

J.M.A. INDUSTRIES LIMITED

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



Annual Report 1998-99



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**

For Bureau Veritas Quality-International



Certificate No: **14312**

SF06/M

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

Mr. R. Bhandari	Chairman & Director
Mr. R. K. Bhandari	Managing Director
Mrs. P. Bhandari	
Dr. W.W.J. Unlenbruch, A.M.	
Mr. Peter F. Doyle	
Mr. Sebastian Merz	
Mr. Martin Herbst	
Mr. V. K. Mathur	
Mr. Salil Narang	HSIDC-Nominee
Mr. Hardeep Sachdeva	Alternate Director
Mr. Raman Sharma	Alternate Director

EXECUTIVES

Mr. R. L. Chopra	Vice President
Mr. Sanjay Arora	Vice President (Technical)
Mr. S. N. Khanna	General Manager (Marketing)
Mr. Mukesh Gupta	Dy. Manager (Accounts)

COMPANY SECRETARY

Mr. Sanjeev Grover

AUDITORS

S. 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, Haryana
Derabassi, Distt. Patiala
Punjab

SALES OFFICE

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

**LISTING OF EQUITY SHARES
(Listing Fees paid)**

The Delhi Stock Exchange Association Limited
3 & 4/4B, Asaf Ali Road,
New Delhi - 110002

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001

ANNUAL GENERAL MEETING

Thursday 23rd December, 1999
at Gandhi Memorial Hall,
Bahadur Shah Zafar Marg,
New Delhi - 110002

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NOTICE

Notice is hereby given that the 39th Annual General Meeting of the members of **J.M.A. INDUSTRIES LIMITED** will be held at Gandhi Memorial Hall, Bahadur Shah Zafar Marg, New Delhi - 110002 on Thursday, the 23rd day of December, 1999 at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 30th September 1999 and Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. W.W.J. Uhlenbruch, A.M., who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. R.Bhandari, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

Resolved that pursuant to Section 198, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 read with schedule XIII of the Companies Act, 1956, consent of the members be and is hereby accorded for appointment of Mr. R.K.Bhandari as Managing Director of the Company with effect from 21st July, 1999 for a period of three years at the following remuneration:

Salary:

At the rate of Rs. 35,000/- per month (with annual increment at the discretion of the Board).

Commission:

At the rate of one percent of the net profits of the company. Such commission shall be paid only when the company had adequate profits.

In addition to the above, the Managing Director shall be entitled to the following perquisites which shall be restricted to an amount equal to Rs. 2,64,000/- per annum.

Category A:

- i) **Housing I:** The expenditure by the company on hiring unfurnished accommodation for the Managing Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Managing Director.

Housing II: In case the company owns the accommodation, ten percent of the salary of the Managing Director shall be deducted by the company.

Housing III: In case no accommodation is provided by the company, the Managing Director shall be entitled to house rent allowance subject to ceiling laid down in Housing I.

Explanation: The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.

- ii) **Medical Reimbursement:**

Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

- iii) **Leave Travel Concession:**

For the Managing Director and his family once in a year incurred in accordance with the rules specified by the company.

- iv) **Club Fees:**

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

- v) **Personal Accident Insurance:**

Premium not to exceed Rs.4000/- per annum.

Explanation:

For the purpose of above perquisites, "family" means the spouse, the dependent children and dependent parents of the Managing Director.

Category B:

- i) **Provident Fund and Superannuation Fund:**

Company's contribution to Provident Fund and Superannuation Fund to the extent these either singly

J.M.A. INDUSTRIES LIMITED

or put together are not taxable under the Income Tax Act, 1961.

ii) Gratuity:

Not exceeding half a month's salary for each completed year of service.

Category C:

i) Car:

Provision of Car with Driver for use on Company's business. The use of car for private purpose shall be billed by the company to the Managing Director.

ii) Telephone:

Provision of telephone at the residence of the Managing Director at Company's cost. Personal long distance calls shall be billed by the company to the Managing Director.

RESOLVED FURTHER THAT consent of members be and is hereby accorded for revising the remuneration including perquisites from time to time as specified above to the extent as may be permitted or authorised in accordance with any provisions under the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof and/ or any Rules or Regulations for managerial remuneration which the Government may notify and frame thereunder and accordingly, the terms of the remuneration shall be suitably modified.

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

Resolved that Mr. Peter F Doyle who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation.

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

Resolved that Mr. Sebastian Merz who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation.

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

Resolved that Mr. Martin Herbst who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation.

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

Resolved that Mr. V.K.Mathur who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation.

By order of the Board
for J.M.A. Industries Limited

SANJEEV GROVER
Company Secretary

Date: 16th November, 1999

Regd. Office :
29, Community Centre
East of Kailash
New Delhi - 110065

J.M.A. INDUSTRIES LIMITED**NOTES (Forming part of the Notice):**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument(s) appointing the proxy, if any, should be delivered at the registered office of the company at 29, Community Centre, East of Kailash, New Delhi-110065 not less than 48 (forty eight) hours before the commencement of the meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
3. The Register of Members and Share Transfer Books of the company shall remain closed from Monday, the 20th December 1999 to Friday, the 24th Day of December 1999 (both days inclusive).
4. Members are requested to intimate immediately of any change in their addresses.
5. Members desirous of having any information regarding Accounts are requested to send their queries to the Company atleast 10 days before the date of the meeting, so that the requisite information is made available at the meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT: pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5:

Mr. R.K.Bhandari was appointed as Managing Director of your company with effect from 21st July 1999 for a period of three years at remuneration as detailed in the resolution. Mr. R.K.Bhandari is an Engineer by profession. The copy of the resolution passed by the Board of Directors is available for inspection by the members at the registered office of the company from 10.00 A.M. to 12.00 Noon on all working days.

None of the Directors except Mr. R.Bhandari and Mrs. P.Bhandari being relatives, is in any way interested or concerned in the proposed resolution.

Your Directors recommend the resolution for your approval.

Item No. 6 to 9:

Mr. Peter F Doyle, Mr. Sebastian Merz, Mr. Martin Herbst and Mr. V.K.Mathur were appointed by the Board of Directors as Additional Directors of your Company pursuant to Section 260 of the Companies Act, 1956 and they hold office upto the date of the ensuing Annual General Meeting. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Mr. Peter F Doyle, Mr. Sebastian Merz, Mr. Martin Herbst and Mr. V.K.Mathur as Directors of your company.

By order of the Board
for J.M.A. Industries Limited

SANJEEV GROVER
Company Secretary

Date: 16th November, 1999

Regd. Office :
29, Community Centre
East of Kailash
New Delhi - 110065

DIRECTORS' REPORT

To,
The Members,

The Directors are presenting their 39th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th September 1999.

The Company had obtained special permission from the competent authorities to extend the Financial Year from 31st March, 1999 to 30th September, 1999 and consequently in the current year, the period under report is for 18 months from 1st April, 1998 to 30th September, 1999.

FINANCIAL RESULTS

	(Rs. In lacs)	
	CURRENT YEAR ENDED 30.09.99 (18 Months)	PREVIOUS YEAR ENDED 31.03.98 (12 Months)
Profit/(Loss) before Depreciation & Interest	(263.80)	106.22
Interest	180.05	99.98
Profit/(Loss) before Depreciation	(443.85)	6.24
Provision for Depreciation	46.36	31.82
Net Profit/(Loss) after Depreciation	(490.21)	(25.58)
Balance Brought forward	(14.28)	11.30
Transfer from General Reserve to Profit & Loss Account	170.44	Nil
Balance carried over to the Balance Sheet	(334.05)	(14.28)

PERFORMANCE

Like 1997-98, 1998-99 turned out to be a very difficult year for the Indian Economy, particularly for Automotive Industry. The slowdown deepened further and Automotive Industry registered poor performance. The Company, which is a major supplier to the commercial vehicle industry, was badly affected. During the period under review for 18 months, the company achieved a net sales turnover of Rs. 15.72 crores as compared to previous year Rs. 16.75 crores for 12 months. The net loss was Rs. 490.21 lacs for 18 months as compared to previous year Rs. 25.58 lacs for 12 months.

DIVIDEND

Since your Company has not made any profits during the period under review, your Directors have not recommended any dividend.

PREFERENTIAL ALLOTMENT TO FOREIGN COLLABORATORS

During the period under review, Foreign Collaborators, Hella KG Hueck & Co. increased their equity stake in your Company through M/s Reinhold Poersch, GmbH, Germany from 26% to 51% under preferential allotment as per guidelines issued by Securities & Exchange Board of India (SEBI) and Reserve Bank of India (RBI). 1071400 equity shares were allotted to them. An application has been filed with Delhi and Mumbai Stock Exchange for listing of these securities.

SUBSIDIARY COMPANIES

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

FIXED DEPOSITS

As on 30th September 1999, an amount of Rs.74.74 lacs has been accepted by your Company within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder. Rs. 2,22,700/- worth of fixed deposits pertaining to 6 Depositors were unclaimed and not renewed as on 30th September, 1999.

DIRECTORS

Dr. W.W.J.Uhlenbruch, A.M. and Mr. R.Bhandari, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. D.R.Sondhi retired from the post of Chairman and Wholtime Director. Mr. R.Bhandari and Mrs. P.Bhandari resigned from the post of Managing Director and Director (Personnel) respectively. Mr. Hans Sudkamp, Mrs. Kunti Sondhi, Mr. S.R.Das, Mr. Patanjali Sondhi and Lt. Gen (Retd.) Sharma resigned from the post of Directors during the year. Mr. B.S.V. Rao, being alternate Director

to Mr. Hans Sudkamp also vacated his office on resignation of Mr. Hans Sudkamp. Your Directors place on record their appreciation and gratitude for their valuable contribution made to your Company during their tenure.

Mr. R.K.Bhandari was appointed as Managing Director of your Company with effect from 21st July 1999.

Mr. Peter F Doyle, Mr. Sebastian Merz, Mr. Martin Herbst and Mr. V.K.Mathur were appointed as Additional Directors of your Company by the Board and they hold office upto the forthcoming Annual General Meeting. Your Company has received notice under Section 257 of the Companies Act, 1956 proposing them for the office of Director to be elected by the members in the ensuing Annual General Meeting. The proposal regarding their appointment is placed for your approval. Mr. Hardeep Sachdeva and Mr. Raman Sharma were appointed as alternate directors to Mr. Sebastian Merz and Mr. Martin Herbst respectively.

AUDITORS AND 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 them as 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 compliances 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

INFORMATION UNDER THE LISTING AGREEMENT

- Your Company's all ERP software installed are already Y2K compliant and was developed after 1997. The earlier software using COBOL have all been discontinued after they have been converted into LAN environment.
- Shares of your company are listed on Mumbai and Delhi Stock Exchanges.
- During the year 1998, securities of your company were suspended for trading by the Mumbai Stock Exchange for few days due to late receipt of Book Closure notice. However this happened because of the postal strikes. The reasons were explained to the Exchange and thereafter the trading was resumed.

ACKNOWLEDGEMENT

We are grateful 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

Place: New Delhi
Date : 16th November, 1999

(R. Bhandari)
Chairman

J.M.A. INDUSTRIES LIMITED**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 PERIOD ENDED 30TH SEPTEMBER 1999

Name	Age	Date of commencement of employment	Designation	Remuneration (Rs.)	Qualification	Experience (Years)	Last employment held
D. R. Sondhi	86	04.09.59	Chairman cum Wholetime Director	860153	Sr. Cambridge	55	Jullundhar Motor Agency (P) Ltd. Delhi
R. Bhandari	70	Oct. 1961	Managing Director	999643	1st Class Graduate in Mech. Engg. From Loughborough University, England. AMP Graduate from Harvard Business School, Harvard	48	Indian Oxygen Co. Ltd.
P. Bhandari	61	01.08.94	Director (Personnel)	411601	B. A. (Hons.) from Delhi University. Graduate of Heidelberg University, Germany. Graduate in Business Management from Harvard University	36	Managing Director (Rahoul Siemssen Engineering (P) Limited)
R. K. Bhandari	37	21.07.99	Managing Director	133519	B.Sc. Mechanical Engineering from M.I.T. (U.S.A.)	15	Managing Director (Padmini Engineering (P) Ltd.)

Notes:

1. Mr. D.R.Sondhi has retired from the post of Chairman and Wholetime Director with effect from 31st March 1999.
2. Mr. R.Bhandari has resigned from the post of Managing Director with effect from 21st July, 1999.
3. Mrs. P.Bhandari has resigned from the post of Director (Personnel) with effect from 21st July, 1999.
4. Mr. R.K.Bhandari has been appointed as Managing Director with effect from 21st July, 1999.
5. Remuneration includes salary, cost of accommodation, medical benefits, provision for gratuity/leave encashment, perquisites evaluated as per Income Tax Rules and company's contribution to provident fund.

Place : New Delhi
Date : 16th November, 1999

For and on behalf of the Board

(R. BHANDARI)
Chairman

J.M.A. INDUSTRIES LIMITED**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.

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 & 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 lighting and signaling and also in production technology with the intent of producing better quality products.
2. Benefits 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 vehicle manufacturers and for export to foreign customers.
3. Future plan of action : Our R&D effort 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	20.36
R&D expenditure as a % of total turnover	1.14

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 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
 - b) Year of Import : Not Applicable
 - 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 | 67.54 |
| b) Outgo | 90.43 |

For and on behalf of the Board

(R. BHANDARI)
Chairman

Place : New Delhi
Date : 16th November, 1999

AUDITORS' REPORT TO THE MEMBERS OF M/S. J.M.A. INDUSTRIES LTD., DELHI

We have audited the attached Balance Sheet of M/s. J.M.A. Industries Limited, as at 30th September, 1999 and also the annexed Profit & Loss Account of the Company for the period 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 accounts;
 - d) Attention is drawn to Note No. (15) of Schedule '13' to the Accounts regarding the year 2000 (Y2K) problem. In this connection, it may be noted that the audit is neither intended nor designed or performed to identify or detect problem arising from the inabilities of the computer hardware, software or other automated processes to properly recognise dates, which involves issues, internal or external relating to the year 2000.
 - e) In our opinion the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards issued by the Institute of Chartered Accountants of India except to the extent as disclosed in Note No. (16) of Schedule '13' of the Accounts.
 - f) 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; (11) (b) Re : Non-provision of additional liability of Rs. 37.21 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 30.09.1999; 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 period is under stated to that extent; Note No. (14) Re : Non-disclosure of certain information relating to Small Scale Undertakings as required by the Schedule VI Part-I of the Companies Act, 1956 and amended to date; 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 30th September, 1999 and;
- ii) in the case of Profit & Loss Account of the losses for the period ended on that date.

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

New Delhi
Dated: 16th November, 1999

(Sanjiv Gupta)
Partner

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 PERIOD ENDED 30TH SEPTEMBER, 1999

- 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 period 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 period.
- (iii) According to the information and explanations given to us, the stock of finished goods has been physically verified at the close of the period. 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