



MR	✓		DRG	✓
CS	NA		DPV	NA
RO	✓		DIV	✓
TR	✓		AC	✓
ACV	✓	✓	ST	✓
RE	✓	✓		✓

31ST ANNUAL REPORT
1996-97

Report  junction.com

JAMNA AUTO INDUSTRIES LIMITED



Jamna Auto Industries Limited

Flagship company of JAI Group — India's No.1 Automobile Suspension Spring Manufacturers; ranked No. 5 in the world.

Technical Collaboration with world's largest spring company — NHK Spring Co.Ltd., Japan

Sole supplier of Stabilizer Bars to Maruti Udyog Ltd. For 800 CC, Zen, Esteem & 1000cc Cars.

Major supplier of springs to all the three plants of TELCO (Jamshedpur, Pune & Lucknow).

Both the plants at Yamuna Nagar & Malanpur ISO 9002 certified for manufacture of Springs and Stabilizer Bars.

QS 9000 certification for manufacture of Leaf Springs and Stabilizer Bars at Malanpur Unit.

Export Excellence Award from EEPC during 1992-93.

Over 100% Turnover growth during 1993-94 to 1996-97

Financial Highlights

(Rs. in lacs)

Year ending 31st. March	1997	1996	1995	1994	1993
Sales & Earnings					
Sales	10322.21	8677.23	5524.70	5123.09	4227.84
Other Income	49.97	35.29	32.15	84.80	61.33
	10372.18	8712.52	5556.85	5207.89	4289.17
Total Expenditure	8820.02	7635.12	4710.08	4535.13	3622.67
Operating Profit	1552.16	1077.40	846.77	672.76	666.21
Interest	719.36	490.37	348.60	335.63	357.89
Gross Profit	832.80	587.03	498.17	337.13	308.32
Depreciation/Write off	326.71	262.74	233.65	181.48	136.74
Profit Before Tax	506.09	324.29	264.52	155.65	171.58
Tax	66.00	—	—	—	15.00
Profit After Tax	440.09	324.29	264.52	155.65	156.58
Cash Profit	766.80	587.03	498.17	337.13	293.32
What the Company Owned					
Fixed Assets - Gross Block ¹	7905.92	5926.45	4198.64	3749.30	3168.69
Less: Depreciation (Cumulative)	1275.34	1008.35	754.54	565.16	390.53
Net Block	6630.58	4918.10	3444.10	3184.14	2778.16
Investment	751.52	761.90	672.39	124.30	104.18
Current Assets	5014.25	5139.14	4223.38	4120.35	3394.38
	12396.35	10819.14	8339.87	7428.79	6276.72
What the Company Owed					
Long Term Funds	3730.14	3582.72	433.34	571.67	606.70
Medium/Short Term Funds	1245.02	490.32	957.29	720.78	390.08
Working Capital from Bank	1647.85	1681.47	1648.97	1499.56	1200.86
Current Liabilities & Provision	2158.19	1754.67	1989.95	1482.48	1008.78
	8781.20	7509.18	5029.55	4274.49	3206.42
Net Worth of the Comany					
Equity Share Capital	744.43	744.43	743.36	742.36	738.74
Reserves & Surplus	3202.16	2862.38	2634.34	2470.06	2396.95
Less: Intangible(-)	331.44	295.85	67.38	58.12	65.39
	3615.15	3309.96	3310.32	3154.30	3070.30
Share Indices					
Cash earnings Per Share	Rs. 10.30	7.87	6.68	4.54	3.97
Earnings Per Share	Rs. 5.91	4.35	3.55	2.09	2.12
Dividend Per Share	Rs. 1.25	1.25	1.25	1.20	1.20
Net Worth Per Share	Rs. 48.57	44.40	44.40	42.49	41.56

1. Including Capital-Work-in-Progress and pre-operative pending Capitalisation.

Corporate Information

BOARD OF DIRECTORS

Bhupinder Singh Jauhar, *Chairman & Managing Director*
K. Ikeda, *Representative of NHK Springs Co.Ltd., Japan*
Ishtiaq Ali, *Nominee Director of IFCI*
Ashok Kumar
Randeep Singh Jauhar, *Whole-time Director*
Prem Saigal

TECHNICAL COLLABORATORS

NHK Spring Co. Ltd., Japan

AUDITORS

Goel Garg & Co.
Chartered Accountants
&
G.S. Johar & Co.
Chartered Accountants

BANKERS

State Bank of India
Canara Bank
Bank of Baroda
ICICI Banking Corporation Ltd.
Siam Commercial Bank Plc.

REGISTERED OFFICE

Jai Springs Road
Yamuna Nagar - 135001
Haryana, INDIA

WORKS

Jai Springs Road
Yamuna Nagar - 135001
Haryana, INDIA
&
U 27 - 29, Industrial Area,
Malanpur-477 116
Distt. Bhind, M.P. INDIA

CORPORATE OFFICE

1004, Hemkunt Tower,
98, Nehru Place,
New Delhi-110 019, INDIA
Phone: 6419788, 6464205 Fax: 6464273
e-mail: nhkjai@del2.vsnl.net.in
Internet: <http://www.jaispring.com>

SHARE TRANSFER AGENTS

Magnum Business Services Pvt. Ltd.
35 A, Sant Nagar,
East of Kailash,
New Delhi -110065, INDIA
Phone: 6463336, 6476655

✓
S&B
10/10/17

Directors' Report

TO THE MEMBERS OF JAMNA AUTO INDUSTRIES LIMITED

Your Directors present their Report & Accounts for the Financial Year ended 31st March 1997

PERFORMANCE OF THE COMPANY

It has been a landmark year for the company. In a live testimony to its leadership and core competence in the Leaf Spring business, your company has emerged as India's first Leaf Spring manufacturer to reach an annual turnover of Rs.100 crores. In the process business has progressed strongly both with new and established customers resulting in a turnover growth of 18.96% during the year 1996-97.

FINANCIAL RESULTS

A net profit of Rs 506.09 lacs was earned during the year before providing for tax of Rs. 66 lacs. This reflects a growth of 56% and 35% Profit before and after tax respectively. Operational Efficiencies contributed to overall improvements in Profit Margins. The Gross Profit margins moved up to 8.06% from 6.76% in the previous year. Earnings per share appreciated over 35% to reach Rs.5.91 per share.

INCOME & PROFITS

	1996-97 (Rs.Lacs)	1995-96 (Rs.Lacs)
Sales & other Income	10372.18	8712.52
Gross Operating Profit	1552.16	1077.40
Financial Expenses	719.36	490.37
Depreciation & write off	326.71	262.74
Profit Before Tax	506.09	324.29
Provision for Tax	66.00	—
Profit After Tax	440.09	324.29
Add profit brought forward from previous year	145.54	354.02
	585.63	678.31
Add/Deduct Prior year income/ expenses	(7.26)	(6.39)
Available Surplus	578.37	671.92

EXPORTS

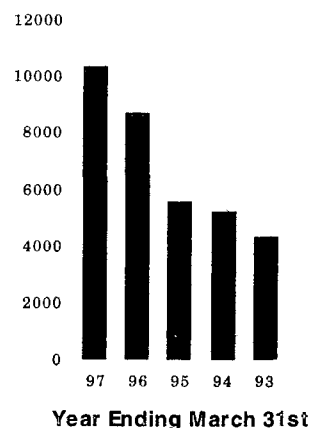
Your company's search for High Value Niche Markets in overseas business has ended with the recent export order of Rs. 36 Crores from General Motors Corporation, U.S.A. Your company has strategically not renewed other export contracts in view of the adequacy of exports envisaged through the execution of this order and the exclusive dedication called for developing a long-term business relationship with GM. As a result, exports were temporarily pushed down by 26% to Rs.369.36 Lacs during the year under review. The scheduled commencement of supplies to GM during the current Financial Year 1997-98 would soon more than compensate for this temporary decline.

DIVIDEND & OTHER APPROPRIATIONS

A dividend of 12.5% is recommended

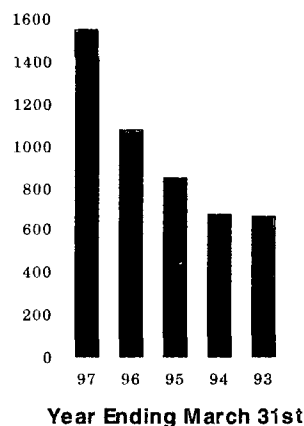
SALES

(Rs. in lacs)



OPERATING PROFITS

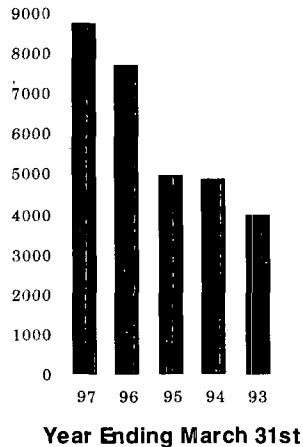
(Rs. in lacs)



Directors' Report

SPRINGS

(Sales in Rs. lacs)



AVAILABLE SURPLUS TO BE APPROPRIATED AS UNDER

	1996-97 (Rs. Lacs)	1995-96 (Rs. Lacs)
Proposed Dividend	93.05	93.05
Debenture Redemption Reserve	83.33	83.33
General Reserve	350.00	350.00
Balance in P&L A/c	51.99	145.54
TOTAL	578.37	671.92

PRODUCT PERFORMANCES

Your Company continues gaining customers in both of its product categories, namely leaf-springs and stabilizer bars and retains the Number One position in the country. Not only have the sales grown in line with the growth in Automobile Industry, but the market share has improved too. For instance, marketshare of your company's Leaf-Springs business with TELCO has improved to 35% from 28% in 1995-96.

In case of Stabilizer Bars while retaining the sole suppliership status to Maruti Udyog Ltd. for the 800CC and the ZEN models, the Company has also commenced supplies of the same to TELCO, Mahindra & Mahindra, Premier Automobiles Ltd. and Daewoo Motors during the year 1996-97.

Leaf/Parabolic sales of Rs.8743.28 Lacs reflect a turnover growth of 13.34% while the Stabilizer Bar Sales of Rs. 1200.62 reflect a growth of 68.97 % as compared to previous year 1995-96.

TOTAL QUALITY MANAGEMENT

Your Company continues to maintain ISO9002 status. The Directors are pleased to report that the Malanpur unit of your company is now being recommended by an International Quality Audit firm for the award of coveted QS 9000 certification.

PRODUCT DEVELOPMENT AND IMPROVEMENT

The R&D wing of your company has developed samples of value Engineering springs and submitted the same to TELCO for approval. Samples of stabilizer bars developed for TELCO, PAL Peugeot, Mahindra & Mahindra and Daewoo Motors were also approved during the year. Stabilizer Bars are being regularly supplied now to these OEMs. Stabilizer Bars samples have also been submitted to Honda Sael for approval.

JOINT VENTURE

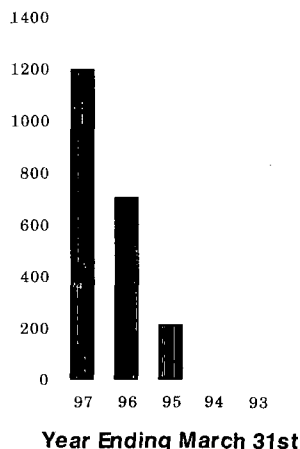
A new company by the name of NHK JAI Suspension Ltd. was incorporated during the year in terms of the MOU signed with NHK Spring Co. Ltd., Japan to undertake the joint venture for the manufacture of Coil Springs in India. The production, under the Rs.20 crores Joint Venture Project with a 85:15 equity participation between NHK and your company is scheduled to commence in the next Financial year 1998-99

BUSINESS PROSPECTS

The Automobile Industry is witnessing a normal growth phase and a healthy competition. In such a scenario, quality, price and customer satisfaction have emerged as prime focus areas. Your company's vigorous efforts to improve quality, monitor and reduce costs, and emphasise total customer satisfaction are reflected in improved sales and market shares.

STABILIZER BARS

(Sales in Rs. lacs)



Directors' Report

Further the Malanpur unit of your company would soon start rolling out leaf springs for use by General Motors Corporation USA. The replacement market network is also being strengthened and strategically restructured to quickly capture further shares of business. The business prospects of your company thus continue to remain bright.

INDUSTRIAL RELATIONS

Industrial relations remained cordial during the year.

PERSONNEL

The particulars of employees as per section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 are set out in the statement annexed hereto and forms part of this report.

DIRECTORS

Shri Ishtiaq Ali was appointed by IFCI as the new Nominee Director in place of Shri C.P.Gupta. The Directors wish to place on record their appreciation for the valuable services rendered by Shri C.P. Gupta during the tenure of his office as Director of the Company.

AUDITORS

M/s.Goel Garg & Co., Auditors and M/s.G.S.Johar & Co., Joint Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

FIXED DEPOSITS

Sixty four deposits aggregating to Rs.12.99 lacs matured, but were not claimed as on March 31,1997. Subsequently out of the above, forty one deposits aggregating to Rs.10.38 lacs have been repaid or renewed till 30th June, 1997.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

ACKNOWLEDGEMENTS

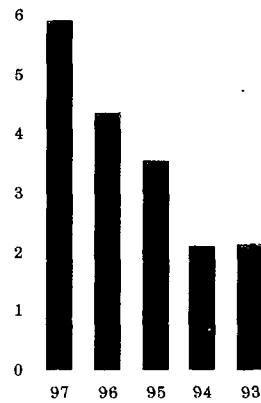
The Directors are obliged for the continued support lent to your Company by its customers, dealers, suppliers, bankers, financial institutions and the Central and State Governments. They are also thankful to the investors and depositors for their continued patronage and trust in your Company.

The Directors also wish to place on record their sincere appreciation for the valuable technical assistance provided to your Company by Company's foreign collaborators M/s.NHK Spring Co.Ltd., Japan. Sincere acknowledgements are also due to the Company's employees for their contributions at all levels towards the growth of the company.

For and on behalf of the Board of Directors
(BHUPINDER SINGH JAUHAR)
CHAIRMAN

EARNING PER SHARE

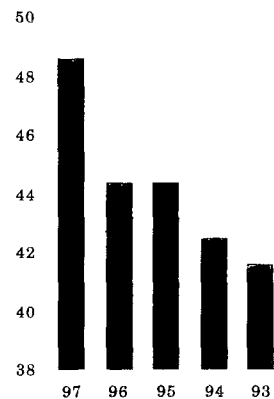
(Rs.)



Year Ending March 31st

NET WORTH

(Rs. per Share)



Year Ending March 31st

Annexure to Directors' Report

Information pursuant to Section 217 (I)(E) of Companies Act, 1956 read with the Companies (disclosure of particulars in the Report of Directors) Rules, 1988.

CONSERVATION OF ENERGY

- 1.) **Measures taken for conservation of energy.**
 - 1.1 Baking Ovens installed in order to reduce overall energy consumption.
 - 1.2 Interlocking of Heat Treatment Furnace done to improve quality and auto stoppage of furnace.
 - 1.3 Auto Switch System for lighting electricity commissioned.
- 2) **Additional investments and Proposals for reduction of energy usage**
The various proposals and recommendations of the electrical and fuel energy audit report are presently under implementation to achieve better conservation of energy.
- 3) **Impact of the measures at 1.) and 2.) above for reduction of energy consumption and consequent impact on the cost of goods**
The Company has achieved an average reduction in power and energycost by 27% per MT and plans to achieve a further reduction of 10% by improving productivity.

RESEARCH & DEVELOPMENT

- 1.) **Specific areas in which R&D is carried out by the Company.**
 - 1.1 Precision designing, development and improvising of Springs and Stabiliser Bars to meet stringent OEMs specifications.
 - 1.2 Research to improve durability and load bearing capacity of the springs.
 - 1.3 Development of value engineering springs for TELCO.
 - 1.4 Continuous Research to develop lighter and stronger springs to achieve better quality and fuel efficiency.
- 2.) **Benefits derived as a result of R&D**
 - 2.1 The Company has gained Stabiliser Bar Business from new customers viz. Telco, Pal Peugeot and Daewoo Motors and is making regular supplies to them after their acceptance of the samples developed for them.
 - 2.2 The Company continues to maintain sole suppliership status with Maruti Udyog Ltd. for supply of Stabiliser Bars to them for the 800 cc, Zen, Esteem and Maruti 1000 Models.
 - 2.3 The Leaf Springs Samples developed for General Motors Corporation, U.S.A have been accepted by them and a supply schedule has been received from them. The Company has also sent further trial samples which are presently under testing by G.M.
 - 2.4 Samples of Stabiliser Bars have also been submitted to Honda Sael for their approval.
 - 2.5 The major advantage of the Company's continuous Research and Development is that its R&D Capability consisting of its equipment, machines and experienced & expert man power has become an intangible asset in the nature of an entry barrier.
- 3.) **Future Plan of Action**
An Engineering Research Centre(ERC) has been constituted with a long term objective of providing to the Automobile Industry state of the art and self improvised Springs and Stabiliser Bars through dedicated value engineering and designing.

4.) Expenditure on R&D	(Rs. in lacs)
i.) Capital / Deferred Revenue	72.25
ii.) Recurring	9.41
iii.) Total	81.66
iv.) Total R&D expenditure as percentage of total turnover.	0.79%

Annexure to Directors' Report

TECHNOLOGY ABSORPTION

1.) Technology absorption, adaptation and innovation

Technology imported from NHK for the manufacture of Leaf Springs & Stabiliser Bars has already been absorbed and the Company is now improvising and innovating on the manufacturing process and technical know how to improve productivity and product quality and durability.

2.) Benefits derived as a result 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. As a result not only the Company retains leadership position in the OEM segment but also is moving strongly to emerge as a market leader in the replacement segment by providing superior quality springs in a market otherwise dominated by poor quality and spurious components.

3.) Technology Imported (For the manufacture of Leaf Springs & Stabiliser Bars.)

3.1 Year of Import

Leaf Springs	(1985 - 1990)
Stabiliser Bars	(1993 - 1994)

3.2 Has technology been fully absorbed

As reported above, the technology has been fully absorbed.

FOREIGN EXCHANGE EARNINGS AND OUTGO

1.) Activity relating to Exports

The Company has been working vigorously to achieve QS 9000 at its Malanpur Unit for which a final audit has already been completed and a recommendation for the grant of QS 9000 to the Company is being made by the auditing agency. The certification shall prove the world class quality of the products manufactured at the Malanpur Unit of the Company and make them world wide competitive for purchase by top automobile Companies like General Motors Corporation., U.S.A., Ford and Chrysler. The Company is all set for successful execution of the G.M. order and is looking beyond towards increasing its global presence.

2.) Total Foreign Exchange used and earned

(Rs. in lacs)

2.1. Foreign Exchange earnings on FOB

369.36

2.2 Foreign Exchange outgo:

a. Overseas Commission	1.10
b. Overseas Travelling (Foreign Exchange Utilised)	14.13
c. Value of Imports on CIF basis.	57.53
d. Technical know-how fee	19.46
e. Legal Expenses	12.27
f. Books & Periodicals	0.02

2.3 Net contribution to the Country's Foreign Exchange Reserves (2.1 - 2.2)

264.85

Particulars of Employees

(AS PER SECTION 217(2A) OF THE COMPANIES ACT & COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975)

(Persons employed throughout the accounting year who were in receipt of remuneration which in the aggregate was not less than Rs. 3,00,000/-)

NAME	Bhupinder Singh Jauhar	Randeep Singh Jauhar
DESIGNATION	Chairman & Managing Director	Whole-Time Director
NATURE OF DUTIES	General conduct & management	Corporate Planning, Policy Formulation & Operational Management
DATE OF COMMENCEMENT OF EMPLOYMENT	27.9.82	1.6.81
REMUNERATION RECEIVED	Rs.11,74,609	Rs.10,60,800
AGE (YEARS)	64	36
QUALIFICATIONS	Matric	M.Com, MBA
EXPERIENCE (YEARS)	42	16
NAME OF LAST EMPLOYER	N/A	N/A
DESIGNATION IN LAST EMPLOYMENT	N/A	N/A