



Jamna Auto Industries Ltd.

**FORM B**

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	Jamna Auto Industries Ltd.																								
2.	Annual financial statements for the year ended	March 31, 2013																								
3.	Type of Audit qualification	<p>Qualified:</p> <p>Para no. (ix) a of the Annexure to the Auditors' Report- 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, to the extent applicable, have generally been regularly deposited with the appropriate authorities <i>though there have been some delays in few cases.</i></p> <p>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 2013 for a period of more than six months from the date they became payable, except as mentioned below:</p> <table border="1"> <thead> <tr> <th>Name of the Statute</th> <th>Nature of the Dues</th> <th>Amount (Rs in lacs)</th> <th>Period to which the amount relates</th> <th>Due date</th> <th>Date of Payment</th> </tr> </thead> <tbody> <tr> <td>Income tax</td> <td>TDS on contractor</td> <td>281</td> <td>June 2012</td> <td>7 July 2012</td> <td>30 April 2013</td> </tr> <tr> <td>Sale tax</td> <td>WCT</td> <td>14,138</td> <td>June 2012</td> <td>7 July 2012</td> <td>27 April 2013</td> </tr> <tr> <td>Excise duty</td> <td>Excise duty on designing charges</td> <td>66,261</td> <td>April to September 2012</td> <td>5th of the succeeding month in respect of each month</td> <td>30 May 2013</td> </tr> </tbody> </table> <p>* Including interest</p> <p>Para no. (xi) of the Annexure to the Auditors' Report <i>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 Rs. 9,186.58 lakh to banks and a financial institution for delays ranging upto 35 days.</i></p> <p>Para no. (xvii) of the Annexure to the Auditors' Report <i>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 Rs. 3,934.95 lakhs have been used for long-term investments.</i></p> <p>Para no. (xxi) of the Annexure to the Auditors' Report <i>According to the</i></p>	Name of the Statute	Nature of the Dues	Amount (Rs in lacs)	Period to which the amount relates	Due date	Date of Payment	Income tax	TDS on contractor	281	June 2012	7 July 2012	30 April 2013	Sale tax	WCT	14,138	June 2012	7 July 2012	27 April 2013	Excise duty	Excise duty on designing charges	66,261	April to September 2012	5th of the succeeding month in respect of each month	30 May 2013
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		information and explanations provided to us, the management noticed an instance of an attempted fraud on the Company by a job worker, involving inventories and a business advance provided in earlier years. The Company has taken all necessary steps, including criminal action, against the said job worker. While management has taken necessary steps for recovery of the amount involved, which is not significant or material, a full provision has been made as a matter of abundant caution.
4.	Frequency of qualification	Para no. ix – Also qualified in the Auditors' Report for the FY 2011-12. Para no. xi – Also qualified in the Auditors' Report for the FY 2011-12. Para no. xvii – Also qualified in the Auditors' Report for the FY 2011-12. Para no. xxi - qualified for the first time.
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>All the qualifications are appearing in page no. 38 of the Annual Report marked as point no. (ix) a, (xi), (xvii) and (xxi) of the Annexure to the Auditors' Report.</p> <p>Management' has replied to the qualifications of Auditors at page no. 23 and 24 under the head Statutory Auditors in the Directors' Report section of Annual Report. The same are reproduced below:</p> <p><b>Reply to para no. (ix) a of the Annexure to the Auditors' Report-</b> We may mention here that these delays were due to oversight and purely unintentional. We are implementing corrective actions to ensure such delays do not occur again. In addition, we are also training and sensitizing our employees at working level for compliances/timely deposits.</p> <p><b>Reply to para no. (xi) of the Annexure to the Auditors' Report</b> These delays occurred mainly due to temporary liquidity problem. Further, steps have been taken to ensure repayment of dues on time and there has been no delay since January, 2013. In view of the timely repayments, ICRA has revised the ratings of the Company for Lines of Credit from ICRA D to ICRA BBB- (Stable) and Short term bank facilities from ICRA D to ICRA A3.</p> <p><b>Reply to para no. (xvii) of the Annexure to the Auditors' Report-</b> The Company has infused long term funds of Rs. 25.50 crore by way of liquidation of investments during first quarter of the current financial year to correct this gap. In addition, cash generation from operations during first quarter of the current financial year is higher than capital expenditure and term loan repayments and the same has been deployed in working capital.</p> <p><b>Reply to para no. (xxi) of the Annexure to the Auditors' Report-</b> This has happened purely during the course of commercial dealing with the vendor having long term relationship. This risk has been fully provided in FY 2012-13.</p>
	Additional comments from the board/audit committee chair:	Additional funds by way of Rs. 20 crore term loans have been infused to correct the gap between short term funds and long term funds.
5.	To be signed by	
	• Mr. P. S. Jauhar (COO & Executive Director)	
	• Mr. Shakti Goyal (GM – Finance & Material)	
	• Statutory Auditor – M/s BSR & Co.	
	• Mr. C. K. Vohra (Audit Committee Chairman)	