

J.M.A. INDUSTRIES LIMITED

29, COMMUNITY CENTRE, EAST OF KAILASH, NEW DELHI - 110 065

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

annual report 1997-98

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HellaTex



Certificate of Approval

Awarded to
J.M.A. INDUSTRIES LIMITED,
FARIDABAD,
INDIA.

*Bureau Veritas Quality International certify that the
Quality Management System of the above supplier
has been assessed and found to be in accordance
with the requirements of the quality
standards detailed below*

QUALITY STANDARDS

BS EN ISO 9002:1994

SCOPE OF SUPPLY

**MANUFACTURE OF AUTO-ELECTRIC
LIGHTING AND SIGNALLING EQUIPMENT:
HEAD-LAMPS, SUNDRY LAMPS, ELECTRIC HORNS,
WIPER ARMS AND BLADES AND AUXILIARY LAMPS.**

Original approval date: **10TH DECEMBER 1995**

*Subject to the continued satisfactory operation of the supplier's
Quality Management System, this Certificate is valid for a period of three years from:*

10TH DECEMBER 1995

Date **9TH JANUARY 1996**

CA. Suresh



For Bureau Veritas Quality International

Certificate No: **14312**

SF06/M

J.M.A. INDUSTRIES LIMITED**HellaTex****BOARD OF DIRECTORS**

Mr. D.R. Sondhi	Chairman
Mr. R. Bhandari	Managing Director
Mrs. K. Sondhi	
Mrs. P. Bhandari	Director Personnel
Mr. R.K. Bhandari	
Mr. Hans Sudkamp	
Dr. W.W.J. Unlenbruch, A.M.	
Mr. Patanjali Sondhi	
Lt. Gen. S.N. Sharma (Retd.)	
Mr. S.R. Das	
Mr. B.S.V. Rao	Alternate Director
Mr. Salil Narang	HSIDC-Nominee

EXECUTIVES

Mr. R.L. Chopra	Vice President
Mr. I.S. Jain	General Manager (Finance)
Mr. S.N. Khanna	General Manager (Marketing)

COMPANY SECRETARY

Mr. Sanjeev Grover

AUDITORSS.P. Chopra & Co.
Chartered Accountants**BANKERS**Canara Bank
State Bank of Patiala**REGISTERED OFFICE**29, Community Centre,
East of Kailash,
New Delhi - 110 065.**UNITS**14/6, Mathura Road,
Faridabad, HaryanaDerabassi, Distt. Patiala
Punjab**CONTENTS**

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SALES OFFICEA-9, Mohan Co-operative Industrial Estate,
Mathura Road,
New Delhi.

DIRECTORS' REPORT

TO,

THE MEMBERS,

The Directors are presenting their 38th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS

	CURRENT YEAR ENDED 31-3-98	(Rs. in Lacs) PREVIOUS YEAR ENDED 31-3-97
Profit before Depreciation & Interest	106.22	261.72
Interest	99.98	122.33
Profit before Depreciation	6.24	139.39
Provision for Depreciation	31.82	37.68
Provision for Taxation	Nil	38.00
Net Profit/(-)Loss after Depreciation & Taxation	(-)25.58	63.71
Balance brought forward	11.30	4.55
Dividend Proposed	Nil	33.60
Tax on Dividend	Nil	3.36
Transfer to General Reserve	Nil	20.00
Balance Carried over to the Balance Sheet	(-)14.28	11.30

PERFORMANCE

1997-98 turned out to be a very difficult year for the Indian Economy, particularly for Automotive Industry. The slowdown, witnessed during the second half of 1996-97, deepened further, with major sectors like the Automotive Industry, Agriculture and Exports registering poor performance. The GDP growth decelerated significantly to 5% from an average of 7.5% during the earlier three years. The slowdown in industrial growth turned out to be more persistent and widespread than expected. Industrial production grew by only 4.2% as compared to 7.1% in 1996-97. The manufacturing sector performed even worse, with a growth of just 3.6%.

The company which is a major supplier to the Commercial Vehicle Industry, too, was badly affected. Turnover of its major customers declined by about 40%. During the year under review, the Company achieved a Net Sales Turnover of Rs. 16.75 crores as compared to Previous Year Rs. 25.06 crores registering a decrease of 33.16%. The Net Loss before tax was Rs. 25.58 lacs as compared to a profit of Rs. 101.71 lacs in previous year.

DIVIDEND

In view of recession in the Automotive Industry and consequent loss of Rs.25.58 lacs incurred by the company this year, the Directors regretfully are unable to recommend any dividend. The Directors are very much alive to the recession and are taking steps to improve the performance during the current year.

SUBSIDIARY COMPANIES

The particulars of Subsidiary Companies, Bitoni Lamps Limited and Chetan Genthe & Co. Ltd. are appended as required under Section 212 of the Companies Act, 1956.

UNCLAIMED DEPOSITS

Rs. 1,20,200/- worth of Fixed Deposits pertaining to 23 Depositors were

unclaimed and not renewed as on 31st March, 1998. Of these 3 deposits amounting to Rs.31,000/- have been renewed as on the date of this Report.

DIRECTORS

Your Directors would like to place on record their deep appreciation for the valuable contribution made by Mr. Opinder Singh, nominee of Punjab State Industrial Development Corporation Limited (PSIDC) who resigned from the post of Director during the year pursuant to repayment of loan of Rs.60 lacs earlier taken from PSIDC.

Mrs. Kunti Sonshi, Mrs. P.Bhandari and Mr. S.R. Das retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS & AUDITORS REPORT

M/s S.P. Chopra & Co., the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

The members are requested to appoint the Statutory Auditors and authorise the Board to fix their remuneration.

The observations made by the Auditors in their report are fully explained in the Notes to the Accounts.

PERSONNEL

Industrial relations remained cordial through out the year. The Directors wish to place on record their appreciation of the sincere and devoted efforts of the Management, Staff and Workers during the year under review.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 a statement relating to the employees covered thereunder is annexed to this report as Annexure I.

ENVIRONMENTAL PROTECTION & POLLUTION CONTROL

Your Company regards preservation of the environment as one of its primary social responsibilities. Accordingly, the Company places great emphasis on compliance with pollution norms.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 under Section 217 (1) (e) of the Companies Act, 1956 are appended as Annexure II.

ACKNOWLEDGEMENT

We are grateful to our Collaborators M/s Hella KG Hueck & Co., Germany and to the Financial Institutions and Banks for their assistance and support. We also wish to place on record our appreciation of the support given by the Distributors and Authorised Dealers of the Company. We would also like to thank the Employees of our Company, our Shareholders, Customers and Suppliers for their continued support.

For and on behalf of the Board

(R.BHANDARI)
CHAIRMAN

Place : New Delhi
Dated : July 27, 1998

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE I

INFORMATION PURSUANT TO SECTION 217(2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 & FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

Name	Age	Date of commencement of employment	Designation	Remuneration (Rs.)	Qualification	Experience	Last Employment held
Sondhi D.R.*	85	04.09.59	Chairman cum Whole time Director	686062	Sr. Cambridge	54 years	Jullundhar Motor Agency (P) Ltd. Delhi
Bhandari R.*	69	Oct. 1961	Managing Director	756093	1st Class Graduate in Mech. Engg. from Loughborough University, England AMP Graduate from Harvard Business School, Harvard	47 years	Indian Oxygen Co. Ltd.
Bhandari P.*	60	01.08.94	Director (Personnel)	355082	B.A. (Hons.) from Delhi University Graduate of Heidelberg University, Germany Graduate in Business Management from Harvard University	35 years	Managing Director (Rahoul Siemssen Engineering (P) Ltd.)

* Indicate employees who are in Company's employment on contractual basis.

Notes :

1. The Chairman, Managing Director and Director (Personnel) are related to each other. They are relatives of Mrs. Kunti Sondhi and Mr. R.K. Bhandari, Directors of the Company. None of the employees is relative of any of the Directors of the Company.
2. Remuneration includes Salary, Cost of Accommodation, Medical Benefits, Provision for Gratuity, Perquisites evaluated as per Income Tax Rules and Company's contribution to Provident Fund.

For and on behalf of the Board

(R.BHANDARI)
CHAIRMAN

Place: New Delhi
Dated : July 27, 1998

ANNEXURE II

INFORMATION PURSUANT TO SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY**a) Energy Conservation Measures Taken :**

The manufacturing process in our plant vary widely and cover process such as Electroplating, Painting, Die Casting, Bakelite Moulding, Sheet Metal Working and Plastic Injection Moulding.

In almost all these processes the introduction of temperature controller and their regular proper operational maintenance has ensured achievement of the energy saving.

b) Additional Investments and proposals if any, being implemented for reduction in consumption of energy:

The investments involved will be to introduce above mentioned schemes.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of the goods:

It is hoped that with the proposed implementation of the above, there would be a decrease in energy consumption. We have introduced a general awareness for energy conservation.

Energy conservation has been made an integral part of the induction training programme for new employees. In addition, regular training sessions are held where employees are educated in the need to reduce energy consumption to the minimum.

d) Total energy consumption and energy consumption per unit of production : Not applicable.**FORM 'B'****A. RESEARCH AND DEVELOPMENT (R&D)**

- | | | |
|---|---|---|
| 1. Specific Areas in which R&D carried out by the company | : | R&D has been carried out in the fields of both lighting and signaling and also in production technology with the intent of producing better quality products. |
| 2. Benefit derived as a result of the above R&D | : | We have been able to successfully develop several headlamps for Domestic & Export market, Tail Lamps, Blinker Lamps and Switches for the Indian Vehicles Manufacturers and for export to foreign customers. |
| 3. Future plan of Action | : | Our R&D efforts will be aimed at developing products in line with International quality standards so that we can provide better quality products to our reputed automobile manufacturers/ customers. |
| 4. Expenditure on R&D | : | (Rs. in Lacs) |
| Recurring Expenses | : | 21.21 |
| R&D Expenditure as a % of total turnover | : | 1.11% |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | | |
|---|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | : | Currently we are not importing any technology but developing it ourselves. Our R & D facility is recognised by the Government. |
| 2. Benefit derived as a result of the above efforts | : | N.A. |
| 3. In case of imported technology during the last five years :- | | |
| a) Technology imported | : | N.A. |
| b) Year of Import | : | |
| c) Has technology been fully absorbed ? | : | |
| d) If not, areas where this has not taken place, reasons therefore and future plans of action | : | |

B. FOREIGN EXCHANGE EARNINGS AND OUT-GO

- | | | |
|-------------|---|---------------|
| | | (Rs. in lacs) |
| a) Earnings | : | 144.83 |
| b) Outgo | : | 83.10 |

For and on behalf of the Board

(R.BHANDARI)
CHAIRMAN

Place : New Delhi
Dated : July 27, 1998

AUDITORS' REPORT

We have audited the attached Balance Sheet of M/s. J.M.A. Industries Limited as at 31st March, 1998 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report as under:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we enclose in the Annexure a Statement on the matters specified in paragraphs (4) and (5) of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we state that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account 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 & Loss Account dealt with by the Report are in agreement with the books of account;
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the attached 'Statement on Significant Accounting Policies' and further subject to Notes in the attached Schedule No. 13 i.e., Note No. (3) Re : Non-provision of shortfall in the value of investment in the shares of Messrs. Wegu Sondhi Pvt. Ltd. ; (11)(a) Re: Liability of Rs. 86.32 lacs due to a foreign supplier for a last number of years and converted at the rates as prevalent at the time of import is provided to that extent only as determined by the management, and: (11) (b) Re: Non-provision of additional liability of Rs. 32.08 lacs due to foreign parties on account of foreign exchange rate difference as on the date of receipt of deposits from them and as on 31.3.1998; which treatment is not in consonance with the "Accounting for the effect of changes in Foreign Exchange Rates" (AS 11) of the Institute of Chartered Accountants of India and as such the loss for the year is understated to that extent; and further subject to other Notes thereon and documents annexed thereto, 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 Balance Sheet of the state of affairs of the Company as at 31st March, 1998 and;
 - ii) in the case of Profit & Loss Account of the Loss for the year ended on that date.

For and on behalf of
S.P. Chopra & Co.
Chartered Accountants

(Sanjiv Gupta)
Partner

Place : New Delhi
Dated : 27th July, 1998

ANNEXURE REFERRED TO IN PARA (1) OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF M/S. J.M.A. INDUSTRIES LIMITED FOR THE YEAR ENDED 31st MARCH, 1998.

- A. i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. We have further been informed by the Management that all the items of fixed assets have been physically verified by them during the course of the year and no material discrepancies were noticed between the book records and the physical verification so carried out.
- ii) No fixed assets have been revalued during the year.
- iii) According to the information and explanations given to us, the stock of finished goods has been physically verified at the close of the year whereas stocks of stores, spare parts and raw materials of the Company are being physically verified regularly by the management on a perpetual inventory basis.
- iv) In our opinion and according to the information and explanations given to us, procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) No material discrepancies were noticed on physical verification of stocks as compared to book records. However, discrepancies noticed on such verification have been properly dealt with in the books of account.
- vi) On the basis of the examination of stocks and on the basis of the information and explanations given to us by the management, in our opinion, the valuation of the stocks (without considering Excise duty there-on in respect of stocks at Faridabad and Derabassi Units) is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
- vii) According to the information and explanations given to us by the management, the Company has not taken any loans, secured or unsecured, from the companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
- viii) According to the information and explanations given to us by the management, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 and/or to the Companies under the same management within the meaning of sub-section 1-B of Section 370 of the Companies Act, 1956.
- ix) The Company has not given any loans or advances in the nature of loans except to its employees, which are interest free, who are regularly repaying the principal amounts as stipulated.
- x) In our opinion and according to the information and explanations given to us by the management, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant & machinery, equipment and other assets and for the sale of goods.
- xi) In our opinion and according to the information and explanations given to us by the management, the transactions of purchase of goods and materials and sale of goods and materials made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs 50,000/- or more in respect of each

J.M.A. INDUSTRIES LIMITED**HellaTex**

party have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods and materials have been made with other parties.

- xii) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials or finished goods. In our opinion, adequate provision has been made in the Accounts for the loss arising on the items so determined.
- xiii) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder with regard to the deposits accepted from the public.
- xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. The Company has no by-product.
- xv) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and its nature of business.
- xvi) According to the information given to us by the management the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the product of the Company.
- xvii) According to the records of the Company, Provident Fund and Employees' State Insurance dues have been generally regularly deposited with the appropriate authorities during the year under review.

xviii) According to information and explanations given to us by the management, there are no outstanding undisputed amount payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs-duty and Excise-duty for a period of more than six months from the date they became payable.

xix) On the basis of our examination, of the books of account of the Company, carried out in accordance with generally accepted business practice, we have not come across any personal expenses which have been charged to Revenue Account. Nor have we been informed of any such expense by the management.

xx) The Company is not a sick industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

B) In respect of the trading activities of the Company, it has been explained to us by the management that there were no damaged goods.

For and on behalf of
S.P. Chopra & Co.
Chartered Accountants

(Sanjiv Gupta)
Partner

Place : New Delhi
Dated : 27th July, 1998

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J.M.A. INDUSTRIES LIMITED**HellaTex****STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956****Re: Chetan Genthe & Company Limited - Subsidiary of this company**

1. A copy of the Balance Sheet as at 31st March, 1998, Profit & Loss Account for the year ended on that date, Report of Board of Directors and Report of Auditors of Chetan Genthe & Company Limited are attached with the full set of Balance Sheet.
2. The company at the close of its financial year held 6,935 equity shares of Rs. 100/- each fully paid up acquired at a cost of Rs. 6,18,048/- against Rs. 6,99,200/- the total subscribed and paid up capital of the Subsidiary Company.
3. The net aggregate amount of the Subsidiary's profit/loss so far as it concerns the members of the company are as under:
 - a) Not dealt within the Company's Accounts :
 - i) For the financial year ended on 31st March, 1998 (Loss) Rs. 163654/-
 - ii) For the previous financial years of the subsidiary (Profit) Rs. 1,92,682/-
 - b) Dealt with the Company's Accounts : Nil

For and on behalf of the Board

(R.Bhandari)
Director**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956****Re: Bitoni Lamps Limited - Subsidiary of this company**

1. A copy of the Balance Sheet as at 31st March, 1998, Profit & Loss Account for the year ended on that date, Report of Board of Directors and Report of Auditors of Bitoni Lamps Limited are attached with the full set of Balance Sheet.
2. The company at the close of its financial year held 32,900 equity shares of Rs. 10/- each fully paid up acquired at a cost of Rs. 3,34,252/- and which is the total subscribed and paid up capital of the Subsidiary Company.
3. The net aggregate amount of the Subsidiary's profit/loss so far as it concerns the members of the company are as under:
 - a) Not dealt within the company's accounts :
 - i) For the financial year ended on 31st March, 1998 (Profit) Rs. 25,579/-
 - ii) For the previous financial years of the subsidiary (Loss) Rs. 1,700/-
 - b) Dealt with the Company's Accounts : Nil

For and on behalf of the Board

(R.Bhandari)
Director

J.M.A. INDUSTRIES LIMITED

HellaTex**BALANCE SHEET AS AT 31ST MARCH, 1998**

	<u>SCHEDULE NO.</u>		As at 31.03.1998 Rs.	As at 31.03.1997 Rs.
SOURCES OF FUNDS				
Shareholders' Funds:				
Share Capital	1	2,10,00,000	2,10,00,000	
Reserves & Surplus	2	1,99,66,842	2,25,25,177	4,35,25,177
Loan Funds:				
Secured Loans	3	3,97,60,190	4,02,78,049	
Unsecured Loans	4	76,99,257	42,74,074	4,45,52,123
			8,84,26,289	8,80,77,300
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	10,30,60,912	9,72,52,969	
Less: Depreciation		5,97,58,865	5,88,05,394	
Net Block		4,33,02,047	3,84,47,575	
Advances against Machinery (Unsecured but considered good)		10,27,735	21,31,836	
Capital work-in-progress		45,072	6,91,820	4,12,71,231
Investments - At Cost	6		22,62,300	21,62,300
Current Assets, Loans and Advances:				
Inventories	7	4,75,72,692	4,10,55,815	
Sundry Debtors	8	6,07,01,157	7,61,37,915	
Cash and Bank Balances	9	57,56,640	56,86,114	
Loans and Advances	10	1,99,81,419	1,56,65,877	
		13,40,11,908	13,85,45,721	
Less: Current Liabilities & Provisions	11			
Liabilities		8,15,22,773	7,95,05,952	
Provisions		1,07,00,000	1,43,96,000	
		9,22,22,773	9,39,01,952	
NET CURRENT ASSETS			4,17,89,135	4,46,43,769
CONTINGENT LIABILITIES NOT PROVIDED FOR AND NOTES FORMING PART OF THE ACCOUNTS				
	13			
TOTAL			8,84,26,289	8,80,77,300

Schedules and Statement on 'Significant Accounting Policies' attached form an integral part of the Accounts.

Auditors' Report to the Members of J.M.A. Industries Limited
As per our Report of even date attached to the Balance Sheet.
For & on behalf of
S.P.CHOPRA & CO.
Chartered Accountants

SANJIV GUPTA
Partner

SANJEEV GROVER
Company Secretary

I. S. JAIN
G. M. (Finance)

R. BHANDARI
Managing Director

P. BHANDARI
PATANJALI SONDHI
B.S.V. RAO
S.R. DAS
SALIL NARANG
Directors

Place : NEW DELHI
Dated : 27th July, 1998