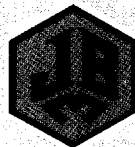


# **Annual Report**

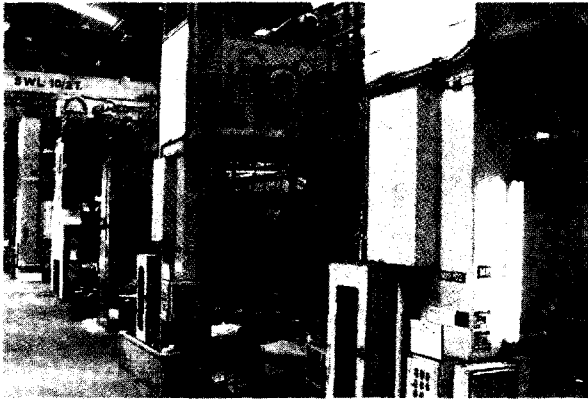
## **2 0 0 4 - 0 5**

Report  Junction.com

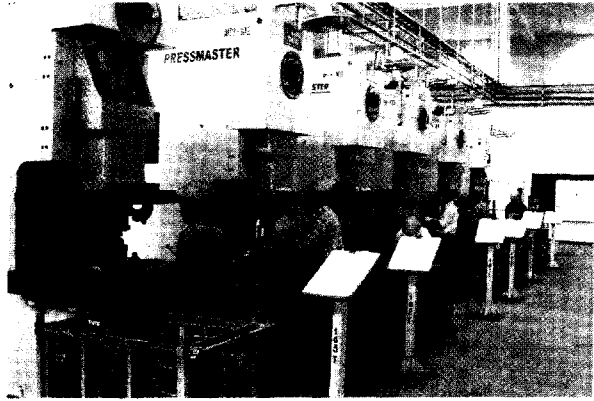


**JBM Auto Components Ltd.**

## Facilities at a Glance



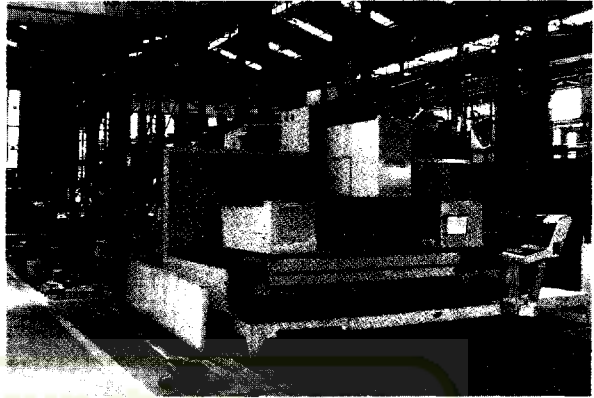
Press Line



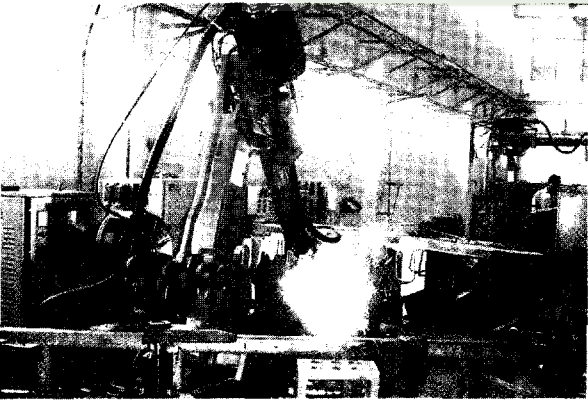
Press Line



CNC Copy Milling Machine



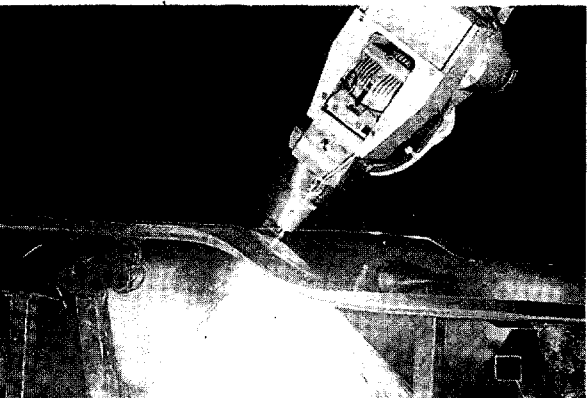
CNC Machine



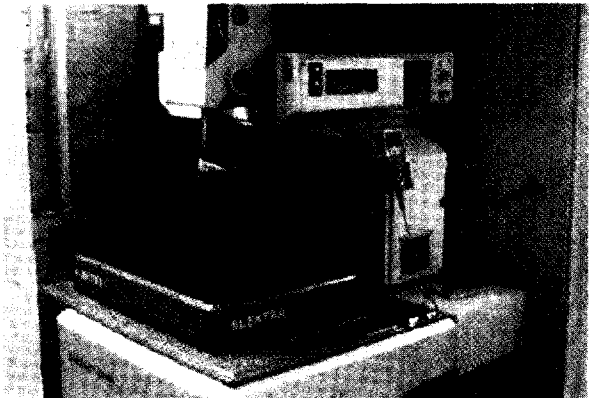
Automatic Welding Robo



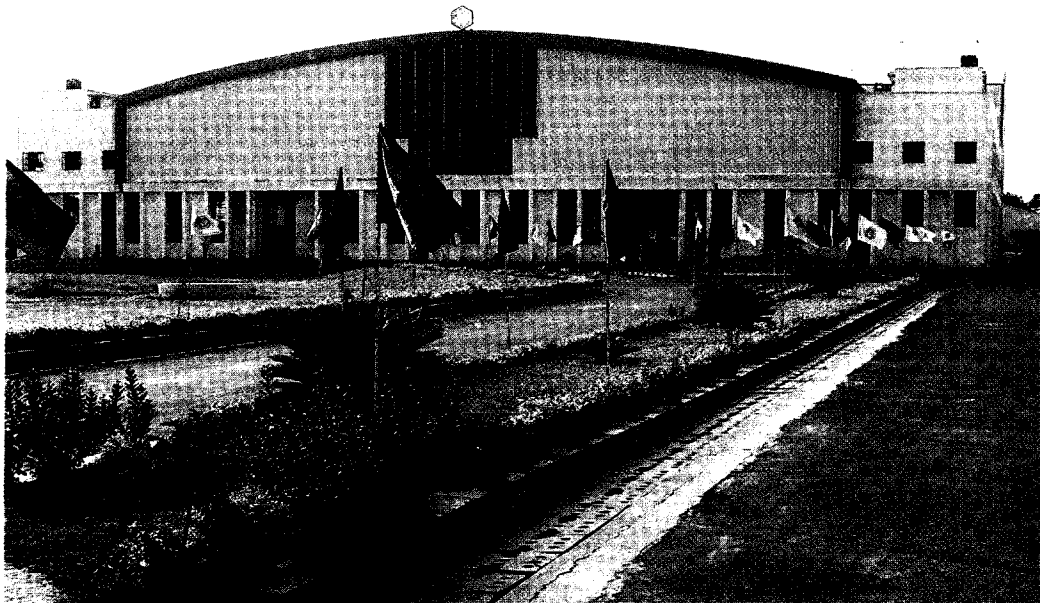
Weld Shop



Laser Cutting Machine



Wire Cutting Machine



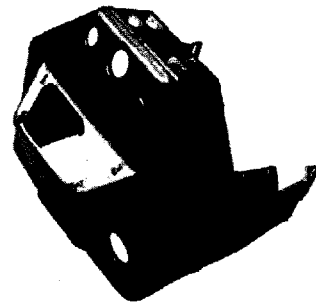
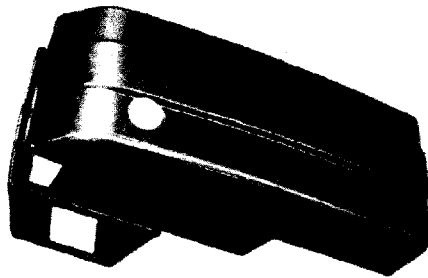
Plot No. 5, Sector-31, Kasna,  
Greater Noida-201306 (U.P.)

Report  junction.com

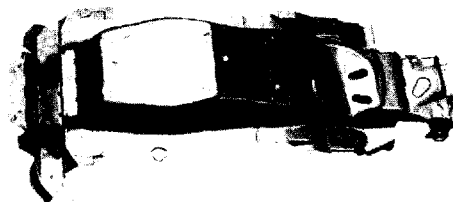
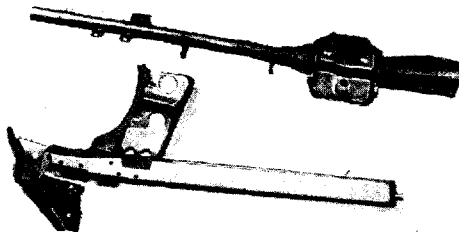


Plot No. 133, Sector-24,  
Faridabad -121 005 (Haryana)

## Product Range

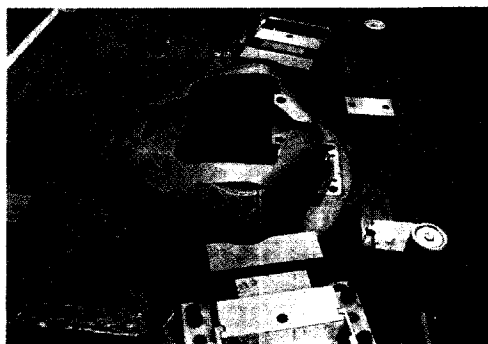
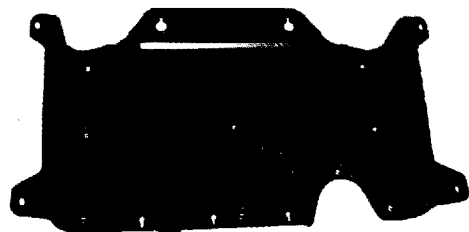
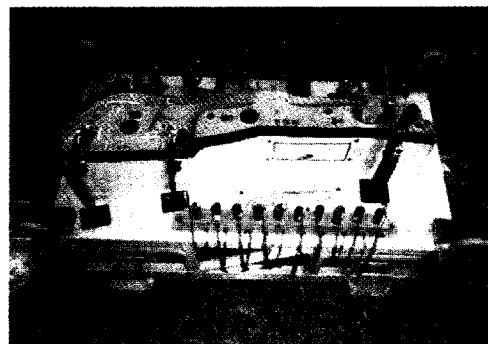
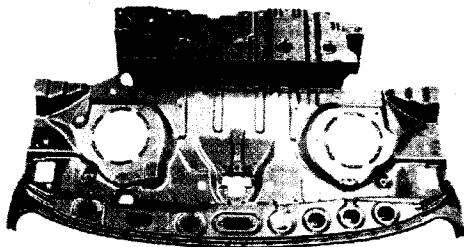


Report  junction.com

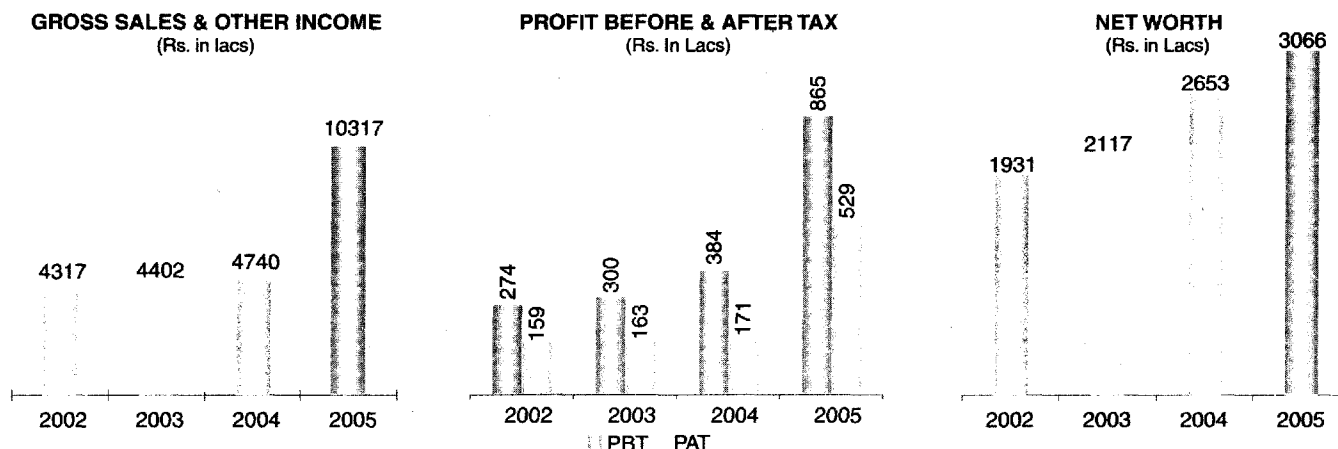


**“Expanding leadership**  
in our business through people,





keeping pace with  
market trends & technology”



## Financial Highlights

(Rs. in Lacs)

Particulars	2002	2003	2004	2005
Gross Sales	4251	4336	4621	10265
Net Sales	3820	3857	4001	9022
Other Income	66	66	119	52
Total Income (Gross)	4317	4402	4740	10317
Profit Before Tax (PBT)	274	300	384	865
Tax	115	137	212	336
Profit After Tax (PAT)	159	163	171	529
Share Capital	680	680	680	680
Reserve & Surplus	1476	1543	1973	2386
Net Worth	1931	2117	2653	3066
PBT/Net Sales (%)	7.18	7.78	9.59	9.59
PAT/Net Sales (%)	4.17	4.22	4.28	5.87
ROCE (PBT/Capital Employed) %	8.84	9.25	10.00	16.99
RONW (PBT/Net Worth) %	13.90	14.17	14.46	28.21
Debt: Equity Ratio	0.16	0.29	0.35	0.30
<b>Per Share Data</b>				
Earning Per Share (Rs.)	2.34	2.39	2.52*	7.78
Cash Earning Per Share (Rs.)	4.56	5.36	6.09	12.52
Dividend Per Share (Rs.)	-	1.25	1.25	1.50
Book Value Per Share (Rs.)	28.40	31.15	39.02	45.10

\* adjusted EPS

## **Corporate Information**

### **Bankers**

Canara Bank  
Citi Bank N.A.  
ICICI Bank Limited  
Bank of Baroda

### **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. : 91-11-2952 2570 Fax : 91-11-2952 1512

### **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-201306 (U.P.)  
Tel.: 0120-2341048 Fax: 0120-2341423

### **Board of Directors**

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

### **Chief Financial Officer & Company Secretary**

Mr. N.K. Goel

**Website :** [www.jbmindia.com](http://www.jbmindia.com)

**E-mail :** [corp@jbm.co.in](mailto:corp@jbm.co.in)

## **Contents**

<b>Directors' Report .....</b>	<b>1</b>
<b>Management Discussion and Analysis Report .....</b>	<b>6</b>
<b>Corporate Governance Report .....</b>	<b>9</b>
<b>Auditors' Report .....</b>	<b>16</b>
<b>Balance Sheet .....</b>	<b>19</b>
<b>Profit &amp; Loss Account .....</b>	<b>20</b>
<b>Schedules .....</b>	<b>21</b>
<b>Balance Sheet Abstract and Company's General Business Profile .....</b>	<b>34</b>

**IBM AUTO COMPONENTS LTD.****Directors' Report****To the Members****IBM Auto Components Ltd.**

Your Directors have pleasure in presenting the Ninth Annual Report of your Company together with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2005.

**Financial Results**

		(Rs. in lacs)	
Particulars	2004-05	2003-04	
Gross Sale & Other Income	10316.89	4740.46	
Profit Before Tax	864.88	383.61	
Provision for Tax :-			
- Current Tax	69.40	-	
- Deferred Tax	266.22	212.25	
Profit After Tax	529.26	171.36	
Add: Extraordinary Item (net)*	-	355.13	
Profit After Tax including Extraordinary Item	529.26	526.49	
Income Tax Refund / (Paid) for earlier years	-	(0.53)	
Balance Brought Forward	953.17	528.09	
Profit Available for Appropriation	1482.43	1054.05	

**Appropriation:**

Proposed Dividend	101.99	84.99
Dividend Tax	14.30	10.88
Transferred to General Reserve	10.00	5.00
Balance carried to Balance Sheet	1356.14	953.17

\* Extraordinary item in the previous year represents provision for doubtful debt written back (net)

**Operational and Financial Review**

The automobile industry has experienced a growth of 17% approx. during the financial year 2004-05 and the auto components industry also enjoyed the same growth. Almost all segments of the Automobile Industry viz Passenger Cars, Tractors, HCV/LCV, Two and Three Wheelers etc. witnessed a handsome growth ranging from 15% to 25%. The phase of the ongoing development efforts in the infrastructure sector would ultimately hold the key to achieve the faster rate of growth of Automobile Industry in the coming years. All these factors promise a challenging and rewarding time ahead for your Company.

Your Company has performed extremely well during the financial year 2004-05. The gross sales & other income of the Company have increased to Rs.10316.89 lacs from Rs.4240.46 lacs of the previous year registering a growth of 117.63%. The Company has recorded a net profit after tax of Rs.529.26 lacs as compared to Rs.171.36 lacs (excluding extraordinary item of Rs. 355.13 lacs) in the previous year, a growth of 208.86%.

**Dividend**

The Board of Directors are pleased to recommend a dividend of 15% on equity shares of Rs.10/- each for the financial year 2004-05. The dividend distribution would result an out flow of Rs. 116.29 lacs (including corporate dividend tax). The dividend income is tax free in the hands of shareholders.

**Expansion**

To keep pace with growth in Auto Industry, your Company has undertaken various expansion programs to increase the capacities of Press and Weld Shop as well as up gradation of Tool Manufacturing Technology enabling your Company to undertake latest development of world standards in order to meet the technological and competitive environment.

Your Company has also taken steps for up gradation of skills of supervisory staff by imparting them training on latest engineering softwares and shop floor techniques, etc. To improve Quality System, we have installed the latest CNC Measuring Equipment in order to ensure development of Tools & Dies to the desired accuracies expected by OEMs.

In the Noida Plant, we have been recommended for quality system TS16949 & ISO 9001 certification. We have been able to procure export orders from overseas OEMs and has already commenced supplies. Further negotiations and discussions are in progress with some of the world-renowned OEMs for more export orders. With their regular visit to our plant, they have shown keen interest and positive response and we hope to finalise business with them during this year shortly.

The Company is also undertaking activities in the field of development of Special Purpose Vehicles.



### Awards

During the year, your Company has received the award for Outstanding Contribution to Supply Chain Management from Eicher Motors.

### Change in the Name

Your Company is in the business of sheet metal components, tools & dies etc and present name of the Company does not reflect the total business activities. With a view to represent the Company's business segment more meaningfully, your directors have felt that the change of name of your Company from "JBM Auto Components Limited" to "JBM Auto Limited" would be more appropriate. Accordingly the same is submitted for your approval for onward approval of the Central Government.

### 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. Your directors recommend the re-appointment.

The Board has appointed Ms. Esha Arya as an additional director at its meeting held on 28<sup>th</sup> July 2005. The Board has also approved the appointment of Ms. Esha Arya as whole time director of the Company (designated as Executive Director).

### Directors' Responsibility Statement

Your Directors make following statement in terms of Section 217 (2AA) of the Companies Act, 1956, to the best of their knowledge and belief and according to the information and explanations obtained by them:

- I. that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2005, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- II. that appropriate accounting policies have been selected and applied 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 as at 31<sup>st</sup> March 2005 and of the profit of the Company for the period ended 31<sup>st</sup> March 2005;

- III. that proper and sufficient care has been taken for 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;
- IV. that the annual accounts for the year ended 31<sup>st</sup> March 2005 have been prepared on a going concern basis.

### Corporate Governance

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance along with Auditors' Certificate on its compliance is annexed hereto, forming an integral part of this Report.

### Listing of Shares

The shares of the Company got listed on Bombay Stock Exchange and National Stock Exchange and trading started w.e.f. December 17<sup>th</sup>, 2004. Individual communication was sent to each shareholder for the same. Listing fee for the financial year 2005-06 has already been paid. Further annual custody fee has also been paid to NSDL & CDSL.

### 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 thereunder.

### 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.

**IBM AUTO COMPONENTS LTD****Industrial Relations**

The Industrial Relations in the Company remained cordial and peaceful, during the year under review.

**Appreciation**

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

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 members of the Company.

for and on behalf of the Board

Place : New Delhi

Date : 28th July, 2005

S.K. Arya

Chairman

**ANNEXURE - I**

**Particulars required under the companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.**

**(a) CONSERVATION OF ENERGY**

(i) The status of power and fuel consumption is given below in Form A :

**Form - A****Power and Fuel Consumption**

	<b>2005</b>	<b>2004</b>
Electricity		
(a) Purchased units	<b>3527595</b>	26,05,179
Total Cost (Rs. in lacs)	<b>146.52</b>	108.01
Rate per Unit	<b>4.15</b>	4.15
(b) Own Generation-D.G. Set		
Units generated	<b>651435</b>	1,12,744
Fuel Cost (Rs. in Lacs)	<b>59.37</b>	9.96
Fuel Cost per unit	<b>9.11</b>	8.84

**(ii) Energy conservation measures taken by the Company;**

Your Company has always been focusing on various power conservation areas and attempted measures, wherever possible to conserve the energy. To conserve the energy, energy audit was conducted by a team of CII and the Company took various steps to conserve the energy viz.

- Minimized compressed air leakages through vigorous maintenance & quantification of leakage in plant, resulted into reduction in air leakage.
- Reduced the generation pressure of compressed air system.
- Pneumatic grinders (operated through compressed air) replaced with electrical grinders.