

Annual Report



JBM Auto Components Ltd.

Financial Highlights

	<i>(Rs. in Lacs)</i>	
Particulars	2003	2002
Equity Capital	679	679
Sales & Other Income	4402	4317
Profit Before Depreciation, Interest & Tax	557	512
Profit Before Tax	300	274
Profit After Tax	163	159
Net Worth	2118	1931
Fixed Assets	2739	2267
Earning Per Share (Rs.)	2.39	2.34
Book Value per Share (Rs.)	31.15	28.40
Dividend per Share (Rs.)	1.25	

Corporate Information

Board of Directors

Chairman	Mr. S.K. Arya
Director	Mr. F.C. Singhal
Director	Mr. Ashok Kumar Agarwal
Director	Mr. M.K. Aggarwal
Executive Director	Mr. H.R. Saini

Chief Financial Officer
& Company Secretary

Mr. N.K. Goel

Bankers

Bank of Baroda
Canara Bank
ICICI Bank Limited

Statutory Auditors

Mehra Goel & Co.,
Chartered Accountants

Share Transfer Agent

MCS Limited

Registered Office

Neel House, Lado Sarai,
Opp. Qutab Minar,
New Delhi-110 030
Tel. : 011-2653 6570-72
Fax : 011-2651 1512
E-mail : corp@jbm.co.in

Works

Plot No. 133, Sector-24
Faridabad - 121 005 (Haryana)

Tel. : 0129-2235329 - 31
Fax : 0129-2234230

Plot No. 5, Sector-31,
Kasna, Greater Noida (U.P.)
(under implementation)

Website

www.jbmindia.com

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JBM AUTO COMPONENTS LTD.**Notice**

NOTICE is hereby given that the Seventh Annual General Meeting of the members of JBM Auto Components Limited will be held on Thursday, the 21st day of August 2003 at 3.00 P.M. at All Heavens Resorts, Khera Khurd, Delhi – 110 082 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003 and the Profit and Loss Account for the year ended 31st March 2003 and the Report of the Directors and Auditors thereon.
2. To declare the dividend, if any.
3. To appoint a Director in place of Mr. S.K. Arya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashok Kumar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

By order of the Board
For JBM Auto Components Limited

N.K. Goel

Place : New Delhi Chief Financial Officer
Date : 28th June 2003 & Company Secretary

NOTES:-

1. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON(S) (WHETHER A MEMBER OR NOT) AS HIS/HER PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF/HERSELF, AT THE MEETING.

A proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. The register of Members and Share Transfer Books of the Company will remain closed from Tuesday 12th August 2003 to Thursday 14th August 2003 (both days inclusive).
3. Members are requested to bring their copy of the Annual Report to the Annual General

Meeting. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting and should kindly be handed over at the entrance of the meeting place. No annual report shall be provided at the meeting.

4. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
5. Any document relevant/referred to in the Notice and accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Sundays and holidays between 11.00 a.m. to 2.00 p.m., until the date of meeting.
6. MCS Limited is the Company's Share Transfer Agent and members may address their correspondence regarding share-transfer, change of address, dividend mandates etc. Please quote your folio number in all correspondence to: M/s MCS Limited, Sri Venkatesh Bhawan, 212-A, Shahpurjat, New Delhi-110049.
7. Members holding shares in identical order of names in more than one folio are requested to write to the Company or MCS Ltd. and send their share certificates to enable consolidation of their holdings into one folio.
8. As per the Scheme of Arrangement (Demerger) between JBM Auto Components Limited and JBM Tools Limited (JBMT), the shareholders of JBMT were required to surrender the original share certificates of JBMT for exchange of new shares of both Companies. Those members who have not yet surrendered the share certificate(s) for exchange are requested to surrender the same to MCS Limited.
9. The Company has filed the listing applications with the Delhi, Mumbai and National Stock Exchanges.
10. **Re-appointment of Mr. S.K. Arya**
Mr. S.K. Arya is on the Board of the Company since 2000. Mr. S.K. Arya is an industrialist and Managing Director of Jay Bharat Maruti Limited. Mr. S. K. Arya has an



experience of over 22 years and holds directorships in various other companies.

The detail of memberships of Mr. S.K. Arya in different committees of companies (including committees of the Company) is as follows:

Name of committee	Member (No.)	Chairman (No.)
Shareholders/Investors		
Grievance Committee	2	1
Remuneration Committee	1	-

Mr. S.K. Arya retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

11. Re-appointment of Mr. Ashok Kumar Agarwal

Mr. Ashok Kumar Agarwal is on the Board of Company since 2000. Mr. Ashok Kumar

Agarwal is a Chartered Accountant and Ex-President of Delhi Stock Exchange Association Ltd. Mr. Ashok Kumar Agarwal has over 13 years experience in capital and financial market.

Mr. Ashok Kumar Agarwal is member of the following committees:

Name of committee	Member (No.)	Chairman (No.)
Shareholders/Investors		
Grievance Committee	1	-
Audit Committee	1	1
Remuneration Committee	1	-

Mr. Ashok Kumar Agarwal retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

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JBM AUTO COMPONENTS LTD.**Directors' Report****To the Members**

Dear Members,

Your Directors have pleasure in presenting Annual Report of your Company together with the Audited Statement of Accounts for the Financial Year ended 31st March 2003.

Financial Results

	(Rs. in lacs)	
Particulars	2002-03	2001-02
Sales and Other Income	4402.33	4317.02
Profit Before Tax	300.21	274.06
Provision for Tax	137.41	114.69
Profit After Tax	162.80	159.37
<u>Appropriation:</u>		
Proposed Dividend	84.99	-
Dividend Tax	10.88	-
Transferred to General Reserve	5.00	-

Operational and Financial Review

During the financial year 2002-03, the total income of the Company has increased to Rs.4402.33 lacs from Rs.4317.02 lacs of the previous year. The Company has recorded a net profit after tax of Rs.162.80 lacs as compared to Rs.159.37 lacs in the previous year.

Dividend

The Board is pleased to recommend maiden dividend of 12.50% on equity shares of Rs. 10/- each for the financial year 2002-03.

With effect from 1st April 2003, the dividend income is tax free in the hands of shareholders.

Expansion

The Company is setting up new manufacturing unit at Greater Noida, Uttar Pradesh to cater to the various customers on Just-In-Time (JIT) basis in this region. The production at the new unit will start in current financial year.

The Company has one of the best Tool Rooms at its Faridabad location. To further upgrade its Tool Room facilities with international benchmarking, the Company is adding more CNC Machines, Latest CAD/CAM Softwares, Coordinating Measuring Machine, CNC Flaming Cutting Machine, Vertical Machining Centre etc. These new additions will substantially enhance the capacities of the Company to manufacture large and precision toolings. The Company is also adding fixtures manufacturing facilities.

The ensuing expansion will give a big leap forward to the revenues of the Company.

Environmental Policy

Your Company gives high priority to conservation of natural resources and protection of environment from pollution. The Company has obtained ISO 14001-1996 Environmental Management System (EMS) in January, 2003.

The Company has also adopted an environmental policy.

Operations of the Company do not involve any hazardous activity. For optimum utilization of the water, the Company has already started rain water harvesting in the plant.

Awards and Certificates

During the year, your Company has received the following awards/certificates:

- Award for Outstanding Contribution to Parts Development in the year 2002 from M/s Eicher Motors Limited.
- Supplier Award for Outstanding Performance in the category of 'Cost' for the year 2002 from M/s Honda Sael Cars India Ltd.
- Renewal of QS-9000 Certification.
- ISO 14001 - 1996 Certification for Environmental Management System.

Directors

Mr. S. K. Arya and Mr. Ashok Kumar Agarwal, Directors of the Company will retire by rotation in the forthcoming Annual General Meeting of the Company and being eligible, have offered themselves for re-appointment as Directors.

Directors' Responsibility Statement

Pursuant to the Section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby state:

- that in the preparation of the annual accounts for the financial year ended 31st March 2003, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period under review;



- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts had been prepared on a going concern basis.

Corporate Governance

Though the shares of the Company are yet to be listed, your Company has taken initiative on its own to comply with the Listing Guidelines of Stock Exchanges on Corporate Governance on voluntary basis. The Report on Corporate Governance and Management Discussion & Analysis have been incorporated in this Annual Report separately along with Auditors' Certificate.

Listing of Shares

The Company has filed the listing application with The Delhi Stock Exchange Association Limited (DSE), The National Stock Exchange of India Ltd. (NSE) and The Stock Exchange Mumbai (BSE) within time as per the order of the Hon'ble High Court of Delhi as per the Scheme of Arrangement. However, the Company has received a letter from DSE for non-listing of shares on the ground of non-compliance of Rule 19(2)(b) of the Securities Contracts (Regulation) Act, 1956

As the shares of erstwhile transferor Company are already listed, in the opinion of Company's lawyer the action of DSE and SEBI is against the order of the Hon'ble High Court, accordingly the Company has filed a writ petition with the Hon'ble High Court of Delhi for non-listing of Company's shares.

Auditors & Auditors' Report

The Auditors M/s Mehra Goel & Co. will retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment on being eligible.

The observations of the Auditors have been explained wherever necessary in the appropriate notes to the accounts and do not call for any further comments.

Deposits

Your Company has not accepted any deposit under Section 58A of the Companies Act, 1956 and rules made there under.

Statutory Disclosures

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

No employee of the Company falls under the limit as specified in section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by Companies (Particulars of Employees) Rules 2002.

Appreciation

The Directors wish to place on record their sincere thanks and appreciation for the guidance, support and continued cooperation extended by Central Government and State Government, Bankers, Customers and Suppliers.

The Directors also take this opportunity to acknowledge the dedicated efforts of the employees of the Company.

Your Directors acknowledge trusts and confidence reposed by all the Shareholders of the Company.

For and on behalf of the Board

Place : New Delhi
Date : 28th June, 2003

S.K. Arya
Chairman

JBM AUTO COMPONENTS LTD.**ANNEXURE -I**

Particulars required under the companies (disclosure of particulars in the report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY

The Company does not fall in the category of industry identified as power intensive industry since manufacturing operations of the Company are not energy intensive. However the Company gives utmost importance to conservation of energy and necessary steps are taken wherever possible to conserve energy by developing awareness among the employees to identify leakages/wastages and plugging the same, close monitoring of electricity consumption at each section of the plant and switching off the lights and machines when not in operation etc. The data of energy consumed is given hereunder:

Form - A**Power and Fuel Consumption**

	2003	2002
Electricity		
a) Purchased units	1838882	1575950
Total Cost (Rs. in lacs)	75.06	65.65
Rate per Unit	4.08	4.17
b) Own Generation-D.G. Set		
Units generated	177785	213037
Fuel Cost (Rs. in Lacs)	10.09	12.80
Fuel Cost per unit	5.68	6.01

(B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company is engaged in the design and development of intricate press tooling, welding fixtures & gauges for supply of components & sub-assemblies to OEMs. The tool room activity has been upgraded with the introduction of simulation software and C3P Package for Global Car Makers. The Company deputed its engineers abroad to carry out the feasibility study of panels for OEMs for finally tooling them up. The Company has not imported any technology for these purposes. The quality level of tool development is to the Global Standards with which we have also entered into global market for these items.

Since the Company has no separate R&D cell, expenditure on these R&D activities can't be ascertained separately.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange outgo on account of capital goods, raw material, spares and travelling etc. is Rs. 466.36 lacs (previous year: Rs. 564.94 lacs). The Company has no foreign exchange earnings during the current year (previous year: Rs. Nil).



Management Discussions and Analysis Report

1. Industry Structure and Development

During the year 2002-03 almost all the segments of auto industry had reported positive growth. The commercial vehicles segment has reported a growth of 30.36%, Passenger Car segment 6.4% and Motorcycle segment has reported a positive growth by 28.36%. Further, the financial year 2003-04 has started with auto boom. Almost all the segments of automotive sector have reported higher volume in the first quarter compared to the previous year. Reduction of 8% excise duty in the Budget 2003-04 too has accelerated this growth.

Globally wounded auto industry, scrambled by recession is looking for low cost & high quality components suppliers in Asia-Pacific Region, which in turn has created a potential market for Indian auto parts industry. Consequent to this a large number of RFQs for export business are being received and orders finalised.

2. Opportunities and Threats - Risks and Concerns

The opportunities offered by our economy continued to draw attention of MNCs and FIs. The initiatives taken by the Government are notable with the substantial growth in the infrastructure facilities. With the various auto makers/components manufacturers to source low cost components from India, the Company is aggressively working to grab the opportunities of export.

The Company has already got export orders from USA and Europe. Further negotiations are being held with the various other OEMs. The supplies against these new orders will start in the current financial year, which shall significantly contribute to the turnover of the Company.

The continuous increase in steel price and increase in cess on the diesel and petrol are the major threats to the Automobile Industry. However, to nullify the impact of increase in the steel price, the Company has undertaken various VA/VE activities to improve the material yield and to reduce the material cost wherever possible.

3. Internal Control Systems and their Adequacy

Management Information Systems (MIS) constitutes the backbone of the Company's control mechanism. Clearly defined roles and responsibilities down the line for all managerial position have been institutionalized. All operating parameters are monitored and controlled. Regular internal checks ensure that responsibilities are executed effectively.

4. Financial and Segment-wise Performance

The Company recorded turnover of Rs.4402.33 lacs in comparison to Rs.4317.02 lacs in the previous year. The profit before tax (PBT) is Rs. 300.21 lacs in comparison to Rs.274.06 lacs in the previous year. The financial cost of the Company has drastically gone down to Rs.54.56 lacs as compared to Rs.87.39 lacs in the previous year due to lower cost of borrowing and better working capital management. EPS at the end of the year is Rs.2.39 per share as compared to Rs.2.34 per share in the previous year.

Your Company has two primary business segments namely:

- Sheet Metal Division - manufacturing Sheet Metal Components, Assemblies, Sub-assemblies,
- Tool Room Division - manufacturing Tools, Dies and Moulds.

In Sheet Metal Division, the Company has achieved a gross turnover of Rs.2937.08 lacs as compared to Rs.2484.09 lacs, an increase of 18.26% over the previous year. However, due to increase in the steel prices and higher packing cost in respect of outstation customers, gross profit of this division before un-allocable expenditures and interest has reduced to Rs.265.74 lacs as compared to Rs.316.64 lacs in the previous year.

In Tool Room Division the Company has achieved a gross turnover of Rs.1398.86 lacs as compared to Rs.1623.89 lacs in the previous year. In this division the Company has

JBM AUTO COMPONENTS LTD.

achieved gross profit before un-allocable expenditures and interest of Rs.209.86 lacs as compared to Rs.157.02 lacs in the previous year.

5. Human Resources

The industrial relations remained cordial and peaceful throughout the year. The Company has employed 234 permanent employees on its payroll as on 31st March 2003. The Company takes all efforts to attract and retain competent manpower. During the year the Company has conducted various training programmes in the areas of cost reduction, productivity improvement, quality improvement, communication skills etc.

6. Meeting Customers Expectation

The Company gives highest priority for meeting customers' requirements of Quality Cost Delivery (QCD). The efforts of the Company are appreciated by its customers by giving various awards in the areas of development, supplies etc. At all levels, the Company emphasizes the objective of

meeting customers' expectations. The Quality Policy of the Company emphasize that:

"The policy of JBM Auto Components Limited is to achieve total customer satisfaction by delivering products and providing services that meet or exceed their exact requirements and expectation and to do so on time and at most competitive prices in domestic and export market for our entire product range."

7. Cautionary Statement

Statements in this "Management Discussion and Analysis" describing the Company's objective, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand, supply conditions, raw material prices, changes in government regulations, tax regimes, economic developments and various other factors.