

J.M.A. INDUSTRIES LIMITED

Regd. Office : B-13, Badarpur Extn., New Delhi - 110044



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

Mr. R. Bhandari	Chairman & Director
Mr. R.S. Sharma	Managing Director
Mrs. P. Bhandari	
Mr. Werner Boekels	
Mr. Peter F. Doyle	
Dr. Heinz Werner Rixen	
Mr. Martin Herbst	
Mr. R.K. Bhandari	
Mr. Raman Sharma	Alternate Director

EXECUTIVES

Mr. Rakesh Sharma	Finance Controller cum Company Secretary
Mr. Pramod Anand	General Manager (Marketing)

AUDITORS

S.P. Chopra & Co.
Chartered Accountants
New Delhi

BANKERS

Canara Bank
State Bank of Patiala

REGISTERED OFFICE

B-13, Badarpur Extn.,
New Delhi - 110044

UNITS

14/6, Mathura Road,
Faridabad, Haryana
Derabassi, Distt. Patiala
Punjab

**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
Phiroza Jeejabhoy Towers,
Dalal Street, Mumbai - 400001

ANNUAL GENERAL MEETING

Saturday 29th September, 2001 at Executive Club,
439, Village Shahoorpur,
P.O. Fatehpur Beri, New Delhi - 110030

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NOTICE

Notice is hereby given that the 41st Annual General Meeting of the members of J.M.A. Industries Limited will be held at Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi on Saturday 29th September 2001 at 10 a.m to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2001 and Profit & Loss Account for the period ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R. Bhandari who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Martin Herbst 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 the following resolution.

AS ORDINARY RESOLUTION

Resolved that subject to the provision of section 309, 310, 311, 198, 269 read with Schedule XIII and all other applicable provision of the Companies Act, 1956 and the Articles of Association of the Company and subject to the approval of the Central Government, wherever necessary, Mr. R.S. Sharma be and is hereby appointed as Managing Director of the Company w.e.f. 30.01.2001 for a period of five years on the following terms and conditions :

1. By way of Salary not exceeding Rs. 80,000/- per month.
2. By way of Perquisites: Comprising of rent-free furnished accommodation or house rent allowance, house maintenance allowance, gas, electricity, water, furnishings, reimbursement of medical expenses, servants & guards salaries, leave encashment and leave travel assistance for self and family, club fees, premium on personal accident/mediclaim insurance, Company cars with driver and such other benefits and allowances as per the company's rules, schemes and policies from time to time. Monetary value of such perquisites shall not exceed Rs. 80,000/- per month. The value of perquisites shall be determined according to the Income Tax Rules, 1962. In the absence of any such rules perquisites shall be valued at actual cost to the Company.
3. Mr. R.S. Sharma shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified above:
 - a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
 - c) Encashment of leave at the end of the tenure.
4. Commission @1% of the net the Company for each financial year or part thereof, computed in the manner laid down under section 309 of the Companies Act, 1956 and within the limits specified in Section 198 and Section 309 of the Companies Act, 1956.

He shall not be entitled to any sitting fees for attending meetings of the Board of Directors of the Company or any committee or committees thereof.

His services may be terminated by either party by giving to the other party 90 days notice of such termination or salary in lieu thereof.

His services will be governed by the services rules of the Company as may be in force from time to time in so far as they are not at variance with the terms herein contained.

To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution.

5. Resolved that Mr. R.K. Bhandari who was appointed as an additional director of the Company by the Board of directors and who holds office as per section 260 of the companies act 1956 upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to section 257 of the Companies Act 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation.

6. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution.

Resolved that Mr. Werner Boekels who hold office upto the date of this Annual General Meeting by reason of section 262 of the Companies Act, 1956, but being eligible, offers himself for reappointment and in respect of whom the Company has pursuant to section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation.

7. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution.

Resolved that Dr. Heinz Werner Rixen who hold office upto the date of this Annual General Meeting by reason of section 262 of the Companies Act 1956, but being eligible, offers himself for reappointment and in respect of whom the Company has pursuant to section 257 of the Companies Act 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable

to retire by rotation.

By order of the Board
For J.M.A. Industries Ltd.

(Rakesh Sharma)
Finance Controller Cum Company Secretary

Date : 27th July, 2001
Place : New Delhi

Regd. Office :
B-13, Badarpur Extn.,
New Delhi - 110044

NOTES (Forming part of the Notice):

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING ENTITLED TO APPOINT A PROXY TO ATTEND 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 B-13, Badarpur Extn., New Delhi 110 044, 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 Explanatory Statement setting out the material facts in respect of the special business under item Nos. 5 to 8 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 24th September 2001 to Saturday, the 29th September 2001 (both days inclusive).
5. Members are requested to intimate immediately of any change in their addresses.
6. Members desirous of having any information regarding Accounts are requested to send their queries to the Company at least 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 Ltd.

(Rakesh Sharma)
Finance Controller Cum Company Secretary

Date : 27th July, 2001
Place : New Delhi

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B-13, Badarpur Extn.,
New Delhi - 110044

EXPLANATORY STATEMENT

The Explanatory Statement under section 173(2) of the Companies Act, 1956 for item Nos. 5 to 8 of the accompanying Notice is as under:

ITEM NO 5

Mr. R.S. Sharma was appointed as Managing Director of the Company with effect from 30.01.2001 for five years. Mr. R.S. Sharma is a seasoned professional having an Honours degree in Engineering and over 25 years experience in manufacturing industry. He had been associated with very reputed Company like ITI Ltd, Maruti Udyog Limited, Escorts Ltd and Birla Yamaha Limited. In the immediate past he was Managing Director of Birla Yamaha Limited for a period of six years and was responsible for turning around the Company from a sick unit to a profitable venture. Keeping in view the knowledge and experience of Mr. R.S. Sharma, the Board is of the view that his association with the Company will result in operational efficiency to a great extent. None of the directors are interested except Mr. R.S. Sharma as it relates to his appointment.

ITEM NO 6

Mr. RK Bhandari was appointed as an additional director by the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956. Mr. RK Bhandari shall hold office only upto the date of Annual General Meeting of the Company. The Company has received valid notice and requisite deposit from a member of the Company under section 257 of the Act, proposing the candidature of Mr. RK Bhandari for the office of director.

Mr. R Bhandari and Mrs. P Bhandari are interested in the resolution as relatives of Mr. RK Bhandari. Mr. RK Bhandari is also interested in the resolution as it relates to his appointment. None of the other directors of the Company are interested in the resolution.

ITEM NO 7 & 8

Mr. Werner Boekels and Dr. Heinz Werner Rixen were appointed as directors of the Company to fill the casual vacancies caused by the resignation of Mr. W.W.J. Uhlenbruch and Mr. Sabastian Merz. They shall hold office upto the date of this Annual General Meeting by virtue of Section 262 of the Companies Act, 1956. Notices in writing from a member signifying his intention to propose Mr. Werner Boekels and Dr. Heinz Werner Rixen for the office of directors have been received along with requisite deposit pursuant to the Section 257 of the Companies Act, 1956. Mr. Werner Boekels and Dr. Heinz Werner Rixen are interested in the above resolution as these relates to their respective appointments.

J.M.A. INDUSTRIES LIMITED**DIRECTOR'S REPORT**

To,
The Members,
The Directors are presenting their 41st Annual Report together with the Audited statement of Accounts of the Company for the period ended 31st March, 2001.

The period under review is for 12 months from 1st April'2000 to 31st March 2001 as against the last year figures of 6 months i.e., from 01st October'1999 to 31st March,2000.

FINANCIAL RESULTS

	CURRENT YEAR ENDED 31.03.2001	PREVIOUS YEAR ENDED 31.03.2000
Profit / Loss before		
Depreciation & Interest	(681.31)	48.26
Interest	126.93	51.14
Profit/ (Loss) before Depreciation	(808.24)	(2.88)
Provision for Depreciation	33.31	16.94
Net profit / (Loss) after Depreciation	(841.55)	(19.82)
Balance Brought Forward	(353.88)	(334.06)
Transfer from General Reserve		
To Profit & Loss Account	Nil	Nil
Balance Carried over to		
The Balance Sheet	(1195.42)	(353.88)

PERFORMANCE

During the period under review for 12 months, the Company achieved a net sales turnover of Rs.1045.68 lacs as compared to the previous year Rs.670.12 lacs for 6 months. The net loss was Rs.841.55 lacs for 12 months as compared to Previous year Rs.19.82 for 6 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

Your company have not accepted or renewed any deposit during the year under review. However, deposits of worth Rs.30.32 Lacs were unclaimed and were not renewed pertaining to 13 depositors as on 31st March'2001

DIRECTORS

Mr. R Bhandari and Mr. Martin Herbst, directors retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

The Board of Directors of the Company appointed Mr. R.S. Sharma as Managing Director with effect from 30th January' 2001 for a period of 5 years on terms as agreed between the Company and Mr. R. S. Sharma subject to the approval of the Central Government and Shareholders.

Mr. R.K. Bhandari was appointed as an Additional Director of the Company by the Board of Directors whose terms of office expire on the forth coming Annual General Meeting and Company have received notice under Section 257 of the Companies Act, 1956 for his reappointment as director of the Company.

Mr. Werner Boekels and Dr. Heinz Werner Rixen were appointed as directors of the Company to fill the casual vacancies caused by the resignation of Mr. W.W.J Uhlenbruch and Mr. Sebastian Merz, directors liable to retire by rotation. Mr Werner Boekels and Dr. Heinz Werner Rixen shall hold office upto the date of this Annual General Meeting as per provisions of section 262 of the Companies Act, 1956. The Board recommends the resolution for the appointment of Mr.Werner Boekels and Mr. Heinz Werner Rixen, by the Shareholders in the forthcoming Annual General Meeting.

Mr. R.K. Bhandari has resigned from the post of Managing Director and Dr. W.W.J Uhlenbruch, Mr. Sebastian Merz, Mr.Salil Narang, Mr. Peter Webenhorst and Mr. V.K.Mathur have resigned from the Directorship of the Company.

The Board wish to place on records its gratitude for the cooperation and guidance given by these directors during their association with the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act,1956 with respect to Directors Responsibilities Statement, it is hereby confirmed

a) That in the preparation of annual accounts for the financial year 31st March'2001, the applicable accounting standard have been followed along with proper explanation relating to material departure.

b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) That the directors had prepared the Financial Accounts for the Financial Year ended 31st March, 2001 on a going concern basis.

Reference to the Board

As the Company has become Sick Industrial Company within the meaning of clause(o) of sub-section(1) of section 3 of the Sick Industrial Act, 1985. The Company will make reference to the Board for Industrial and Financial Reconstruction as stipulated in the said Act. The Company is preparing rehabilitation scheme for financial reconstruction of the Company and is hopeful, that Net Worth of the Company will exceed the accumulated losses within a reasonable time.

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 re-appointment.

The Company has received letter from them to the effect that their appointment, if made, would be within prescribed limits under section 224(1B) of the Companies Act, 1956.

The members are requested to appoint them as Statutory Auditors and authorised the Board to fix their remuneration. The observations made by the Auditors in their report is fully explained in the notes to the accounts.

PERSONNEL

Industrial relations remained cordial throughout 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 statement relating to the employees covered hereunder annexed to this report as Annexure-1 .

ENVIRONMENTAL PROTECTION AND POLLUTION CONTROL

Your Company regards preservation of the environment as one of its primary social responsibility. 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 reports 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

Share 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 records our appreciation of their support given by the Distributors and Authorised Dealers of the Company. We would also like to thank the employees of our Company, our shareholder, customers and suppliers for their continued support .

For and on behalf of the Board

Place : New Delhi
Date : 27th July ,2001

R.S. Sharma **Werner Boekels**
Managing Director Director

ANNEXURE TO THE DIRECTORS REPORT

ANNEXURE I

INFORMATION PURSUANT TO SECTION 217 (2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDING 31ST MARCH'2001.

Employed part of the year Name	Age	Date of Commencement of the Employment	Designation	Remuneration Rs.	Qualification	Experience Years	Last Employment
Mr.R.S Sharma	50 Yrs	30.01.2001	Managing Director	203258	B.Sc (Engg) Hons.	27 Years	MD Birla Yamaha Ltd.

Notes :

1. Remuneration includes salary, Company's Contribution to PF, Expenditure by Company on Accommodation, Medical and other facilities.

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 Molding, Sheet Metal Working and Plastic Injection Molding.
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 investment and proposal if any, being implemented for reduction in consumption of energy :
The investments involved will be to introduce in the above mentioned scheme
- c) Impact of measures at (a) & (b) above for the reduction of energy consumption and consequent impact on the cost of the reduction of the goods:
It is hoped that with the proposed implementation, there would be decreased in the energy consumption. Energy conservation has been made an integral part of the induction training programme for new employees. In addition the regular training session 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 field of lighting and signaling and also in the production technology with the of producing better quality products.
2. Benefits derived as a result of the above R & D : We have able to sucessfully develelop several head lamps for domestics & export market, tail lamps, blinker lamps and switches for the Indian vehicle manufactures 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 Manufactures/ customers.
4. Expenditure on R & D : (Rs. in Lacs)
Recurring expenses : 3.34
R & D expenditure as a % of total turnover : 0.32

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaption and innovation : Currently we are not importing any technology but developing ourselves. Our R& D facility is recognized 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 : Not Applicable
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 : 11.48
b) Outgo : 6.85

For and on behalf of the Board

R.S. Sharma Werner Boekels
Managing Director Director

Place : New Delhi
Date : 27th July ,2001

**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, 2001 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) On the basis of written representations received from the directors by the company and taken on record by the Board of Directors we are informed that none of the directors are disqualified from being appointed as directors of the company under clause (g) of sub section (1) of section 274 of the companies Act, 1956.
- 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. (15) 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 of Rs. 1.10 lacs 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 6(b) Re : Provision for additional doubtful debtors and other parties in amount of Rs. 242.79 lacs identified during the year whereas in the earlier years amount of Rs. 61.24 lacs was considered doubtful or bad and provided for during the year only. Efforts for recovery including legal action have not been initiated in number of cases; note no. (7) Re : Reduction in value of inventory by Rs. 102.55 lacs based on technical evaluation and not on realisable value ; note no. (11) (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. 11 (b) Re : Change in the method of converting the amount due to foreign parties on account of public fixed deposit to comply with Accounting Standard -11 on 'Accounting for the effects of changes in foreign exchange rates' issued by the Institute of Chartered Accountants of India resulting in charge of Rs. 30.23 lacs to revenue account as result of such change the losses and unsecured loans are higher to that extent; Note no. 11 (c) Re : Provision of interest on public deposits from foreign parties by converting them at rate of exchange prevailing as on Balance Sheet date as against the rupees amount of deposit when the deposit was initially accepted resulting in excess payment/provision of interest of Rs. 28.42 lacs including for earlier year as a result of which the losses and unsecured loans are higher to that extent; note no. 11 (d) Re : Non-provision of interest of Rs. 15.57 lacs including for earlier years on Inter Corporate Deposit and as such losses and unsecured loans are lower to that extent; Note. (14) Re : Non-disclosure of certain information relating to small scale undertaking as required by the schedule VI Part-I of the Companies Act, 1956 and amended to-date; had the observation made by us in the Note no. (3), and 11 (b), (c) & (d) been considered the loss for the year would have been Rs. 799.57 lacs (as against the reported loss of Rs. 841.55 lacs) accumulated losses would have been Rs. 1153.44 lacs (as against reported figure of Rs. 1195.42 lacs), investment would have been Rs. 21.52 lacs (as against the reported figure of Rs. 22.62 lacs), unsecured loan**

would have been Rs. 631.45 lacs (as against reported figure of Rs. 674.53 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 Company as at 31st March, 2001; and
- ii) In the case of Profit & Loss Account of the losses for the year ended on that date.

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

New Delhi
Dated : 27th July, 2001

**(Pawan K. 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 YEAR ENDED 31ST MARCH, 2001.**

- A. (i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. We have been informed by the management that the items of **fixed assets of the Company are presently being physically verified by an independent valuer and as such we are not able to comment whether any material discrepancies exist between the book records and the physical count.**
 - (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. Stocks of stores, spare parts and raw materials of the Company were also physically verified by the management at the year end.
 - (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 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 year.
 - (vii) In our opinion the rates of interest and other terms and conditions in respect of unsecured loan taken from the holding company M/s. Reinhold Poersch Gmbh, Germany are not prima facie prejudicial to the interest of the Company. The Company has not taken any other loans, secured or unsecured from the Companies, firms or other parties listed in the register maintained under Section 301 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 generally 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 explanation given to us, **the internal audit needs to be further strengthened and scope considerably enlarged to make it commensurate with the Company's size and nature of its 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 occasions there were certain delays in deposit with the appropriate authorities of Provident Fund and Employees' State Insurance due during the year.**
- (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 expenses by the management.
- (xx) **The Company is 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. As the Company is a sick industrial Company during the year, we are informed that reference would be made to the Board for Industrial and Financial Reconstruction as stipulated in the said Act.**
- 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

New Delhi
Dated : 27th July, 2001

(Pawan K. Gupta)
Partner

J.M.A. INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2001

SOURCES OF FUNDS	SCHEDULE NO.	As at 31.03.2001		As at 31.03.2000
			(Rs.)	(Rs.)
SHAREHOLDERS' FUNDS :				
Share Capital	1	31,714,000.00		31,714,000.00
Reserves & Surplus	2	33,600,283.00	65,314,283.00	33,600,283.00
LOAN FUNDS :				
Secured Loans	3	54,631,937.00		40,204,017.00
Unsecured Loans	4	67,453,040.00	122,084,977.00	20,841,932.00
TOTAL			<u>187,399,260.00</u>	<u>126,360,232.00</u>
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5	113,506,356.00		112,118,090.00
Less : Depreciation		68,398,580.00		65,414,607.00
Net Block		<u>45,107,776.00</u>		<u>46,703,483.00</u>
Capital work-in-progress including advances against Machinery (Unsecured but considered good)		706,495.00	45,814,271.00	<u>771,432.00</u>
Investments - At Cost	6		2,262,300.00	2,262,300.00
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	7	24,264,616.00		37,611,457.00
Sundry Debtors	8	32,916,597.00		56,157,264.00
Cash and Bank Balances	9	15,352,315.00		1,050,839.00
Loans and Advances	10	12,273,305.00		12,674,297.00
		<u>84,806,833.00</u>		<u>107,493,857.00</u>
Less : CURRENT LIABILITIES & PROVISIONS	11	<u>65,026,524.00</u>		<u>66,258,720.00</u>
Net Current Assets			19,780,309.00	41,235,137.00
Profit & Loss Account			119,542,380.00	35,387,880.00
CONTINGENT LIABILITIES NOT PROVIDED FOR AND NOTES FORMING PART OF THE ACCOUNTS 13				
TOTAL			<u>187,399,260.00</u>	<u>126,360,232.00</u>

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

PAWAN K. GUPTA
Partner

RAKESH SHARMA
Finance Controller Cum Company Secretary

R S SHARMA
Managing Director

WERNER BOEKELS
Director

Place : New Delhi
Dated : 27th July, 2001

J.M.A. INDUSTRIES LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	SCHEDULE NO.	CURRENT YEAR		PREVIOUS PERIOD	
		Rs.		Rs.	
INCOME					
Sales (Net of returns)		104,568,137.00		76,184,718.00	
Other Income	14	6,935,110.00		7,471,906.00	
		<u>111,503,247.00</u>		<u>83,656,624.00</u>	
EXPENDITURE					
Materials Cost of Sales	15	80,877,015.00		42,176,982.00	
Expenses	16	86,452,985.00		27,015,360.00	
Depreciation		3,330,830.00		1,693,754.00	
Excise Duty		12,304,355.00		9,637,734.00	
Finance Charges				1,934,378.00	
- On Fixed Loans		4,646,200.00		3,180,024.00	
- On Others		8,046,362.00		3,180,024.00	5,114,402.00
		<u>195,667,747.00</u>		<u>85,638,232.00</u>	
Loss for the year/period		(84,154,500.00)		(1,981,608.00)	
Losses brought forward from previous period		(35,387,880.00)		(33,406,272.00)	
Deficit carried over to the Balance Sheet		<u>(119,542,380.00)</u>		<u>(35,387,880.00)</u>	
Notes Forming part of the Profit & Loss Account	'13' & '17'				

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



PAWAN K. GUPTA
Partner

RAKESH SHARMA
Finance Controller Cum Company Secretary

R S SHARMA
Managing Director

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Director

Place : New Delhi
Dated : 27th July, 2001