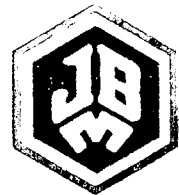




Annual Report 1996-97

| | | | | |
|-----|---|---|-----|----|
| MD | ✓ | | BKC | ✓ |
| CS | ✓ | | DPY | NA |
| RO | ✓ | | DIV | ✓ |
| TRA | ✓ | | AC | ✓ |
| AGM | ✓ | ✓ | SHI | ✓ |
| YE | ✓ | ✓ | | ✓ |



JAY BHARAT MARUTI LIMITED





| | | |
|--|--|--|
| Board of Directors | Shri F.C. Singhal Shri S.K. Arya Shri S.P. Arya Shri U.C. Aggarwal Shri D.P. Agarwal Shri M.K. Aggarwal Shri S.D.S. Mongia | Chairman Managing Director (MUL Nominee) |
| Company Secretary | Shri V. Pashupati Kumar | |
| Auditors | M/s Mehra Goel & Co. | |
| Bankers | Canara Bank The Bank of Tokyo-Mitsubishi Limited | |
| Registered Office | 601, Hemkunt Chambers 89, Nehru Place, New Delhi-110 019 E-mail : jbm@giasdl01.vsnl.net.in | |
| Works | Plant I Plot No.5, Maruti Joint Venture Complex Gurgaon-122015 (Haryana) Plant II Mohmmadpur Jharsa, Sector-36 Gurgaon-122001 (Haryana) | |
| Registrars and Share Transfer Agent | Magnum Business Services Private Limited 35-A, Sant Nagar, East of Kailash New Delhi-110 065 | |

**VISIT OUR
WEBSITE**

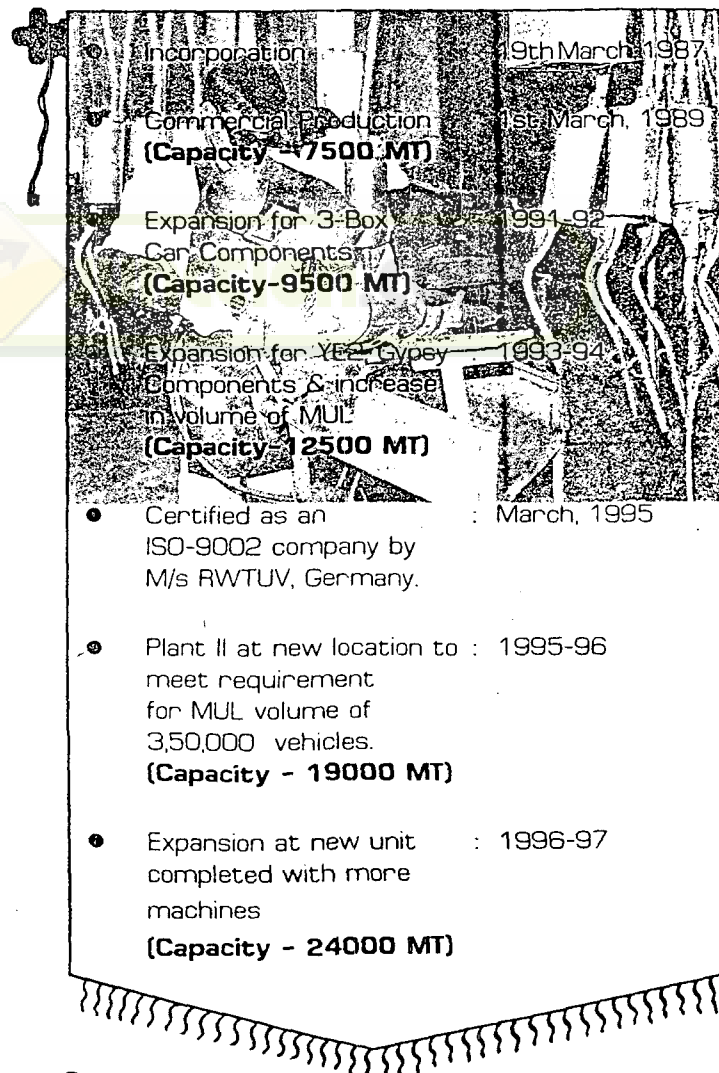
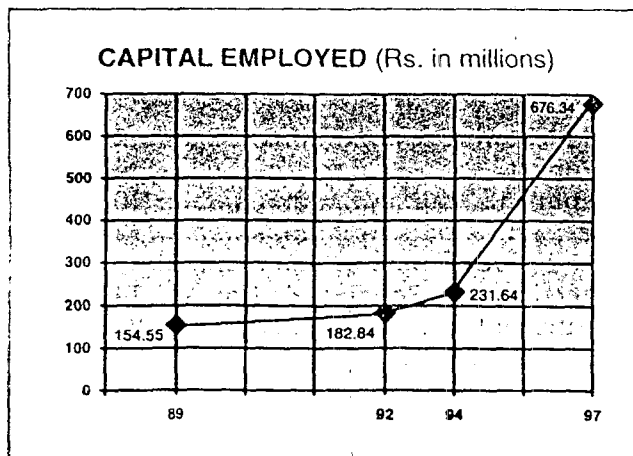
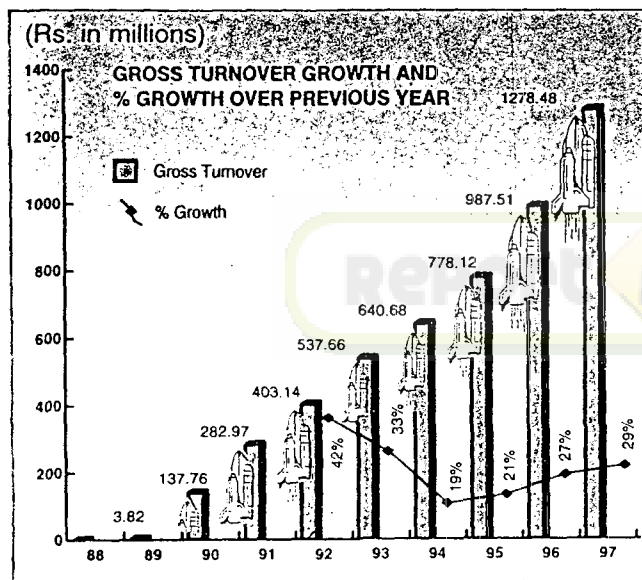
<http://www.indianauto.com/jbm>

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**YOUR COMPANY HAS COMPLETED TEN YEARS SINCE ITS INCORPORATION
THE MILESTONES OF THE COMPANY'S GROWTH ARE RECOUNTED HEREIN**



NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the members of JAY BHARAT MARUTI LIMITED will be held at Gandhi Auditorium, Peareylal Bhawan, Bahadur Shah Zafar Marg New Delhi - 110002 on Thursday, the 11th day of September, 1997 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended 31st March, 1997 and the Report of the Directors and Auditors thereon.
2. To declare dividend, if any.
3. To appoint a Director in place of Sh. F.C. Singhal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Sh. S. P. Arya who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to Schedule XIII of the Companies Act, 1956 and in terms of Article no. 116 of the Articles of Association of the company and subject to approval of Central government, if required, approval be and is hereby granted for amendment in the terms of remuneration regarding commission as detailed below w.e.f. 1st April, 1997 for the remaining tenure of appointment of Sh. S.K. Arya, Managing Director.

1. Commission: (One percent) of the net profits before tax as per Audited Accounts of the previous year prepared in accordance with Schedule VI of the Companies Act, 1956.

Minimum Remuneration :-

The Managing Director shall be paid the remuneration, including commission as calculated above as minimum remuneration even in the event of absence or inadequacy of profits in any year, subject however, to the compliance of Schedule XIII of the Companies Act, 1956 in this regard. The Company may pay the above remuneration as minimum remuneration even if it is higher than the limits prescribed in Section II of Part-II of Schedule XIII of the Companies Act, 1956, with the prior approval of the Central Government.

FURTHER RESOLVED THAT Company Secretary be and is hereby authorised to take all necessary actions for giving effect to the above resolution."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals/sanctions as may be required under any rules/regulations, the consent of the company be and is hereby accorded to the Board of Directors of the company to create such mortgage/charge or hypothecation on all or any of the movable or immovable properties, both present and future or whole of the undertaking of the company wheresoever situated to or in favour of the Canara Bank, ICICI Banking Corporation Limited and The Bank of Tokyo-Mitsubishi Limited to secure the working capital facilities (both funded and non-funded facilities) to the tune of Rupees Thirty Five Crores to be shared inter se amongst

Canara Bank, The Bank of Tokyo-Mitsubishi Limited and ICICI Banking Corporation Limited in such manner as may be agreed upon, and any future revision in facilities in addition to the existing mortgage, charge or hypothecation created or to be created in future by the company in favour of any of Financial Institution or Banks.

FURTHER RESOLVED THAT the Board of Directors of the company be and is hereby authorised to create mortgage/charge or hypothecation on all or any of the movable or immovable properties, both present and future or whole of the undertaking of the company wheresoever situated to or in favour of the bankers to secure other borrowings in addition to the existing borrowings as may be obtained by the company from any bank in the form of working capital facility or in any other manner from time to time.

FURTHER RESOLVED THAT the Board of Directors of the company be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating mortgage, charge, lease or hypothecation and accepting or making any alteration, changes, variations to or in the terms and conditions and to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary for the purpose of giving effect to this resolution."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions, if any, the consent of the company be and is hereby given to the Board of Directors to borrow from time to time further sums of money amounting in the aggregate to a sum of not more than Rs. 40,00,00,000 (Rupees Forty Crores only) (excluding temporary loans obtained or to be obtained from the company's bankers in the ordinary course of business), in addition to all borrowings made by the

Directors for and on behalf of the company authorised by resolution passed at the Annual General Meeting of the company held on 12th September 1994, namely, the borrowing of Rs.60,00,00,000/- (Rupees Sixty Crores only), that is to say, the total borrowing by the Board of Directors for on behalf of the company of an aggregate sum not exceeding Rs.100,00,00,000/- (Rupees One Hundred Crores only) notwithstanding that monies to be borrowed together with the monies already borrowed by the Company (apart from such temporary loans obtained or to be obtained from the company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose."

FURTHER RESOLVED THAT the Board of Directors of the company be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary for the purpose of giving effect to this resolution."

9. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals/sanctions as may be required under any rules/regulations, the consent of the company be and is hereby accorded to the Board of Directors of the company to mortgage /charge /lease or hypothecate all or any of the movable or immovable properties, both present and future or whole of the undertaking of the company wheresoever situated to secure the re-payment of borrowing (apart from such temporary loans obtained or to be obtained from the company's bankers in the ordinary course of business) which may be made by the company by placement of Non-convertible Debenture, Bonds or any other financial instrument or any assistance from any Financial Institution/State Financial

Institution/ Banks etc.... in any form including the present borrowing but at any time total amount shall not exceed Rupees One Hundred Crores.

FURTHER RESOLVED THAT the Board of Directors of the company be and is hereby authorised to finalise with the parties or any of them, the documents for creating mortgage/charge /lease or hypothecation and accepting or making any alteration, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary for the purpose of giving effect to this resolution."

BY ORDER OF THE BOARD
for Jay Bharat Maruti Limited

V. PASHUPATI KUMAR

Registered Office Company Secretary
601, Hemkunt Chambers
89, Nehru Place, New Delhi - 110 019

Dated : 24th June, 1997

NOTES

1. THE RELEVANT EXPLANATORY STATEMENT PURSUANT TO THE SECTION 173(2) OF THE COMPANIES ACT, 1956 IS ANNEXED HERewith AND FORMS PART OF THE NOTICE.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument appointing a proxy should be deposited at the company's registered office not less than 48 hours before the time for holding the aforesaid meeting.

3. Members attending the Annual General Meeting are requested to bring alongwith their copies of Annual Report as the same will not be distributed at the meeting. Attendance slip may kindly be handed over at the entrance of the hall duly signed.
4. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the Company Secretary atleast seven days before the date of the meeting so that the information required by the members may be made available at the meeting.
5. The share transfer books shall remain closed from 4th September, 1997 to 11th September, 1997 (both days inclusive) to determine the shareholders entitled to the dividend for the year 1996-97.
6. The unclaimed dividend relating to the financial year 1992-93 was transferred to Central Government - General Revenue Account during the year. The shareholders who have not received the dividend for the above year may kindly apply to the Registrar of Companies, NCT- Delhi & Haryana, Paryavaran Bhavan, CGO Complex, Lodi Road, New Delhi - 110 003 in the prescribed form.
7. The unclaimed Dividend relating to the financial year 1993-94 will be transferred to Central Government - General Revenue Account in November, 1997. The shareholders, who have not received the dividend for the said year, may kindly apply to the company before such transfer otherwise they have to apply to the Registrar of Companies, NCT- Delhi & Haryana, Paryavaran Bhavan, CGO Complex, Lodi Road, New Delhi - 110 003 in the prescribed form .

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

Sh. S. K. Arya was appointed as Managing Director of the company w.e.f. 10th June, 1993 for a period of 5 years.

The turnover of the Company has increased by 26% in 1996-97 and the Company has expanded its capacities under the guidance of the Managing Director. However, in spite of the growth of the Company but due to higher W.D.V. depreciation on capital investments compared to previous year under section 309 of the Companies Act, 1956, the remuneration paid to the Managing Director for the last year and also payable for the current year is lower than the already approved.

The Managing Director's remuneration paid for the year 1996-97 is substantially lower than remuneration paid for the year 1995-96 due to non payment of commission on account of inadequacy of profit computed as per Section 309 of the Companies Act, 1956 resulting into lower than his last year's remuneration and also much lower than the remuneration already approved by the Shareholders.

Hence keeping in mind his contribution in the company and to plug the anomaly of basis of calculation of commission, it is proposed that the calculation of commission be changed from 1% on the net profits calculated as per Section 309 to 1% on the net profits as per audited accounts of the company prepared in accordance with Schedule VI of the Companies Act, 1956.

Except Sh. S. K. Arya ; Sh. F. C. Singhal and Sh. S. P. Arya, who are related to Sh. S. K. Arya, none of the Director is interested in this resolution.

The notice together with the explanatory statement may also be taken as Disclosure of abstract of terms under Section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

ITEM NO. 7

The company's bankers have agreed to increase the working capital facilities to the extent of

Rupees Thirty Five Crores. The facility will be shared by Canara Bank, The Bank of Tokyo-Mitsubishi Limited and ICICI Banking Corporation Limited inter se. The Company has inducted ICICI Banking Corporation Limited as new banker of the company. The facilities are to be secured by creation of mortgage/ charge/ hypothecation on the movable or immovable properties of the company both present and future in favour of the lenders. The company may borrow money from the Bankers in future also in addition to the aforesaid borrowing and to secure such borrowing also, your approval is sought. It is necessary to obtain the shareholders approval pursuant to the section 293(1)(a) of the Companies Act, 1956 so as to create any mortgage/ charge / hypothecation over the assets or property of the company. Hence the resolution is for your approval.

Your Directors recommend the resolution for your approval.

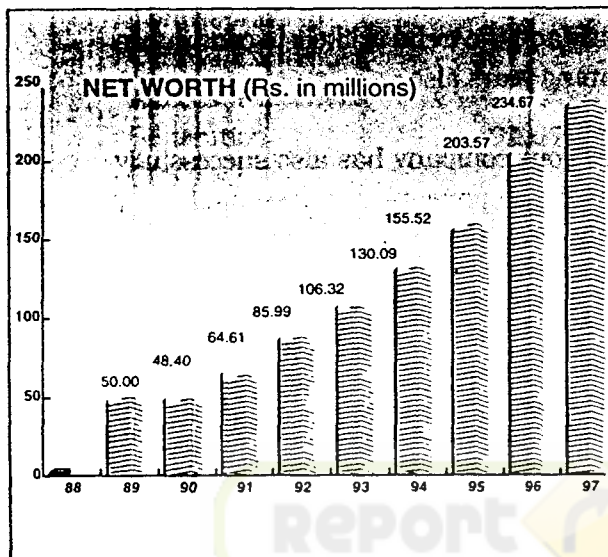
None of the Director is interested in this resolution.

ITEM NO. 8 & 9

The company is required to borrow monies from time to time for adding new machines/up-gradation of facilities and implementing expansions in capacities. The company may borrow money from financial institutions/banks or from any other agency or by placing any Non-convertible Debentures, Bonds or any other financial instruments and company may be required to secure the borrowings by creation of mortgage/charge/hypothecation on the movable or immovable property of the company. At present the borrowing limits of the company is restricted to Rs.60,00,00,00 (Rupees Sixty Crores only) as approved by shareholders in the Annual General Meeting held on 12th September, 1994. The approval is sought from shareholders pursuant to the section 293(1)(d) & (a) of the Companies Act, 1956 for increase in the borrowing limits and to create any mortgage/ charge / hypothecation over the assets or property of the company to secure the re-payment of such borrowings made by the company upto an amount not exceeding Rupees One Hundred Crores at any time.

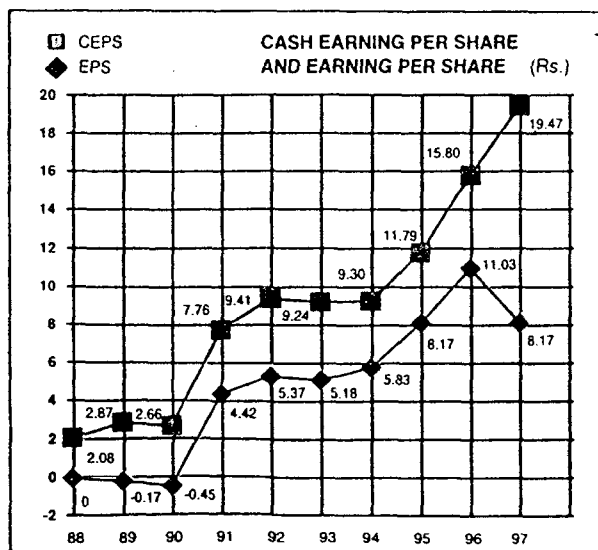
Your Directors recommend the resolution for your approval.

None of the Director is interested in this resolution.



AWARDS

- ★ "Certificate of Merit" for 1993-94 for productivity improvement from National Productivity Council, presented by the President of India.
- ★ "ACMA Productivity Award" for 1993-94.
- ★ Maruti Udyog's "Best Performing Vendor Award" in the Technology Group, Large Sheet Metal Components Category 'A' for 1993-94 and 1994-95.
- ★ Certificate of Commendation from Haryana State Pollution Control Board in recognition of environment friendly industry for 1994-95.
- ★ Prizes in flower show competition of HUDA for the years 1993-94, 1994-95 and 1996-97 and District Level sports events in 1996-97.
- ★ Jay Bharat Maruti Limited ranked 17th amongst the Auto Component Manufacturers for the Year 1995-96 on Turnover Basis. (Source: acma)



OUR QUALITY POLICY

The policy of JAY BHARAT MARUTI LIMITED is to achieve total customer satisfaction by delivering products and providing services that meet or exceed their exacting requirements and expectations and to do so on time and at most competitive prices in domestic and export market for our entire product range.



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present you the Tenth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1997.

ECONOMIC OUTLOOK AND AUTOMOBILE INDUSTRY

The Confederation of Indian Industry (CII) has projected a growth in industrial production of 10% in the current year. The inflation rate is expected to moderate between 5-10%. The infrastructural constraints may continue to remain a bottleneck and the growth of this sector would determine the overall growth of the industry and the economy. The reduction in the interest rates by banks and institutions should help the economy at large in reducing costs and becoming more competitive. The growth in GDP of the economy is targeted as 8% which can be achieved only by the joint efforts of the Government and the industry.

The automobile industry has remarkably achieved a much higher growth rate compared to the industry's average growth rate. Our joint venture partner, Maruti Udyog Limited has achieved a growth of 23% and produced 3.38 lacs vehicles during the year. Our partner continues to be a dominant player in the passenger vehicle segment and is planning further expansion to increase its capacities.

PERFORMANCE 1996-97

During the year the company successfully commissioned the new muffler line assembly & started supplying the complete muffler for

800cc car and OMNI, meeting hundred percent requirement of MUL. Further MUL has also shifted some more assembly lines to you Company for supplying 13 more assemblies of various models. This shift from component supplier to assemblies/system supplier has happened due to meeting the quality standards and timely requirements of MUL by your company and the trend is likely to continue in the coming years also.

Further your company has also successfully developed components and assemblies for ESTEEM & ZEN for export model cars. Your company was actively involved in effecting changes/improvements in various components supplied to MUL.

Plant II at Gurgaon was fully operational during the year. The company is now fully geared up to meet the additional requirements of MUL in the coming years. The cabin parts of Eicher Canter model are being met from recently installed laser cutting machine at Plant II.

FINANCIAL PERFORMANCE

Your company has achieved a net turnover of Rs. 1054.6 millions as compared to Rs. 835.30 millions in the previous year registering a growth of 26%. Profit after tax is Rs. 44.23 millions as against Rs. 59.69 millions in the previous year. Higher depreciation and additional interest cost burden due to expansion has resulted in lower profit after tax during the year. The summarised financial highlights are :-