


14TH ANNUAL REPORT 1998 - 99

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JPSL
 **JAI PARABOLIC SPRINGS LIMITED**



BOARD OF DIRECTORS : Mr. B.S. Jauhar
(Chairman)

Mr. K. Sasaki
(NHK Nominee)

Mr. Ashok Kumar

Mr. I.C. Goel

Mr. R.K. Chavali
(IFCI Nominee)

Mr. P.S. Jauhar
(Whole-time Director)

TECHNICAL COLLABORATORS : NHK Spring Co. Limited, Japan

AUDITORS : M/s. A.K. Kalia & Associates
Chartered Accountants,
Chandigarh.

BANKERS : State Bank of India
ICICI Bank Limited

**REGISTERED OFFICE & WORKS
AND SHARES DEPARTMENT** : A-30(a), Phase VII, Industrial Area,
SAS Nagar, Mohali, Distt. Ropar,
Punjab-160057.

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JAI PARABOLIC SPRINGS LIMITED**FINANCIAL HIGHLIGHTS**

(Rs. in lacs)

YEAR ENDED	30.06.99 (15 MONTHS)	31.03.98	31.03.97	31.03.96	31.03.95
WHAT THE COMPANY OWNED					
Fixed Assets					
Gross Block*	8392.20	7308.77	5031.56	3287.47	2285.47
Less: Depreciation (Cumulative)	1454.29	1128.39	925.73	676.76	472.62
Net Block	6937.91	6180.38	4105.83	2610.71	1812.85
Investments	1098.58	1100.19	1100.93	1100.93	569.16
Current Assets	5777.89	5138.29	5499.85	4106.54	4287.81
	13814.38	12418.86	10706.61	7818.18	6669.82
WHAT THE COMPANY OWED					
Long Term Funds	4785.42	3311.68	2489.73	2322.40	1828.90
Medium/Short Term Funds	184.66	262.22	748.05	184.38	-
Working Capital from Banks	1925.82	1482.78	983.69	354.13	273.57
Current Liabilities & Provisions	1692.36	1822.61	2430.93	1089.96	842.58
	8588.26	6879.29	6652.40	3950.87	2945.05
SHAREHOLDERS' FUND					
Equity Share Capital	1320.94	1320.94	1122.61	1122.49	674.39
Reserves & Surplus	3968.44	4291.34	3027.68	2859.84	1593.00
Intangibles	-63.25	-72.71	-96.08	-115.02	-113.71
Net Worth of the Company	5226.13	5539.57	4054.21	3867.31	2153.68
FCD(Conversion on 1.4.95)	-	-	-	-	1521.09
Preference Shares	-	-	-	-	50
	5226.13	5539.57	4054.21	3867.31	3724.77
SALES & EARNINGS					
Sales	6409.72	5337.52	7413.61	5173.67	3152.81
Other Income	2.41	32.81	230.42	162.36	162.68
	6412.13	5370.33	7644.03	5336.03	3315.49
Total Expenditure	5789.82	4648.92	6367.48	4309.17	2614.24
Operating Profit	622.31	721.41	1276.55	1026.86	701.25
Interest	617.38	405.77	585.64	460.21	349.96
Gross Profit	4.93	315.64	690.91	566.65	351.29
Depreciation/Write Offs	357.83	231.99	263.80	234.46	176.90
Profit before Tax	-352.90	83.65	427.11	332.19	174.39
Provision for Tax	0.00	10.00	62.00	0.00	0.00
Profit after Tax	-352.90	73.65	365.11	332.19	174.39
Cash Earnings per Equity Share	0.04	2.65 *	5.58	5.05	6.50
Earnings per Equity Share	-	0.64 *	3.25	2.96	3.23
Dividend per Equity Share	-	-	1.60	1.60	1.60
Net Worth per Equity Share	39.56	47.93 *	36.12	34.45	39.40
Current Ratio	1.60	1.55	1.61	2.84	3.84
Debt Equity Ratio	0.92	0.60	0.61	0.60	0.49

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

* Annualised



NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the shareholders of Jai Parabolic Springs Limited will be held on Thursday 30th March, 2000 at 11.00 A.M. at the Registered Office of the Company 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 30th June, 1999 and Profit & Loss Account of the Company for the 15 month period ended on that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. B.S. Jauhar who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors 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. A.K. Kalra & Associates, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting of the Company up to the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors, exclusive of travelling and other out-of-pocket expenses"

AS SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution with or without modification(s) as an **ORDINARY RESOLUTION** :

"RESOLVED that subject to the approval of competent authorities including Financial Institutions, consent of the Company be and is hereby accorded pursuant to section 293 (1) (a) and other applicable provisions of the Companies Act 1956, to the Board of Directors (the Board), which expression shall include a duly authorised committee thereof for the time being exercising the powers conferred by the Board to transfer by sale or otherwise the whole or substantially the whole of the undertaking of the company situated at Plot No. 22 to 25 Sengundram Village Melrosapuram, Singaperumal Koil Post, Anna District, Tamil Nadu or any where else in relation to the said undertaking to its proposed wholly owned subsidiary company named, JAI SUSPENSION SYSTEMS PVT. LTD. or to any other person/company/entity as the Board of Directors may deem fit at a consideration not less than Rs. 10 crores receivable in such modes or forms including by way of issue of shares and/or by takeover/discharge of the liabilities of the Company and/or the undertaking by the proposed company/entity and on such terms and conditions including timings and modalities for such transfer as the Board or Committee thereof may in its absolute discretion deem fit

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be necessary and expedient in the best interest of the company to bring into effect the above resolution and, any action taken by the Board or Committee thereof in this regard be and is hereby ratified "

Place : New Delhi
Date : February 29, 2000

By order of the Board
P.S. Jauhar
Whole-time Director

JAI PARABOLIC SPRINGS LIMITED**NOTES:**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business set out above is annexed hereto :
2. A MEMBER ENTITLED TO ATTEND AND VOTE 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 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 unclaimed dividend which is due for transfer to the Central Government is as follows :

Financial Year Ended	Due for transfer on
31-03-1995	10-11-2000
31-03-1996	10-11-2001

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

EXPLANATORY STATEMENT

The Explanatory Statement for Item No. 4 of the accompanying Notice is as under :

Item No. 4

The Chennai unit of your company is a world class, state of the art plant enjoying QS 9000 recognition. The plant has a potential to emerge as a spring sourcing base for major Automobile manufacturers outside India. Accordingly it would be commercially expedient and proper that your company undergoes strategic restructuring by transferring the Chennai unit into a wholly owned subsidiary with options open to convert the same in the future to a Joint Venture to further strengthen its export orientation. The restructuring would also enable debt rationalisation of your Company.

Yours Directors recommend the resolution set out at item 4 of this notice. None of the Directors is interested in the resolution except Mr. P.S. Jauhar by virtue of his Directorship in the proposed subsidiary company and Mr. B.S. Jauhar as relative of Mr. P.S. Jauhar.



DIRECTORS' REPORT

To the Members

The Directors of your Company present herewith 14th Annual Report and the Audited Statements of Accounts for the Financial year ended June 30, 1999. As the financial year has been changed from year ending 31st March to 30th June, the accounts reflect the position for 15 months ending on 30th June 1999.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	June 30 1999 (15 Months)	March 31 1998
YEARS ENDED		
Sales & Other Income	6412.13	5370.33
Gross Operating Profit	622.31	721.41
Financial Expenses	617.38	405.77
Depreciation & Write Offs	357.83	231.99
Profit before taxation	(362.90)	83.65
Provision for taxation	-	10.00
Profit after taxation	(362.90)	73.65
Appropriation :		
Proposed Dividend	-	-
Corporate Tax on Dividend	-	-
General Reserve	-	-
Balance brought forward	595.74	522.09
Surplus carried to Balance Sheet	242.84	595.74

DIVIDEND

Your Directors are not recommending any dividend in view of losses incurred by the Company.

OPERATIONS

During the period under review your Company continued to maintain a leadership position in the Automobile Springs Industry inspite of recessionary and depressed market trend. Recession driven low capacity utilisation has however resulted in your Company witnessing fall in operating profit margins from 16.31% to 9.71%. High Fixed costs of new unit at Chennai also have contributed in fall in profit margins as the unit is yet to operate at optimum capacity levels having commenced commercial production only in March 1999.

TOTAL QUALITY MANAGEMENT

Your Directors are pleased to report that during the year under review the Chennai Unit of your Company was granted QS-9000 Certification for manufacture of leaf springs for Automotive Industry.

Your Company's plant at Mohali has the distinction of having ISO-9001 certification for design, manufacture and supply of leaf springs for Automotive Industry and is working to obtain QS-9000 certification during the year under review. A system audit was conducted by Quality Assurance Services, Australia in the current year and it is expected that QS-9000 certification will be granted to the Mohali Unit soon.

JAI PARABOLIC SPRINGS LIMITED**BUSINESS PROSPECTS**

The market conditions in the Automobile Sector are improving and your Company expects to achieve higher increase in the sales in domestic as well as exports market in the years ahead.

Continuous efforts are also being made towards improvement in the productivity, quality and cost reduction and your Company hopes improvement in overall performance in the future.

EXPORT

There has been marginal increase in the exports during the year under review as compared to previous year.

Your Company has developed dedicated manpower and machines to enter overseas markets and negotiating with overseas customers to commence world class exports to them soon. The state of the art Chennai plant of your Company has major potential emerging as a strong leaf springs sourcing base for Automobile Companies world wide. In view of the predominant export orientation of the Chennai Unit of your Company, your Directors propose transferring the same to a separate wholly owned subsidiary Company with options open to convert the same to a Joint Venture to further consolidate your Company's interests in International Business. The notice of AGM contains the relevant details on the matter.

Y2K COMPLIANCE

Your Directors are pleased to report that Y2K issue was well managed by your Company and all computer equipments, process control equipments, internally developed application softwares and packaged softwares are fully Y2K compliant.

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 JP SL Marketing Limited and the Auditors Report thereon for the year ended 31st March, 1999 are annexed.

DIRECTORS

In accordance with the applicable provisions Mr. B. S. Jauhar retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Industrial Finance Corporation of India Limited has nominated Mr. R. K. Chavali in place of Mr. D. Ray and NHK Spring Co. Limited has nominated Mr. K. Sasaki in place of Mr. K. Ikeda as their nominee Directors on the Board of the Company.

Ms. Kiran Chadha and Mr. K. G. Khosla resigned from the Board of the Company during the current financial year.

The Board places on record the sincere appreciation for the services rendered by Mr. D. Ray, Mr. K. Ikeda, Ms. Kiran Chadha and Mr. K. G. Khosla during their tenure as Directors of the Company.

ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with provisions of Section 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 earning/outgo is annexed hereto at annexure-1 to the Directors Report and forms part of this Report.

FIXED DEPOSITS

There are no overdue or unclaimed deposit as on June 30, 1999.

PERSONNEL

Industrial Relations between the Management and Employees were cordial during the year. 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 and form part of this Report.

AUDITORS

M/s. A. K. Kalia & Associates, Chartered Accountants, Chandigarh retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. A certificate under section 224 (1B) has been received by them in this regard.

APPRECIATION

The Directors wish to acknowledge support and co-operation received from investors, depositors, suppliers, bankers, financial institutions and the Central and State Governments and employees contributions at all levels.

The Directors also place on record their sincere gratitude for the continued technical and financial support and encouragement received from your Company's foreign collaborators M/s NHK Spring Co. Limited, Japan.

For and on behalf of the Board

Place : New Delhi
Date : February 29, 2000

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.
 - i) The Company is optimising the production processes to reduce energy cost.
 - ii) Control equipment has been installed in the furnaces to measure and monitor the fuel consumption.
 - iii) Over rated motors replaced with optimum rating motors.
- b) Additional investment and proposals, if any, being implemented for reduction of energy.
The company is engaged in energy conservation on a continuous basis.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact of the cost of production goods.
 - i) 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.
 - ii) The power factor of the factory has been improved to 0.92 by providing Capacitor banks.
- 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. RESEARCH & DEVELOPMENT (R & D)

- a) Specific Area in which R & D carried out by the Company.
 - i) Redesigned existing springs for Telco leading to weight reduction.
 - ii) Conversion of existing convention springs to Parabolic Springs for Maruti Omni.
 - iii) Development of value engineering springs for Mahindra & Mahindra, Eicher & Volvo.
- b) Benefits derived as a result of R & D.
 - i) Redesign of existing springs give direct saving of about 10% alongwith better life.
 - ii) Conversion of conventional to parabolic springs has reduced springs weight by 25-35%. This will also lead to fuel saving and better life.
- c) Future plan of Action
 - i) Redesign of Springs for Navistar International Transportation Corporation ,USA
 - ii) To generate SN diagram for different raw materials and stress levels.
 - iii) Development for new models Launched/to be launched by Mahindra & Mahindra and some export models including General Motors & Navistar International Transportation Corporation ,USA.
- d) Expenditure on R&D (Rs.in Lacs)

a) Capital	:	11.06
b) Recurring	:	17.74
c) Total	:	28.80
d) % of total turnover	:	0.65%

C. TECHNOLOGY ABSORPTION

- a) Technology Absorption, Adaptation and innovation.
 - i) Technology imported from NIK for manufacture of Leaf Springs has already been absorbed at Mohali Units.
 - ii) Technical help of NIK has yielded high improvement in the quality & productivity for the new product range developed for overseas customers.
 - iii) The Company is considering entering into design/manufacture of air suspension system.
 - iv) The company is also engaged in various other initiations related to improvements in the process.
- b) Benefits derived as a results of the above efforts.
The Company enjoys a distinct technological edge over its competitors due to a superior and continuously improvised technology employed in its manufacturing process.
- c) Technology imported (For the manufacture of Leaf Springs)
 - i)

Year of import	Unit I, Mohali	(1987-90)
	Unit II, Mohali	(1992-97)
	Chennai	(1996-2006)
 - ii) Has technology been fully absorbed.
As reported above, the technology at Mohali has been fully absorbed. The benefit for Chennai unit is yet to accrue.

JAI PARABOLIC SPRINGS LIMITED**D. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

	(Rs.in lacs)
Foreign exchange used	278.24
Foreign Exchange Earned	160.58

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 30th June 1999.

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	33	Whole time Director	1.8.89	17,65,600	B.Com	16	Jamna Auto Inds.Ltd Dy.Manager (Commercial)

Notes

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

**AUDITOR'S REPORT**

To The Members of **JAI PARABOLIC SPRINGS LIMITED**

We have audited the attached balance sheet of **JAI PARABOLIC SPRINGS LIMITED** as at June 30th 1999 and the profit & loss account of the Company for the year ended on that date annexed thereto and report that :

- A As required by the Manufacturing & other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956. We enclose in the annexure, a statement on the matter specified in para 4& 5 of the said order to the extent applicable to the Company.
- B. Further to our commence in the annexure referred to in paragraph A above, We state that :
- We have obtained all the information & explanation which to the best of our knowledge & belief were necessary for the purpose of our audit
 - In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of these books
 - The Balance Sheet & Profit & Loss account dealt with by the report are in agreement with the books of accounts
 - In our opinion the Profit & Loss account & the Balance Sheet comply with the accounting standard referred to in section 211(3C) of the Companies Act, 1956.
 - In our opinion & to the best of our information & according to the explanation given to us, the annexed accounts together with the notes on accounts give the information required by the Companies Act in the manner so required & give a true & fare view.
 - In case of the Balance Sheet of the state of affairs of the Company as at 30th June 1999. &
 - In case of Profit & Loss account of the loss for the year ended on the date.

For A.K. KALIA & ASSOCIATES
CHARTERED ACCOUNTANT

Place : New Delhi
Date : February 29, 2000

(ANIL K. KALIA)
PROP.

ANNEXURE TO THE AUDITOR'S REPORT**REFERRED TO PARAGRAPH(A) OF AUDITOR'S REPORT OF EVEN DATE**

- The Company has maintained records showing particulars including quantitative details & situation of fixed assets pertaining to Chennai unit. As regards the Mohali units the said records are currently under updation. We are informed that the records expected to be completed during the financial year ending 30th June 2000. The Company has decided to conduct the physical verification of all of its fixed assets once in every three years, frequency of which in our opinion is reasonable having regard to the size of the Company & nature of its fixed assets.
Physical verification of all of fixed assets in pursuance to the programme of physical verification followed by the Company has been carried out during the year only in respect of Chennai Unit of the Company. In respect of Mohali units, we have been informed that the Company shall undertake the physical verification, upon updation of the said records of all its fixed assets, in a phased manner during the financial year ending June. 30th 2000.
- None of the fixed assets have been revalued during the period.
- The stocks in trade have been physically verified during the year by the management.
- In our opinion & according to the information given to us, the procedure of physical verification of stock followed by the management are reasonable & adequate keeping in view the size of the company.
- The discrepancies noticed on physical verification of stocks as compared to book records were not material, on to the basis of our examination of stock records
- In our opinion, the valuation of stocks is fair & proper in accordance with the normally accepted accounting principles & is on the same basis as in previous year.
- 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, where the rate of interest & other terms & conditions were prima facie & prejudicial to the interest of the company. We have been informed that there is no company under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956
- The Company has not granted any loans or advances in the nature of loans to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, where the rate of interest and other terms & conditions were prima facie prejudicial to the interest of the company. We have been informed that there is no company under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956.