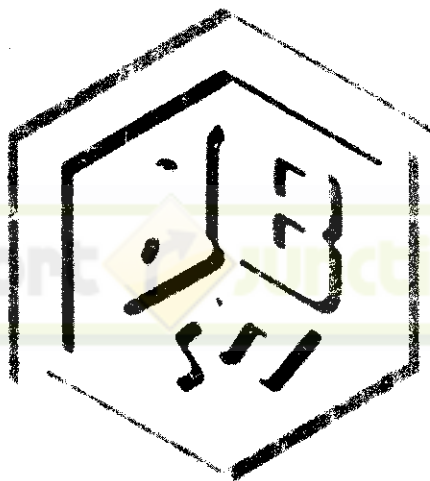


Annual Report 1998-99



JAY BHARAT MARUTI LIMITED

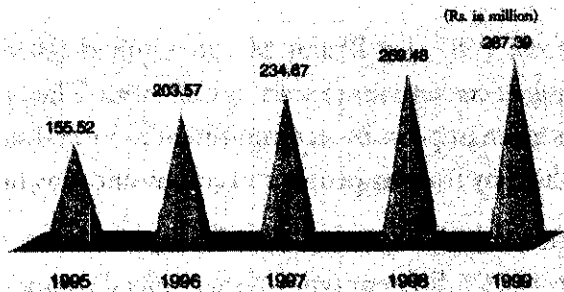
VisionProfileHuman ResourcesCompany Information

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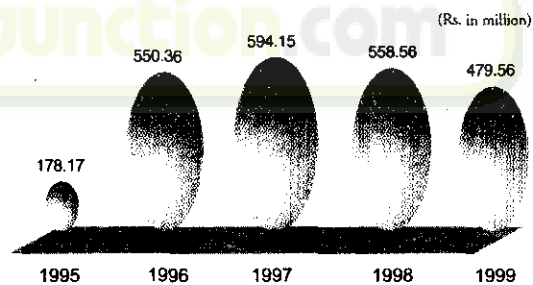
Our Vision

Expanding leadership in our business through people, keeping pace with market trends & technology

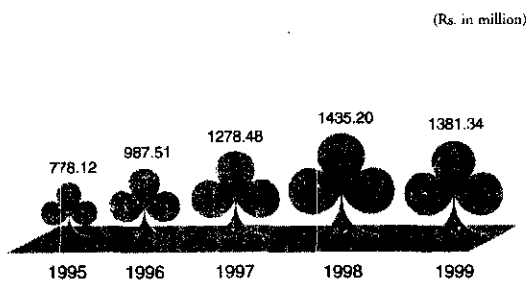
Net Worth



Capital Employed



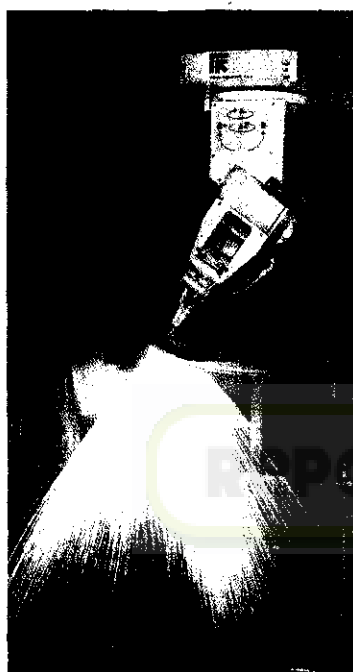
Gross Turnover



EXPLORING THE UNEXPLORED *into the*

Ever since its inception on 19th March, 1987, Jay Bharat Maruti Limited (JBM) has believed that self-improvement is an ongoing & continuous process, not an event. The practise of this simple though powerful principle is given impetus by a commitment to meet deadlines through dedicated teamwork, which is realised by trusting people and communicating openly.

Small wonder, that commercial production which began on 1st March, 1989, has today resulted in the manufacture of 207 different types of sheet-metal components, welded assemblies and exhaust systems, with 33,000 unit items supplied each day (on a JIT basis)!



Both state-of-the-art plants in Gurgaon utilise hi-tech equipment sourced from reputed manufacturers. The facilities include heavy and light mechanical and hydraulic Presses including automatic tandem line ranging from 120 Tons to 1000 Tons capacity, Weld Shop, 5 Axis CNC Laser cutting machine, and Exhaust System manufacturing machines. They churn out quality components/assemblies mainly for our JV partner, Maruti Udyog Limited (MUL). The owners of the Company are MUL (29.28%), Mr. S. K. Arya and Mr. F. C. Singhal & Associates (29.28%) and the Public (41.44%).

JBM cares to provide total customer delight and extends itself to meet the toughest of deadlines, while offering competitive prices at the same time. No matter how high the expectations of its customers, JBM endeavours to exceed them, providing services that embody the spirit of excellence.

Jay Bharat Maruti Limited looks to the far horizons, seeking new challenges, driving itself to explore the unexplored. Our **Vision** encapsulates a desire to consolidate & build upon the position of leadership we already enjoy, by efficiently managing our professional team, while keeping well apace of new market trends and the emergence of innovative state-of-the-art technology. We also aspire to several Quality Goals : • Zero defect • First time right every time right • No quality control - only quality assurance • Reduced process variance • 100% customer satisfaction • Reduced cost of quality • Not only functional quality, but competitive, commonly expected & attractive quality. These, it is planned, will enable the Company to achieve TQM, thereby leading to the CII-Exim Business Excellence Award.

next millennium !

JBM is all set to drive into the next millennium, embarking on a journey that is going to be a dedicated effort to make it truly world-class. With this in mind, the Company, under the guidance of Prof. Y. Tsuda, the Quality Management Advisor, and with the support of the TQM Division of CII and Engineering & Q. A. Departments of MUL, is implementing several world class practices : • Exactness, Visualisation, Deep Analysis, Checking and Managing Points at all levels in operations • Daily Work Management • Quality Assurance and Business Process diagram • Poka Yoke. Furthermore, the Company has successfully implemented the Enterprises Resource Planning software, BaaN-IV a system application to support the manufacturing, finance and sales & distribution functions — in just 40 weeks! It has been live since 1st April, 1999.

Today, JBM enjoys a competitive edge in the market. Some of the reasons for this are : • A unique combination of modern Press Shop and Weld Shop • A capability of supplying components on a just-in-time (JIT) basis • Indigenisation and system engineering to manufacture complex automobile exhaust systems • Flexible manufacturing systems • Support of modern tool room facilities available within the Group. This is further validated by the many accolades we have received : • National Productivity Council's "Certificate of Merit" - 1993-94 & 1996-97 • ACMA Productivity Award - 1993-94 • "Best Performing Vendor Award" in the Technology Group, Large Sheet Metal Components - Category A from MUL for the four consecutive years - 1993-97 • Certificate of Commendation from Haryana State Pollution Control Board in recognition of Environment Friendly Industry - 1994-95 • Certificate of Merit for Excellence in Products of Automotive Components from ACMA - 1996-97 • ACMA Quality Trophy - 1997-98. The Company has also been awarded the prestigious QS-9000 Certificate by KPMG Peat Marvic, the quality registrar of India representing Peat Marvic, USA.

CRISIL, the famed credit rating agency, has assigned P-1 rating to Company for its Commercial Paper programme.

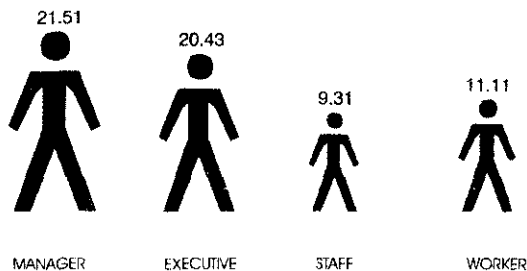
Jay Bharat Maruti Limited endeavours to become a formidable force, one that will be recognised for its benchmark services.



Human Resource Development

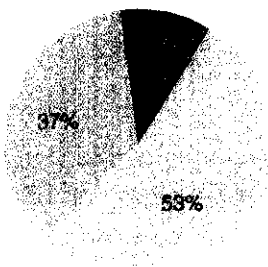
People - Our most valuable assets

Honing the skills



Training

Employees' Long Term Association



■ 10 years & above
■ 5 years & above
■ Less than 5 years

Demographic Profile - A 'Young' Organisation



Number of Employees in different Age Groups
(Total Permanent Employees 422)

Our Work Culture:
Common Uniform
Attendance Bonus
Training (internal & external)
Open and transparent appraisal system

Board of Directors

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

Deputy Company Secretary & Compliance Officer	Shri Deepak Bansal
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Auditors	M/s Mehra Goel & Co. Chartered Accountants
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Bankers	Canara Bank The Bank of Tokyo Mitsubishi Ltd. ICICI Banking Corporation Ltd.
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Registrars and Share Transfer Agent	Magnum Business Services Pvt. Ltd.
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Registered Office :

601, Hemkunt Chambers, 89, Nehru Place, New Delhi - 110 019
Tel. : 6427061/062, Fax : 91-11-6441657
e-mail: jbm@giasdl01.vsnl.net.in

Works :

Plant-I : Plot No. 5 Maruti Joint Venture Complex, Gurgaon - 122 015
Plant-II : Mohmmedpur Jharsa, Sector-36, Near Khandsa Village, Gurgaon-122 001

Directors' Report

To the Members,

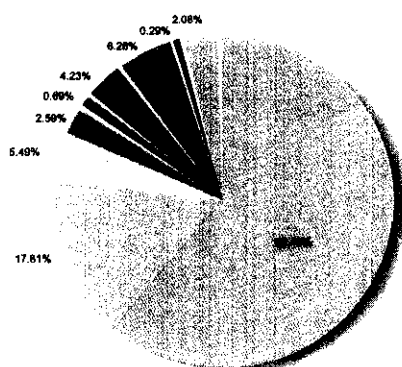
Your Directors take pleasure in presenting the 12th Annual Report of your Company together with the audited Statement of Accounts for the year ended 31st March, 1999.

Company's Performance

Due to a highly competitive scenario in the automobile sector, the performance of your Company came under some pressure. This has resulted in a lower turnover and squeeze in margins.

Financial Summary	1998-99	(Rs. in lacs) 1997-98
Total Income	1,38,13.39	1,43,51.98
Profit Before Depreciation and Financial Charges	17,90.35	21,43.07
Depreciation	8,67.30	8,37.80
Financial Charges	5,84.57	6,94.02
Profit Before Tax	3,38.48	6,11.25
Provision for Taxation	40.22	84.52
Profit After Tax	2,98.26	5,26.72
Profit available for Appropriation	19,60.49	19,05.83
Appropriation Proposed Dividend	1,08.25	1,62.37
Dividend Tax	10.82	16.23
Transferred to General Reserve	30.00	65.00
Balance carried forward	18,11.42	16,62.23

Distribution of Income



Materials & Manufacturing Exp.	Excise Duty
Employees' Rem. & Benefits	Administrative & Other Exp.
ERP Exp.	Financial Charges
Depreciation	Provision for Tax
Profit After Tax	

There are several new players emerging in the automobile sector. Stiff competition is forcing OEMs to reduce their prices while improving their quality at the same time. Believing in providing more & more value for money to customers, our JV Partner, the automobile giant Maruti Udyog Limited (MUL), has also reduced the prices of its various models. Your Company has always been supportive to MUL by offering competitive prices for its products, in order that the leader continues to enjoy a position of leadership. During the period under review, your Company has been able to reduce the prices of components to MUL by implementing several steps : • reducing costs through value analysis and value engineering (VA/VE) • sourcing raw materials globally • controlling administrative & operating expenses and squeezing profit margins.

Dividend

In spite of lower profits, your Directors are pleased to recommend a dividend of Rs. 2.00 per share.

Finance

Your Company is endeavoring to reduce the debt burden by taking proactive steps. During the year under review, your Company has prepaid a part of the foreign currency loan so as to reduce its risk on account of exchange fluctuation. The total debt repaid during the year is Rs. 969.26 lacs. This has improved the gearing ratio of your Company to 37.02% as against the 50.15% during the previous year.

CRISIL, the credit rating agency has assigned P-1 rating for your Company's Rs. 500 lacs Commercial Paper Programme (reaffirmed in September 1998).

Your Company has not accepted any deposit from public during the period under review.



Industrial Scenario & Future Outlook

During the fiscal 1998-99, despite the global recession, the South-East Asian financial crisis, a moderate rural demand and considerable uncertainty in the political arena, the Indian economy has coped rather well due to its strong fundamental base and inner strength, even though it experienced a slightly lower growth as compared to the previous year. The industrial sector, which was in the grip of a recession, is showing signs of improvement, particularly during the first quarter of this year. The expectation of good monsoons and a record production of crops may result in increased demands, which will in turn stimulate industrial growth during the current financial year. However, India's political uncertainty may cause some adverse impact.

MUL, our JV Partner & major customer, has planned to produce 4,05,000 vehicles in 1999-2000, which is 21% more than the volume achieved during the previous year. This augurs well indeed for the industry as a whole. Rest assured, your Company has an adequate capacity to meet any requirements that MUL will have.

The automobile sector is destined to face intense competition in the current year due to the launch of various new models / brands of vehicles. To stand well above them, concerted efforts are continuing in the areas of cost reduction at all levels of Company in all areas, however small they may be. The ancient Japanese philosophy of striving for continuous improvement needs to be deeply embedded within the heart & soul of every employee of the Company.

Total Quality Management (TQM)

Quality assurance & not just quality control is the buzzword these days. Quality is not sought in the realm of manufacturing functions alone. Given that the competition will continue to get tougher and tougher, your Company must put in greater effort and endeavour to achieve international standards. Only then will it be seen as a true practitioner of TQM, and be regarded as a superlative world class benchmark.

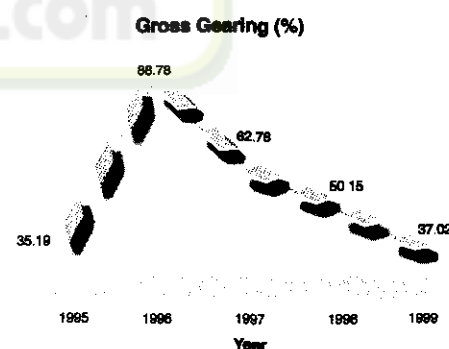
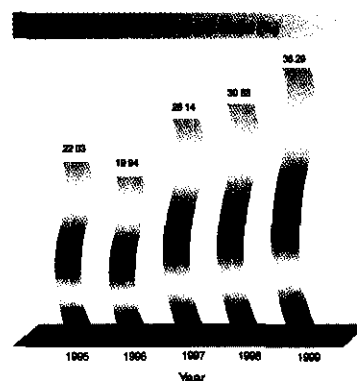
Your Company, under the guidance of Prof. Y. Tsuda of Japan, Quality Management Advisor, is working in close conjunction with a cluster of companies, all sharing a common quest for excellence by learning from, and teaching each other. Together they will march towards TQM, and achieve world class status. Furthermore, Suzuki Motor Corporation has initiated a major drive to improve the production process, by implementation of Kaizen, 5 'S' & VA/VE in the various areas of operations, resulting in a phenomenal improvement in your Company. The support of Maruti Udyog Limited, our joint venture partner in all such activities, is immense indeed.

Information Technology

During the period under review, your Company has successfully implemented the ERP Software System Baan IV, in a record period of just 40 weeks! The system has been live since 1st April, 1999, in the areas of manufacturing, finance and sales & distribution.

Y2K Preparedness

Your Company is fully geared to meet the challenge of the Millennium Bug, globally known as the Y2K problem. All computer software & hardware, production & office equipment that are susceptible to the Y2K problem, have been thoroughly checked, and Y2K compliant confirmation has been obtained from the respective vendors and equipment suppliers. The ERP system is also Y2K compliant.



Human Resource Development

People are the most valuable asset in any organisation. Which is why the Human Resource Department (HRD) of your Company has conducted various training programmes for employees at all levels, to develop professional & personal skills, behavioural improvement, leadership & entrepreneurship qualities, team building, etc.

Your Company has imparted 2623 man-hours of training for workers, 200 man-hours of training for staff, 1841 man-hours of training for executives and 732 man-hours of training for managers during the year under review.

It is important to note that industrial relations remained cordial during the period under review.

Recognition & Awards

During the period under review, your Company has received the prestigious ACMA Quality Trophy for the year 1997-98.

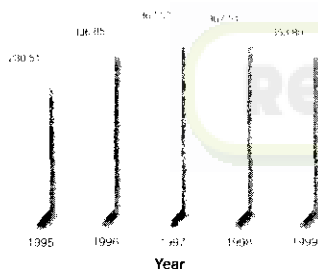
Directors

Mr. S. D. S. Mongia and Mr. D. P. Agarwal, Directors of your Company, will retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Auditors & Their Report

The Auditors, M/s Mehra Goel & Co., will retire at the conclusion of the ensuing Annual General Meeting and offer themselves for reappointment.

Contribution to Exchequer (Rs. in million)



The observations of the Auditors have been explained wherever necessary in the appropriate notes to the Accounts, and do not require any further comments.

Conservation Of Energy, Technology Absorption, Foreign Exchange Earning & Outgo

Information in accordance with Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure - I, forming part of this Report.

Particulars Of Employees

Information pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended, is attached as Annexure - II, forming part of this Report.

Acknowledgments

Your Directors wish to place on record their sincere thanks & gratitude for the cooperation and support extended by our JV Partner, Maruti Udyog Limited, Suzuki Motor Corporation, Japan, Bellsonica Corporation, Japan, Hamamatsu Pipe Company Limited, Japan, Central Government and Government of Haryana, Company's banker, financial institutions, suppliers, customers & other private & government organizations. The Board also takes this opportunity to express its appreciation for the dedication and efforts shown by employees at all levels. Your Directors also acknowledge the trust and confidence you have reposed in the Company.

For and on behalf of the
Board of Directors

Date : 22nd June, 1999
Place: New Delhi

F. C. Singhal
Chairman