

12TH ANNUAL REPORT 1996-97

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JAI PARABOLIC SPRINGS LIMITED

BOARD OF DIRECTORS	Mr. B.S. Jauhar <i>(Chairman)</i> Mr. K. Ikeda <i>(NHK Nominee)</i> Mr. K.G. Khosla Mr. D. Ray <i>(IFCI Nominee)</i> Mr. P.S. Jauhar <i>(Whole-time Director)</i> Ms. Kiran Chadha <i>(Director Operations)</i>
TECHNICAL COLLABORATORS	NHK Spring Co. Limited, Japan
AUDITORS	M/s. Vohra, Sahni & Associates Chartered Accountants, New Delhi.
BANKERS	State Bank of India
REGISTERED OFFICE & WORKS AND SHARES DEPARTMENT	A-30(a), Phase VII, Industrial Area SAS Nagar, Mohali, Distt. Ropar, Punjab - 160057 Phone : (0172) 670269, 670751, 671763, 676353 (4 Lines) Fax : (0172) 670715
DELHI OFFICE	1004, Hemkunt Tower, 98, Nehru Place, NEW DELHI - 110 019 Phone - 6416294, 6419788.

JAI PARABOLIC SPRINGS LIMITED

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

YEAR ENDING 31ST MARCH	1997	1996	1995	1994	1993	1992	1991	1990
WHAT THE COMPANY OWNED								
Fixed Assets								
Gross Block*	5031.56	3287.47	2285.47	1718.50	819.35	670.42	629.86	573.88
Less : Depreciation (Cumulative)	925.73	676.76	472.62	324.53	250.61	185.82	124.57	65.32
Net Block	4105.83	2610.71	1812.85	1393.97	568.74	484.60	505.29	508.56
Investments	1100.93	1100.93	569.16	32.00	32.00	—	—	—
Current Assets	5499.85	4106.54	4287.81	1986.25	1330.50	1100.42	436.81	234.41
	10706.61	7818.18	6669.82	3412.22	1931.24	1585.02	942.10	742.97
WHAT THE COMPANY OWED								
Long Term Funds	2489.73	2322.40	1828.90	529.20	186.80	244.40	302.00	355.60
Medium/Short Term Funds	748.05	184.38	—	1571.47**	297.61	13.86	13.86	—
Working Capital from Bank	983.69	354.13	273.57	275.06	370.18	344.48	164.37	85.78
Current Liabilities & Provisions	2430.93	1089.96	842.58	503.53	626.27	713.96	295.46	152.58
	6652.40	3950.87	2945.05	1379.26	1480.86	1316.70	775.69	593.96
SHAREHOLDERS' FUND								
Equity Share Capital	1122.61	1122.49	674.39	224.84	224.75	224.67	224.47	224.03
Reserves & Surplus	3027.68	2859.84	1593.00	386.41	269.98	106.12	3.33	-30.67
Intangibles	-96.08	-115.02	-113.71	-78.29	-44.35	-62.47	-61.39	-44.35
Net Worth of the Company	4054.21	3867.31	2153.68	532.96	450.38	268.32	166.41	149.01
FCD (Conversion on 1.4.95)	—	—	1521.09	—	—	—	—	—
Preference Shares	—	—	50.00	—	—	—	—	—
	4054.21	3867.31	3724.77	532.96	450.38	268.32	166.41	149.01
SALES & EARNINGS								
Sales	7413.61	5173.67	3152.81	2502.75	2526.20	2421.20	1483.31	982.56
Other Income	230.42	162.36	162.68	2.67	28.53	3.45	2.90	4.28
	7644.03	5336.03	3315.49	2505.42	2554.73	2424.65	1486.49	986.84
Total Expenditure	6367.48	4309.17	2614.24	2085.99	2118.56	2085.99	1311.49	848.31
Operating Profit	1276.55	1026.86	701.25	419.43	436.17	338.66	174.72	138.53
Interest	585.64	460.21	349.96	167.80	152.11	121.69	77.60	70.00
Gross Profit	690.91	566.65	351.29	251.63	284.06	216.97	97.12	68.53
Depreciation/Write Offs	263.80	234.46	176.90	99.27	84.24	80.46	75.00	66.95
Profit before Tax	427.11	332.19	174.39	152.36	199.82	136.51	22.12	1.58
Provision for Tax	62.00	—	—	—	—	—	—	—
Profit after Tax	365.11	332.19	174.39	152.36	199.82	136.51	22.12	1.58
Cash Earnings per Equity Share Rs.	6.15	5.05	6.50*	11.19	12.64	9.66	4.33	3.06
Earnings per Equity Share Rs.	3.25	2.96	3.23*	6.77	8.90	6.08	0.99	0.07
Dividend per Equity Share Rs.	1.60	1.60	1.60*	1.60	1.60	1.50	—	—
Net worth per Equity Share Rs.	36.12	34.45	39.40	23.71	20.04	11.94	7.41	6.65
Current Ratio	1.61	2.84	3.84	2.34	1.27	1.03	0.92	0.98
Debt Equity Ratio	0.61	0.60	0.49	0.99	0.41	0.91	1.81	2.39

* Including Capital Work-in-Progress, Pre-operative Expenses pending capitalisation.

** Including short term loans of Rs. 1500 lacs availed against the proposed Rights Issue.

+ Annualised



NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the shareholders of Jai Parabolic Springs Limited will be held on Tuesday, the 30th September, 1997, at 10.00 a.m. at A-30(a), Phase-VII, Industrial Area, S.A.S. Nagar, Mohali 160 057 Distt. Ropar (Punjab) to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st march, 1997 and Profit & Loss Account of the Company for the year ended on that date and the Directors Report and Auditors' Report thereon.
2. To declare a dividend on Equity shares.
3. To appoint a Director in place of Mr. K.G Khosla who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary resolution:
"Resolved that M/s. Vohra, Sahni & Associates, Chartered Accountants, be and are hereby re-appointed Auditors of the Company from the conclusion of this Annual General Meeting of the Company upto the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors, exclusive of travelling and other out-of-pocket expenses.

By order of the Board

S.A.S.Nagar, Mohali
August 30, 1997

(KIRAN CHADHA)
Director (Operations).

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not to be a Member of the Company.
2. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
3. Shareholders seeking information with regard to accounts are requested to write to the Company atleast ten days in advance as to enable the Company to keep the information ready.
4. Members/proxies are requested to bring their copy of the Annual Report to the meeting as copies of the Report will not be distributed at the meeting.
5. Members are requested to advise the Company immediately of any change in their address.
6. The Register of Members and Shares transfer Books of the Company will remain closed from September 19, 1997 to September 30, 1997 (both days inclusive) and will reopen on October 1, 1997.
7. Dividend for the year ended March 31, 1997 as recommended by the Directors, if declared, at the Meeting will be paid to those Members whose name appear on the Company's register of members at the close of working hours of the Company on Thursday, September 18, 1997.
8. The unclaimed dividend which is due for transfer to the Central Government is as follows:

Financial Year ended	Due for transfer on
31.03.1994	10.11.1997

Members who have not encashed their dividend warrants for the aforesaid financial year are requested to approach the Company for obtaining duplicate dividend warrants.

JAI PARABOLIC SPRINGS LIMITED

DIRECTORS' REPORT

To the Members,

The Directors of your Company present herewith 12th Annual Report and the Audited Statements of Accounts for the Financial year ended March 31, 1997

FINANCIAL RESULTS

(Rs in lacs)

Particulars Year ended March 31,	1997	1996
Sales & other Income	7644.02	5336.03
Gross Operating Profit	1276.55	1026.86
Financial Expenses	585.64	460.21
Depreciation & Write Offs	263.80	234.46
Profit before taxation	427.11	332.19
Provision for taxation	62.00	—
Profit after taxation	365.11	—
Appropriation :		
Proposed Dividend	179.61	185.60
Corporate Tax on Dividend	17.96	—
Capital Redemption Reserve	—	50.00
General Reserve	40.00	40.00
Balance brought forward	394.55	337.96
Surplus carried to Balance Sheet	522.09	394.55

DISTRIBUTABLE PROFITS :- DIVIDEND

Your Directors have recommended a dividend of Rs.1.60 per Equity Share of Rs.10/- each @16 % for the year ended 31st March, 1997, which if approved at the forthcoming Annual General Meeting will be paid out of the profits of the Company for the said year to all the Equity Shareholders whose names appear in the Register of Members as on Thursday September 18,1997.

(Rs. in lacs)

Dividend on Equity Shares.	179.61
Taxation on the Proposed Dividend	17.96

OPERATIONS

The Directors have pleasure to report that your Company has achieved record performance in terms of turnover as well as profitability. The sales turnover has increased to Rs. 76.44 Crores during the year as compared to Rs.53.36 Crores



in the previous year. The members would be happy to note that your Company's profit for the year before taxation have increased from Rs. 3.32 crores to Rs. 4.27 crores. But due to imposition of Minimum Alternate Tax by the Finance Act, 1996, the company has provided for taxation of Rs. 62.00 lacs credit for the same may be available to the company under the provision of Income Tax act, 1961 in future against no provision in previous year.

The improvement in the performance has been achieved by adopting innovative techniques for the improvement in product quality and better profitability.

As indicated in previous year's Report, your Company have embarked upon setting up a unit with an installed capacity of 24000 tpa at Maraimalainagar, Industrial Area, Chennai for the manufacture of leaf/parabolic springs to meet the growing demand of your company's product in Southern Region replacement Market, Ashok Leyland and Exports with a capital outlay of Rs.35.91 crores. You will be pleased to know that the unit shall start contributing to the turnover from the current year itself.

SHARE CAPITAL

During the year 1994 the Company came out with a Rights Issue of Fully Convertible Debentures aggregating to Rs. 3231.20 lacs. The projections stipulated in the prospectus of the Company viz-a-viz its comparative actuals follow as under :

	(Rs in lacs) 1996-97	
	Projected	Actual
Sales & Other Income	7767.00	7644.02
Profit after tax	942.00	365.11
EPS	8.37	3.25

SUBSIDIARY COMPANY

As required under section 212 of the Companies Act, 1956, the audited statement of accounts, the report of the Board of Directors of Jai Parabolic Engineering Limited and the Auditors Report thereon for the year ended 31st March, 1997 are annexed.

RESEARCH & DEVELOPMENT

Research and Development Center of your company continued to improve the value of product by redesigning and reducing weight and improving processes for delivering consistent quality product to the customers.

DIRECTORS

In accordance with the provisions of the Articles of Association of the Company and of the Companies Act, 1956, Sh. K.G. Khosla retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the year M/s NHK Springs Co. Limited appointed Mr.K.Ikeda as their nominee on the Board of the Company vice Mr. T.Kitamura. In terms of section 313 of the Companies Act, 1956 and Memorandum and Articles of Association of the Company, Mr. R.S.Jauhar ceased to be Alternate Director vice Mr.T.Kitamura.

The Industrial Finance Corporation of India Limited has nominated Mr.D.Ray as their nominee Director on the Board of the Company.

The Board places on record the sincere appreciation for the services rendered by Mr. T. Kitamura and his alternate Mr. R. S. Jauhar during their association with the Company.

JAI PARABOLIC SPRINGS LIMITED

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with provisions of Sec. 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the annexure-1 to the Directors Report.

PERSONNEL

The Management-Employee relations remained cordial throughout the year. The results during the year have been possible only with the dedication and hardwork at all levels of Workers, Staff and Executives of the Company.

As required under the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975, as amended, the required particulars of employees are set out in Annexure -II to the Directors' Report.

AUDITORS

The Auditors, M/s. Vohra Sahni & Associates, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been received from them.

APPRECIATION

Your Directors wish to place on record their deep sense of gratitude to Central Government, various Government Departments, Government of Punjab, IFCI, ICICI, IDBI & and State Bank of India. Your Directors wish to express their grateful appreciation for the assistance and technical support received from collaborators, M/s NHK Springs Co. Limited, Japan. Your Directors also wish to thank the employees of the Company for their hard and sincere work put throughout the year.

Finally, your Directors owe a debt of gratitude to all shareholders for their unstinted support.

For and on behalf of the Board

S.A.S.Nagar, Mohali
August 30, 1997

(B.S. JAUHAR)
Chairman

ANNEXURE "I" TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

The Company is optimising the production processes to reduce energy cost.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

The Company proposes to further reduce the energy cost by installing control equipment in the furnaces to measure and monitor the fuel consumption.

- c) Impact of the measures at(a) & (b) above for reduction of energy consumption and consequent impact of the cost of production goods:

Impact of above measures will lead to lower energy consumption, less maintenance etc. It is however, difficult to determine their impact on the cost of production.

- d) Total energy consumption & energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the schedule thereto:

Not applicable.

B. TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

Specific Areas in which R & D carried out by the Company

- * Value engineering by reducing input weights giving cost benefit to the customers with better optimised design.
- * Conversion of existing conventional springs to parabolic type, giving cost benefit to the customer and weight benefit in the vehicle in order to fulfill the fuel efficiency norms by GOI.
- * Development of new products in the OEM, replacement and export segment.

This has led to increase in the business share with OEM customers and in domestic and export replacement market.

Future plan

To develop and add new products in the manufacturing range by tapping new entrants in the domestic Automotive sector and explore export market to acquire significant increase in business share.

Expenditure on R&D

a) Capital	:	Rs. 55.50 lacs
b) Recurring	:	Rs. 19.78 lacs
c) Total	:	Rs. 75.28 lacs
d) % of total turnover	:	0.98%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Company is continuously interacting with the collaborators and other Spring manufacturers in the world to be abreast with the latest technology so that the customer quality requirements are met adopting appropriate technology.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

	(Rs. in lacs)
Foreign Exchange used	157.66
Foreign Exchange Earned	65.41

JAI PARABOLIC SPRINGS LIMITED

ANNEXURE "II" TO DIRECTORS' REPORT

Statement under section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 attached to the Directors' Report for the period ended 31st March, 1997.

Name of the Employee	Age (Yrs)	Designation	Date of commencement of employment	Gross Remuneration (Rs.)	Qualifications	Experience (Years)	Particulars of previous Employment & Post held
Employed for the whole year							
P.S.Jauhar	31	Whole-time Director	1.8.89	10,85,000	B.Com.	14	Jamna Auto Inds. Ltd. Dy. Manager (Commercial)
Kiran Chadha	39	Director (Operations)	30.5.95	4,10,000	B.A.	10	Jamna Auto Inds. Ltd. Chief Executive
P.S.Randhawa	39	General Manager (Export)	26.4.88	3,06,108	B.E Hons, MBA	16	DCM Engg. Products Asstt. Manager (Production)
G.S.Bajwa	38	General Manager (Operations)	04.06.90	3,00,060	B.Com, Hons, MBA	14	N.D.D.B. Asstt. Manager (Production)
Hemant H Jadhav	38	Facilitator (Operations)	28.08.95	3,76,200	B.Tech.	15	EID Parry(I) Ltd. Gen. Works Manager
J.S.Bawa	32	Facilitator (Commercial)	01.07.89	3,34,200	B.A. LLB	11	Jamna Auto Ind. Limited Purchase Officer
R. Giridharan	39	Facilitator (Manufacturing)	07.10.95	3,42,300	B.A	15	Rane Power Spring Ltd., Manager Quality Plan

Notes

1. Remuneration includes Basic Salary, Allowances, Perquisites, Employer's contribution to provident and other funds.
2. Designation denotes nature of duties also.
3. All employments are contractual and as per the terms & conditions of the service rules of the Company.

AUDITORS' REPORT

TO
 THE MEMBERS OF
 JAI PARABOLIC SPRINGS LIMITED

We have audited the attached Balance Sheet of **JAI PARABOLIC SPRINGS LIMITED**, as at March 31, 1997 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto.

We report as follows:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - a. 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;
 - b. 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 the books;
 - c. The Balance Sheet and Profit and Loss Account are in agreement with the books of account;
 - d. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i. in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 1997 and;
 - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **VOHRA SAHNI & ASSOCIATES**
 Chartered Accountants

NEW DELHI
 DATE : August 30, 1997

RAKESH VOHRA
 Partner

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF JAI PARABOLIC SPRINGS LIMITED FOR THE YEAR ENDED ON MARCH 31, 1997

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We have been informed that the Company follows the programme of physical verification of all of its fixed assets once in every three years. The physical verification, in pursuance to this programme in the previous year was deferred to be carried out in the year under reference. No physical verification has been carried out of the fixed assets during the year and instead the Company has decided to undertake the physical verification of fixed assets in a phased manner during the financial year ending March 31, 1998. In our opinion, subject to the said verification taking place, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its fixed assets.
2. None of the Fixed Assets have been revalued during the year.
3. The Company has been following the practice of verifying its stocks every year. During the year under consideration, however, some of the major items of stocks of finished goods, stores, spare parts and raw materials, other than those lying with third parties, have only been physically verified by the Management, at the year end. In our opinion, the frequency of verification is reasonable and adequate in relation to the size of the Company and the nature of its business.
4. In our opinion and according to the information and explanations provided to us, the procedures of said verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies to the extent noticed between the physical stocks as verified and book records were not material.
6. In our opinion, on the basis of our examination of stock records, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has not taken any loans from Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We have been informed that there is no Company under the same Management as defined under