



35TH ANNUAL REPORT 2000-2001

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JAMNA AUTO INDUSTRIES LIMITED

Corporate Information

BOARD OF DIRECTORS

Bhupinder Singh Jauhar, Chairman and Managing Director
K.Sasaki, (Representative of NHK Springs Co.Ltd., Japan)
Ashok Kumar
H.S. Gujral
D.K. Sharma
Randeep Singh Jauhar, Whole-Time Director

AUDITORS

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

BANKERS

State Bank of India
Canara Bank
ICICI Bank Ltd.

REGISTERED OFFICE

Jai Springs Road
Yamuna Nagar - 135001
(Haryana) INDIA

CORPORATE OFFICE

2, Park Lane,
Vasant Kunj
New Delhi - 110070
INDIA

WORKS

Jai Springs Road
Yamuna Nagar - 135001
(Haryana) INDIA

U - 27-29, Industrial Area,
Malanpur - 477116
Distt. Bhind, M.P. INDIA

Annual General Meeting

29th September, 2001
at 2.00 P.M.

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

SHARE TRANSFER AGENTS (Demat Services)

Skyline Financial Services Pvt. Ltd.

123, Vinoba Puri,
Lajpat Nagar - II
New Delhi - 110024. INDIA
Phone : 6847136, 6833777

LISTING

Stock Exchanges at
Delhi, Mumbai, Kolkata, Ludhiana, Jaipur
Ahmedabad & Bangalore

IMPORTANT

Shareholders may please note that
NO Gift or Coupons will be
distributed at the meeting.

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Financial Highlights

Year ending 31st March.	2001	2000	1999	1998	(Rs. in Lacs) 1997
Sales & Earnings					
Sales	8385.62	9772.25	8797.89	9120.97	10322.21
Other Income	295.76	354.94	883.88 ³	34.02	49.97
	8681.38	10127.19	9681.77	9154.99	10372.18
Total Expenditure	8262.14	8673.84	7576.17	7483.12	8820.02
Gross Profits (PBDIT)	419.24	1453.35	2105.60 ³	1671.87	1552.16
Interest	1379.50	1260.50	1264.16	1001.21	719.36
Profit/(Loss) Before Depreciation	(960.26)	192.85	841.44 ³	670.66	832.80
Depreciation	376.37	369.98	397.42	352.17	326.71
Profit/(Loss) Before Tax	(1336.63)	(177.13)	444.02 ³	318.49	506.09
Tax	1.61	1.67	48.00	32.60	66.00
Profit/(Loss) After Tax	(1338.24)	(178.80)	396.02 ³	285.89	440.09
Cash Profit(Loss)	(961.87)	191.18	793.44 ³	638.06	766.80
What the Company Owned					
Fixed Assets- Gross Block ¹	8554.41	8538.64	8391.98	9484.29	7905.92
Less: Depreciation (Cumulative)	2402.25	2035.48	1684.86	1610.16	1275.34
Net Block	6152.16	6503.16	6707.12	7874.13	6630.58
Investments	1236.58	1236.58	1236.58	711.59	751.52
Current Assets ²	5511.65	6570.81	6165.59	6166.21	5014.25
	12900.39	14310.55	14109.29	14751.93	12396.35
What the Company Owed					
Long Term Funds	4130.33	3716.28	4236.70	4197.35	3730.14
Medium/Short Term Funds	747.53	599.98	185.73	679.92	1245.02
Working Capital from Banks	3143.87	3237.10	2022.57	2722.63	1647.85
Current Liabilities & Provision	1878.07	2089.50	2249.45	1991.68	2158.19
	9899.80	9642.86	8694.45	9591.58	8781.20
Net Worth of the Company					
Equity Share Capital	876.11	876.11	876.11	876.11	744.43
Reserves & Surplus	3105.82	4670.33	5150.70	4778.54	3202.16
Less: Intangibles (-)	981.34	878.75	611.97	494.30	331.44
	3000.59	4667.69	5414.84	5160.35	3615.15
Share Indices					
Cash Earnings / (Loss) Per Share	Rs. (10.98)	Rs.2.18	Rs. 9.06	Rs. 7.28	Rs. 10.30
Earnings Per Share	Rs. (15.27)	Rs.(2.04)	Rs. 4.52	Rs. 3.26	Rs. 5.91
Dividend Per Share	NIL	NIL	NIL	NIL	Rs. 1.25
Net Worth Per Share	Rs. 34.25	Rs. 53.28	Rs. 61.81	Rs. 58.90	Rs. 48.57

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

2.Including Rs. 178.38 Lacs as Fixed Deposits with Scheduled Banks as at 31.03.2001.

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 2001.

FINANCIAL RESULTS

	(Rs. in lacs)	
	2000-01	1999-00
Sales & Other Income	8681.38	10127.19
Gross Operating Profit/(loss)	419.24	1453.35
Financial Expenses	1379.50	1260.50
Profit/(Loss) before Depreciation	(960.26)	192.85
Depreciation	376.37	369.98
Profit/(Loss) before tax	(1336.63)	(177.13)
Provision for tax	1.61	1.67
Profit/(Loss) after tax	(1338.24)	(178.80)
Add : Profit brought forward from previous year	(0.00)	530.19
	(1338.24)	351.39
Less: Previous years Expenses	226.27	87.34
	(1564.51)	264.05
Less: Taxation Adjustment for previous years	0.00	214.23
Available Surplus	(1564.51)	49.82

PERFORMANCE OF THE COMPANY

The Company has suffered a turn over drop of 14.28% over the previous year as a direct result of Global automobile recession. The affected segments have been Export & domestic OEMs as the domestic HCV/MCV industry reeled to 10 year lows. Due to low capacity utilisation, the overall operating cost dropped by 9.12% though, compared to previous year the total operating cost (i.e percentage of sales) has risen considerably, as prices of major inputs rose and customers already reeling under recession did not absorb the input cost increase. The finance cost also increased as the debt size mounted because the company was unable to service the debt due to severe pressures on margins.

Gross operating profit shrunk to 4.83% of sales as against 14.35% in the previous year. The burgeoning finance cost cut into the reduced operating margins to cause an unprecedented net loss of Rs. 1338.24 Lacs.

Clearly it has been a tough year for your company and the testing phase continues as the industry has shown little signs of recovery. The brighter part is that despite the recession your Company's products do enjoy customer preference in the automobile industry and the company continues its efforts relentlessly to perform and sustain the present circumstances.

EXPORTS

Your Company's exports declined sharply during the year (drop by 42.92%) as compared to previous year, due to global recession in Automobile Industry. However, the overseas business prospects remain bright as General Motors Corporation USA(GM) has very recently awarded your Company with another Export order.

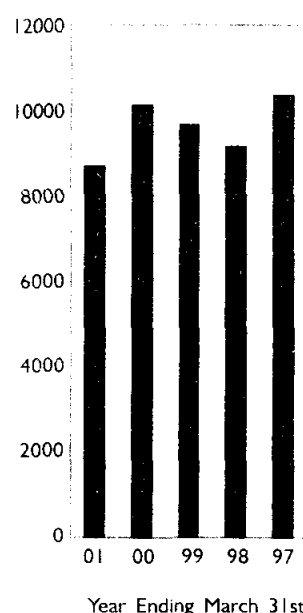
AVAILABLE SURPLUS TO BE APPROPRIATED AS UNDER

Proposed Dividend	0.00	0.00
Debenture Redemption Reserve	83.35	83.33
Transfer to /(from) General Reserve	(83.35)	(33.51)
Balance in P&L A/c	(1564.51)	0.00
Total	0.00	49.82

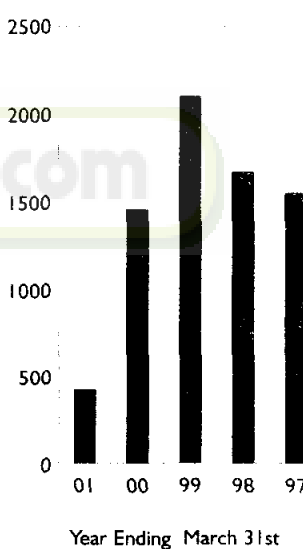
DIVIDEND

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

SALES (Rs. in Lacs)



Gross Profit (PBDIT)
(Rs. in Lacs)



Directors' Report

TOTAL QUALITY MANAGEMENT

Your Directors are pleased to report that during the year under review both Yamuna Nagar and Malanpur units of your company continued to maintain QS -9000 certification for manufacture of leaf springs for the Automotive Industry.

BUSINESS PROSPECTS

Overall the Global Automobile Industry is going through tremendous recession and India being no exception is also facing this bleak situation. However, to sustain during the prolonged recession and also to improve bottomlines your company has initiated several steps. Firstly, the company is undergoing a comprehensive cost review to cut down costs at all levels. Secondly, your company is looking at high value ends of the markets to improve margins. The new GM order appropriately reflects this step. Finally, the company has submitted a proposal for restructuring to its lenders for consideration. The debt restructuring scheme inter alia envisages reduced interest rates and concessions on penal and overdue interests besides fresh moratoriums to commence debt repayments, and accordingly such interest has not been provided in Profit and Loss Account for the year. Your directors are of the view that under the present recessionary conditions aforesaid steps are absolutely essential to turn around the company.

With the completion of the above steps in next 3-6 months your directors expect the company's turnaround in the short to medium term.

DIRECTORS

In accordance with the applicable provisions, Mr. Ashok Kumar retires by rotation at the ensuing Annual General Meeting and being eligible offers for re-appointment. Mr. Prem Saigal due to his preoccupation resigned from the Board. The Board would like to place on record their appreciation for the services rendered by Mr. Prem Saigal during his tenure on the Board.

Your company has taken steps to broad base the Board by appointing independent professional directors. Accordingly, an accomplished technical professional has joined your company's Board namely Mr. H.S. Gujral. Further, Mr. D.K. Sharma with over 25 years experience in Accounts and Finance has also joined your company's Board. As additional directors they would hold office until the ensuing AGM. A notice has been received under section 257 for their appointment as directors at the ensuing AGM. The details of the proposed resolution together with the profile of these directors is contained in the notice of AGM.

As a result of the aforesaid appointments the constitution of your company's Board of 6 members would be as under :

Independent Directors	: 3
NHK Nominee	: 1
Promoter Directors*	: 2

* Constituting the Chairman & Managing Director and the Whole Time Director

DEMATERIALISATION OF SHARES

The Company's scrip are now traded in Dematerialised form. The Shareholders may approach their respective Depository Participants for getting their shares dematerialised.

ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

The particulars as prescribed under section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 are set out in the Annexure 'A' and form an integral part of this report.

FIXED DEPOSITS

Forty Eight deposit holders, aggregating to Rs.12.32 lacs matured as on 31/03/01. But the same were not claimed, subsequently out of the above, five deposits aggregating to 3.92 Lacs have been repaid till 31st August 2001.

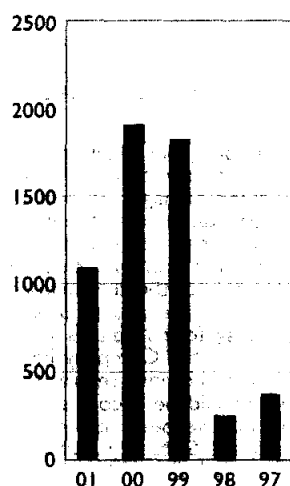
PERSONNEL

There is no Employee drawing remuneration in excess of limits specified U/s 217(2A) of the Companies Act 1956.

AUDITORS

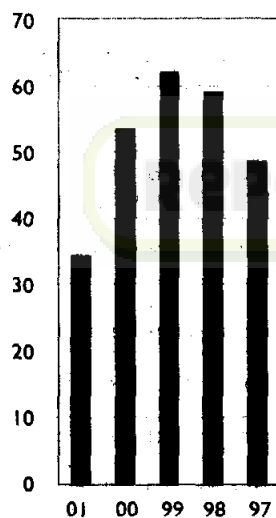
M/s.Goel Garg & Co. and M/s G S Johar & Co. Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The report of the Auditors read with the notes to accounts being self explanatory needs no further clarification.

EXPORTS (Rs. in Lacs)



Year Ending March 31st

NET WORTH (Rs. Per Share)



Year Ending March 31st

Directors' Report

AUDIT COMMITTEE AND SHAREHOLDERS GRIEVANCE COMMITTEE

As required under section 292 A of the Companies (Amendment) Act, 2000, the Audit Committee of Directors has been constituted to review various areas of audit and accounts. The Audit Committee of the Board comprises of Mr. D. K. Sharma, Mr. H.S. Gujral and Mr. R. S. Jauhar. Shareholders Grievance Committee has also been constituted consisting of the above mentioned Directors.

CORPORATE GOVERNANCE

With induction of Independent Directors on the Board and formation of Audit Committee and Shareholders Grievance Committee as mentioned above, your Company has already initiated steps to comply with the Corporate Governance Guidelines issued by SEBI which are now relevant to your Company from the current financial year, 2001-2002.

DIRECTORS' RESPONSIBILITY STATEMENT

The financial statements for the year ended 31st March, 2001 are in full conformity with the applicable requirements of the Accounting Standards issued by the Institute of Chartered Accountants of India, except that in terms of debt restructuring scheme proposed by the Company, overdue interest, penal interest and liquidated damages on certain term loans have not been provided for, as per Note-15 of Schedule-16 (II). Further, the financial statements have been prepared on a going concern basis. The Directors of Jamna Auto Industries Limited accept the responsibility for the integrity and objectivity of these financial statements, as reflected through the consistent application of the Accounting Policies. The Directors believe that the financial statements reflect fairly the form and substance of the transactions concluded and reasonably present the Company's financial conditions and true and fair view of the results of the operations and state of affairs of the business as at 31st March, 2001. Our Internal & Statutory Auditors have conducted audits to provide reasonable assurance that the established policies and procedures of the Company have been followed for safeguarding the assets of the Company and for preventing any form of fraud and other irregularities subject to the inherent limitations in any system and procedure and coverage thereof that should be recognised in weighing the assurance provided by any system of internal controls. The financial statements have been audited by M/s Goel Garg & Co.; Chartered Accountants and G.S. Johar & Co.; Chartered Accountants, the Statutory Auditors.

APPRECIATION

Your Directors place on record their appreciation for the Company's employees across the organisation, who, through their competence, hard work, solidarity and cooperation have sincerely stood by the Company.

Your Directors thank the Central Government and State Government and particularly acknowledge with thanks, the guidance, support and confidence extended by M/s NHK Spring Co. Limited Japan and all the customers, vendors, investors, Financial Institutions and Bankers for their continued support.

For and on behalf of the Board of Directors

New Delhi
4th September 2001

BHUPINDER SINGH JAUHAR
Chairman and 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 The Company initiated a massive drive in this year to switch over to alternate fuel in place of LDO. The Company has been successful in completing the job of using RFO in place of LDO, thereby bringing down the fuel cost by approximately 40%.
- 1.2 Cost awareness and training on productivity concepts brought in immense enthusiasm at worker level to save fuel energy.
- 1.3 All the leakages of oil, water and air was sealed at Heat treatment process.
- 1.4 At Heat treatment Cambering process, modification were made in the hydraulic design to ensure better process capability, thereby increasing productivity and reducing rework.
- 1.5 All the new models introduced at Heat Treatment were targeted to be produced on solid die toolings which gives better consistency on the results at Heat treatment.
- 1.6 Quality Circle at parabolic machine aimed at reducing the cycle time thereby improving productivity and savings in per MT of fuel cost.
- 1.7 Company experimented the Zero set up time objective on heat treatment and tried the "t+2, 1W, 2D concept".

2. Additional Investments and proposal for energy conservation

- 2.1 Companies belief in saving energy on continued basis remains still on the agenda of top management.
- 2.2 As a QS 9000 objective of wastage elimination and defect prevention, mistake proofing at processes like riveting have helped in reducing waste & rework. Additional opportunities for mistake proofing are being identified.
- 2.3 Roles of cross functional teams on inventory optimization and re-layouting to have straight material flow will further reduce the use of forklift in the plant.

Annexure to Directors' Report

- 2.4 Emphasis is being shifted from batch production method to single piece production method in pre & post Heat Treatment processes.
- 2.5 After the successful experimentation of "t+2, 1W,2D concept", company plans to relayout Heat Treatment cambering process and support it 100% on both the hardening furnaces.
3. **Impact of above measures at I above for reduction of energy conservation and consequent impact on the cost of goods.**
 - 3.1 By improving the solid die design, company has been able to eliminate the defect of distortion on General Motors Part Nos. As a result Straight pass has improved to more than 95%.
 - 3.2 As a part of QS 9000 activity more & more parameters of various part numbers are being covered under SPC.

B. RESEARCH & DEVELOPMENT

1. **Specific Areas in which R&D is carried out by the Company.**
 - 1.1 Value Engineering, as it saves money for customers.
 - 1.2 Training of our R&D team on solid modelling & FEA.
2. **Benefits derived as a result of R&D.**
 - 2.1 Company's Design dept. has been able to design & introduce its first spring in General Motors.
 - 2.2 Realization increase in various some models has gone up by approximately 250% by introducing parabolic design of spring.
 - 2.3 As a result of more parabolic spring design JAI holds the status of single source to many of the customer.
3. **Future Plan of Action.**
 - 3.1 Value Engineering design of Maruti, Telco, Leyland and TKML.
 - 3.2 Design Support for Big customers like GM & Ford.
 - 3.3 Company intends to get approval from Telco for in house testing of Telco springs.
4. **Expenditure on Research and DEVELOPMENT** (Rs. in lacs)

4.1	Capital/Deferred Revenue	230.34
4.2	Recurring	—
4.3	Total	230.34
4.4	Total R & D as percentage of Total Turnover	2.75%

C. 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 penning 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 30 months. Company also enjoys good quality rating with its Indian customers like Telco, M&M, Eicher, TKML, etc.
 - 2.2 Employee morale has increased in leaps & bounds 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

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

	2000-01	1999-00
(i) Foreign earnings on FOB	1089.20	1908.16
(ii) Foreign exchange Outgo		
Repairs to Plant and Machinery	0.00	0.96
Overseas Travelling	41.18	2.77
Value of Imports on CIF basis	211.38	397.77
Books and Periodicals	0.00	0.03
(iii) Net contribution to the Country's Foreign Exchange Reserve (i-ii)	836.64	1506.63

Auditors' Report

TO THE SHAREHOLDERS OF JAMNA AUTO INDUSTRIES LIMITED.

We have audited the attached Balance Sheet of JAMNA AUTO INDUSTRIES LIMITED as at 31st March, 2001 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 except overdue interest, penal interest & liquidated damages on certain term loans have not been provided refer Note No. 15 of Schedule 16 (II)
 - e. Based on representations made by all the Directors of the company and the information and explanations as made available, Directors of the Company do not prima facie have any disqualification as referred to in clause (g) of Sub-section (I) to Section 274 of the Act.
 - f. In our opinion and to the best of our information and according to the explanation 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, 2001 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

(AMARJEET SINGH)
(PARTNER)

(S. C. GARG)
(PARTNER)

Place : New Delhi
Dated : 4th Sep. 2001

Annexure referred to in paragraph 1 of our report of even date

to the shareholders of Jamna Auto Industries Limited on the accounts for the year ended 31st march 2001.

- (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 fixed assets of the Company have not been revalued during the year.
- (3) Physical verification has been conducted by the management at the end of the financial year in respect of finished goods, stores and spare parts and raw material. The procedure 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.
- (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