



**34TH ANNUAL REPORT
1999-2000**

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JAMNA AUTO INDUSTRIES LIMITED

Corporate Information

BOARD OF DIRECTORS

Bhupinder Singh Jauhar, *Chairman & Managing Director*
 K. Sasaki, (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.

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-477116
 Distt. Bhind, M.P. INDIA

CORPORATE OFFICE

2, Park Lane,
 Kishan Garh,
 Behind D-3, Vasant Kunj
 New Delhi - 110070. INDIA

SHARE TRANSFER AGENTS (Demat Services)

Skyline Financial Services Pvt. Ltd.
 123, Vinoba Puri,
 Lajpat Nagar - II
 New Delhi - 110 024. INDIA
 Phone : 6838501, 6847136

LISTING

Stock Exchanges at
 Delhi, Mumbai, Calcutta, Ludhiana, Jaipur,
 Ahmedabad & Bangalore.

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ANNUAL GENERAL MEETING

29th September, 2000
 at 2.00 P.M.

Registered Office :
 Jai Springs Road
 Yamuna Nagar - 135001
 (Haryana) INDIA

Financial Highlights

		(Rs.in lacs)				
Year ending 31st March	2000	1999	1998	1997	1996	
Sales & Earnings						
Sales	9772.25	8797.89	9120.97	10322.21	8677.23	
Other Income	354.94	883.88 ³	34.02	49.97	35.29	
	10127.19	9681.77	9154.99	10372.18	8712.52	
Total Expenditure	8673.84	7576.17	7483.12	8820.02	7635.12	
Gross Profits (PBDIT)	1453.35	2105.60 ³	1671.87	1552.16	1077.40	
Interest	1260.50	1264.16	1001.21	719.36	490.37	
Profit Before Depreciation	192.85	841.44 ³	670.66	832.80	587.03	
Depreciation	369.98	397.42	352.17	326.71	262.74	
Profit/(Loss) Before Tax	(177.13)	444.02 ³	318.49	506.09	324.29	
Tax	1.67	48.00	32.60	66.00	0.00	
Profit/(Loss) After Tax	(178.80)	396.02 ³	285.89	440.09	324.29	
Cash Profit	191.18	793.44 ³	638.06	766.80	587.03	
What the Company Owned						
Fixed Assets - Gross Block ¹	8538.64	8391.98	9484.29	7905.92	5926.45	
Less : Depreciation (Cummulative)	2035.48	1684.86	1610.16	1275.34	1008.35	
Net Block	6503.16	6707.12	7874.13	6630.58	4918.10	
Investments	1236.58	1236.58	711.59	751.52	761.90	
Current Assets ²	6570.81	6165.59	6166.21	5014.25	5139.14	
	14310.55	14109.29	14751.93	12396.35	10819.14	
What the Company Owed						
Long Term Funds	3716.28	4236.70	4197.35	3730.14	3582.72	
Medium/Short Term Funds	599.98	185.73	679.92	1245.02	490.32	
Working Capital from Bank	3237.10	2022.57	2722.63	1647.85	1681.47	
Current Liabilities & Provision	2089.50	2249.45	1991.68	2158.19	1754.67	
	9642.86	8694.45	9591.58	8781.20	7509.18	
Net Worth of the Company						
Equity Share Capital	876.11	876.11	876.11	744.43	744.43	
Reserves & Surplus	4670.33	5150.70	4778.54	3202.16	2862.38	
Less Intangibles (-)	878.75	611.97	494.30	331.44	296.86	
	4667.69	5414.84	5160.35	3615.15	3309.95	
Share Indices						
Cash Earnings Per Share	Rs. 2.18	Rs. 9.06	Rs. 7.28	10.30	7.87	
Earnings Per Share	Rs. (2.04)	Rs. 4.52	Rs. 3.26	5.91	4.35	
Dividend Per Share	NIL	Rs. Nil	Nil	1.25	1.25	
Net Worth Per Share	Rs. 53.28	Rs. 61.81	Rs. 58.90	48.57	44.40	

1. Including Capital-Work-in-Progress and Pre-operative Expenditure pending Capitalisation.
2. Including Rs. 256.49 Lacs as Fixed Deposits with Scheduled Banks as at 31.03.2000
3. Including Rs. 610.38 Lacs profit on sale of Stabilizer Bar Business 1998-99.

Directors' Report

TO THE MEMBERS OF JAMNA AUTO INDUSTRIES LIMITED

Your Directors present their Report & Accounts for the financial year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1999-00	1998-99
Sales & Other Income	10127.19	9681.77 *
Gross Operating Profit	1453.35	2105.60 *
Financial Expenses	1260.50	1264.16
Cash Profit before Tax	192.85	841.44*
Depreciation	369.98	397.42
Profit/Loss before Tax	- 177.13	444.02*
Provision for Tax	1.67	48.00
Profit/Loss after Tax	- 178.80	396.02*
Add Profit brought forward from previous year	530.19	241.36
	351.39	637.38
Less Previous Year Expenses	87.34	23.86
	264.05	613.52*
Less Taxation Adjustment for previous years	214.23	—
Available surplus	49.82	613.52*

* Includes profit on sale of stabilizer Bar business Rs 610.38 Lacs during 98-99

PERFORMANCE OF THE COMPANY

During the period under review your Company continued to maintain a leadership position in the Automobile Springs Industry and managed to record a growth in spring business of 30.61%. However the business growth was coupled with a fall of over 2 % in operating profit margins as on the one hand your company had to absorb steel price increase and on the other had to extend price reductions in an industry growing rapidly competitive. With the finance costs staying at high levels the overall performance shows a net loss of Rs 179 Lacs.

EXPORTS

The company recorded about 5% growth in export turnover which stood at Rs 1908 Lacs. Exports as a percentage of sales however dropped from 24.64% to 19.80% as your company focussed on domestic markets and particularly the replacement markets.

AVAILABLE SURPLUS TO BE APPROPRIATED AS UNDER

Proposed Dividend	0.00	0.00
Debenture Redemption Reserve	83.33	83.33
Transfer to /(from) General Reserve	(33.51)	0.00
Balance in P&L A/c	0.00	530.19
Total	49.82	613.52

DIVIDEND

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

TOTAL QUALITY MANAGEMENT

Your Directors are pleased to report that during the year under review your company continued to maintain QS - 9000 certification for manufacture of leaf springs for the Automotive Industry. The certification was recommended for renewal in case of Malanpur unit for 3 years ending August 2003.

Y2K COMPLIANCE

Your Company's efforts towards effective Y2K compliance have been successful and resulted in a smooth transition to the new millennium.

SALES

(Rs. in Lacs)

12000

10000

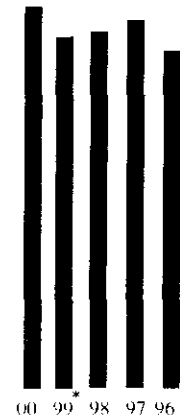
8000

6000

4000

2000

0



Year Ending March 31st

GROSS PROFIT (PBDIT)

(Rs. in Lacs)

2200

2000

1800

1600

1400

1200

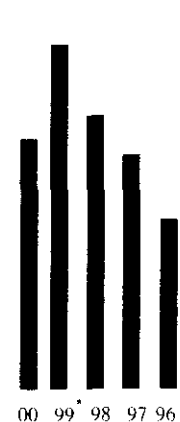
1000

800

600

400

200

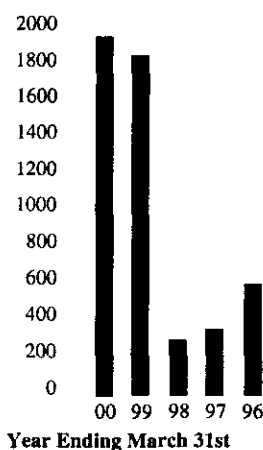


Year Ending March 31st

Directors' Report

EXPORTS

(Rs. in Lacs)



BUSINESS PROSPECTS

The present market conditions in the Indian Automobile (OE) Sector indicate a downward trend in the HCV/MCV segment in the short term. However your company expects to face this situation by maintaining its focus in replacement markets and the overseas segments.

In order to facilitate improved business and profitability scenario, your company has plans underway to restructure its operations by hiving off its Malanpur Unit into a separate company with options open to convert the same in the future to a Joint Venture. This would also facilitate debt restructuring and consolidate the position of your company with improved financials and better business holdings. The notice of AGM contained in this Annual Report includes interalia proposed resolution for hive off of Malanpur unit for approval of members.

CORPORATE GOVERNANCE

Your Company is initiating steps to re-organise its management systems and practices with a view to effectively comply with the Corporate Governance guidelines issued by SEBI which will be applicable to your Company in the financial year 2001-2002.

DIRECTORS

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

DEMATERIALISATION OF SHARES

Pursuant to the SEBI directive for compulsory trading of Equity Shares of your Company in Dematerialised form w.e.f. 25th September, 2000, your company is initiating the necessary steps in this direction. The notice of AGM contains resolution to effect alterations in Articles of Association of the company enabling trading in Company's Shares in electronic mode, for approval of members.

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

The captioned information pursuant to provisions of Section 217(1)(e) of the Companies Act, 1956 is annexed hereto and forms part of this Report.

FIXED DEPOSITS

Sixty Six Deposits aggregating to Rs. 14.84 lacs matured, but were not claimed as on March 31, 2000. Subsequently, out of the above, 28 deposits aggregating to Rs. 5.20 lacs have been repaid till 31st August, 2000.

PERSONNEL

Industrial Relations between the Management and Employees were cordial during the year. Particulars of employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 are annexed and form part of this report.

AUDITORS

M/s. Goel Garg & Co. and M/s G S Johar & Co., Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The report of the Auditors read with the notes to accounts being self explanatory needs no further clarification.

APPRECIATION

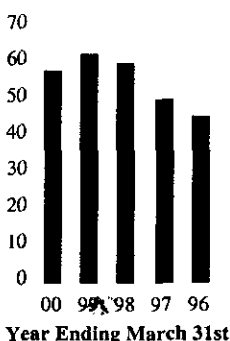
The Directors wish to acknowledge support and co-operation received from customers, investors, depositors, dealers, suppliers, bankers, financial institutions and the Central and State Government and the employees contributions at all levels.

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

For and on behalf of the Board of Directors

NET WORTH

(Rs. per Share)



New Delhi
5th September, 2000

BHUPINDER SINGH JAUHAR
Chairman & Managing Director

Annexure to 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

1. Measures taken for conservation of Energy.

- 1.1 Cost awareness at all heat intensive processes has lead to increase in productivity by about 10% average at all the processes.
- 1.2 Eye Rolling process was re-laid by the operators through the quality circle approach and achieved savings of about 10 % in consumable consumption cost. This Quality Circle won the award at the Quality Circle National Convention at Durgapur held in January, 2000.
- 1.3 The Quality Circles at Heat Treatment process have chalked out an ambitious plan for improving productivity by zeroing the set up time and are aiming at substantial savings in Oil Consumption in the Financial year 2000-01.
- 1.4 The Plant is also looking for alternate fuel sources than LDO which have similar or higher calorific value and lower prices to save on expenditure on fuel.
- 1.5 All the quality circles are aiming at reducing the cycle time and improve on productivity, thereby reducing the expense on fuel and power.
- 1.6 Quality Circle at Quenching process plugged all the quenching oil leakages & evaporation points and was able to reduce the consumption by about 20%.
- 1.7 The new design of burners and burner blocks have been implemented thereby reducing the expense on fuel.
- 1.8 Total Productive Maintenance (TPM) activity has started with the consultant trained at JIPM-Japan and Heat Treatment process has been selected as the Manager Model Machine. The aim of this project would be to Zero down Maintenance breakdown time.

2. Additional Investments and proposal for energy conservation

- 2.1 The company is engaged in energy conservation on a continuous basis.
- 2.2 The mistake proofing arrangements at various operations has not only reduced the rejection rates but also reduced safety hazards and accidents.
- 2.3 Worker involvement at all the processes have improved the morale of the worker and they are taking extra efforts to identify opportunities for improvement.

3. Impact of above measures at 1 above for reduction of energy conservation and consequent impact on the cost of goods.

- 3.1 The oil price hike announced by the Union Govt. in the last financial Year, after elections, has been absorbed by the plant by the way of productivity improvements at various processes.
- 3.2 Straight Pass in Mahindra & Mahindra and TKML production has gone upto 90% as compared to the starting numbers of 70%.
- 3.3 Increasingly manufacturing processes are reflecting the installed controls and the resultant CpK is more than 2.5 at many processes.
- 3.4 Results of energy conservation plans have given a thought process to all other improvement programmes to achieve better results.

RESEARCH & DEVELOPMENT

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

- 1.1 Value Engineering designs to improve realisations.
- 1.2 The R&D dept. is striving for conversion of conventional spring to Parabolic Spring.
- 1.3 Designing through solid modeling and FEA concept has started.

2. Benefits derived as a result of R&D.

- 2.1 Realization increase in various models by 11% to 53%.
- 2.2 Price discounts taken away by OEMs to be compensated by Value Engineering proposals.

3. Future Plan of Action.

- 3.1 Design Springs for Big customers like Ford, GM, TKML etc.
- 3.2 Design support for new launches by Eicher, M&M, HM etc.
- 3.3 It is planned to invest in better designed fatigue testing machines for inhouse R&D.

4. Expenditure on R&D(Rs Lacs)

i) Capital/ Deffered Revenue	364.78
ii) Recurring	—
iii) Total	364.78
iv) Total R&D expenditure as percentage of Total Turnover	3.73%

Annexure to Directors' Report

TECHNOLOGY ABSORPTION & CONTINUOUS IMPROVEMENT

1. **Technology Absorption, adaptation and innovation.**
 - 1.1 Technology imported from NHK for manufacture of springs has already been absorbed.
 - 1.2 NHK's engineering team support on heat treatment in the year 1998 has resulted into application of similar actions for other part numbers thereby improving the straight pass.
 - 1.3 SMED has been implemented at most of the processes.
 - 1.4 Use of spring steel scrap for development of liners of shot peening machine has lead to reducing the cost of spares on this machine to half and increase in life by three times.
2. **Benefits derived as a result of the above efforts.**
 - 2.1 The company enjoys the QS 9000 certification for the last three years and has been recommended for re-certification for next three years in August, 2000. The above has resulted in ZERO PPM supplies to GM-USA for last 18 months. Company also enjoys good quality rating with its Indian customers like Telco, M&M, Eicher, TKML etc.
 - 2.2 Employee morale has increased and their involvement in productivity improvement and cost savings is creditable.
 - 2.3 Very little variation in major processes leading to high process capability indices.
3. **Technology imported (For the manufacture of Leaf Springs)**
 - i) Year of import (1985-90)
 - ii) Has technology been fully absorbed.

As reported the technology has been fully absorbed.

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. **Activities related to exports**
The company has successfully completed 2 years of exports to GM with zero PPM supplies to GM for last 18 months. The company is also exploring further business in replacement markets abroad and expects to strategically grow in the export segment.
2. **The details of foreign exchange earnings and outgo are as under :-** (Rs.in lacs)

2.1	Foreign exchange earnings on FOB	1908.16
2.2	Foreign exchange Outgo	
	a. Repairs to Plant and Machinery	0.96
	b. Overseas Travelling	2.77
	c. Value of Imports on CIF basis	397.77
	d. Books and Periodicals	0.03
2.3	Net contribution to the Country's Foreign Exchange Reserve (2.1 - 2.2)	1506.63

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. 6,00,000/-)

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 commensurate of Employment	27.9.82	1.6.81
Remuneration Received	Rs. 10,78,800	Rs. 10,63,200
Age (Years)	67	39
Qualifications	Matric	M.Com. MBA
Experience (Years)	45	19
Name of Last Employer	N/A	N/A
Designation in Last Employment	N/A	N/A

Auditors' Report

TO THE SHAREHOLDERS OF JAMNA AUTO INDUSTRIES LTD.

We have audited the attached Balance Sheet of JAMNA AUTO INDUSTRIES LTD. as at 31st March, 2000 and the annexed Profit and Loss Account for the year ended on that date.

We report that :

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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the Company.
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 purpose of our audit
 - b) 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 the books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion the Profit and Loss Account and the Balance Sheet of the Company comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 31st March, 2000 and;
 - ii) In the case of Profit and Loss Account, of the Loss of the Company for the year ended on that date.

FOR G.S. JOHAR & CO.,
Chartered Accountants

FOR GOEL GARG & CO.,
Chartered Accountants

(AMAR JEET SINGH)
Partner

(LALIT GOEL)
Partner

Place : New Delhi

Dated : 5th September, 2000

Annexure to the Auditors' Report

(REFERRED TO IN PARAGRAPH 1 OF AUDITORS' REPORT OF EVEN DATE)

1. The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies with respect to book records were noticed on such verification.
2. The Company has not revalued any of the fixed assets.
3. Physical verification has been conducted by the management at the end of the financial year in respect of finished goods and stores, spare parts and raw materials. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company. The discrepancies noticed on such verification, which were not significant, have been properly dealt with in the books of accounts.
4. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year except change in the method of valuation of finished goods and work in progress as referred to in Note - 14 of Schedule - 16(II).
5. In our opinion the rates of interest and terms and conditions of loans taken by the Company during the year, from companies, firms and other parties listed in the register maintained under Section 301 and 370(1-C) of the Companies Act, 1956 or which are otherwise under the same Management as this Company, are not prima facie prejudicial to the interest of Company.
6. In respect of loans and advances in the nature of loans given by the Company to companies, firms and other parties listed in the register maintained under section 301 and 370 (1-C) of the Companies Act, 1956 or which are otherwise under