50
Mr Pradeep Singh Jauhar	Rent	2.40	(0.18)
	Security Deposit	7.50	7.50
Jamna Auto Industries Ltd.	Purchases	14884.09	(2760.22)
	Sales	1.18	
	Fixed Assets Purchased	3.17	
	Job Work Charges	1535.87	
Map Auto Ltd.	Service Charges	280.57	(0.77)
	Loan Given	85.00	Nil
	Interest Received	2.64	
	Fixed Assets Purchased	0.50	

Note: Above figures don't include the re-imbursement of expenses incurred on behalf of the enterprise.

13. Information regarding Import and Other Matters:

	31 March 2012	31 March 2011
A. Value of import calculated at C.I.F basis		
Raw material	—	—
Components and spare parts	—	—
Capital goods	—	—
B. Expenditure in foreign currency (accrual basis)		
Professional fee	—	—
Royalty	—	—
Other (specify nature)	—	—
-	—	—
C. Earning in foreign currency		
Export at F.O.B. value	—	—
Other (specify nature)	—	—
-	—	—
D. Payment to Auditors		
As auditor		
- Audit fee	2,24,720	1,10,300
- Tax audit fee	56,180	55,150
- Limited review fees	99,270	60,665
As other capacity		
- Taxation matter	8,273	—
- Company law matter	—	—
- Management service	—	—
- Other services	7,722	—
Reimbursement of expenses	3,338	—
	3,99,503	2,26,115

**E. Imported and indigenous raw material, components and spare parts consumed:**

CIF Value (In Lacs)	31 March 2012		31 March 2011	
	% of total consumption	Value	% of total consumption	Value
<b>Raw material</b>				
Imported	—	—	—	—
Indigenous	100	20168	100	6963
	100	20168	100	6963
<b>Components</b>				
Imported	—	—	—	—
Indigenous	100	1407	100	540
	100	1407	100	540
<b>Spare parts</b>				
Imported	—	—	—	—
Indigenous	100	173	100	59
	100	173	100	59

14. Previous year's figures have been rearranged and regrouped wherever required. Previous year's figures are for the period from 21 October, 2010 to 31 March, 2011.

As per our report attached.

For **K KHANNA & CO.**  
Chartered Accountants  
Firm Registration No.: 008450N

**KAMAL KHANNA**  
Proprietor  
Membership No.: 086600

**SHAKTI GOYAL**  
Designated Partner

**A.K. GOYAL**  
Designated Partner

**GAUTAM MUKERJEE**  
Jamna Auto Industries Ltd.

Place : New Delhi  
Date : 29 May 2012

# CONSOLIDATED AUDITORS' REPORT

## TO THE BOARD OF DIRECTORS OF JAMNA AUTO INDUSTRIES LIMITED

- 1 We have audited the attached Consolidated Balance Sheet of Jamna Auto Industries Limited (the Company) and Jai Suspensions Systems LLP ('the LLP'), a limited liability partnership in which the Company holds more than 99.99% of controlling interest (collectively referred to as "the Group"), as 31 March, 2012, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement (collectively referred to as 'consolidated financial statements') for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding the LLP. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 We did not audit the financial statements of the LLP, whose financial statements reflect total assets of ₹10,948.96 lakhs ( 17% ) as at 31 March, 2012, total revenue of ₹28,650.78 lakhs (26%) and positive net cash flows amounting to 87.84 lakhs for the year then ended. These financial statements and other financial information have

been audited by other auditor whose report has been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the entity, is based solely on the report of the other auditor.

- 4 We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, as notified by the Companies (Accounting Standards) Rules, 2006.
- 5 Based on our audit as aforesaid, and to the best of our information and according to the explanations given to us, and on consideration of report of the other auditor on the separate financial statements and on the other financial information of the LLP, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India in the case of:
  - (i) the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2012;
  - (ii) the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - (iii) the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **B S R & CO.**  
Chartered Accountants  
Firm Registration No: 101248 W

**ZUBIN SHEKARY**  
Partner  
Membership No: 048814

Place : Bangalore  
Date : 7 June 2012

# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

(ALL AMOUNTS IN RUPEES LAKHS, UNLESS OTHERWISE STATED)

	Note	As at 31 March 2012	As at 31 March 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	4289.77	4277.60
(b) Reserves and surplus	4	11316.80	9157.73
		15606.57	13435.33
<b>2 Share application money pending allotment</b>	3(i)	2.72	0.83
<b>3 Minority Interest</b>		0.12	0.05
<b>4 Non-current liabilities</b>			
(a) Long-term borrowings	5	6846.83	4910.07
(b) Deferred tax liabilities (net)	6	1150.89	255.62
(c) Other long-term liabilities	7	77.27	60.33
(d) Long-term provisions	8	1228.07	1058.33
		9303.06	6284.35
<b>4 Current liabilities</b>			
(a) Short-term borrowings	9	7404.52	7250.77
(b) Trade payables	10	23861.21	21756.85
(c) Other current liabilities	11	5793.04	2936.46
(d) Short-term provisions	8	1252.25	524.52
		38311.02	32468.60
<b>Total</b>		63223.49	52189.16
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	17447.40	15510.64
(ii) Intangible assets	12	1072.95	1840.73
(iii) Capital work-in-progress	12(b)	8853.24	3047.79
		27373.59	20399.16
(b) Non current investments	13	524.99	524.99
(c) Long-term loans and advances	14	4096.37	3870.69
(d) Other non-current assets	15	752.15	544.17
		5373.51	4939.85
<b>2 Current assets</b>			
(a) Inventories	16	13633.61	10662.19
(b) Trade receivables	17	12879.50	13108.75
(c) Cash and bank balances	18	953.30	1153.39
(d) Short-term loans and advances	14	1287.74	906.81
(e) Other current assets	15	1722.24	1019.01
		30476.39	26850.15
<b>Total</b>		63223.49	52189.16
Summary of significant accounting policies	2		

As per our report attached.

For **BSR & CO.**

Chartered Accountants

Firm registration number: 101248W

**ZUBIN SHEKARY**

Partner

Membership No.: 048814

Place : Bangalore

Date : 7 June 2012

For and on behalf of the Board of Directors of

**JAMNA AUTO INDUSTRIES LIMITED**

**P. S. JAUHAR**

COO &  
Executive Director

Place : New Delhi

Date : 7 June 2012

**S. P. S. KOHLI**

President &  
Executive Director

**PRAVEEN LAKHERA**

Company Secretary &  
Head Legal

**SHAKTI GOYAL**

GM-Finance &  
Material





# STATEMENT OF CONSOLIDATED PROFIT AND LOSS AS AT 31 MARCH 2012

(ALL AMOUNTS IN RUPEES LAKHS, UNLESS OTHERWISE STATED)

	Note	As at 31 March 2012	As at 31 March 2011
<b>INCOME</b>			
<b>I Revenue from operations (gross)</b>	19	120427.28	99798.61
Less : Excise duty		8462.05	9473.11
Revenue from operations (net)		111965.23	90325.50
<b>II Other income</b>	20	197.34	174.14
<b>III Total revenue</b>		112162.57	90499.64
<b>IV Expenses</b>			
Cost of materials consumed	21	77888.05	61804.41
Change in inventories of finished goods and work in progress	22	(883.39)	(383.30)
Employee benefit expenses	23	5229.49	4346.19
Other expenses	24	19359.81	13911.05
<b>Total expenses</b>		101593.96	79678.35
<b>V Profit before finance costs, depreciation/amortisation cost and exceptional items</b>		10568.61	10821.29
<b>VI Finance costs</b>	25	1881.64	2170.00
<b>VII Depreciation and amortisation expenses</b>	26	3215.02	3200.71
<b>VIII Profit before exceptional items and tax</b>		5471.95	5450.58
Exceptional expense/ (income)			
Prior period items/ adjustments		349.82	4.74
<b>Profit before tax</b>		5122.13	5445.84
<b>Tax expense</b>			
Current tax		1067.03	899.32
<b>Less : Minimum alternate tax credit entitlement</b>		(1059.00)	(468.43)
Prior year tax adjustment		0.00	25.17
Deferred tax charge		895.27	1269.56
<b>Profit for the year</b>		4218.83	3720.22
Basic earnings per share	28	10.71	9.73
Diluted earnings per share	28	10.64	9.59
Significant accounting policies	2		

As per our report attached.

For **BSR & CO.**

Chartered Accountants

Firm registration number: 101248W

**ZUBIN SHEKARY**

Partner

Membership No.: 048814

Place : Bangalore

Date : 7 June 2012

For and on behalf of the Board of Directors of

**JAMNA AUTO INDUSTRIES LIMITED**

**P. S. JAUHAR**

COO &

Executive Director

Place : New Delhi

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**S. P. S. KOHLI**

President &

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Company Secretary &

Head Legal

**SHAKTI GOYAL**

GM-Finance &

Material

# CONSOLIDATED CASH FLOW STATEMENT

AS AT 31 MARCH 2012  
(ALL AMOUNTS IN RUPEES LAKHS, UNLESS OTHERWISE STATED)

	As at 31 March 2012	As at 31 March 2011
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>5122.14</b>	5445.70
<i>Adjustments for:</i>		
Depreciation	<b>3215.02</b>	3200.71
Loss on sale of fixed assets	<b>55.60</b>	47.34
Finance costs	<b>1857.92</b>	2148.12
Interest income from fixed deposits	<b>(66.26)</b>	(131.03)
Excess provision no longer required written back	<b>(37.58)</b>	–
Provision for doubtful debts	<b>110.00</b>	217.74
Bad debts written off	<b>922.29</b>	94.14
Sundry balance written off	<b>202.96</b>	–
Amortisation of ancilliary cost of arranging the borrowings	<b>23.97</b>	21.34
Exchange loss on mark to market on forward exchange contracts	<b>226.78</b>	–
Unamortised premium on forward contract	<b>(197.00)</b>	–
Minority interest	<b>(0.07)</b>	(0.05)
<b>Operating profit before working capital changes</b>	<b>11435.77</b>	11044.12
<i>Changes in operating assets and liabilities:</i>		
Increase/(decrease) in provisions	<b>13.97</b>	4.49
Increase/(decrease) in trade payables	<b>2141.94</b>	7840.45
Increase/(decrease) in other liabilities	<b>254.93</b>	(266.42)
(Increase)/decrease in trade receivables	<b>(803.04)</b>	(3201.64)
(Increase)/decrease in inventories	<b>(2971.42)</b>	(2749.92)
(Increase)/decrease in other current assets	<b>(520.60)</b>	(979.19)
(Increase)/decrease in long term loans and advances	<b>(599.65)</b>	922.96
<b>Cash generated from operations</b>	<b>8951.90</b>	12614.88
Direct taxes paid	<b>(1807.29)</b>	(185.01)
<b>Net cash generated from operations</b>	<b>7144.61</b>	12429.87
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	<b>(8654.61)</b>	(6291.23)
Proceeds from sale of fixed asset	<b>87.73</b>	16.52
Movement in fixed deposit	<b>(76.30)</b>	865.10
Interest received	<b>44.92</b>	117.50
<b>Net cash used from investing activities</b>	<b>(8598.26)</b>	(5292.12)

		As at 31 March 2012	As at 31 March 2011
<b>C.</b>	<b>Cash flow from financing activities</b>		
	Share application money pending allotment	1.89	0.83
	Issue of share (including share premium)	56.85	2541.53
	Dividend paid (including dividend distribution tax)	(1372.12)	(525.63)
	Proceeds from long term borrowings	6277.49	1891.60
	Repayment from long term borrowings	(1971.98)	(6824.13)
	Short term borrowings (net)	153.76	(1032.99)
	Ancilliary cost of arranging the borrowings	—	(39.05)
	Finance costs	(1828.08)	(2450.23)
	<b>Net cash from financing activities</b>	<b>1317.81</b>	<b>(6438.07)</b>
	<b>Net increase in cash and cash equivalents</b>	<b>(135.84)</b>	<b>699.68</b>
	<b>Opening cash and cash equivalents (excluding unclaimed dividend account)</b>	<b>968.19</b>	<b>268.51</b>
	<b>Closing cash and cash equivalents</b>	<b>832.35</b>	<b>968.19</b>
	<b>Cash and cash equivalent comprises of:</b>		
	Cash in hand	11.06	18.06
	Balances with scheduled banks (excluding unclaimed dividend account)	821.29	950.13
	<b>(Refer note 18 )</b>	<b>832.35</b>	<b>968.19</b>

#### Notes:

- (a) The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard 3 – Cash Flow Statements as specified in the Companies (Accounting Standards) Rules, 2006.

The accompanying notes form an integral part of the financial statements.

As per our report attached.

For **BSR & CO.**

Chartered Accountants

Firm registration number: 101248W

**ZUBIN SHEKARY**

Partner

Membership No.: 048814

Place : Bangalore

Date : 7 June 2012

For and on behalf of the Board of Directors of

**JAMNA AUTO INDUSTRIES LIMITED**

**P. S. JAUHAR**

COO &  
Executive Director

Place : New Delhi

Date : 7 June 2012

**S. P. S. KOHLI**

President &  
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**PRAVEEN LAKHERA**

Company Secretary &  
Head Legal

**SHAKTI GOYAL**

GM-Finance &  
Material

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE

## YEAR ENDED 31 MARCH 2012

(ALL AMOUNTS IN RUPEES LAKHS, UNLESS OTHERWISE STATED)

### NOTE NO: 1 CORPORATE INFORMATION

Jamna Auto Industries Limited (hereinafter referred to as 'the Company' or 'JAI') is a manufacturer of Tapered Leaf and Parabolic springs. The Company's manufacturing facilities are located at Malanpur, Chennai, Yamuna Nagar, Jamshedpur and Lucknow.

### NOTE NO: 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation and consolidation

The Consolidated financial statements are prepared on accrual basis under the historical cost convention, modified to include revaluation of certain assets, in accordance with applicable Accounting Standards (AS) specified in the Companies (Accounting Standards) Rules, 2006 and presentational requirements of the Companies Act, 1956. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period within 12 months for the purposes of classification of assets and liabilities as current and non-current.

The consolidated financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting and comply with the accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the ICAI and other generally accepted accounting principles in India, to the extent applicable

#### Principles of consolidation

- a) The consolidated financial statements relate to the Company and the LLP, both being incorporated in India. The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid down under Accounting Standard 21 on "Consolidated Financial Statements" as specified in the Companies (Accounting Standard) Rules, 2006.
- b) The consolidated financial statements have been prepared on the following basis:
  - i) The consolidated financial statements of the Company have been combined on a line-by-line basis by adding the book values of all items of assets, liabilities, incomes and expenses after eliminating intra-group balances/ transactions and unrealised profits in full. The amount shown in respect of reserves comprises the amount of relevant reserves as per the Balance Sheet of the Company and its shares of the profits in the LLP.
  - ii) Consolidated financial statements are prepared by using uniform accounting policies for like significant transaction and other events in similar circumstances. The financial statements of the LLP are adjusted for the accounting principal and policies followed by the Company.
  - iii) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its separate financial statements.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the result of operations during the year. Differences between actual results and estimates are recognised in the year in which the results are known or materialised. Examples of such estimates are estimated useful life of assets, classification of assets/liabilities as current or non-current in certain circumstances, provision for doubtful receivables and retirement benefits, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### 2.3 Fixed assets

Fixed Assets are stated at cost or at revalued amounts less accumulated depreciation. Cost of fixed assets includes all incidental expenses and interest costs on borrowings, attributable to the acquisition of qualifying assets, upto the date of commissioning of assets.

Foreign currency exchange differences to the extent covered under AS-11 are capitalised as per the policy stated in note 2.11.

### 2.4 Depreciation / amortisation

Leasehold land and cost of leasehold improvements are amortised over the period of lease or their useful lives, whichever is shorter.

Depreciation on other fixed assets is provided using the straight line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

Fixed assets individually costing up to rupees five thousand are depreciated at the rate of 100 percent.

### 2.5 Impairment

The carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as higher of its net selling price and value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, had no impairment loss been recognised.

### 2.6 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss.

### 2.7 Investments

Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost less diminution, other than temporary in value.

### 2.8 Inventories

Stores and spares parts are valued at cost or under, computed on weighted average basis Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Finished goods and work in progress include material cost and appropriate portion of manufacturing and other overheads. Cost is ascertained on a weighted average basis.

### 2.9 Revenue recognition

#### a) Sales of goods

Revenue from sale of products is recognised when the products are delivered against orders from customers in accordance with the contract terms, which coincides with the transfer of risks and rewards. Sales are stated inclusive of excise duty and net of rebates, trade discounts, sales tax and sales returns.

b) Interest income

Interest income is recognised using the time-proportion method, based on interest rates implicit in the transaction.

## 2.10 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating lease. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## 2.11 Foreign exchange transactions and forward contracts

Foreign exchange transactions

- i) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences other than in relation to acquisition of fixed assets and other long term foreign currency monetary liabilities are dealt with in the Statement of Profit and Loss.
- ii) In accordance with Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", exchange differences arising in respect of long term foreign currency monetary items used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance life of asset.
- iii) In case of foreign exchange forward contracts taken for underlying transactions, and covered by Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", the premium or discount is amortised as income or expense over the life of the contract. The exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on the cancellation or renewal of such contracts is recognised as income or expense for the year.

## 2.12 Employee benefits

a) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus, etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

b) Post employment benefit

Defined contribution plan : The Company deposits the contributions for provident fund to the appropriate government authorities and these contributions are recognised in the Statement of Profit and Loss in the financial year to which they relate.  
 Defined benefit plan : The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary, using the Projected unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

c) Other long-term employee benefits

Entitlements to annual leave are recognised when they accrue to employees. Leave entitlements can be availed while in service or en-cashed at the time of retirement/ termination of employment, subject to a restriction on the maximum number of accumulation. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the year end.

## 2.13 Taxation

Income tax expense comprises current tax, deferred tax charge or credit. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognised using the tax rates that



have been enacted or substantively enacted on the balance sheet date. Deferred tax assets are recognised only to the extent where there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date to reassess their realisability. In accordance with the provisions of Section 115JAA of the Income-tax Act, 1961, the Company is allowed to avail credit equal to the excess of Minimum Alternate Tax (MAT) over normal income tax for the assessment year for which MAT is paid. MAT credit so determined can be carried forward for set-off for ten succeeding assessment years from the year in which such credit becomes allowable. MAT credit can be set-off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income-tax Act, 1961 and such tax is in excess of MAT for that year. Accordingly, MAT credit entitlement is recognised only to the extent there is convincing evidence that the Company will pay normal tax during the specified period.

#### **2.14 Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **2.15 Provisions and contingent liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be a outflow of resources embodying economic benefits to settle such obligations and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on the management's estimation of the outflow required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Company. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## NOTE NO: 3 SHARE CAPITAL

	As at 31 March 2012	As at 31 March 2011
<b>AUTHORISED SHARE CAPITAL</b>		
63,886,500 (Previous year 63,886,500) equity shares of ₹10 each	6,388.65	6,388.65
350,000 (Previous year 350,000) 12.50% optionally convertible cumulative preference shares of ₹100 each	350.00	350.00
<b>Total</b>	<b>6,738.65</b>	<b>6,738.65</b>
<b>ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARES</b>		
Subscribed and fully paid (39,382,816 (Previous year 39,261,077) equity shares of ₹10 each)	3,938.28	3,926.11
Subscribed but not fully paid (30,645 (Previous year 30,645) equity shares of ₹10 each, amount called up ₹10 each)	3.06	3.06
Less: Call in arrears (Held by other than directors)	1.52	1.52
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP PREFERENCE SHARES</b>		
350,000 (Previous year 350,000) 12.50% optionally convertible cumulative preference share of ₹100 each	350.00	350.00
	<b>4,289.77</b>	<b>4,277.60</b>

## a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2012		As at 31 March 2011	
Equity shares - Subscribed and fully paid up	Number of shares	Amount (in ₹)	Number of shares	Amount (in ₹)
At the beginning of the year	39,261,077	392,610,770	36,507,927	365,079,270
Add : Fresh allotment of share on account of ESOP (Refer note 31 on employee stock option plan.)	121,739	1,217,390	121,572	1,215,720
Add : Preferential shares issued during the year (refer note 3(h))	—	—	2,631,578	26,315,780
Number of shares at the end of the year	39,382,816	393,828,160	39,261,077	392,610,770
<b>Equity shares - Subscribed but not fully paid up</b>				
Number of shares at the beginning and end of the year	30,645	306,450	30,645	306,450
<b>Preference shares</b>				
Number of shares at the beginning and end of the year	350,000	35,000,000	350,000	35,000,000

## b. Term and rights attached to Equity shares

The Company has only one type of equity share having par value of ₹10 each per share. All shares rank pari passu with respect to dividend, voting rights and other terms. Each shareholder is entitled to one vote per share except, in respect of any share on which any calls or other sums payable have not been paid. The Company pays and declares dividends in Indian ₹. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. During the year, the Company has declared two interim dividends of ₹ 1 per share each (Previous year one interim and final dividend of ₹1 each). The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## c. Terms and rights of preference shares including the terms of conversion/redemption

The preference shares were issued to IFCI Limited pursuant to the debt restructuring scheme entered between erstwhile Jai Parabolic Springs Limited and IFCI Limited in the year ended 31 March 2003. The redemption of preference share capital will be made in two equal instalments of ₹175 each on 1 October 2013 and 1 October 2014. The preference shareholders are not entitled to any voting rights. The preference shares are entitled to dividend as follows-

Date	Amount
30 September 2012	₹100
30 September 2013	₹100
30 September 2014	₹175
30 September 2015	₹156

The Board of Directors have recommended a cumulative preference dividend amounting to ₹432 lakhs relating to the period December 2002 to 31 March, 2012 in the board meeting held on 7 June 2012. The preference dividend for the year ended 31 March, 2012 amounts to ₹43.75 (previous year ₹43.75). The same is subject to the approval of shareholders.

**d. Details of shareholders holding more than 5% shares in the Company**

	As at 31 March 2012		As at 31 March 2011	
	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Equity shares of ₹10 each fully paid</b>				
Clearwater Capital Partners (Cyprus) Limited	9,614,147	24.41%	9,614,147	24.49%
Randeep Investment Private Limited	7,061,390	17.93%	6,983,800	17.79%
Map Auto Limited	4,624,711	11.74%	4,624,711	11.78%
NHK Springs Co; Limited, Japan	2,308,509	5.86%	2,308,509	5.88%
<b>Preference shares of ₹100 each fully paid</b>				
IFCI Limited	350,000	100.00%	350,000	100.00%

**e. Shares reserved for issue under Options and contracts/commitments for the sale of shares/ disinvestment, including the terms and amounts**

The Company provides shares based payment schemes to its employees. During the year ended 31 March 2012, employee stock option schemes were in existence and 853,775 stock options (Previous year: 1,202,857) is eligible to be exercised by the employees as per their vesting and in accordance with the terms of issue of stock option. Refer note 31 on employee stock option plan.

**f. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the balance sheet date**

	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Equity shares (of ₹10 each) allotted pursuant to scheme of amalgamation	—	—	—	—	14,191,048
Preference shares (of ₹100 each) allotted pursuant to the scheme of amalgamation	—	—	—	—	350,000

During the year ended 31 March, 2008 pursuant to the scheme of amalgamation, erstwhile Jai Parabolic Springs Limited and MAP Springs Limited amalgamated with the Company with effect from 1 July 2007. In accordance with the scheme, the Company had issued and allotted:

- 12,395,821 equity shares of face value of ₹10 each fully paid up to the shareholders of erstwhile Jai Parabolic Springs Limited and MAP Springs Limited;
- 1,795,227 equity shares of face value of ₹10 each fully paid up were issued to Clearwater Capital Partners (Cyprus) Limited in lieu of 3,590,455 optionally convertible debentures of ₹72 each held in Jai Parabolic Springs Limited.
- 350,000 Preference shares of ₹100 each fully paid up were issued to IFCI Limited held in erstwhile Jai Parabolic Springs Limited. Also, refer note 3(c).

**g. Forfeited shares (amount originally paid up, included in capital reserve)**

	As at 31 March 2012		As at 31 March 2011	
	Number of shares	Amount	Number of shares	Amount
Equity share capital (28,190 equity shares of ₹10 each, amount called up ₹10 each (Previous year 28,190 equity shares of ₹10 each, amount called up ₹10 each))	28,190	1.45	28,190	1.45
<b>Total</b>	<b>28,190</b>	<b>1.45</b>	<b>28,190</b>	<b>1.45</b>

- h. During the previous year, in the Annual General Meeting held on 7 August 2010, the Company had made preferential allotment of 1,578,947 equity shares of ₹10 each to Clearwaters Capital Partners Singapore Fund III Private Limited and 1,052,631 equity shares of ₹10 each to MAP Auto Limited at a premium of ₹85 per equity share aggregating to equity share capital amounting to ₹263.16 lakhs and share premium amounting to ₹2,236.84 lakhs.

**i. Share application money**

	As at 31 March 2012	As at 31 March 2011
Shares proposed to be issued (in numbers)	5,800	1,625
Fully paid up value of shares	0.58	0.16
Premium on shares proposed to be issued	2.14	0.67

The share application money includes amount received from employees against the employee stock option plan. The Company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money. The share application money pending allotment was received between 23 February 2011 to 14 March 2012 and the corresponding shares have been allotted in the compensation committee meeting held on 30 May 2012.

**NOTE NO: 4 RESERVES AND SURPLUS**

	As at 31 March 2012	As at 31 March 2011
<b>Capital reserve</b> (refer note (a) below)	<b>315.71</b>	<b>315.71</b>
<b>Capital redemption reserve</b>		
Balance as per the last consolidated financial statements	50.00	53.00
Less: Amount transferred to general reserve	—	3.00
	50.00	50.00
<b>Securities premium account</b>		
Balance as per the last consolidated financial statements	14,886.80	12,620.78
Add : Premium on issue of shares (refer note 3(h))	44.69	2,266.02
<b>Closing balance</b>	<b>14,931.49</b>	<b>14,886.80</b>
<b>Amalgamation reserve</b>	<b>1,481.46</b>	<b>1,481.46</b>
<b>General reserve</b>		
Balance as per the last consolidated financial statements	3,707.84	3,462.21
Add : Amount transferred from Capital Redemption Reserve	—	3.00
Add : Amount transferred from the balance in the Consolidated Statement of Profit and Loss	428.41	530.00
Less : Amount transferred to Consolidated Statement of Profit and Loss (refer note no 34)	—	287.37
<b>Closing balance</b>	<b>4,136.25</b>	<b>3,707.84</b>
<b>Surplus/(deficit) in the Consolidated Statement of Profit and Loss</b>		
Balance as per the last consolidated financial statements	(11,284.08)	(13,779.25)
Add: Profit for the year	4,218.83	3,720.22

	As at 31 March 2012	As at 31 March 2011
Less: Appropriations		
Transferred to general reserve	428.41	530.00
Share of retired partners profit in the LLP	—	0.04
Minority interest	0.07	0.05
Interim dividend paid (refer note (b) below)	787.58	392.80
Proposed equity dividend	590.97	392.92
Proposed preference dividend (refer note 3(c))	432.00	
Tax on equity dividend	223.75	196.61
Tax on preference dividend	70.08	
Add : Amount transferred to Consolidated Statement of Profit and Loss (refer note no 34)	—	287.37
<b>Net surplus/(deficit) in the Consolidated Statement of Profit and Loss</b>	<b>(9,598.11)</b>	<b>(11,284.08)</b>
<b>Total Reserves and surplus</b>	<b>11,316.80</b>	<b>9,157.73</b>

- (a) Includes ₹150 representing 10% of the issued price of 2,083,333 convertible warrants as application money received towards the subscription of such warrants by the promoters in erstwhile Jai Parabolic Springs Limited. Such application money was forfeited in accordance with SEBI guidelines on the expiry of 18 months from the date of issue. It includes ₹97 representing application money received towards the subscription of 1,343,210 convertible warrants allotted to MAP Auto Limited. Such application money was forfeited on 27 June 2007.
- (b) Total interim dividend of ₹2 (previous year ₹1) per equity share was declared in the current year ended 31 March 2012.

#### NOTE NO: 5 LONG TERM BORROWINGS

	Non-current portion		Current maturities	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Secured loans				
From Banks				
- Term loans	960.06	1,317.63	751.32	642.27
- Foreign currency term loans	3,525.51	976.08	1,750.00	371.55
- Vehicle loans	32.95	3.84	11.18	21.94
From Others				
- Vehicle loans	32.99	15.26	22.31	12.87
- Term loans	570.00	950.00	380.00	392.00
	5,121.51	3,262.81	2,914.81	1,440.63
Unsecured:				
- Working capital term loan from bank	476.62	—	740.81	—
- Deferred sales tax loan	1,248.70	1,647.26	366.21	212.45
	1,725.32	1,647.26	1,107.02	212.45
Less: Amount disclosed under the head "other current liabilities" (note 11)			(4,021.83)	(1,653.08)
<b>Net amount</b>	<b>6,846.83</b>	<b>4,910.07</b>	<b>—</b>	<b>—</b>

**Nature of Security**  
**Term loan from Banks**

**Terms of repayment and rate of interest**

(A)	<b>ICICI Bank Limited (₹921.06 (previous year ₹1447.36))</b>	
	<p>(a) First pari passu charge on movable assets (other than current assets) of the Malanpur Plant (excluding one parabolic line of value not exceeding 350), Jamshedpur Plant and Yamuna Nagar Plant</p> <p>(b) Second pari passu charge on movable fixed assets at Chennai Plant.</p> <p>(c) Second pari passu charge on the current assets of the Company.</p> <p>(d) First pari passu charge by way of equitable mortgage in respect of the immovable properties located at Yamuna Nagar, Malanpur and Jamshedpur Plants.</p> <p>(e) Second pari passu charge in respect of the immovable properties located at Chennai Plant.</p> <p>(f) Personal Guarantees of Mr. R. S. Jauhar, CEO &amp; Executive Director and Mr. P. S. Jauhar, COO &amp; Executive Director. (Refer Note 27 on related party)</p> <p>(g) Pledge of 1.52 lakhs shares of the promoters/promoter group to be shared on pari passu basis with other participating banks/institutions. (Refer Note 27 on related party)</p>	<p>Repayment terms: 19 equal quarterly instalments of ₹131.57 each commencing from 12 months from the date of first disbursement i.e. 30 June 2008.</p> <p>Rate of interest: The rate of interest shall be 2.55% per annum below the sum of ICICI Bank Benchmark advance rate ('IBAR') and six months term premia. The same shall be reset at the end of every six months from the date of disbursement based on prevailing IBAR as on the reset date. The rate of interest varies from 13.30% to 16.31%.</p>
(B)	<b>ICICI Bank Limited (₹787.50 (previous year ₹500.00))</b>	
	<p>(a) First pari passu charge with the other lenders on the movable fixed assets of the Company except the Chennai Plant and on any asset exclusively charged to other lenders.</p> <p>(b) First pari passu charge by way of equitable mortgage on immovable properties situated at Yamuna Nagar, Malanpur and Jharkhand Plants.</p> <p>(c) Second pari passu charge with other lenders on the immovable properties of Chennai Plant</p> <p>(d) Second pari passu charge with other lenders on the current assets of the Company.</p> <p>(e) Personal guarantees of Mr. R. S. Jauhar, CEO &amp; Executive Director and Mr. P. S. Jauhar, COO &amp; Executive Director. (Refer Note 27 on related party)</p>	<p>Repayment terms: 16 equal quarterly instalments of ₹56.25 each commencing from 12 months from the date of first disbursement i.e. November 2011.</p> <p>Rate of interest: Rate of interest shall be sum of I-base and spread of 4.3% per annum, subject to minimum rate of I-base p.a. The rate of interest varies from 14.75% to 16.61%</p>



<b>(C)</b>	<b>State Bank of India (₹5,278.33 (previous year ₹1,360.17))</b> <b>Term loan from banks</b>	<b>Capex term loan from State Bank of India</b>
	<p>(i) Capex loan (₹2.20 (previous year ₹12.52))</p> <p>(ii) Working capital loan (₹0.62 (previous year nil))</p> <p>(a) First pari passu charge with the other lenders on the fixed assets of the Company except the Chennai Plant and on any asset exclusively charged to other lenders.</p> <p>(b) Second pari passu charge with other lenders on the fixed assets of Chennai Plant</p> <p>(c) Second pari passu charge with other lenders on the current assets of the Company.</p> <p>(d) Personal Guarantees of Mr. R. S. Jauhar, CEO &amp; Executive Director and Mr. P. S. Jauhar, COO &amp; Executive Director. (Refer Note 27 on related party)</p> <p><b>Foreign currency term loan from banks</b></p> <p>Foreign currency term loans (₹5,275.51 (previous year ₹1,347.63)) (Includes ₹2,276.13 of capex loan converted and ₹2,999.38 of corporate loan converted into foreign currency loan in accordance with the terms and conditions of the loan agreement)</p>	<p>16 equal quarterly instalments of ₹187.5 commencing from the end of moratorium period. Rate of interest: 5.25% above the base rate. The interest rate ranges from 14.75% to 15.25%.</p> <p><b>Working capital term loan from State Bank of India</b></p> <p>10 quarterly instalments, whereby first eight of ₹250 and next two of ₹500 each. Rate of interest: 4% above the base rate i.e. 14%.</p> <p><b>Foreign currency term loans (FCNR)</b></p> <p>The capex term loan and the working capital loan are fully convertible into foreign currency term loans. The repayment terms of the FCNR is in line with the terms of the respective loans of capex and working capital loans as detailed below. The interest is 6.5% to 7.25% above the six months LIBOR. The interest rate ranges from 7.50% to 8.02%.</p>

**(D) Working capital term loan (₹1,217.43 (Previous year : Nil))**

The working capital term loan from Kotak Mahindra Bank is an unsecured facility and shall be repaid in 24 equal instalments of ₹70.96 and 25th instalment of ₹71.05. The instalment is inclusive of interest @ 12.5% per annum.

**Term Loan from others**

<b>(E)</b>	<b>IFCI Limited (₹950.00 (previous year ₹1342.00))</b> <p>(a) First pari passu charge on the immovable properties of the Chennai Plant.</p> <p>(b) First pari passu charge on the whole of the movable including movable plant and machinery and other movable assets (except book debts) situated at Company's plant at Chennai.</p> <p>(c) Second pari passu charge on the immovable properties of the Company at Yamuna Nagar, Jharkhand and Malanpur Plants.</p> <p>(d) Second pari passu charge on the movable properties of the Company at Yamuna Nagar, Jharkhand and Malanpur Plants.</p> <p>(e) Personal Guarantees of Mr. B. S. Jauhar, Chairman and Mr. P. S. Jauhar, COO &amp; Executive Director. (Refer Note 27 on related party)</p>	<p>Repayment terms: The quarterly repayment has commenced from 1 April 2011 payable in 7 quarterly instalments of ₹98.00 and 4 quarterly instalments of ₹141.00 and 2 quarterly instalments of ₹144.00.</p> <p>Rate of interest: The rate of interest is 20% post 1 October 2010.</p>
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**(F) Deferred sales tax loan (₹1,614.91 (previous year ₹1,859.71))**

As per the eligibility certificate issued, the Company is eligible for waiver of deferred sales tax repayable over the period from 1 March 2010 to 28 February 2019 and is unsecured and interest free.

**(G) Vehicle loans (₹99.43 (previous year ₹53.91))**

Vehicle loans are secured by the hypothecation of specific vehicles. The loans are repayable in equated monthly instalments in accordance with terms and conditions of bank. The period of loan ranges from 3 to 5 years.

**NOTE NO: 6 DEFERRED TAX LIABILITIES (NET)**

	As at 31 March 2012	As at 31 March 2011
Deferred tax liability		
Impact of depreciation/ amortisation allowed as per the books of accounts and allowed as per the Income Tax Act, 1961	1,753.29	2,113.91
<b>Less : Deferred tax assets</b>		
Brought forward losses as per tax laws	546.55	1,858.29
Effect of expenditure debited to statement of profit and loss account in the current/ earlier years but allowable for tax purposes in the following years	55.85	—
<b>Total</b>	<b>1,150.89</b>	<b>255.62</b>

**NOTE NO: 7 OTHER LONG TERM LIABILITIES**

	As at 31 March 2012	As at 31 March 2011
Security deposit	77.27	60.33
	<b>77.27</b>	<b>60.33</b>

**NOTE NO: 8 PROVISIONS**

	Long term		Short term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
<b>Provision for employees benefits</b>				
Provision for leave encashment	68.82	75.19	53.31	59.63
Provision for gratuity (refer note 32)	92.61	67.74	10.02	8.23
	<b>161.43</b>	<b>142.93</b>	<b>63.33</b>	<b>67.86</b>
<b>Other provisions</b>				
Provision for proposed equity dividend	—	—	590.97	392.92
Provision for proposed preference dividend (refer note 3(c))			432.00	
Tax on proposed equity dividend	—	—	95.87	63.74
Tax on proposed preference dividend			70.08	
Provision for income tax	1,066.64	915.40	—	—
	<b>1,066.64</b>	<b>915.40</b>	<b>1,188.92</b>	<b>456.66</b>
<b>Total</b>	<b>1,228.07</b>	<b>1,058.33</b>	<b>1,252.25</b>	<b>524.52</b>

## NOTE NO: 9 SHORT TERM BORROWINGS

	As at 31 March 2012	As at 31 March 2011
Loan repayable on demand		
Cash Credit Borrowings *	6.01	—
Buyer's credit from bank #	794.35	713.90
Bill discounting facility from banks ^	6,604.16	6,536.87
	7,404.52	7,250.77
<b>Total above amount includes</b>		
Secured borrowings * #	800.36	713.90
Unsecured borrowings ^	6,604.16	6,536.87
	7,404.52	7,250.77

\* Loan is secured against

- exclusive charge on the movable fixed assets and current assets of the Jai Suspension Systems LLP

- personal guarantee of Mr. R. S. Jauhar, CEO & Executive Director and Mr. P. S. Jauhar, COO & Executive Director. (Refer Note 27 on related party)

# Buyer's credit is a part of term loan facility from ICICI Bank Limited. For details of security, refer note 5(B) on security related to term loans from banks

The Company has not availed any fund based working capital facility from the consortium limits. The details of security are as follows-

### Working capital

- First pari passu charge by way of hypothecation on the current assets (inventory, spares (not relating to plant and machinery), bills receivable and book debts) of the Company.
- Second pari passu charge on the immovable fixed assets of the Company and other movable fixed assets of the borrower.
- Personal guarantees of Mr. R. S. Jauhar, CEO & Executive Director and Mr. P. S. Jauhar, COO & Executive Director.
- First pari passu charge on 15 lakhs shares of the Company held by Promoters/Promoters group given as collateral securities for working capital. (Refer Note 27 on related party)

## NOTE NO: 10 TRADE PAYABLES

	As at 31 March 2012	As at 31 March 2011
Trade payables (including acceptances) (Refer to note (a) below)	23,861.21	21,756.85

## NOTE NO: 11 OTHERS CURRENT LIABILITIES

	As at 31 March 2012	As at 31 March 2011
Current maturities of long-term borrowing (Refer note 5)	4,021.83	1,653.08
Provision for mark to market forward exchange contracts	226.78	–
Interest accrued and not due on borrowings	39.74	9.90
Unclaimed dividends	74.45	19.02
<b>Other payables</b>		
Creditors towards fixed assets (Refer to note (a) below)	276.96	339.17
Statutory dues payable	738.35	410.78
Salaries, wages and bonus payable	217.63	264.13
Expenses payable	197.30	240.38
<b>Total</b>	<b>5,793.04</b>	<b>2,936.46</b>

**Note (a) : Details of dues to micro and small enterprises defined under the MSMED Act, 2006**

Based on the information presently available with the Company, there are no dues outstanding to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

**NOTE NO: 12 (A) FIXED ASSETS**

**AS AT 31 MARCH 2012**

Particulars	Gross block			Accumulated depreciation				Net block	
	As at 1 April 2011	Additions during the year (refer note 12 (a) (iii))	Disposals	As at 31 March 2012	As at 1 April 2011	Depreciation/ Amortisation charged for the year	Sales / adjustments during the year	As at 31 March 2012	As at 31 March 2011
Tangible fixed assets									
Freehold land	755.02	627.38	–	1382.40	–	–	–	1382.40	755.02
Leasehold land	81.23	–	–	81.23	–	14.48	–	66.75	81.23
Factory building	3890.97	777.66	–	4668.63	945.92	122.33	–	3600.38	2945.05
Office building	53.85	8.61	–	62.46	1.91	0.91	–	59.64	51.94
Plant and machinery	21376.46	2651.64	202.20	23825.90	10261.63	2068.33	73.03	12256.93	11114.83
Furniture and fixtures	139.89	76.64	–	216.53	90.73	12.27	–	103.00	49.16
Vehicles	422.91	185.00	51.32	556.59	184.41	41.09	38.08	369.17	238.50
Office equipment	319.60	25.77	2.00	343.37	145.63	15.88	1.76	183.62	173.97
Computer hardware	402.14	34.72	2.88	433.98	301.20	32.04	2.20	102.94	100.94
Total	27442.07	4387.42	258.40	31571.09	11931.43	2307.33	115.07	17447.40	15510.64
Intangible fixed assets									
Goodwill	921.02	–	–	921.02	826.42	94.60	–	921.02	94.60
Computer Software	265.69	139.91	–	405.60	95.80	57.90	–	251.90	169.89
Copyrights (Refer note 12 (a) (i))	3497.58	–	–	3497.58	1921.34	755.19	–	821.05	1576.24
Total	4684.29	139.91	–	4824.20	2843.56	907.69	–	1072.95	1840.73
Grand Total	32126.36	4527.33	258.40	36395.29	14774.99	3215.02	115.07	18520.35	17351.37

AS AT 31 MARCH 2011

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2010	Additions during the year	Disposals	As at 31 March 2011	As at 1 April 2010	Depreciation/ Amortisation charged for the year	Sales/ adjustments during the year	As at 31 March 2011	As at 31 March 2010
Tangible fixed assets									
Freehold land	731.85	23.17	—	755.02	—	—	—	755.02	731.85
Leasehold land	81.23	—	—	81.23	—	—	—	81.23	81.23
Factory building	3502.53	388.44	—	3890.97	842.50	103.42	—	2945.05	2660.03
Office building	38.67	15.18	—	53.85	1.26	0.65	—	51.94	37.41
Plant & Machinery	18759.23	2870.53	253.30	21376.46	8525.39	1908.31	172.07	11114.83	10233.84
Furniture & Fixtures	123.80	16.09	—	139.89	78.85	11.88	—	49.16	44.95
Vehicles	411.97	56.76	45.82	422.91	211.66	31.54	58.79	238.50	200.31
Office Equipment	293.02	26.76	0.18	319.60	127.58	18.18	0.13	173.97	165.44
Computer	358.93	43.21	—	402.14	275.60	30.05	4.45	100.94	83.33
Total	24301.23	3440.14	299.30	27442.07	10062.84	2104.03	235.44	15510.64	14238.39
Intangible fixed assets									
Goodwill	921.02	—	—	921.02	731.82	94.60	—	94.60	189.20
Software	215.55	50.14	—	265.69	44.01	51.79	—	169.89	171.54
Copyrights (Refer note 12 (a) (i))	3497.58	—	—	3497.58	971.05	950.29	—	1576.24	2526.53
Total	4634.15	50.14	—	4684.29	1746.88	1096.68	—	1840.73	2887.27
Grand Total	28935.38	3490.28	299.30	32126.36	11809.72	3200.71	235.44	17351.37	17125.66

Notes

- (i) During the year ended 31 March, 2012, the management had re-assessed the classification of expenditure incurred in earlier years on development of design and prototypes for which the Company has obtained copyrights amounting to ₹3,497.58 (previous year: ₹3,497.58) (net of accumulated depreciation as at 31 March 2011: ₹1,921.34 (previous year ₹971.05)) and has correctly reclassified the same as part of Intangible Assets. Consequently, the amortisation charge of ₹755.19 (previous year ₹950.29) for the year ended 31 March 2012 has been included in depreciation. Such expenses were previously classified under deferred revenue expenditure.
- (ii) Additions include directly attributable borrowing cost capitalised amounting to ₹62.05 for factory building (Previous year nil) and ₹288.94 for plant and machinery (previous year ₹454.10).

**Note 12 (b): Capitalization of expenditure**

During the year, the Company has capitalised the following expenses of revenue nature to Capital Work in Progress. Consequently, expenses disclosed under the respective notes are net of the amounts capitalised by the Company

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Finance cost	803.74	70.98
Salary, wages and bonus	240.85	327.66
Consumption of stores and consumables	253.28	65.38
Others expenses	320.62	178.04
<b>Total</b>	<b>1,618.49</b>	<b>642.06</b>



#### NOTE NO: 13 NON CURRENT INVESTMENTS

	As at 31 March 2012	As at 31 March 2011
Non-trade investments (valued at cost)		
Investment in equity instruments (unquoted)		
5,249,920 (previous year: 5,249,920) equity share of ₹10 each fully paid-up in NHK Spring Company India Limited	524.99	524.99
<b>Total</b>	<b>524.99</b>	<b>524.99</b>

#### NOTE NO: 14 LOAN AND ADVANCES (UNSECURED, CONSIDERED GOOD)

	Non-current assets		Current assets	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Capital advances	784.54	2,524.90	—	—
Security deposits	200.50	170.94	4.06	24.65
Other loans and advances :-				
Advances income tax	1,436.65	545.36	—	—
Minimum alternate tax credit	1,668.00	609.00	—	—
Prepaid expenses	0.44	—	41.24	29.89
Advance to employees	—	—	53.82	36.78
Balance with sales tax authorities	2.77	6.64	36.28	—
Balance with excise authorities	—	—	713.05	437.69
Other recoverable in cash or kind	3.47	13.85	26.76	52.66
Advance to suppliers	—	—	412.53	325.14
	3,111.33	1,174.85	1,283.68	882.16
<b>Total</b>	<b>4,096.37</b>	<b>3,870.69</b>	<b>1,287.74</b>	<b>906.81</b>

#### NOTE NO: 15 OTHER ASSETS

	Non-current assets		Current assets	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Non current bank balances (Refer note 18)	563.33	367.35	—	—
Unamortised expenditure				
Unamortised premium on forward contract	—	—	197.00	—
Ancillary cost of arranging the borrowings	153.95	164.06	25.45	39.05
	153.95	164.06	222.45	39.05
Others				
Interest accrued on fixed deposits	34.87	12.76	—	0.77
Unbilled Revenue	—	—	1,499.79	979.19
	34.87	12.76	1,499.79	979.96
<b>Total</b>	<b>752.15</b>	<b>544.17</b>	<b>1,722.24</b>	<b>1,019.01</b>

## NOTE NO: 16 INVENTORIES

	As at 31 March 2012	As at 31 March 2011
Raw material [includes goods in transit: ₹295.13 (previous year: ₹242.79)]	5,047.26	4,767.44
Work-in-progress	3,209.43	2,312.07
Finished goods [includes goods in transit ₹1,059.73 (Previous year: ₹62.67)]	5,150.88	3,354.38
Stores and Spares	217.92	205.55
Scrap	8.12	22.75
<b>Total</b>	<b>13,633.61</b>	<b>10,662.19</b>

## NOTE NO: 17 TRADE RECEIVABLES (CONSIDERED GOOD, UNLESS OTHERWISE STATED)

	As at 31 March 2012	As at 31 March 2011
- Outstanding over six months		
Unsecured, considered good	293.02	1,458.28
Unsecured, considered doubtful	110.00	217.74
	403.02	1,676.02
Less: Provision for doubtful debts	(110.00)	(217.74)
- Other receivables	12,586.48	11,650.47
<b>Total</b>	<b>12,879.50</b>	<b>13,108.75</b>

## NOTE NO: 18 CASH AND BANK BALANCES

	Non-current assets		Current assets	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
<b>Cash and cash equivalents</b>				
<b>Balance with banks</b>				
On current account	—	—	798.58	950.12
Cheques/Drafts in hand	—	—	22.71	0.01
Cash on hand	—	—	11.06	18.06
	—	—	832.35	968.19
<b>Other bank balances</b>				
Deposits with bank with more than 12 months	4.90	4.90	—	—
Deposits with bank with more than 3 months and less than 12 months	—	—	—	115.00
On unclaimed dividend account	—	—	74.45	19.02
Margin money deposits	558.43	362.45	46.50	51.18
	563.33	367.35	120.95	185.20
Amount disclosed under non current assets (Refer note 15)	(563.33)	(367.35)	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>953.30</b>	<b>1,153.39</b>

#### NOTE NO: 19 REVENUE FROM OPERATIONS

	For the year ended 31 March 2012	For the year ended 31 March 2011
Sale of products - finished goods (Refer to note 33) (#)	118,023.61	97,957.77
Other operating revenue - Scrap sale	2,403.67	1,840.84
<b>Revenue from operations (gross)</b>	<b>120,427.28</b>	<b>99,798.61</b>
Less : Excise duty	8,462.05	9,473.11
<b>Revenue from operations (net)</b>	<b>111,965.23</b>	<b>90,325.50</b>
# Detail of product sold		
Conventional leaf springs	107,477.77	91,394.46
Parabolic leaf springs	10,545.84	6,563.31
<b>Total</b>	<b>118,023.61</b>	<b>97,957.77</b>

#### NOTE NO: 20 OTHER INCOME

	For the year ended 31 March 2012	For the year ended 31 March 2011
Interest income on Bank deposits	66.26	131.02
Excess provision written back	37.58	—
Miscellaneous non operating scrap sales	93.50	43.12
<b>Total</b>	<b>197.34</b>	<b>174.14</b>

#### NOTE NO: 21 COST OF MATERIALS CONSUMED

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>A. Cost of materials consumed</b>		
Inventory at the beginning of the year	4,767.44	3,366.49
Add : Purchases	78,167.87	63,205.36
	82,935.31	66,571.85
Less : Inventory at the end of the year	5,047.26	4,767.44
Cost of materials consumed	77,888.05	61,804.41
<b>Detail of materials consumed</b>		
Steel Flat	72,673.03	57,025.25
Bushes	2,322.64	2,193.14
Clamps	2,892.38	2,586.02
<b>TOTAL</b>	<b>77,888.05</b>	<b>61,804.41</b>
<b>Detail of inventory</b>		
<b>Raw material and components</b>		
Steel flats	4,208.43	3,823.26
Bushes	733.82	782.02
Clamps	105.01	162.16
<b>Total</b>	<b>5,047.26</b>	<b>4,767.44</b>

**NOTE NO: 22 CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE**

	For the year ended 31 March 2012	For the year ended 31 March 2011
Inventories at the end of year		
- Finished goods	5,150.88	3,354.38
- Work in progress	3,209.43	2,312.07
- Scrap	8.12	22.75
<b>Total</b>	<b>8,368.43</b>	<b>5,689.20</b>
Inventories at the beginning of year		
- Finished goods	3,354.38	3,087.32
- Work in progress	2,312.07	2,182.60
- Scrap	22.75	35.98
<b>Total</b>	<b>5,689.20</b>	<b>5,305.90</b>
<b>Decrease/ (increase) during the year before adjustment</b>	<b>(2,679.23)</b>	<b>(383.30)</b>
Adjustment to decrease/ (increase) during the year (Refer note 33)	1,795.84	–
<b>Decrease/ (increase) during the year</b>	<b>(883.39)</b>	<b>(383.30)</b>
<b>Detail of inventory</b>		
<b>Finished goods</b>		
Conventional leaf springs	4,778.46	3,162.02
Parabolic leaf springs	372.42	192.36
<b>Total</b>	<b>5,150.88</b>	<b>3,354.38</b>
<b>Work-in-progress</b>		
Conventional leaf springs	2,862.10	2,132.58
Parabolic leaf springs	347.33	179.49
<b>Total</b>	<b>3,209.43</b>	<b>2,312.07</b>

**NOTE NO: 23 EMPLOYEE BENEFIT EXPENSE**

	For the year ended 31 March 2012	For the year ended 31 March 2011
Salaries, wages and bonus	4,733.09	3,909.69
Contribution to provident and other funds	235.75	216.87
Staff welfare expenses	260.65	219.63
<b>Total</b>	<b>5,229.49</b>	<b>4,346.19</b>

**NOTE NO: 24 OTHER EXPENSES**

	For the year ended 31 March 2012	For the year ended 31 March 2011
Consumption of stores and spare parts	3,627.01	3,372.56
Power and fuel	7,963.00	5,614.25
Job charges	577.95	108.78
Increase/(decrease) in excise on stocks of finished goods	153.65	(11.70)
Rent (Refer Note 29)	201.78	77.00
Repairs to buildings	57.40	39.65
Repairs to machinery	149.57	–
Repair to others	86.62	96.65
Rates and taxes, excluding taxes on income	46.73	67.84

	For the year ended 31 March 2012		For the year ended 31 March 2011	
Travelling and conveyance		297.29		251.39
Legal and professional fees		301.54		292.13
Loss on sale of assets		55.60		47.34
Sundry balance written off		202.96		–
Bad debts written off		922.29		94.14
Provision for doubtful debts	217.74	–		
Less: Adjusted against bad debts written off	(217.74)	–		
Add: Provision recognised during the year	110.00	110.00	217.74	217.74
Freight forwarding and packing		1,878.13		2,138.79
Sales promotion & advertisement		559.37		390.13
Selling expenses		1,499.65		698.78
Donation		17.93		–
Exchange fluctuation loss		169.85		39.79
Miscellaneous expenses		481.49		375.79
<b>Total</b>		<b>19,359.81</b>		<b>13,911.05</b>

#### NOTE NO: 25 FINANCE COSTS

	For the year ended 31 March 2012	For the year ended 31 March 2011
Interest	772.93	1,085.83
Bank Charges	1.15	0.05
Interest Others	46.71	0.27
Other borrowing cost	1,060.85	1,083.85
<b>Total</b>	<b>1,881.64</b>	<b>2,170.00</b>

#### NOTE NO: 26 DEPRECIATION AND AMORTISATION EXPENSES

	For the year ended 31 March 2012	For the year ended 31 March 2011
Depreciation on tangible assets	2,307.33	2,104.03
Amortisation on intangible assets	907.69	1,096.68
<b>Total</b>	<b>3,215.02</b>	<b>3,200.71</b>

# (Also, refer note 12(a))

#### NOTE NO: 27 RELATED PARTY DISCLOSURES

##### List of related parties

##### Key Managerial personnel and their relatives

Mr. B.S. Jauhar	Key Managerial personnel
Mr. R.S. Jauhar	Key Managerial personnel
Mr. P.S. Jauhar	Key Managerial personnel
Mr. S.P.S. Kohli	Key Managerial personnel
Mrs. Khem Kaur	Relative of Key Managerial personnel
Mrs. Sonia Jauhar	Relative of Key Managerial personnel
Mrs. Kiran Chadha	Relative of Key Managerial personnel

**Entities over which key managerial personnel/ their relatives are able to exercise significant influence**

Jamna Agro Implements Private Limited	Mrs. Khem Kaur
S.W. Farms Private Limited	Mr. R.S. Jauhar
Map Auto Limited	Mr. B.S. Jauhar
Winthrop Marketing	Mr. S.P.S. Kohli

**a) Transactions with related parties**

Transactions during the year	For the Year ended 31 March 2012	For the Year ended 31 March 2011
<b>Services rendered (Job Work)</b>		
Jamna Agro Implements Private Limited	77.73	95.91
<b>Services received</b>		
MAP Auto Limited - Freight and forwarding	1,446.71	1,395.92
Winthrop Marketing - Commission	13.02	11.32
<b>Purchase of Fixed Assets</b>		
MAP Auto Limited	0.50	2.26
<b>Loan Given</b>		
MAP Auto Limited	85.00	—
<b>Interest received on Loan</b>		
MAP Auto Limited	2.64	—
<b>Managerial Remuneration</b>		
Mr. R.S. Jauhar	104.70	97.56
Mr. P.S. Jauhar	83.76	91.91
Mr. S.P.S.Kohli	44.25	57.81
Mr. B.S. Jauhar	95.99	81.94
<b>Remuneration to others</b>		
Mrs. Kiran Chadha	18.15	18.59
<b>Rent</b>		
Mr. P.S. Jauhar	15.71	12.00
Mrs. Sonia Jauhar	25.21	10.00
S.W. Farms Pvt. Limited	15.97	14.40
MAP Auto Limited	1.86	2.66
Mr. R.S. Jauhar	2.40	—
<b>Security Deposit Given</b>		
Mr. P.S. Jauhar	7.50	—
Mr. R.S. Jauhar	7.50	—
<b>Guarantee and collaterals</b>		
Personal gurantees given by promoters		
Mr. R. S. Jauhar	6,000.00	—
Mr. P. S. Jauhar	6,000.00	—

**b) Balances with related parties:**

Outstanding balances as at year end	As at 31 March 2012	As at 31 March 2011
<b>Accounts receivables from related parties:</b>		
MAP Auto Limited	—	2.53
Mr. B.S. Jauhar	7.50	—
Mr. R.S. Jauhar	7.50	—
<b>Accounts payable to related parties:</b>		
MAP Auto Limited - Freight	96.97	196.03

Outstanding balances as at year end	As at 31 March 2012	As at 31 March 2011
Jamna Agro Implements Private Limited	26.53	18.94
Winthrop Marketing	1.04	0.95
Mr. B.S. Jauhar	0.95	–
Mr. R.S. Jauhar	0.18	–
<b>Guarantee and collaterals</b>		
Personal guarantee given by promoters		
Mr. B. S. Jauhar	3,932	11,732
Mr. R. S. Jauhar	15,800	9,800
Mr. P. S. Jauhar	19,732	13,732
<b>Pledge of shares by promoters</b>		
Mr. B. S. Jauhar	34,224	607,502
B.S. Jauhar (HUF)	8,600	22,050
Mrs. Khem Kaur	–	158,752
Mr. R. S. Jauhar	387,740	545,224
S. W. Farms Private Limited	340,000	482,453
Randeep Investment Private Limited	881,610	4,334,322
Pradeep Holdings Private Limited	–	87,798
Mr. P. S. Jauhar	–	1,462,897

#### NOTE NO: 28 EARNING PER SHARE

Earning per share	For the year ended 31 March 2012	For the year ended 31 March 2011
Net profit after tax	4,218.83	3,720.22
Less: Dividend on 12.5% optionally convertible cumulative preference shares for the year ended 31 March 2012 (including tax thereon)	50.85	50.85
Net profit for the period attributable to equity shares (rupees in lacs)	4,167.99	3,669.37
Weighted average number of equity shares during the period in calculating basic EPS	39,390,460	38,217,010
Add: Stock options granted under ESOP	243,736	589,841
Weighted average number of equity shares during the period in calculating diluted EPS	39,634,196	38,806,851
Basic EPS after tax	10.71	9.73
Diluted EPS after tax	10.64	9.59

#### NOTE NO: 29 OBLIGATION ON LONG TERM NON-CANCELLABLE OPERATING LEASE

The Company has taken Lucknow plant space on operating lease. The lease rentals charged during the year in respect of cancellable and non cancellable operating leases and maximum obligations on long term non-cancellable operating lease payable as per the rentals stated in the agreement are as follows:

	For the year ended 31 March 2012	For the year ended 31 March 2011
Lease Rental Expense	201.78	77.00

Total future minimum lease rental payable	As at 31 March 2012	As at 31 March 2011
Within one year	25.74	24.51
Later than one year and not later than five years	14.31	40.05
Later than five years	–	–
<b>Total</b>	<b>40.05</b>	<b>64.56</b>



**NOTE NO: 30 SEGMENT INFORMATION****(a) Information about primary business segment**

The Company recognises 'Parabolic/ Tapered Leaf Spring' as its only primary segment since its operations consist of manufacturing of these products and related activities. Accordingly, 'Parabolic/ Tapered Leaf Spring' segment is the only segment comprising the primary basis of segmental information set out in these financial statements.

**(b) Information on secondary/ geographical segment**

The Company sells its products to various manufacturers within the country and also exports to other companies. Considering the size and proportion of exports to local sales, the Company considers sales made within the country and exports as two geographical segments. Information of geographical segment is based on the geographical location of the customers.

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Segment Revenue</b>		
Domestic	119,947.42	98,833.76
Overseas	479.86	964.85
<b>Total</b>	<b>120,427.28</b>	<b>99,798.61</b>

Segment Debtors	As at 31 March 2012	As at 31 March 2011
Domestic	12,791.20	12,874.36
Overseas	88.30	234.39
<b>Total</b>	<b>12,879.50</b>	<b>13,108.75</b>
Addition to fixed assets #		
Domestic	6,974.43	4,384.61
<b>Total</b>	<b>6,974.43</b>	<b>4,384.61</b>

# The Company has common assets for producing goods for domestic market and overseas markets. Hence, separate figures for other assets/ additions to other assets cannot be furnished.

**NOTE NO: 31 SHARE BASED COMPENSATION**

(A) The Company has issued stock options to its employees in accordance with the Company's Employee Stock Option Scheme 2006 and 2008. Both the Schemes are administered by the Compensation Committee constituted pursuant to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. All the permanent employees of the Company and the subsidiaries, including Directors but excluding promoters of the Company are eligible to participate in the schemes. The Committee grants stock options to the employees at its discretion depending upon criteria such as role/ designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Committee.

The stock option shall vest proportionately over the period of five years from the date of grant in the ratio of 15% for the first year, 20% for second to fourth year and 25% for the fifth year. The options would be granted at the exercise price that is equivalent to the prevailing market price at the time of grant. The exercise price, in cash, is paid by the employee at the time of exercise of the stock option. The option lapses if not exercised within a period of 3 years from the date of vesting of option. The lapsed option is available for being re-granted/ re-issue at a future date. The maximum number of options that may be granted to any specific employee is upto 0.5 % of the issued capital of the Company.

ESOP Scheme	Date of approval by shareholders	Number of options approved
ESOP Scheme-2006	25 January 2007	314000
ESOP Scheme-2008	1 July 2008	Not more than 5% of the paid up equity share capital of the Company as on 31 March 2012

Following stock options have been granted upto 31 March 2012:

Date of Grant	Number of options granted	Exercise Price
<b>ESOP Scheme-2006</b>		
25 January 2007	257,000	₹30.62
25 August 2007	57,000	₹44.20
<b>ESOP Scheme-2008</b>		
8 February 2008	867,461	₹54.95
5 August 2010	361,250	₹120.65

**(B) Summary of stock options:**

	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Number of stock options	Weighted Average Exercise Price	Number of stock options	Weighted Average Exercise Price
Options outstanding at the beginning of the year	1,074,764	64.14	1,075,661	50.45
Options granted during the year	Nil	Nil	361,250	120.65
Options forfeited/lapsed during the year	99,250	57.16	240,575	103.25
Options exercised during the year	121,739	46.71	121,572	33.56
Options outstanding at the end of the year	853,775	67.43	1,074,764	64.14
Options exercisable at the end of the year	252,290	57.55	226,122	44.92

**(C) Weighted average shares price on the date of exercise of the options is ₹112.16 (Previous year ₹130.46)**

**(D) Range of exercise price and weighted average remaining contractual life of stock options outstanding**

For the year ended 31 March 2012			For the year ended 31 March 2011		
Number of stock options outstanding at the year end	Range of exercise price	Weighted average remaining contractual life	Number of stock options outstanding at the year end	Range of exercise price	Weighted average remaining contractual life
44,825	30.62	1.2 years	87,225	30.62	1.90 years
4,518	44.20	1.7 years	7,668	44.20	2.61 years
624,832	54.95	4.03 years	795,971	54.95	5.03 years
179,600	120.65	4.3 years	183,900	120.65	5.36 years

**(E) Weighted average fair value of options:** The fair value of each option is estimated using the Black Scholes model after applying the following weighted average assumptions:-

	For the year ended 31 March 2012	For the year ended 31 March 2011
Risk free interest rate	*	8.29%
Expected life	*	1 Year
Expected volatility (%)	*	19.86%
Expected Dividend (%)	*	Nil
Price of underlying shares in the market at the time of option grant	*	₹30.62 for 257,000 options ₹44.20 for 57,000 options ₹54.95 for 867,461 options ₹120.65 for 361,250 options

\*Not applicable since the Company has not granted stock options during the year

- (F) The Company had been using intrinsic value method of accounting ESOP expenses as prescribed by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 to account for stock options issued under the Company's stock option schemes. Under this method, compensation expenses are recorded on the basis of excess of the market price of share at the date of grant of option over exercise price of the option.

There would be no impact on the profit or earnings per share had the Company used the fair value of the options as the method of accounting instead of intrinsic value as the fair value is less than the intrinsic value of the option.

#### NOTE NO: 32 EMPLOYEE BENEFITS

- i) The details of retirement benefits with regard to provision/ charge for the year on account of gratuity, which is in the nature of defined benefit, are as under:

#### Balance Sheet

	As at 31 March 2012	As at 31 March 2011
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Obligations at the beginning of the year	218.89	209.88
Service Cost	37.10	28.33
Interest Cost	18.60	16.79
Actuarial (gain) / loss	49.68	(26.60)
Benefits paid	(5.75)	(9.51)
Obligations at the end of the year	318.52	218.89
<b>Changes in the fair value of the plan assets are as follows:</b>		
Fair value of planned assets at the beginning of the year	142.92	119.79
Expected return on plan assets	12.86	11.08
Contributions	42.27	40.51
Benefits paid	(5.75)	(9.51)
Actuarial gain / (loss) on planned assets	23.59	(18.95)
Fair value of planned assets at the end of the year	215.89	142.92
Net liability recognized	102.63	75.97
<b>Net employee benefit expense recognised in the employee cost</b>		
<b>Gratuity cost for the year</b>		
Current service cost	37.10	28.33
Interest cost on obligation	18.60	16.79
Expected return on planned assets	(12.86)	(11.08)
Net actuarial (gain) / losses	26.09	(7.65)
Net expense to be recognised	68.93	26.39
<b>Assumptions used in accounting for the gratuity plan</b>		
Discount rate	8.50%	8.00%
Expected rate of salary increase	6.00%	5.50%
Expected rate of return on planned assets	9.25%	9.25%
Normal retirement age	58 years	58 years

#### Experience benefit

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors.

- ii) The guidance on implementing AS-15 issued by Accounting Standards Board of the Institute of Chartered Accountants of India states that benefit involving employer established provided funds, which requires interest shortfall to be re-compensated, are to be considered as defined benefit plans. Considering a confirmation by the actuary that there is no formal guidance available from Actuarial Society of India in this regard, the Company believes that actuarial valuation at present is not necessary. Amount charged to the Profit and Loss Account in this regard is ₹161.31 lakhs (Previous year ₹1,360 lakhs.)

**Experience adjustments:** The disclosure relating to experience adjustments have not given in the financial statements, the management is of the view that the same will not be material to the overall financial statement disclosure and presentation.

#### NOTE NO: 33

Until 31 March 2011, Company had recognised revenue on dispatch of material to customers from factory gate. The Company has refined its revenue recognition policy during the year to recognise revenue on transfer of significant risk and rewards to customers that coincides at the time of delivery. Further, prior period adjustment includes the effect of incorrect elimination of inter- company profits included in inventory for the year ended 31 March 2011 amounting to ₹111.83. The impact of correction on the year ended 31 March 2012 is as given below and forms part of the adjustments related to prior period expenditure:

#### Prior period effect of revenue reversal as on 31 March 2011 having an impact on the year ended 31 March 2012

Account head	As per Audited consolidated financial statements for the year ended 31 March 2011	As per performa consolidated financial statements for the year ended 31 March 2011	Adjustments recorded in the results for the year ended 31 March 2012
Revenue *	90,325.83	88,421.00	1,904.83
Decrease/ (Increase) in stock #	(383.00)	(2,038.00)	1,655.00
Profit after tax ##			249.83

\* In the year ended 31 March 2012, revenue amounting to ₹1,904.83 had been recognised on the basis of dispatch of goods to its customers, however the goods were actually delivered in the year ended 31 March 2012. As a consequence, revenue relating to previous year has been adjusted in the current year financial statements.

# As explained above, the consequential impact of finished goods in transit amounting to ₹1,655 relating to those goods that had not been delivered as on 31 March 2011 has been adjusted to the Changes in inventory of finished goods in the current year financial statements.

## The cumulative effect of the above on the profit after tax amounting to ₹249.83 has been disclosed as a prior year expenditure.

#### NOTE NO: 34

In the previous year ended 31 March 2011, erstwhile Jai Suspension Systems Limited (JAI), a wholly owned subsidiary of the Company, converted into a Limited Liability Partnership Firm in accordance with the Limited Liability Partnership Act, 2008 w.e.f. 21 October 2010 and was named Jai Suspension Systems LLP (LLP). The shareholders that existed as of the date of conversion became the partners of the LLP with their profit sharing ratios determined on the basis of the shareholding in JAI as on the date of conversion.

In the books of account of the LLP, the balance in the General reserves were transferred to the respective partners current account (surplus in the profits of the LLP) in proportion to the shareholding. Also, in order to reflect such a transfer ₹287.37 lakhs was transferred from General Reserve to the Statement of Profit and Loss in the consolidated financial statements for the year ended 31 March 2011.

#### NOTE NO: 35 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

##### (a) Particulars of foreign currency forward contracts outstanding

	Currency	As at 31 March 2012		As at 31 March 2011	
		Amount in foreign currency (in lakhs)	₹ equivalent	Amount in foreign currency (in lakhs)	₹ equivalent
Buy	USD	103.125	5,275.51	—	—

**(b) Particulars of unhedged foreign currency exposure**

	Currency	As at 31 March 2012		As at 31 March 2011	
		Amount in foreign currency (in lakhs)	₹ equivalent	Amount in foreign currency (in lakhs)	₹ equivalent
Trade receivables	USD	1.41	72.26	1.60	72.40
	GBP	0.19	15.36	—	—
	JPY	1.09	0.68	149.77	103.82
Trade payables	USD	0.03	1.63	0.07	3.22
	EURO	2.02	137.26	—	—
	JPY	30.10	17.36	—	—
Loans	USD	—	—	13.69	616.98
	EURO	11.70	799.37	1.58	100.44

**NOTE NO: 36 CONTINGENT LIABILITY**

	As at 31 March 2012	As at 31 March 2011
Claims against company not acknowledged as debts	872.32	152.05
Guarantee given by Company	7.89	6.50
Import of machinery under Export Promotion of Capital Goods scheme	335.48	288.32
Income tax and other demands	20.83	20.63
	1,236.52	467.50

**NOTE NO: 37 COMMITMENTS**

	As at 31 March 2012	As at 31 March 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,720.86	1,617.01
Lease Commitments (refer note 29)	40.05	64.56
	1,760.91	1,681.57

The accompanying notes form an integral part of the financial statements.

As per our report attached.

For **BSR & CO.**

Chartered Accountants

Firm registration number: 101248W

**ZUBIN SHEKARY**

Partner

Membership No.: 048814

Place : Bangalore

Date : 7 June 2012

For and on behalf of the Board of Directors of  
**JAMNA AUTO INDUSTRIES LIMITED**

**P. S. JAUHAR**

COO &  
Executive Director

Place : New Delhi

Date : 7 June 2012

**S. P. S. KOHLI**

President &  
Executive Director

**PRAVEEN LAKHERA**

Company Secretary &  
Head Legal

**SHAKTI GOYAL**

GM-Finance &  
Material

# NOTICE

**NOTICE** is hereby given that the 46th Annual General Meeting of the members of the Company will be held on Saturday, the 18 August 2012 at 9:30 a.m. at the Registered Office of the Company at Jai Springs Road, Industrial Area, Yamuna Nagar – 135 001 (Haryana), to transact the following businesses:

## AS ORDINARY BUSINESS:

### Item No. 1

To receive, consider and adopt the Audited Balance Sheet of the Company as at 31 March 2012 and Statement of Profit and Loss for the year ended on that date and the Report of the Board of Directors and Auditors thereon.

### Item No. 2

To declare dividend on equity shares.

### Item No. 3

To appoint a director in place of Mr. Uma Kant Singhal, who retires by rotation and being eligible, offers himself for re-appointment.

### Item No. 4

To appoint a director in place of Mr. Chander Kailash Vohra, who retires by rotation and being eligible, offers himself for re-appointment.

### Item No. 5

To appoint a director in place of Mr. Pradeep Singh Jauhar, who retires by rotation and being eligible, offers himself for re-appointment.

### Item No. 6

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s B S R & CO; Chartered Accountants, be and is hereby appointed as Statutory Auditor of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors or Committee thereof, exclusive of travelling and reimbursement of other out of pocket expenses.”

## AS SPECIAL BUSINESS:

### Item No. 7

To consider and, if thought fit, pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the recommendations made by the Board of Directors, dividend of ₹43,200,000 accumulated on the 12.5% Redeemable Optionally Convertible Preference Shares of ₹100 each be paid out of the profits of the Company for the year ended 31 March 2012.”

### Item No. 8

To consider and, if thought fit, pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Jainendar Kumar Jain, who was appointed as an Additional Director of the Company, pursuant to Section 260 of the Companies Act, 1956 and who shall hold office up to the date of annual general meeting and being eligible offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of director of the Company, be and is hereby appointed as director of the Company.

**RESOLVED FURTHER THAT** the terms of office of Mr. Jainendar Kumar Jain shall be liable to determination by retirement of Director by rotation.”

### Item No. 9

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution

**“RESOLVED THAT** in accordance with the provisions of Sections 198, 269 and 309 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), the consent of the members, be and is hereby accorded for re-appointment of Mr. S. P. S. Kohli as President & Executive Director for a period of three years with effect from 23 October 2011 to 22 October 2014 on the terms and conditions including 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, the Board of Directors or Committee thereof for the time being exercising the powers conferred on the Board by this resolution, be and is hereby authorised to vary and/or alter the terms & conditions of aforesaid remuneration including salary, 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 without any further reference to the members in general meeting.

**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, perquisites, allowance, benefits and amenities etc as set out in explanatory statement annexed herein below shall nevertheless be paid and allowed to Mr. S. P. S. Kohli as minimum remuneration."

**By order of the Board of Directors  
For Jamna Auto Industries Limited**

**Date: 7 June 2012**

**PRAVEEN LAKHERA**

**Place: New Delhi**

**Company Secretary & Head-Legal**

#### NOTES:

- 1) A member entitled to attend and vote at the Annual General Meeting 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 form duly stamped and executed in order to be effective, must reach the registered office of the Company not less than 48 hours before the time of commencement of the Annual General Meeting. Corporate members are duly requested to send to the registered office of the Company a duly certified copy of the Board Resolution, pursuant to section 187, of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
- 2) The relevant details, as required by Clause 49 of the Listing Agreement of persons seeking re-appointment as Directors under item Nos. 3, 4, 5, 8 and 9 of the Notice, are annexed hereto.
- 3) The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the business under item no.7, 8 and 9 is annexed hereto.
- 4) Members are requested to:
  - a) Intimate immediately any change in their address to the Company's Registrar and Share Transfer Agents
- i.e Skyline Financial Services Pvt. Limited located at D-153/A, First Floor, Okhla Industrial Area, Phase – I, New Delhi - 110020.
- b) Please quote folio number/Client ID, DP ID numbers in all correspondence.
- c) Consolidate holdings into one folio in case of multiplicity of folios with names in identical orders.
- 5) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 16 August 2012 to Saturday, 18 August 2012 (both days inclusive).
- 6) The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those shareholders whose names appear on Register of members and / or Register of beneficial owners maintained by the Depositories at the close of business hours on Tuesday, 14 August, 2012.
- 7) Members holding shares in physical form should furnish their bank details in the ECS Mandate Form enclosed separately together with a xerox copy of one cheque leaf and send to our Registrars, Skyline Financial Services Private Limited on or before Tuesday, 14 August, 2012. The said details in respect of the shares held in electronic form should be sent to their respective Depository Participants and not to the Registrar as the Registrar is obliged to use only the data provided by the Depository while making payment of dividend.
- 8) Members holding shares in physical form are, in their own interest, requested to dematerialize the shares to avail the benefits of electronic holding/ trading.
- 9) Copies of the annual report will not be distributed at the meeting, Members/Proxies are therefore, requested to bring their copy of the annual report.
- 10) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend remaining unclaimed/unpaid for a period of 7 years from the date of transfer to the Company's unpaid dividend account will be transferred to the Investor Education and Protection Fund (IEP Fund). Following are the dates of dividends declared and the corresponding dates when unclaimed dividends are due for transfer to IEP Fund:



Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to Investor Education and Protection Fund
2010-11 (Interim Dividend)	03.02.2011	02.02.2018	04.03.2018
2010-11 (Final Dividend)	11.07.2011	10.07.2018	10.08.2018
2011-12 (Interim Dividend)	01.08.2011	31.07.2018	31.08.2018
2011-12 (Second Interim Dividend)	31.01.2012	30.01.2019	01.03.2019

In view of the above, members are advised to send unencashed dividend warrants pertaining to the above years to the Registrar and Transfer Agent for revalidation or issuance of Demand Drafts in lieu thereof and encash those before the due dates for transfer to the IEP Fund.

- 11) Members desiring any information on the Annual Report are requested to write to the Company's Corporate Office at New Delhi at least ten days before the date of the Annual General Meeting so that information can be made available at the meeting.
- 12) Pursuant to the steps taken by the Ministry of Corporate Affairs towards 'Green Initiative in Corporate Governance' vide its circular no. 18/2011 dated 29.04.2011, Members are requested to register their e-mail addresses through their Depository Participants with whom they hold their Demat Accounts for receiving the Annual Report, Auditors Report etc by e-mail. Members holding shares in physical form may register their e-mail addresses through RTA, giving reference of their Folio Numbers.

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

### Item No. 7:

The Company had issued 350,000, 12.5% Redeemable Optionally Convertible Preference Shares of ₹100 each to IFCI Limited. Pursuant to the terms of issue, dividend on these Preference Shares is being accumulated and will be paid in installments. The first installment of dividend of ₹1 crore is to be paid on 30 September 2012. IFCI Limited, vide its letter no. HO/CAMIR/JAIL-120223022 dated 23 February 2012, has advised the Company to pre pay the dividend on Preference Shares before distribution of further dividend on equity shares.

The Company has approached IFCI Limited for pre payment of the preference dividend and it has been agreed with IFCI Limited to pay dividend of ₹4.32 crore accumulated upto 31 March 2012 on the preference shares in this annual general meeting in accordance with Section 205 and 205A of the Companies Act, 1956 in modification to ₹1 crore agreed vide sanction letter of IFCI Limited dated 4 December 2002.

The resolution is accordingly recommended for the approval of the members.

None of the Directors except Mr. D. K. Jain, being nominee director of IFCI Limited, are concerned or interested in the resolution.

### Item No. 8:

Mr. Jainendar Kumar Jain was appointed as an additional director at the meeting of the Board of Directors held on January 31, 2012. Before, being appointed as an additional director, Mr. Jain was a nominee director of ICICI Bank Limited on the Board of Directors of the Company. Upon withdrawal of nomination of Mr. Jain, the Board of Directors was of the opinion that it would be in the interest of the Company to appoint Mr. Jain as an independent director of the Company.

The Company has received notice in writing under Section 257 of the Companies Act, 1956, along with requisite deposit from a member proposing his candidature for the office of Director liable to retire by rotation.

The resolution is accordingly recommended for the approval of the members.

None of the Directors except Mr. J. K. Jain are concerned or interested in the resolution.

### For Item No. 9:

#### General Information

**Nature of Industry:** Manufacturer of tapered & parabolic leaf springs for heavy and medium commercial vehicles.

#### Date of commencement of commercial production :

(i) Yamuna Nagar Unit	:	October 1982
(ii) Malanpur Unit	:	March 1992
(iii) Chennai Unit	:	March 1999
(iv) Jamshedpur Unit	:	October 2010
(v) Lucknow Unit	:	May 2011
(vi) Hosur Unit	:	June 2012

**Financial Performance:** Financial indicators are set out in the Annual Report of the Company annexed herewith for the consideration of members.

**Foreign direct investments:**

Sr. No.	Shareholder	Number of shares	Shares as a % of capital
1	Clearwater Capital Partners (Cyprus) Ltd	9614147	24.39
2	NHK Spring Co., Japan	2308509	5.86
3	Clearwater Capital Partners Singapore Fund III Pvt. Ltd.	1578947	4.00

**Foreign Collaborators:** Presently there is no foreign collaboration. However, the Company had entered into a foreign collaboration with NHK Spring Company, Japan in the year 1985 for technology transfer for manufacture of leaf springs. The transfer of technology has been fully absorbed by the Company.

The Company has a Technical Assistance Agreement with Ridewell Corporation, USA for design and developing Air Suspension systems.

Mr. S. P. S. Kohli was appointed as President & Executive Director of the Company for a period of 3 years w.e.f. 22 October 2008. The term of office of Mr. Kohli as President & Executive Director expired on 22 October 2011. Mr. Kohli is a commerce graduate and is 64 years of age. He has worked in the Company for over 40 years in various capacities in marketing, finance, production and administration. Considering his capabilities and experience, the Board of Directors of the Company at their meeting held on 14 November 2011 had re-appointed Mr. Kohli as President & Executive Director for a further period of three years with effect from 23 October 2011 to 22 October 2014 on the following remuneration:

1. Salary: ₹1,32,000 per month.
2. Special Allowance: ₹26,300 per month.
3. Perquisites: Following Perquisites shall be allowed in addition to the salary.
  - Reimbursement of actual conveyance expenses, upto ₹16,000 per month, incurred by Mr. Kohli.
  - Reimbursement of actual medical expenses upto ₹1,250 per month, incurred by Mr. Kohli and his family.
  - Reimbursement of salary of one driver upto ₹13,500 per month.
  - Reimbursement of salary of helper for fulfillment of official duty upto ₹13,000 per month.

- Reimbursement of actual expenses upto ₹4,000 per month, incurred on repair of car.
  - Reimbursement of actual expenses on entertainment upto ₹6,000 per month, incurred by Mr. Kohli.
  - Reimbursement of actual expense on a phone, upto ₹1,350 per month.
  - Leave Travel Concession incurred for self and family once a year upto ₹126,000 per annum.
  - House Rent Allowance: The Company shall provide free of cost, suitable furnished/ unfurnished residential accommodation with all facilities & amenities to Mr. Kohli and his family. In case Mr. Kohli does not opt for Company provided accommodation at any time he shall be paid house rent allowance of a sum not exceeding ₹80,000 per month.
  - Provision for car: Provision of car for the Company's business.
  - 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 services.
  - Earned Leave: Leave on full pay and allowances as per the rules of the Company.
4. Bonus/Performance incentive not exceeding ₹900,000 per annum payable w.e.f. year 2010-2011 and onwards.
  5. Stock Options in accordance with the ESOP Scheme of the Company.
  6. For the purpose of perquisites stated herein above, "Family" means spouse, dependent children and parents of Mr. Kohli.
  7. Mr. Kohli shall be entitled to reimbursement of all actual expenses or charges including travel or other out-of-pocket expenses etc., incurred by him for and on behalf of the Company in furtherance of its business and objects.

In the event of loss or inadequacy of profits in any year during the tenure of his office, Mr. Kohli shall be entitled to the above remuneration by way of salary, perquisites & benefits as minimum remuneration.



The Remuneration Committee of the Board of Directors at its meeting held on 14 November 2011 has also approved re-appointment of Mr. Kohli as President & Executive Director for a further period of 3 years w.e.f. 23 October 2011 and payment of above remuneration to him.

Re-appointment of Mr. Kohli and payment of remuneration to him is subject to approval of the members pursuant to Section 198, 269 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956.

Directors consider that re-appointment of Mr. Kohli is in the best interest of the Company and recommend the resolutions for your approval. A brief profile of Mr. Kohli is given along with the notice. None of the directors except Mr. Kohli are interested

or concerned in the resolution. Mr. Kohli holds 23685 equity shares in the Company.

Note: This may also be treated as an abstract of the terms & conditions of re-appointment of Mr. S. P. S. Kohli as President & Executive Director in terms of Sec. 302 of the Companies Act, 1956.

**By order of the Board  
For Jamna Auto Industries Limited**

**Date: 7 June 2012  
Place: New Delhi**

**Praveen Lakhera  
Company Secretary & Head-Legal**

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING****(Pursuant to Clause 49 of the Listing Agreement)**

Particulars	Mr. Uma Kant Singhal	Mr. Pradeep Singh Jauhar	Mr. Chander Kailash Vohra	Mr. Jainendar Kumar Jain	Mr. S. P. S. Kohli
Date of Birth	20.06.1942	23.08.1964	17.05.1943	21.10.1945	10.02.1948
Date of Appointment	31.01.2006	11.03.2008	31.01.2006	31.01.2012	23.10.2008
Experience in specific functional areas	Mr. Singhal is a Law Graduate and has been practicing as an advocate and has rich experience of over 40 years in corporate law matters.	Mr. Pradeep Singh Jauhar is COO and Executive Director of the Company. Mr. Jauhar looks after the operations of the Company. He is a commerce graduate and has over 25 years of experience in the spring industry.	Mr. Vohra is an associate member of the Institute of Company Secretaries of India and Institute of Cost and Work Accountants of India beside a Law graduate and a Master of Business Administration. He retired from the Indian Revenue Service as Chief Commissioner of Income-Tax. During his 36 year tenure in Indian Revenue Service, he worked in various positions and also worked in the Department of Expenditure in Ministry of Finance and Ministry of Tourism & Civil Aviation.	Mr. J. K. Jain is a member of the Institute of Chartered Accountants of India and a commerce graduate.	Mr. Kohli is a commerce graduate and has worked in the Company for over 40 years in various capacities in marketing, finance, production and administration. He has played important role in execution of major projects of the Company.
Chairmanships/ Directors of other public companies (excluding foreign companies and section 25 companies)	Nil	Nil	Nil	Director in: Mahanagar Gas Limited English Indian Clays Limited Bharat State Petronet Limited	Nil
Chairmanships / Memberships of committees of other public companies (includes only Audit Committee and Shareholders Grievance Committee)		Nil			
Committee	Nil		Nil	Member in : Mahanagar Gas Limited English Indian Clays Limited Bharat State Petronet Limited	Nil
Number of shares held in the Company	Nil	1,812,897	Nil	Nil	23,685



## NOTES

#### **Cautionary statement**

The statements in this annual report detailing the company's objectives, projections, estimates, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. As these statements are based on certain assumptions and expectations of future events, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting global or domestic demand and supplies, political and economic developments in India or other countries, government regulations and taxation policies, prices and availability of raw materials, prices of finished goods, abnormal climatic and geographical conditions, etc. The company assumes no responsibility in respect of forward looking statements that may be revised or modified in the future on the basis of Subsequent developments, information or events.



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