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

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Annual Report 1999-2000



# 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

Asuey

For Bureau Veritas Quality-Internationa

Certificare No: 14312

SF06/M

#### 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. Peter Wabenhorst Alternate Director Mr. Hardeep Sachdeva

Mr. Raman Sharma

**EXECUTIVES** 

Mr. A. K. Sethi

Mr. R. L. Chopra Mr. S. N. Khanna

Vice President General Manager (Marketing) Head (Finance & Accounts)

Alternate Director

Alternate Director

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

Friday 29th September, 2000 at Gandhi Memorial Hall, Bahadur Shah Zafar Marg, New Delhi - 110002

#### 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.

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#### IOTICE

Notice is hereby given that the 40th Annual General Aceting of the members of J.M.A. INDUSTRIES IMITED will be held at Gandhi Memorial Hall, Bahadur Shah Zafar Marg, New Delhi - 110002 on Friday, the 29th September, 2000 at 3.00 P.M. to transact the following susiness:

#### ORDINARY BUSINESS:

- To consider and adopt the Audited Balance Sheet as at 31st March, 2000 and Profit & Loss Account for the period ended on that date and the reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mr. Peter F. Doyle, who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Mrs. P. Bhandari, who retires by rotation and being eligible offers herself for reappointment.
- To appoint Auditors and to fix their remuneration.

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

Sanjeev Grover Company Secretary 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 25th September, 2000 to Friday, the 29th September, 2000 (both days inclusive).
- Members are requested to intimate immediately of any change in their addresses.
- 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.

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

Sanjeev Grover Company Secretary

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

Date: 28th July, 2000

Cate: 28th July, 2000

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

#### **DIRECTORS' REPORT**

To.

The Members.

The Directors are presenting their 40th Annual Report together with the Audited Statement of Accounts of the Company for the period ended 31st March, 2000.

The period under review is for 6 months from 1st October, 1999 to 31st March, 2000 as in the last year Company made the financial statement for a period of 18 months from 1st April 1998 to 30th September 1999.

#### FINANCIAL RESULTS

		(Rs. In lacs)	
C	URRENT YEAR	PREVIOUS YEAR	
EN	DED 31.03.2000	ENDED 30.09.1999	
	(6 Months)	(18 Months)	
Profit/(Loss) before			
Depreciation & Interest	48.26	(263.80)	
Interest	51.14	180.05	
Profit/(Loss) before Depreciation	(2.88)	(443.85)	
Provision for Depreciation	16.94	46.36	
Net Profit/(-) Loss after Deprecia	tion (19.82)	(490.21)	
Balance Brought forward	(334.06)	(14.28)	
Transfer from General Reserve to Profit & Loss Account	 Nii :: '	170.43 —	
Balance carried over to the Balance Sheet	(353.88)	(334.06)	

#### PERFORMANCE

During the period under review for 6 months, the company achieved a net sales turnover of Rs. 670.12 lacs as compared to the previous year Rs. 1572.44 lacs for 18 months. The net loss was Rs. 19.82 lacs for 6 months as compared to previous year Rs. 490.21 for 18 months.

#### DIVIDEND

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

#### 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 31st March 2000 an amount of Rs. 68.90 lacs has been accepted by your Company within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder. Rs. 4.24 lacs worth of fixed deposits pertaining to 15 Depositors were unclaimed and not renewed as on 31st March 2000.

#### **DIRECTORS**

Mr. Peter F. Doyle and Mrs. P. Bhandari, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

#### **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.

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#### **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 period 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 it's 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

Shares of your company are listed on Mumbai and Delhi Stock Exchanges.

#### **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 (R. Bhandari)
Date : 28th July, 2000 Chairman

#### ANNEXURE TO THE DIRECTORS' REPORT

#### ANNEXURE I

NFORMATION 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 2000

Name	Age	Date of commencement of employment	Designation	Remuneration (Rs.)	Qualification	Experience (Years)	Last employment
or. R. K. Bhandari	38	21.07.99	Managing Director	368469	B.Sc. Mechanical Engineering from M.I.T. (U.S.A.)	16	Managing Director (Padmini Engineering (P) Ltd.)

doles:

#### ANNEXURE II

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

#### & 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) To	otal energy	consumption	and energy	consumption	per unit	of production:	Not Applicable
-------	-------------	-------------	------------	-------------	----------	----------------	----------------

Remuneration includes Salary, House Rent Allowance, Contribution to Gratuity, Provision for leave encashment.

#### 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		5.53
	R&D expenditure as a % of total turnover		0.72
TE	CHNOLOGY ABSORPTION, ADAPTATION AND INN	OV/	ATION:
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		
В.	FOREIGN EXCHANGE EARNINGS AND OUT GO:	(	Rs. In lacs)
	a) Earnings	:	4.34
	b) Outgo	:	12.07
			men and an Unbald of the Depart
-			For and on behalf of the Board
Plac Date	se : New Delhi e : 28th July, 2000	,	(R. Bhandari) Chairman

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

We have audited the attached Balance Sheet of M/s. J.M.A. Industries Limited, New Delhi as at 31st March, 2000 and also the annexed Profit & Loss Account of the Company for the period ended on that date and report as under:

- 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.
- Further to our comments in the Annexure referred to in Paragraph (1) above, we state that :
  - 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
  - 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;
  - The Balance Sheet and Profit & Loss Account dealt with by the Report are in agreement with the books of account;
  - d) 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.
  - 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 Rs. 1.10 lacs in shortfall in the value of investment in the shares of M/s. Wegu Sondhi Pvt. Ltd. Consequent upon which the investments are higher by Rs. 1.10 lacs and losses lower to that extent; Note No. (8) Re: Change in the method of valuation of inventories to comply with the Accounting Standard-2 (Revised) on 'Valuation of Inventories' issud by Institute of Chartered Accountants of India. Consequent upon which the inventories are lower by Rs. 1.59 lacs and losses higher to that extent; Note No. (12)(a) Re: Liability of Rs. 86.32 lacs due to a foreign supplier for the 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; Note No. (12)(b) Re: non-provision of additional liability of Rs. 35.26 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 31.03.2000; 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 losses for the

period and unsecured loans are lower to that extent; Note No. 12(c) Re: Non-provision of interest of Rs. 5.19 lacs on Inter Corporate Deposit and as such losses for the period and unsecured loans are lower to that extent; Note No. (15) 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, had the observations made by us in the Note No. (3), (8) and 12(b) & (c) been considered the loss for the period would have been Rs. 59.78 lacs (as against the reported loss of Rs. 19.82 lacs) accumulated losses would have been Rs. 393.84 lacs (as against reported figure of Rs. 353.88 lacs), investment would have been Rs. 21.52 lacs (as against the reported figure of Rs. 22.62 lacs), inventory would have been Rs. 377.70 lacs (as against the reported figures of Rs. 376.11 lacs), unsecured loan would have been Rs. 248.80 lacs (as against reported figure of Rs. 208.35 lacs) 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, 2000; and
- in the case of the 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: 28th July, 2000 (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 31ST MARCH, 2000.

- 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 of the Company 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. However, discrepancies noticed on such verification have been properly dealt with in the books of account.
- (vi) In our opinion, on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding financial period except for (i) the change in the method of accounting in relation to Excise Duty (as detailed in Note No. (7) in Schedule No. 13 to the Accounts) which, however, has no effect on the losses for the period of the Company, and (ii) the change in the method of valuation of inventories to comply with Accounting Standard-2 (Revised) 'Valuation of Inventories' as detailed in Note No. 8 in Schedule 13 to the Accounts.
- (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 period to Rs. 50,000/- or more in respect of each 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 products of the Company.
- (xvii) According to the records of the Company, on some occasions there were delays in deposit with the appropriate authorities of Provident Fund and Employees' State Insurance dues during the period under review. The arrears on account of Provident Fund and Employees' State Insurance at close of the period of Rs. 5,63,173/- and Rs. 1,39,631/-respectively have been subsequently deposited.
- (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. Further, we have not 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 & on behalf of S. P. Chopra & Co. Chartered Accountants

New Delhi Dated: 28th July, 2000 (Sanjiv Gupta) Partner

5	SCHEDULE NO	:	As at 31.03.2000		As at 30.09.1999
			Rs.	ŧ	Rs.
RCES OF FUNDS				·	
eholders' Funds :					
Capital	- 1	3,17,14,000	-	3,17,14,000	44.000
rves & Surplus	2	3,36,00,283	6,53,14,283	3,36,00,283	6,53,14,283
Funds:					
re <b>d Loans</b>	3 -	4,02,04,017		4,10,13,773	
cured Loans	4	2,08,34,731	6,10,38,748	1,97,49,017	6,07,62,790
	٠	-	12,63,53,031		12,60,77,073
ICATION OF FUNDS					*
,				•	
Assets Block	5	11,21,18,090		10,47,50,593	1.1
: Depreciation	•	6,54,14,607		6,39,33,384	•
iock		4,67,03,483		4,08,17,209	
at work-in-progress including		4,01,00,400		, ,	1. 4.
aces against Machinery		7,71,432	4,74,74,915	80,99,209	4,89,16,418
ecured but considered good)			· • · ·		
ments - At Cost	6		22,62,300		22,62,300
ent Assets, Loans and Advances	s:	**			
dories	7	3,76,11, <b>457</b>		3,68,10,491	
ry Debtors	8	5,61,5 <b>7,264</b>		5,71,54,201	
and Bank Balances	9	10,50,839	•	74,98,893	
and Advances	10	1,26,74,297		1,57,88,503	
		10,74,93,857		11,72,52,088	
: Current Liabilities & Provision	s 11				
ities		6,62,65,921		7,19,60,005	
sions			an in al-	38,00,000	
		6,62, <mark>65,921</mark>		7,57,60,005	
CURRENT ASSETS			4,12,27,936		4,14,92,083
& Loss Account			3,53,87,880		. 3,34,06,272
FINGENT LIABILITIES NOT VIDED FOR AND NOTES AING PART OF THE	·				
DUNTS	13	•			
•			12,63,53,031		12,60,77,073

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

ICHOPRA & Co. lered Accountants

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⊮ Gupta	Sanjeev Grover	A. K. Sethi	R. Bhandari	R. K. Bhandari	Peter Wabenhorst
≝″	Company Secretary	Head (Finance & Accounts)	Chairman	Managing Director	Director
: New Delhi ま: J8th July, 200	O .				

prs' Report to the Members of J.M.A. Industries Limited rour Report of even date attached to the Balance Sheet, ad on behalf of