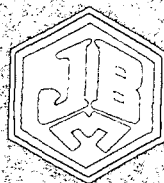
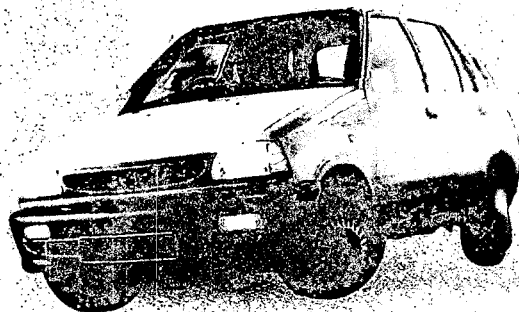
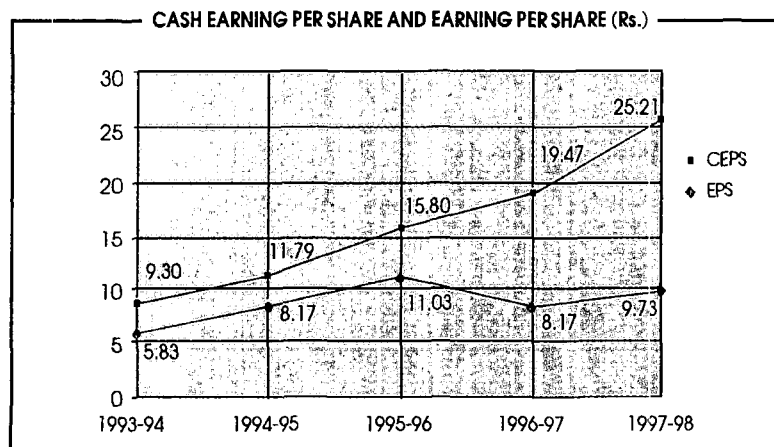
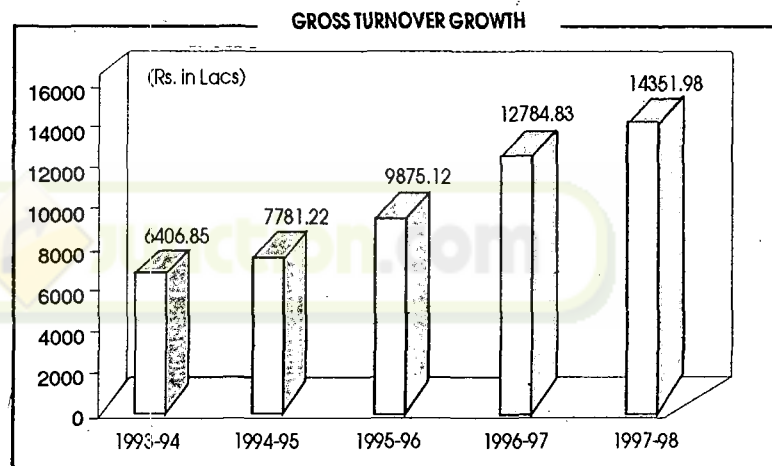
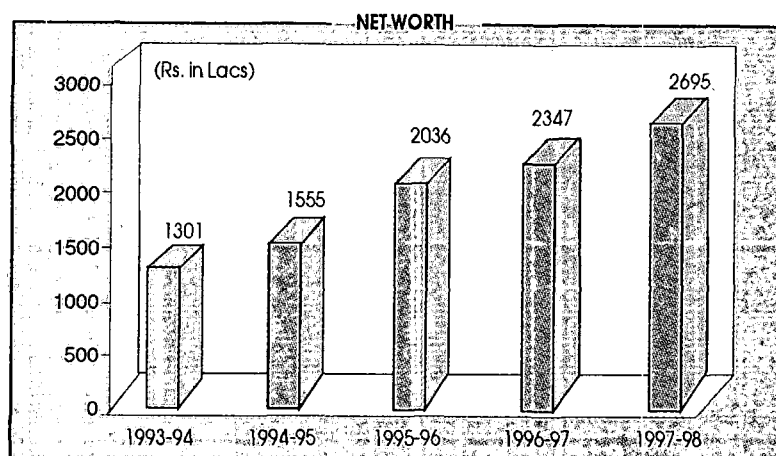


11th Annual Report 1997-98



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JAY BHARAT MARUTI LIMITED



JAY BHARAT MARUTI LIMITED



Notice is hereby given that Eleventh Annual General Meeting of the shareholders of the company will be held at Peareylal Bhawan, Bhadurshah Zafar Marg, New Delhi - 110 002 on Wednesday, the 16th day of September, 1998 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, 1998 and the Profit & Loss Account for the year ended 31st March, 1998 and the Report of the Directors' & Auditors' thereon.
2. To declare the dividend, if any.
3. To appoint a director in place of Sh. U.C. Aggarwal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification, if any, the following resolution as Special Resolution :

"RESOLVED THAT in compliance with the provisions of Sections 198, 269, 309, 310 and 316 read with Schedule XIII and the other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if required, Sh. S.K. Arya be and is hereby re-appointed as Managing Director of the Company w.e.f 10.6.98 for a period of 5 years on a remuneration payable to him as detailed hereinunder and upon the terms and conditions as set out in the draft Agreement submitted to this Meeting and for identification initialled by the Chairman :-

1. Basic Salary : Rs. 52,500- Rs. 7,500- Rs. 60,000 per month. The salary shall be reviewed after a period of two years.
2. Commission/ Performance Bonuses: 2.5% of net profit calculated as per Companies Act, 1956 or 24 months (twenty four months) basic salary, whichever is higher.
3. Perquisites/ Allowances :

In addition to the salary and commission/performance bonus payable, the Managing Director shall be entitled to perquisites and allowances such as Company provided accommodation/house rent allowance ; house maintenance allowance, reimbursement of expenses or allowances for utilities such as gas, electricity, water ; soft furnishing, hard furnishings and repairs ; allowance for children, helper allowance, medical reimbursement or allowance ; Company's chauffeur driven cars for official and personal purposes, telephone at residence ; leave travel concession/assistance/allowance for himself and his family ; club fees ; personal accident/medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Sh. S.K. Arya, the value of which shall not in the aggregate exceed one and half times of the annual basic salary.

The perquisites and allowances shall be evaluated as per Income Tax Rules, 1962 wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure,

shall not be included in the computation of limits for the remuneration or perquisites and allowances aforesaid.

RESOLVED further that the Managing Director shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee(s) thereof.

RESOLVED further that notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, commission/performance bonus, perquisites and allowances as specified above as minimum remuneration.

RESOLVED further that the remuneration shall be payable with retrospective effect from 10th June, 1998.

RESOLVED FURTHER that to give effect to the above Resolution, Board Of Directors of the Company be and are hereby authorised to do all such acts, deeds or things, as may be required or considered necessary or incidental thereto."

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

"RESOLVED THAT pursuant to provisions of Section 17 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Object Clause - 'Part B', Clause No. 10 of the Memorandum of Association of the Company be and is hereby amended by deleting the existing Clause and substituting the same with the new Clause in the manner as set out below :-

10. To invest any monies of the Company in such investments (including company's own shares or stocks) as may be thought proper and hold, sell or otherwise deal with such investments in accordance with the provisions of Law."

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

"RESOLVED THAT pursuant to provisions of Section 31 and other provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby amended by addition of new article in the manner set out below :-

A new Article No. 4 (a) should be added after the existing Article No. 4 :-

4(a). The Company shall have power subject to and in accordance with all applicable provisions of the Act and other applicable provisions, if any to purchase any of its own fully paid shares whether or not they are redeemable and may make a payment out of capital or such other reserves or sources as may be permissible in respect of such purchase."

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modifications or re-enactments thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions as may be imposed while granting such approvals, permissions and sanctions as may be agreed to by the Board of Directors, the Board of Directors of the Company be and are hereby authorised to purchase/buy-back from time to time from the existing shareholders and/or from the open market upto 20% of the subscribed equity share capital of the Company, at such rate(s) and on such terms and conditions as the Board may deem fit

and proper and to make payment(s) for such purchases/buy-back of shares out of the funds from free reserves and share premium account or out of such funds as may be allowed under the law/rules and regulations and to keep them alive, cancel and/or resell from time to time such number(s) of the shares so purchased, at such rate(s) and on such terms as the Board may deem fit and proper.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, things as may be required necessarily and to deal with all such matters and to take all such steps as may be required in this regard as it may, in its absolute discretion, deem necessary."

Registered Office :

601 Hemkunt Chambers,
89, Nehru Place,
New Delhi - 110 019

By Order Of Board
for JAY BHARAT MARUTI LIMITED

Place : New Delhi

Date : 29th June, 1998

DEEPAK BANSAL
DY. COMPANY SECRETARY

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 Dy. 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 10th September, 1998 to 16th September, 1998 (both days inclusive) to determine the shareholders entitled to the dividend for the year 1997-98.
6. The unclaimed dividend relating to the financial year 1993-94 was transferred to Central Government - General Revenue Account during the year. The shareholders who have not received the dividend for the said 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 1994-95 will be transferred to Central Government - General Revenue Account in November, 1998. The shareholders, who have not received the dividend for the said year, may kindly apply to the company before such transfer otherwise they will 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. 5

Sh. S. K. Arya was appointed as Managing Director of the Company for a period of 5 years w.e.f. 10th June, 1993. His terms expired on 9th June, 1998 and the Board of Directors have re-appointed him as Managing Director of the Company at their Board meeting held on 29th June, 1998 for a further period of five year commencing from 10th June, 1998 and ending on 9th June, 2003.

Sh. S. K. Arya is a science graduate and having the experience of more than twenty years in the industry. He is promoter of the Company and under his continuous guidance, Company is having excellent performance. The Company took the pride of being adjudged as MARUTI BEST VENDOR IN LARGE SHEET METAL CATEGORY-A for FOUR CONSECUTIVE YEARS and has also received the prestigious QS 9000 under his continuous support. Considering the contribution made by Sh. S.K. Arya, the Directors of the Company have re-appointed him as Managing Director of the Company on the terms & conditions as stated in the Notice convening the Meeting subject to your approval. Sh. S. K. Arya is also Managing Director of JBM Tools Limited.

Your Directors recommend the appointment of Sh. S. K. Arya as Managing Director.

None of the Directors of the Company except Sh. F.C. Singhal, Chairman and Sh. S.P. Arya, Director of the Company, who are related to Sh. S.K. Arya and Sh. S.K. Arya, himself are concerned with or interested in the said appointment.

The Notice together with the explanatory statement may be taken as compliance with the requirement of Section 302 of the Companies Act, 1956, though already informed to members.

Item Nos. 6, 7 & 8

Buy back of own shares or other securities convertible into equity shares by the Companies is presently not allowed under the Companies Act, 1956. It is expected that, in due course of time, the law will be amended to allow such buy back.

Your Directors feels that the present share value does not reflect the true value of the Company and to provide the benefits to the Valuable Shareholders of the Company, your Directors recommend that the Company should buy-back its shares subject to the necessary government approvals. The Directors recommend to purchase the equity shares upto 20% of the subscribed equity share capital of the Company. The buy back of shares of aforesaid shall be met out of the free reserves and/or the securities premium account and/or out of the proceeds of an issue specifically made for the purpose or from such other sources as may be permitted by law and shall be subject to the Government Ordinance/Enactments/approval/sanction/guidelines/permissions etc, Security Exchange Board of India &/or Stock Exchange Guidelines, wherever applicable from time to time.

The Board is of the opinion that it will be in the best interests of the Company if shareholders approve the resolutions as stated in the item nos. 6, 7 & 8 of the notice regarding alteration in the Memorandum of Association, Article of Association and enabling resolution permitting such buy back respectively, so that the Company will be able to implement this resolution once the law is amended.

The resolutions, if approved, will be operative and given effect to from the applicable date as may be prescribed in this regard.

The resolutions are an enabling provisions aimed at facilitating the Company to buy back its shares as soon as legally permissible.

The Directors recommend the resolutions for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolutions.

Auditors

M/s Mehra Goel & Co.
Chartered Accountants

Bankers

Canara Bank
The Bank of Tokyo-Mitsubishi Limited
ICICI Banking Corporation Ltd.

**Registrars and Share
Transfer Agent**

Magnum Business Services Private Limited
35-A, Sant Nagar, East of Kailash
New Delhi - 110 065

BOARD OF DIRECTORS

Shri F.C. Singhal	Chairman
Shri S.K. Arya	Managing Director
Shri M.K. Aggarwal (MUL Nominee)	Director
Shri S.P. Arya	Director
Shri U.C. Aggarwal	Director
Shri D.P. Agarwal	Director
Shri S.D.S. Mongia	Director

Deputy Company Secretary

Shri Deepak Bansal

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CONTENTS	Page No.
Directors' Report	1
Auditors' Report	5
Balance Sheet	7
Profit & Loss Account	8
Schedules, Accounting Policies & Notes	9
Cash Flow Statement	20
Balance Sheet Abstract & General Business Profile	21
Five Years At a Glance	23

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

E-mail : jbm@glasd101.vsnl.net.in

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

Works:

Plant I: Plot No. 5, Maruti Joint Venture Complex, Gurgaon-122015 (Haryana)

Plant II: Mohmmadpur Jharsa, Sector-36, Gurgaon-122 001 (Haryana).

11TH ANNUAL REPORT

DIRECTOR'S REPORT

To the Members,

The Directors have pleasure in presenting the 11th Annual Report together with the audited statements of accounts for the financial year ended 31st March, 1998.

Summarised Financial Results
(Rupees in lacs)

	1997-98	1996-97
Total Income	14351.98	12784.83
Profit before depreciation and Financial Charges	2159.89	1892.00
Depreciation	837.80	605.70
Profit Before Taxation	611.25	511.42
Taxation for earlier years	19.96	2.73
Provision for Taxation	64.56	66.38
Profit After Tax	526.72	442.30
Profits available for Appropriation	1905.83	1571.05
APPROPRIATION		
Proposed dividend	162.37	124.49
Dividend Tax	16.23	12.45
Transferred to General Reserve	65.00	55.00
Balance carried forward	1662.23	1379.11

In spite of recession in automobile sector, the consistent and steady growth in volumes of Maruti Udyog Limited (MUL) helped the Company to achieve gross earnings of Rs 14351.98 lacs as compared to Rs 12784.83 lacs in the previous year, an increase of 12.26% over the previous year. The net turnover went up from Rs 106.17 crores to Rs.120.52 crores over the previous year, an increase of 13.51%. The cost reduction measures taken by the Company at all levels, productivity improvement in operations and economies of scale have contributed increase in profit after tax to Rs.526.72 lacs in the current year as compared to Rs.442.30 lacs in the previous year.

INDUSTRIAL OUTLOOK AND NEW BUSINESS

The state of automobile sector reflects the

overall health of an economy. Unlike conventional methods of measuring macro-economic factors, modern economic gurus consider the automobile industry as the spine of any country's economy and use it as a tool of measuring the economy's pulse.

Industry is experiencing the unprecedented recession in the market in almost all the segments. In the current year the passenger car segment is expected to become more tense with the coming in of many world leaders which will further intensify the competition.

To withstand the competition MUL the undisputed auto leaders and our joint venture partner is planning to launch new models and adding further capacities to increase volume so as to maximize the benefits of economies of scale. Your Company has sufficient capacity to meet the MUL requirement of increased volume.

The company has upgraded its skills to develop/manufacture more and more complete assemblies/systems in place of components. During the previous year MUL transferred some of the Omni and 800 CC Car assemblies to company. Having satisfied with the quality and delivery norms, MUL has further shifted new Car-Fender Assembly (RH) in the current year. The transfer of assemblies of other models are also under discussion with MUL.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 3.00 per share, subject to your approval. The amount will not be liable to deduction of tax at source.

INFORMATION TECHNOLOGY UPGRADATION

In the present stiff competitive environment, on-line processing of information and its effective usage coupled with the best practices of industry world-wide are key to success. Your Company realises the importance of information technology upgradation and has decided to implement Enterprises Resource Planning (ERP) Software Systems and has selected Baan-IV system Application Software.

The implementation of this package has been titled as Project POISE, and is being executed by a joint team from your Company and IBM Global Services so as to achieve a quick and effective implementation, and realise maximum benefits from the application, through redesigning processes in the areas of manufacturing, materials and finance.

QUALITY AND PRODUCTIVITY

The Company has got QS 9000 Certificate by KPMG Peat Mervik, the Quality Registrar of India representing Peat Mervik of USA. The Company is now amongst the few companies in India who got QS 9000 certificate for their world level quality system of manufacturing process and delivery performance. The Company is now aiming to reach to the level of Deming Award recognized as the World Best Award for Business Excellence under the guidance of Prof. Tsuda of Japan, the world renowned business expert and also with the support of Engineering and Q.A. Department of MUL and TQM Department of CIL.

The Company has also been awarded 4th consecutive time Best Performance Maruti Vendor Award for large Sheet Metal Component Category-A for the year 1996-97.

HUMAN RESOURCE DEVELOPMENT

The Company continues to focus on the improvement of skills through education and training of employees. The industrial relations remained cordial during the year. The Company has successfully finalised the Wage Agreement with Workers for 3-1/2 years.

DIRECTORS

The term of Mr. S.K. Arya as Managing Director of the Company expired on June 9, 1998. Considering his excellent contribution to the Company, the Board of Directors have re-appointed him as Managing Director for a further period of 5 years in the Board Meeting held on 29th June 1998, subject to your approval. In accordance with the provisions of the Companies Act, 1956 and Articles of

Association of the Company, Shri U.C. Aggarwal Director of the Company will retire by rotation and is eligible for re-appointment.

AUDITORS

M/s Mehra Goel & Co., Chartered Accountants, Auditors of your Company retire and being eligible, offer themselves for the re-appointment. The observations of the auditors are explained wherever necessary in the appropriate notes to the Accounts and do not call for any further comments.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information in accordance with Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure I forming part of this report.

PARTICULARS OF EMPLOYEES

A statement showing particulars of employees under Section 217 (2A) of the Companies Act, 1956, is attached as Annexure II.

ACKNOWLEDGMENTS

The Directors would like to express their sincere thanks, for the co-operation and support extended by our JV partner Maruti Udyog Limited, Suzuki Motor Corporation, customers, Central Government, Government of Haryana, Company's Banks and Financial Institutions. The Board also take this opportunity to express its appreciation for the dedication and efforts shown by the employees. The Directors also take this opportunity to acknowledge the trust and confidence you have reposed in the Company.

For and on behalf of the
Board of Directors

Place : New Delhi
Dated : June 29, 1998

F.C. SINGHAL
CHAIRMAN