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## 32ND ANNUAL REPORT 1997-98

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### **JAI SPRINGS GROUP**

India's No.1 Automobile Suspension Spring manufacturers, ranked No. 5 in the world.

Technological and Equity Collaboration with world's largest spring company – NHK Spring Company Limited, Japan.

### **GROUP COMPANIES**

Jamna Auto Industries Limited (JAI)

JAI Parabolic Springs Limited (JPSL)

Jamna-NHK-Allevard  
Suspension Components Limited (JANA)

## Financial Highlights

(Rs. in Lacs)					
Year ending 31st March	1998	1997	1996	1995	1994
<b>Sales &amp; Earnings</b>					
Sales	<b>9120.97</b>	10322.21	8677.23	5524.70	5123.09
Other Income	<b>34.02</b>	49.97	35.29	32.15	84.80
	<b>9154.99</b>	10372.18	8712.52	5556.85	5207.89
Total Expenditure	<b>7483.12</b>	8820.02	7635.12	4710.08	4535.13
Operating Profit	<b>1671.87</b>	1552.16	1077.40	846.77	672.76
Interest	<b>1001.21</b>	719.36	490.37	348.60	335.63
Gross Profit	<b>670.66</b>	832.80	587.03	498.17	337.13
Depreciation	<b>352.17</b>	326.71	262.74	233.65	181.48
Profit Before Tax	<b>318.49</b>	506.09	324.29	264.52	155.65
Tax	<b>32.60</b>	66.00	0.00	0.00	0.00
Profit After Tax	<b>285.89</b>	440.09	324.29	264.52	155.65
Cash Profit	<b>638.06</b>	766.80	587.03	498.17	337.13
<b>What the Company Owned</b>					
Fixed Assets-Gross Block <sup>1</sup>	<b>9484.29</b>	7905.92	5926.45	4198.64	3749.30
Less: Depreciation (Cumulative)	<b>1610.16</b>	1275.34	1008.35	754.54	565.16
Net Block	<b>7874.13</b>	6630.58	4918.10	3444.10	3184.14
Investment	<b>711.59</b>	751.52	761.90	672.39	124.30
Current Assets <sup>2</sup>	<b>6166.21</b>	5014.25	5139.14	4223.38	4120.35
	<b>14751.93</b>	12396.35	10819.14	8339.87	7428.79
<b>What the Company Owed</b>					
Long Term Funds	<b>4197.35</b>	3730.14	3582.72	433.34	571.67
Medium/Short Term Funds	<b>679.92</b>	1245.02	490.32	957.29	720.78
Working Capital from Bank	<b>2722.63</b>	1647.85	1681.47	1648.97	1499.56
Current Liabilities & Provision	<b>1991.68</b>	2158.19	1754.67	1989.95	1482.48
	<b>9591.58</b>	8781.20	7509.18	5029.55	4274.49
<b>Net Worth of the company</b>					
Equity Share Capital	<b>876.11</b>	744.43	744.43	743.36	742.36
Reserves & Surplus	<b>4778.54</b>	3202.16	2862.38	2634.34	2470.06
Less Intangible(-)	<b>494.30</b>	331.44	296.86	67.38	58.12
	<b>5160.35</b>	3615.15	3309.96	3310.32	3154.30
<b>Share Indices</b>					
Cash earnings Per Share	<b>Rs. 7.28</b>	Rs. 10.30	7.87	6.68	4.54
Earnings Per Share	<b>Rs. 3.26</b>	Rs. 5.91	4.35	3.55	2.09
Dividend Per Share	<b>NIL</b>	Rs. 1.25	1.25	1.25	1.20
Net Worth Per Share	<b>Rs. 58.90</b>	Rs. 48.57	44.40	44.40	42.49

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

2 Including Rs.800.95 lacs as Fixed Deposits with Scheduled Banks as at 31.03.98

## Corporate Information

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### BOARD OF DIRECTORS

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

### AUDITORS

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

### BANKERS

State Bank of India  
Canara Bank  
ICICI Banking Corporation Ltd.

### MAIN CUSTOMERS

Bajaj Tempo Ltd.  
Daewoo Motors  
General Motors Corporation, USA  
Hindustan Motors  
Honda Siel  
Mahindra Ford  
Mahindra & Mahindra  
Maruti Udyog Ltd.  
TELCO

### 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

A-4, Qutab Hotel,  
Shahid Jeet Singh Road,  
New Delhi - 110016, INDIA  
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

## Directors' Report

### TO THE MEMBERS OF JAMNA AUTO INDUSTRIES LIMITED

Your Directors present their Report & Accounts for the Financial Year ended 31st March 1998.

#### FINANCIAL RESULTS

	1997-98 (Rs.Lacs)	1996-97 (Rs.Lacs)
Sales & other Income	9,154.99	10,372.18
<b>Gross Operating Profit</b>	<b>1,671.87</b>	1,552.16
Financial Expenses	1,001.21	719.36
Depreciation	352.17	326.71
<b>Profit Before Tax</b>	<b>318.49</b>	506.09
Provision for Tax	32.60	66.00
<b>Profit After Tax</b>	<b>285.89</b>	440.09
Add profit b/f from previous year	51.99	145.54
	<b>337.88</b>	585.63
Add/Deduct Prior year income/ expenses	(13.19)	(7.26)
<b>Available Surplus</b>	<b>324.69</b>	578.37

#### PERFORMANCE OF THE COMPANY

While the financial results show an overall decline, the performance of your company should be viewed in the context of recession in the economy in general and the automobile sector in particular. The company's performance in domestic car market & replacement market has been satisfactory & the negative turnover growth of 11.64% is largely accounted for by demand slump in the HCV/MCV segments.

The fall in profit margins is largely due to the recession- driven higher financial costs offsetting the improvement in operating efficiencies. Earnings per share are down to Rs.3.26, partially due to increase in equity to Rs.8.76 crores following a preferential issue to NHK Spring Co. Ltd., Japan.

#### EXPORTS

Exports to General Motors Corporation, USA commenced in February, 1998. Therefore, the complete impact of this shall be reflected in the current year 1998-99, as evidenced by exports of Rs. 581.57 Lacs to GM during April - July 1998 itself, against total exports of Rs. 244.25 Lacs during 1997-98.

#### DIVIDEND

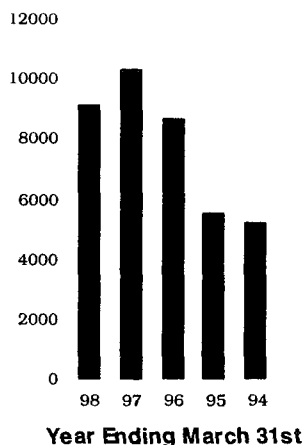
In the present phase of acute recessionary trend we are not recommending any dividend, as a prudent financial measure.

#### AVAILABLE SURPLUS TO BE APPROPRIATED AS UNDER

	1997-98 (Rs.Lacs)	1996-97 (Rs.Lacs)
Proposed Dividend	0.00	93.05
Debenture Redemption Reserve	83.33	83.33
General Reserve	0.00	350.00
Balance in P&L A/c	241.36	51.99
<b>TOTAL</b>	<b>324.69</b>	578.37

#### SALES

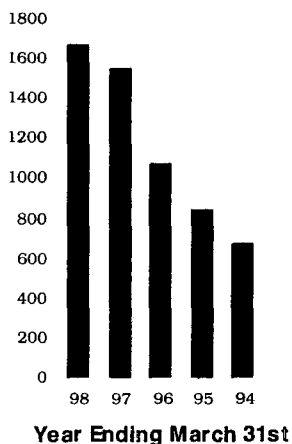
(Rs. in lacs)



Year Ending March 31st

#### OPERATING PROFITS

(Rs. in lacs)

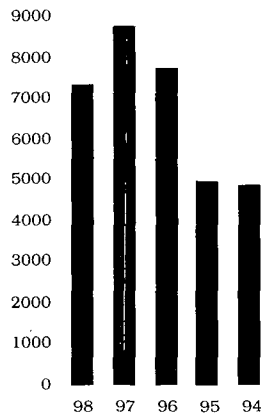


Year Ending March 31st

## Directors' Report

### SPRINGS

*(Sales in Rs. lacs)*



Year Ending March 31st

### **PRODUCT PERFORMANCES**

Your Company continues to retain the leadership position in the automobile spring business despite a slump in the HCV and the MCV segments. The leaf springs sales during 1997-98 stood at Rs.7356.91 lacs as against Rs.8743.28 lacs in the previous year. In case of Stabilizer Bars your company is now the sole supplier to Daewoo Motors, Honda Siel, and Mahindra Ford in addition to Maruti Udyog Limited; while supplies have also commenced to Bajaj Tempo Limited during the year 1997-98. The Stabilizer Bar Sales of Rs.1554.98 lacs reflect a growth of 29.51% as compared to previous year 1996-97.

### **TOTAL QUALITY MANAGEMENT**

Your company continues to maintain ISO-9002 status. The Directors are pleased to report that during the year under review both the plants of your company (at Malanpur and Yamunanagar) were accredited with QS-9000 certification which is the quality systems certification recognised globally in the automobile sector.

### **PREFERENTIAL ISSUE TO NHK SPRING CO. LTD., JAPAN**

During the year under review your company's collaborator NHK Spring Co., Ltd., Japan reposed their trust and confidence in the operations of your company by acquiring 15% equity stake equivalent to 13,16,836 equity shares in your company through a preferential issue at a premium of Rs.99/- per share. Consequently, the paid up equity of your company stands enhanced to Rs.8.76 crores.

### **JOINT VENTURE**

Your company has entered into a 4 party Joint Venture with NHK Spring Co.Ltd., Nissho Iwai Corporation, Japan and Allevard Ressorts Automobile, France. The JV project shall manufacture state of the art Coil Springs and Stabilizer Bars primarily for supplies to the car market in India. Under the MOU signed with NHK your company shall be transferring its Stabilizer Bar Business for a consideration not less than Rs.23 crores to the Joint Venture Company during the current financial year 1998-99. The JV project shall enjoy substantial foreign equity (85%) and your company shall be investing the balance 15%, approximately one third of which has already been invested. Members may recall that their permission has already been obtained in the above regard

### **BUSINESS PROSPECTS**

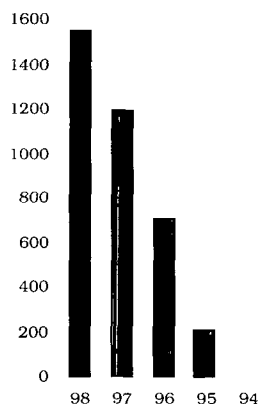
The Indian Automobile Industry is presently undergoing a phase of acute recession and the short term domestic business prospects continue to be grim. However, your company is well positioned in the world market through exports to GM. Consistent commitment to customer satisfaction, quality and cost competitiveness, value engineering and timely technological upgradation and the resultant strong brand equity enables your company to consolidate its leadership position in the domestic market as well.

### **INDUSTRIAL RELATIONS**

Your company continued to have peaceful and healthy Industrial relations during the year.

### STABILIZER BARS

*(Sales in Rs. lacs)*



Year Ending March 31st

## Directors' Report

### PERSONNEL

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

### DIRECTORS

The directorship of Shri Ishtiaq Ali (Nominee - IFCI Limited) stands withdrawn during the current financial year 1998-99 following the repayment of IFCI loans by your company. The directors wish to place on record their appreciation for the valuable services rendered by Shri Ishtiaq Ali during his tenure on the Board.

### 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.

### AUDITORS' REPORT

The report of the Auditors is attached and does not require any elaboration in view of adequate presentation of accounts read with Accounting Policies and Notes to Accounts.

### FIXED DEPOSITS

Forty one deposits aggregating to Rs.5.89 lacs matured, but were not claimed as on March 31, 1998. Subsequently, out of the above, Eighteen deposits aggregating to Rs.2.45 lacs have been repaid or renewed till 30<sup>th</sup> June, 1998.

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

Captioned information pursuant to Section 217(1) (e) of the Companies Act, 1956 is annexed hereto and forms part of this report.

### ACKNOWLEDGEMENTS

The directors wish to acknowledge employee contributions at all levels and the support lent to your company by its customers investors, depositors, dealers, suppliers, bankers, financial institutions and the Central and State Governments.

The directors also place on record their sincere gratitude for the valuable technical and financial assistance granted by your company's foreign collaborators M/s.NHK Spring Co.Ltd., Japan.

*For and on behalf of the Board of Directors*

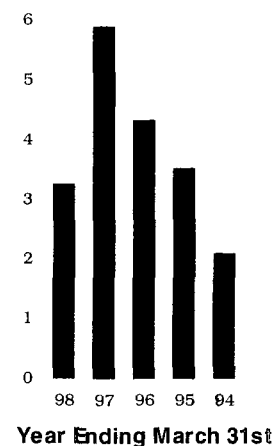
**(BHUPINDER SINGH JAUHAR)**

CHAIRMAN

August 22, 1998

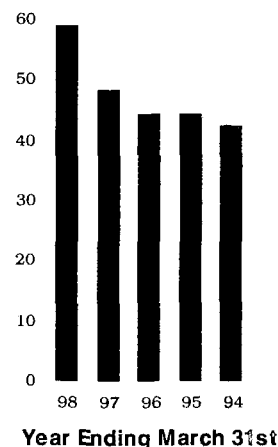
### EARNING PER SHARE

(Rs.)



### NET WORTH

(Rs. per Share)



## 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 Interlocking of Heat Treatment furnace done to improve quality & auto stoppage of furnace.
  - 1.2 Timers installed with motors with high consumption rating to save power consumption during idle running.
  - 1.3 Over rated motors replaced with optimum rating motors.
- 2. Additional Investments and proposal for energy conservation.**  
The company is engaged in energy conservation on a continuous basis.
- 3. Impact of measures at 1 above for reduction of energy conservation and consequent impact on the cost of goods.**
  - 1.1 Productivity of energy intensive operations have increased by 11%, thereby reducing fuel cost and electricity.
  - 1.2 The power factor of the factory has been improved to 0.98 by providing Capacitor banks.

### RESEARCH & DEVELOPMENT

- 1. Specific areas in which R&D is carried out by the company.**
  - 1.1 Redesign of existing springs leading to weight reduction.
  - 1.2 Conversion of existing conventional springs to parabolic springs
  - 1.3 Development of value engineering springs for Mahindra & Mahindra, Telco, Eicher & Toyota Motors.
- 2. Benefits derived as a result of R&D.**
  - 2.1 Redesign of existing springs give direct saving due to weight reduction and better spring life.
  - 2.2 Conversion of conventional springs is a new technology and give better ride comfort due to less vehicle weight leading to fuel saving and weight reduction of about 25 to 35%
  - 2.3 Samples of Stabilizer Bars have also been submitted to Mahindra Ford for their approval.
- 3) Future Plan of Action.**
  - 3.1 Redesign of Volvo Springs to suit Indian Road Conditions
  - 3.2 To generate SN diagram for different raw materials and stress levels.
  - 3.3 Development is on for new models to be Launched by Mahindra & Mahindra and some export models.

4) Expenditure on R&D	(Rs.in Lacs)
i) Capital/Deferred Revenue	74.93
ii) Recurring	<u>0.32</u>
iii) Total	75.25
iv) Total R&D expenditure as percentage of total turnover	0.82%

### TECHNOLOGY ABSORPTION

- 1) Technology absorption, adaptation and innovation**
  - 1.1 Technology imported from NHK for manufacture of Leaf Springs and Stabilizer Bars has already been absorbed.
  - 1.2 Technical help of NHK has yielded high improvement in the quality & productivity for the new product range developed for exports to General Motors Corporation, USA.(GM)
  - 1.3 The company is engaged in adaptation of indigenous raw material & components for exports to GM and the same is likely to be over by end of 98-99.
  - 1.4 The company is also engaged in various other initiations related to improvements in the process



## Annexure to Directors' Report

### 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. By beginning exports to GM your company has now demonstrated the world class quality and technology of its products.

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

#### 3.1 Year of Import

Leaf Springs	(1985-1990)
Stabilizer 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. Activities related to Exports

During the year your company was accredited with QS-9000 certification which is Quality Systems certification recognised Globally. Your company was also engaged in the scheduled completion of the necessary procedure, tests and the basic ground work to begin exports to General Motors Corporation (USA) during the year under review.

<b>2. Total Foreign Exchange used and earned</b>	<b>(Rs.in lacs)</b>
<b>2.1 Foreign Exchange earnings on FOB</b>	<b>244.25</b>
<b>2.2 Foreign Exchange outgo:</b>	
a. Overseas Commission	2.54
b. Overseas Travelling (Foreign Exchange Utilised)	12.28
c. Value of Imports on CIF basis	205.79
d. Technical know-how fee	6.89
e. Legal Expenses	NIL
f. Books & Periodicals	NIL
<b>2.3 Net contribution to the Country's Foreign Exchange Reserve (1.1 - 1.2)</b>	<b>16.74</b>

## 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)	65	37
Qualifications	Matric	M.Com, MBA
Experience (Years)	43	17
Name Of Last Employer	N/A	N/A
Designation		
In Last Employment	N/A	N/A