



**37th Annual Report
2002-2003**

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JB

JAMNA AUTO INDUSTRIES LIMITED

Corporate Information



BOARD OF DIRECTORS

Mr. Bhupinder Singh Jauhar, Chairman and Managing Director
 Mr. Randeep Singh Jauhar, Whole Time Director
 Mr. H.S.Gujral, Director
 Mr. D.K.Sharma, Director

AUDITORS

Goel Garg & Co.
 Chartered Accountants

G.S Johar & Co.
 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,
 Kishangarh, Vasant Kunj,
 New Delhi-110 070, India

WORKS

Jai Springs Road,
 Yamuna Nagar - 135001
 (Haryana) India

U-27,29, Industrial Area,
 Malanpur-477116
 Distt. - Bhind (M.P.) India

SHARE TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.

123, Vinoba Puri, Lajpat Nagar - II
 New Delhi - 110024. INDIA
 Phone : 26838501, 26847136, 26833777.

Annual General Meeting

30th September 2003 (Tuesday)
 at 11.30 A.M. at
 Registered Office:
 Jai Springs Road
 Yamuna Nagar - 135001
 (Haryana) India

IMPORTANT

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

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Notice



NOTICE is here by given that the 37th Annual General Meeting of the members of Jamna Auto Industries Limited will be held on Tuesday the 30th Day of September 2003 at 11:30 A.M. at the Registered office of the Company at Jai Springs Road, Yamuna Nagar - 135001 (Haryana) to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2003 and Profit & Loss Account of the Company for the year ended on that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. H. S. Gujral, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Goel Garg & Co., Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors or Committee thereof exclusive of travelling and other out-of-pocket expenses."
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. G. S. Johar & Co., Chartered Accountants, be and are hereby re-appointed as Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors or Committee thereof exclusive of travelling and other out-of-pocket expenses."

NOTES

1. 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.
2. The register of Members of the Company and Share Transfer Books shall remain closed from 23rd September 2003 to 25th September 2003 (both days inclusive).
3. Shareholders seeking information with regard to accounts are requested to write to the Company at least 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.

By order of the Board of Director
for Jamna Auto Industries Limited

Place : New Delhi
Date : 4th September 2003

(Shiv R. Singh)
Company Secretary

Management Discussion and Analysis



INDUSTRY STRUCTURE AND DEVELOPMENTS

The Auto Component Industry is emerging as an opportunity in the Indian economy as global auto majors are looking for low cost markets such as China and India for outsourcing. Whereas, China has superior infrastructure and low cost base, India offers the best mix of low cost and high quality engineering skills over China to become a global source of auto components. The leading global automobile manufacturers have acknowledged India's strength in auto component industry and around 15 of the top automobile giants have already set up international purchasing offices in India, and the number, will be rising. The global auto ancillary market is approximately \$ 750 billion of which the Indian export constitute only 0.5% which is expected to increase by 35% - 40% in the coming years.

After a grim period of negative growth rate, the domestic commercial vehicle industry is all set to the growth path. The ambitious Golden Quadrilateral project and the growth in the key sectors of the economy such as cement, steel and capital goods are the most important factors for the turnaround in the heavy commercial vehicle segment.

The ongoing road building project has also benefited the commercial vehicle industry in another way that the quality and connectivity of the road network improving which will help in the movement towards road transportation. The road building and ongoing infrastructure building projects has also acted as a demand push factor.

SWOT ANALYSIS OF JAI

Strengths & Opportunities:

The company is original equipment supplier to major automobile company in India & abroad. The company has Internationally established manufacturing facilities with benchmark costing. The workforce of the company is also highly skilled, motivated and result oriented.

There are signs of revival in the Commercial Vehicle Segment of the Automobile Industry. The entry of new auto manufacturers and introduction of new vehicles in the market will create additional demand in the domestic market. The product of the Company is well accepted in domestic and in the foreign market as well. The leading global automobile manufacturers have acknowledged India's strength in auto component industry and global auto majors are looking for low cost markets such as China and India for outsourcing.

Weakness & Threats:

The Company has been operating at a low capacity utilization rate with a high finance cost.

There could be a seasonal demand slump in the automobile sector though very insignificant. Entry of new players though very insignificant can create the competition.

RISK & CONCERNS:

Increased finance cost and unstructured debt is a major concern area and the management endeavours to resolve the same at the earliest.

In spite of the weakness & threats mentioned above, the Company considers the outlook positive and favorable in background of the reviving Indian automobile industry and India becoming a global source of auto components in the world economy.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Internal control measures and systems are established to ensure the correctness of the transactions and safeguarding of the assets. Internal Audit includes system audit, management audit and financial audit. The control systems set on place are checked & further supplemented by budgeting and MIS which provide for planned expenditure and information on disposal and acquisition of assets.

DEVELOPMENTS IN HR:

The Company believes that human resources and cordial industrial relations are the key elements for implementation of the business strategy to achieve its vision. The Company focuses on providing employee motivation and good conducive working environment through increased productivity and better quality. The Company also conducts various training programs from time to time as a part of employee motivation, quality improvement and cost reduction techniques.

DISCLAIMER :

Statements in this Management Discussion and Analysis describing objectives projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulation. Actual results may differ or vary from those expressed or implied depending upon prevailing economic conditions, government policies and other factors.

Directors' Report



TO THE MEMBERS OF JAMNA AUTO INDUSTRIES LIMITED

Your Directors present their Report & Accounts for the financial year ended 31st March 2003.

FINANCIAL PERFORMANCE

(Rs.in lacs)

Particulars	Years Ended	
	March 31, 2003	March 31, 2002
Sales & Other Income	6644.33	8068.15
Gross Operating Profit/(loss)	248.22	446.88
Financial Expenses	957.28	1392.82
Cash Profit before tax	(709.06)	(945.94)
Depreciation & Write Offs	368.65	368.70
Profit/(Loss) before taxation	(1077.71)	(1314.64)
Provision for taxation	0.77	0.77
Deferred Tax Credit	(326.33)	(432.73)
Profit/(Loss) after taxation	(752.15)	(882.68)
Add: Profit brought forward from previous year	(2776.69)	(1564.51)
	(3528.84)	(2447.19)
Less: Previous year Expenses	(106.98)	(329.50)
	(3635.82)	(2776.69)
Less: Taxation Adjustment for previous years	—	—
Available Surplus/(deficit)	(3635.82)	(2776.69)

Last year has been a difficult year for the Company. The Company was adversely effected by steep increase in steel prices. Steel which is the basic raw material of the Company has increased steeply putting a working capital constrain in the operations. However, with the ongoing revival of the automobile industry the Company is expected to improve its performance in the coming year. The company is expected to achieve a growth of more than 50% in the first six months of the current year in comparison to the year under review.

During the year under review the Company has proposed a scheme of arrangement for settlement of its secured debts with a cut of date of 31.03.2002 under section 391 and 394 of the Companies Act, 1956 before the Hon'ble High Court of Punjab & Haryana at Chandigarh. The Scheme of arrangement is under consideration of Hon'ble High Court for approval.

DIVIDEND

In view of the ongoing losses your directors do not recommend any dividend.

BUSINESS PROSPECTS

After a grim period of negative growth rate, the commercial vehicle industry is all set to the growth path. The ambitious Golden Quadrilateral project and the growth in the key sectors of the economy such as cement, steel and capital goods are the most important factors for the turnaround in the heavy commercial vehicle segment.

The ongoing road building project has also benefited the commercial vehicle industry in another way that the quality and connectivity of the road network improving which will help in the movement towards road transportation. The road building and ongoing infrastructure building projects has also acted as a demand push factor.

TOTAL QUALITY MANAGEMENT

Yours Directors are pleased to report that during the year under review Malanpur unit of your company continued to maintain QS - 9000 certification for manufacture of leaf springs for the Automotive Industry. The Company is also contemplating to procure ISO 14000 certification by the end of year 2003.

DIRECTORS

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

Directors' Report



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

The Company has not accepted or renewed any Fixed Deposit during the year under review. However there are un-claimed matured deposit of Rs.13.13 lacs as on 31st March 2003.

PERSONNEL

There is no employee drawing remuneration in excess of limits prescribed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975.

AUDITORS

M/s Goel Garg & Co., Chartered Accountants and M/s G. S. Johar & Co., Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed. The report of the Auditors read with the notes on accounts being self explanatory and needs no further clarification.

REPORT ON CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure 'B' and forms part of this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departure from the same have been made;
- (b) They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) They have prepared the Accounts on a going concern basis.

APPRECIATION

Your Directors wish to place on record their sincere gratitude for the confidence reposed and the continued support lent by the company's lenders and Bankers.

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

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

For and on behalf of the Board

New Delhi
4th September 2003

(B.S.JAUHAR)
Chairman

ANNEXURE "A" 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

1. Measures taken for conservation of Energy.

- 1.1 The Company is going to use better F.O. to save fuel consumption.
- 1.2 Cost awareness and training on productivity concepts R.O.R. (Run of Rate), APQP brought in immense enthusiasm at worker level to save energy and reduce variation in product quality.
- 1.3 Modifications were carried for process capability enhancement, still the Company is working on better cooling system for quenching oil and hydraulic oil power pack system.

Directors' Report



- 1.4 The Company is working on reducing cycle time by improving hydraulic system, cooling system, subsequently reduction in downtime of L.P.G. Furnance in turn reducing both fuel and energy consumption.
- 1.5 Heat treatment area compressor to be made operative.
- 1.6 Indication of H/T area power pack motors for avoiding idle running of motors.
- 1.7 Quenching conveyor interlocking with cambering machine power pack motor.
- 1.8 Pressure switch of R/cambering power pack to be made operative.
- 1.9 Shot peening machines pneumatic valves to be provided to avoid idle running of bucket elevator, screw conveyor and work conveyor etc.
- 1.10 Double Wheel Grinder motor HP rating to be reduced from 15 HP to 10 HP.
- 1.11 SP-04 charge side turbine motor HP rating 40 HP to be reduced to 30 HP to reduce power consumption.
- 2. Additional Investments and proposal for energy conservation**
 - 2.1 Company's belief in saving energy on continued basis remains still on the agenda of the top management.
 - 2.2 As a QS 9000 objective of wastage elimination and defect prevention, mistake, proofing at process like riveting have helped in reducing waste & rework. Additional opportunities for remake mistake proofing are being identified.
 - 2.3 Roles of cross functional teams on inventory optimisation and relay - outing to have straight material flow will further reduce the use of forklift in plant.
 - 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 1 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 Maruti Parts, Scorpio Parts and improving process capability (CPK) more than 1.33% .
 - 3.2 By use of better F.O. the Company expected to save fuel consumption by 12%.

RESEARCH & DEVELOPMENT

- 1. Specific Areas in which R&D is carried out by the Company.**
 - 1.1 Set up for in-house test faculties for Telco leaf springs.
 - 1.2 Change over from Conventional springs to parabolic springs.
- 2. Benefits derived as a result of R&D.**
 - 2.1 Parabolic Springs lead to weight/ fuel saving.
 - 2.2 Increase in realization with implementation of parabolic & VE designs.
 - 2.3 Stronger customer base as a result of introduction of parabolic /VE springs.
- 3. Future Plan of Action.**
 - 3.1 Installation of Solid Modelling & Analysis Software.
 - 3.2 Installation of Servo Actuator for endurance testing.
 - 3.3 Design of long parabolic springs for buses.

4. Expenditure on R&D(Rs Lacs)

i). Capital/Deferred Revenue	Nil (364.77)
ii) Recurring	—
iii) Total	Nil (364.77)
iv) Total R&D expenditure as percentage of Total Turnover	Nil (3.60%)

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 many of the processes.
- 2. Benefits derived as a result of the above efforts.**
 - 2.1 The company's Malanpur Unit enjoys the QS 9000 certification for the last three years and has been recommended for re-certification.

Directors' Report



- 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 :-

	(Rs. in lacs)
(i) Foreign earnings on FOB	157.30 (1312.43)
(ii) Foreign exchange Outgo	
Repairs to Plant and Machinery	Nil (Nil)
Overseas Travelling	12.74 (4.17)
Value of Imports on CIF basis	Nil (Nil)
Books and Periodicals	Nil (Nil)

ANNEXURE 'B' TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE AT JAMNA AUTO INDUSTRIES LIMITED

I. The vision of the Company is to be a customer focused company with discipline, trust and committed working towards a better society and the Company believes that a Good Corporate Governance practice is an important tool in achieving its vision. The code of Corporate Governance issued by the Securities & Exchange Board of India (SEBI) has been applicable to the Company from the financial year 2001-2002. The Company has been taking adequate steps to adhere to the corporate governance practice in general and those stipulated by SEBI. Given below is the Report on the compliance of the Corporate Governance code in the Company:

II. BOARD OF DIRECTORS

The composition of the Board of directors, their attendance at the Board meetings held during the year and at the last AGM and also the number of other Directorship held by them are given below :

Name	Designation	Status	No. of Meetings attended.	Other BoD's or Board Committees	Attendance at last AGM.
Mr. B S Jauhar	Chairman cum Managing Director	Executive and Non Independent	9	01	YES
Mr. R .S Jauhar	Whole Time Director	Executive and Non Independent	10	01	NO
Mr. H.S.Gujral	Director	Non executive and Independent	9	NIL	NO
Mr. D.K.Sharma	Director	Non executive and Independent	10	NIL	YES

There were total twelve Board Meetings held during the financial year 2002-2003 on 30th April 2002, 11th June 2002, 29th June 2002, 11th July 2002, 31st July 2002, 13th August 2002, 4th September 2002, 28th October 2002, 20th December 2002, 27th January 2003, 26th March 2003 and 28th March 2003.

III. AUDIT COMMITTEE

The Audit committee of the Board of Directors comprises Mr. D. K. Sharma, Mr. H. S. Gujral and Mr. R. S. Jauhar. The company has initiated steps to appoint a new director in the Audit committee in place of Mr Randeep Jauhar who is the Executive Director. Mr. D. K. Sharma having a rich experience of more than 10 years in the field of finance and accounts is Chairman of the Committee.

The audit committee is responsible for the effective supervision of the financial & accounting controls and compliance with the financial policies of the Company. The committee interacts with the Auditors to ascertain the quality and veracity of the Company's transactions, to review the manner in which they are performing their responsibilities and to discuss the reports of the Auditors. The Committee has full access to the financial data and to the members of Company staff. The Committee also considered the



appointment of the Auditors their terms of reference, scope of work and powers etc., and reviewed the actions taken on various items discussed in the previous Audit committee meeting. The report of Chairman as well as the minutes of the audit Committee are circulated to all the Board Members for their discussion and consideration.

During the financial year 2002-2003 six Audit Committee Meetings were held on 30th April 2002, 31st July 2002, 4th September 2002, 28th October 2002, 27th January 2003 and 28th March 2003. Attendance of the Members at the meetings were as follows:

Name	Designation	No. of Meetings Attended
Mr. D. K. Sharma	Chairman	6
Mr. R. S. Jauhar	Member	6
Mr. H. S. Gujral	Member	6

IV. REMUNERATION COMMITTEE:

The Company has not set up remuneration committee. During the period under review there was no transactions of the Company with any of the Non- Executive Directors. Further Non-Executive Directors do not draw / take any remuneration/ sitting fees from the Company. The following remuneration was paid to Executive Directors during the financial year 2002-2003:

	(Rs. in lacs)
Mr. B.S. Jauhar	20.03
Mr. R. S. Jauhar	19.29

V. SHAREHOLDERS' GRIEVANCE & TRANSFER COMMITTEE:

Composition :

Mr. D. K. Sharma	: Chairman
Mr. R. S. Jauhar & Mr. H. S. Gujral	: Member
Mr. Shiv Ram Singh	: Compliance Officer

A total number of 4 complaints were received and redressed by the Registrar and Transfer Agent and/ or the Compliance Office during the year ending 31st March 2003. The Company confirms that there are no share transfers pending as on 31st March 2003 for more than 30 days from the date of lodgment thereof.

VI. GENERAL BODY MEETING

The last three Annual General Meetings of the Company were held on Registered Office of the Company at Jai Spring Road, Yamunanagar, Haryana - 135001. Date, time and attendance of Directors at AGM during the last three financial years are as follows.

Year	Date of AGM	Time of AGM	Venue	Attendance of Director
2000	29.09.2000	2:00p.m.	Registered Office	Mr. B.S. Jauhar, Chairman cum Managing Director was present.
2001	29.09.2001	2:00p.m.	Registered Office	Mr. D.K. Sharma, Director and Mr. B.S. Jauhar, Chairman cum Managing Director were present.
2002	30.09.2002	2:00p.m.	Registered Office	Mr. D.K. Sharma, Director and Mr. B.S. Jauhar, Chairman cum Managing Director were present.

Special Resolutions and resolutions passed through postal ballot at the last annual general meeting:

Special Resolution Passed	Resolution through postal ballot
(a) Re-appointment of Shri B.S. Jauhar as Chairman cum Managing Director.	
(b) Re-appointment of Shri. R.S. Jauhar as Whole Time Director	No resolution passed through postal ballot