

**Board of Directors**

(As on 6<sup>th</sup> May, 2003)

Mr. D. S. Gupta (Chairman)  
Mr. Satish Pradhan  
Mr. Atul Bansal  
Mr. Rajiv Dube  
Mr. Raman Nanda  
Mr. Rajiv Bakshi

**Secretary**

Mr. Shailendra Dindore

**Bankers**

HDFC Bank Limited  
State Bank of India  
Bank of Maharashtra

**Registered Office**

G-71/2, MIDC Industrial Area, Bhosari,  
Pune 411 026, Maharashtra.

**Statutory Auditors**

M/s Price Waterhouse  
Chartered Accountants

**Works**

G-71/2, MIDC Industrial Area, Bhosari,  
Pune 411 026, Maharashtra

Gat No. 427, Medankarwadi, Chakan,  
Taluka Khed, Pune 410 501, Maharashtra

Survey No. 173, Village-Khakharia,  
Taluk Savli, Near GIDC, Halol 389 350,  
Gujarat

**Share Transfer Agent**

MCS Limited  
1st Floor, 116-118, Akshay Complex,  
Off Dhole Patil Road, Near Ganesh Mandir,  
PUNE - 411 001  
Tel : (020) 4017205  
Fax : (020) 6129597

**The Company has already paid the  
listing fees for the financial year  
2003 - 2004**

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## **N**OTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of JBM Tools Limited will be held on Monday, the 30<sup>th</sup> day of June, 2003 at 3.00 P.M. at "Nehru Memorial Hall", Atur Foundation House, 4, Dr. Ambedkar Road, Pune 411 001 to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2003 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D. S. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Satish Pradhan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### **SPECIAL BUSINESS**

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

"RESOLVED THAT Mr. Rajiv Bakshi, be and is hereby appointed as Director of the Company, and shall be 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. Raman Nanda, be and is hereby appointed as Director of the Company, and shall be liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 21 of the Companies Act, 1956 and all other applicable provisions, if any, and subject to the approval of the Central Government and such other consents, permission or sanctions of the appropriate authority that may be required in this connection and subject to such conditions and modifications as may be prescribed in granting such approvals, the name of the Company be changed from its existing name 'JBM TOOLS LIMITED' to 'AUTOMOTIVE STAMPINGS AND ASSEMBLIES LIMITED' and that the consequential amendments in the Memorandum and Articles of Association of the Company and incidental documents and name plates, etc. be made consequent upon the new name becomes effective.

RESOLVED FURTHER THAT the Board of Directors be and is hereby further authorised to do all such acts, matters, deeds and things as may be deemed expedient or necessary to give effect to this resolution without being required to seek any further consent or approval of the Company."

Registered Office :  
G-71/2, M.I.D.C. Industrial Area,  
Bhosari, Pune 411 026.

Place : Pune  
Dated : May 6, 2003

**BY ORDER OF THE BOARD  
for JBM TOOLS LIMITED**

**Shailendra Dindore  
Secretary**

**NOTES**

1. Explanatory Statements under section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting, are annexed hereto and form part of the notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM/HER. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Members are requested to bring their personal copy of the Annual Report to the meeting.
4. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the Meeting so that the answers may be made available at the Meeting.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from 23<sup>rd</sup> June, 2003 to 30<sup>th</sup> June, 2003 (both days inclusive).
6. Under section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund of the Central Government.

The shareholders who have not encashed the dividend warrant(s) so far for the Dividends of 1995-96, 1996-97 or 1997-98 are requested to make their claims to the Company immediately. Please note that as per section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date of payment and no payment shall be made in respect of any such claims. The unclaimed dividend declared for the financial year 1995-96 on 26<sup>th</sup> September, 1996 will be transferred to Investor Education and Protection Fund administered by the Central Government in November, 2003.

7. The Company has paid the annual listing fee to the respective stock exchanges for the financial year 2003-2004.
8. The Company has entered into agreement with National Securities Depository Limited and Central Depository Services Limited to facilitate the investors to trade in the Company's equity shares in dematerialised form. The Securities and Exchange Board of India (SEBI) has also made compulsory trading in Company's equity shares in dematerialised form with effect from 30.07.2001. The members are requested to consider dematerialising the equity shares held by them.
9. As per the scheme of arrangement (demerger) between JBM Tools Limited and JBM Auto Components Limited, the shareholders of the Company were required to surrender the original share certificates of the Company for exchange of new shares of both the Companies. Those who have not yet surrendered the share certificates of the Company for exchange are requested to handover / send the same to the Registrar & Share Transfer Agents at the below mentioned address:

**MCS Limited**

(Unit: JBM Tools Limited)

First Floor, 116 – 118,  
Akshay Complex, Off Dhole Patil Road,  
Near Ganesh Mandir, Pune 411 001

Phone : (020) 612 9597 / 401 7205

Fax : (020) 612 9597

Email ID: mcspune@vsnl.net

**Explanatory Statements**

The following Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, set out all material facts relating to the business mentioned at Item Nos. 5 to 7 in the accompanying Notice dated May 6, 2003.

**ITEM NO. 5**

The Board of Directors appointed Mr. Rajiv Bakshi as Additional Director of the Company w.e.f. 29th October, 2002. The term of office of Mr. Bakshi expires at the forthcoming Annual General Meeting.

Notice has been received from a shareholder of the Company under Section 257 of the Companies Act, 1956 alongwith the requisite deposit, proposing the candidature of Mr. Bakshi for the office of Director. Mr. Bakshi has also given his consent to act as Director of the Company, if appointed.

Mr. Bakshi is 51 years of age and is Chief Executive Officer of Tata Auto Plastic Systems Limited. He has a Bachelor's Degree in Engineering from Ranchi and Masters Degree in Business Administration from XLRI - Jamshedpur. He has over 27 years of experience in the field of manufacturing, materials and general management. The Company will benefit immensely from his extensive experience.

Besides the Company, he is also a Director of Automotive Composite Systems (International) Limited and is not a Chairman/Member of any Committees of the said Company.

The Directors commend the resolution for approval.

None of the Directors except Mr. Bakshi is concerned or interested in the above resolution.

**ITEM NO. 6**

The Board of Directors appointed Mr. Raman Nanda as Additional Director of the Company w.e.f. 6<sup>th</sup> May, 2003. The term of office of Mr. Nanda expires at the forthcoming Annual General Meeting.

Notice has been received from a shareholder of the Company under Section 257 of the Companies Act, 1956 alongwith the requisite deposit, proposing the candidature of Mr. Nanda for the office of Director. Mr. Nanda has also given his consent to act as Director of the Company, if appointed.

Mr. Nanda is 47 years of age and is Executive Vice President – Marketing and Sales of Tata AutoComp Systems Limited. He has a Bachelor's Degree in Commerce from Delhi University and a Post Graduate Diploma in Business Administration from Indian Institute of Management, Ahmedabad. He has over 27 years of experience in the field of materials, finance, human resources, marketing and general management. The Company will benefit immensely from his extensive experience.

Besides the Company, he is also a Director of other Tata Companies. His Directorships and Committee Memberships of other companies, as on date, are as follows:

| Company                                  | Position | Committee Memberships                                     |
|--|----------|---|
| Tata Johnson Controls Automotive Limited | Director | Audit Committee Member                                    |
| Tata Toyo Radiator Limited               | Director | Audit Committee Member                                    |
| Tata Auto Plastic Systems Limited        | Director | Audit Committee Member                                    |
| Tata Ficosa Automotive Systems Limited   | Director | Audit Committee Member                                    |
| JBM Sungwoo Limited                      | Director | Audit Committee Member<br>Share Transfer Committee Member |

The Directors commend the resolution for approval.

None of the Directors except Mr. Nanda is concerned or interested in the above resolution.

**ITEM NO. 7**

The Company manufactures a range of products such as sheet metal stampings, welded assemblies, sub-assemblies, chassis and suspension systems, etc. for the automobile industry. To represent the Company's market segment & product range, it is considered that the name of the Company should be changed from 'JBM TOOLS LIMITED' to 'AUTOMOTIVE STAMPINGS AND ASSEMBLIES LIMITED'.

The proposed Resolution is, therefore, commended for adoption, but will take effect only after the Registrar of Companies, Pune approves the change.

None of the Directors is interested in the above resolution.

Registered Office :  
G-71/2, M.I.D.C. Industrial Area,  
Bhosari, Pune 411 026.

**BY ORDER OF THE BOARD  
for JBM TOOLS LIMITED**

Place : Pune  
Dated : May 6, 2003

**Shailendra Dindore  
Secretary**

**Dear Members,**

Your Directors have pleasure in submitting their Thirteenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2003.

## Financial and Operational Performance

The summarised financial results of the Company for the period under review are:

(Rs. in million)

|   | <b>For the year<br/>ended<br/>31.03.2003</b> | For the year<br>ended<br>31.03.2002 |
|---|--|-------------------------------------|
| Total Income excluding Extra-ordinary Income          | <b>1,299.06</b>                              | 982.26                              |
| Profit before Depreciation, Financial Charges and Tax | <b>111.10</b>                                | 108.00                              |
| Less : Depreciation                                   | <b>69.12</b>                                 | 69.02                               |
| Financial Charges                                     | <b>43.17</b>                                 | 86.49                               |
| Add : Extra-ordinary Income                           | <b>182.62</b>                                | -                                   |
| Profit / (Loss) before Tax                            | <b>181.43</b>                                | (47.51)                             |
| <u>Provision for Taxation</u>                         |  |                                     |
| a. Current Tax  | <b>9.64</b>                                  | -                                   |
| b. Deferred Tax (Asset) / Liability                   | <b>50.21</b>                                 | (21.58)                             |
| Profit / (Loss) After Tax                             | <b>121.58</b>                                | (25.93)                             |
| Balance from last year                                | <b>(149.25)</b>                              | (167.34)                            |
| Deferred tax credit for earlier years                 | -  | (44.02)                             |
| Balance Carried Forward                               | <b>(27.67)</b>                               | (149.25)                            |

Your Company has earned a net profit of Rs. 121.58 million as against a loss of Rs. 25.93 million for the previous accounting year.

The turnover of the Company grew by 32% during the year. The operating profit before interest and depreciation has increased to Rs. 111.10 million from Rs. 108 million of previous accounting year. The Company could achieve better performance due to better business volumes, effective control over variable costs. Steep rise in steel prices during the year has put tremendous pressure on profit margins.

As a part of strengthening the financial position of the Company, the shareholding in JBM Sungwoo Limited has been divested and the scheme to prepay the sales tax deferral loan from the Government of Maharashtra has been availed, resulting in an extraordinary income of Rs. 182.62 million. Further, the Company has issued preference shares to the tune of Rs. 120 million to augment its working capital requirements.

## Dividend

In view of accumulated losses, the Directors have not recommended any dividend for the year under review.

## Industry Structure and Developments

The global automobile industry is undergoing a major reorientation. The visible trends reflect that the global automobile firms are segmenting into two distinct product markets viz. low priced cars and premium segment cars with intense competition in both segments. The strategy is to make many variants using the same platform. The global automobile industry is, thus, aiming at creating innovative models and decreasing variety through common platforms & commonality of parts.

Indian Automotive Industry has been achieving success in its efforts at achieving global recognition. The industry is also gradually moving towards higher-end vehicles. The industry has reached close to global standards as far as automotive performance, execution and layout is concerned. The industry has seen robust growth in 2002-03 in various vehicle segments. Auto component exports from India are rising.

Your Company is one of the largest sheet metal suppliers for the Tata Indica and Tata Indigo models. The Company has developed a diversified customer base for automobile industry.

## Opportunities & Threats

The continued thrust on infrastructure and road projects should ensure increased demand for commercial vehicles (CVs). The demand for CVs in the current year was driven largely by the road projects, which should be a positive for the major OEMs. India is fast turning into a sourcing and R&D Hub for global automobile majors. Global OEMs are using India as a base for sourcing auto components.

The negative for the sector is the increased cess on diesel and petrol of Rs. 0.50/litre. The challenge before the Indian Automobile Industry is to move rapidly to becoming a high volume producer by increasing productivity, reducing costs and enhancing the supplier base technologically.

## Segment-wise performance

The Company operates in only one business segment viz., "Automobile Industry" and hence segment-wise reporting is not applicable to the Company.

## Future Outlook

In the financial year 2002, the passenger cars segment registered a marginal growth despite a reduction in excise duty from 40% to 32% on account of the general economic slowdown. During the current year, the segment has shown signs of a pick up registering a growth of 8% on account of lower EMIs and increased discounts by car manufacturers.

The excise duty for cars has been further reduced from 32% to 24%. With the car manufacturers likely to pass on the benefits to the customers given the increasing competition, the demand for cars should increase. This is likely to be a positive for car manufacturers.

The customs duty on cars has been maintained at 60% while that on second hand cars has been maintained at 105%, which will continue to benefit the local manufacturers.

The commercial vehicle sales are directly linked to the economic activity. Medium and heavy commercial vehicles (M/HCV) sales witnessed a decline of 12% in financial year 2001 and 3% in 2002 indicating a slowdown in the economy. However, the segment has posted a growth of 30% during the year on account of the increased demand from the road projects and the replacement demand from operators. In financial year 2003, the demand dynamics have changed in favour of higher tonnage vehicles like Multi Axle Vehicles and tractor-trailers given the lower operating cost per tonne as compared to the conventional MCVs.

Tata Engineering is one of the major customers of your Company has seen consolidating its position in B and C segment of passenger vehicles. Indigo has been well received by the market. Fiat India, another major customer of your Company for skin parts of Fiat Palio has seen substantial reduction in the volumes in the second half of the last year. In view of the launch of Diesel version of Fiat Palio, the Company expects improvement in the business volume.

The Company is in the process of exploring non-auto sectors like railways and defence. The Company has already received few orders from Indian Railways. The despatches for the same have already commenced. The Company has also registered itself as a supplier for Defence sector.

Further, the Company is also in the process of exploring export business.

### **Risks and concerns**

The increase in prices of steel, major raw material, has been putting pressure on the margins of the Company. There has been increasing pressure for cost reduction and improvement in productivity from the OEMs.

The revenue and profits of the Company, being mainly dependent upon Automobile Industry, are subject to the developments in Automobile Industry.

### **Internal control systems and their adequacy**

The Company has a system of internal controls in place to ensure that all the transactions are properly recorded and authorised. The internal control system is supplemented by documentary policies and procedures. The same is further supplemented by a programme of audits by the Internal Auditors who periodically present their observations to the audit committee.

### **Human Resources**

Your Company has strength of 491 permanent employees on its payroll as on 31<sup>st</sup> March, 2003.

There has been no material development in Human Resources/Industrial relations during the period covered by this Annual Report. Harmonious industrial relations continued to prevail at all the units throughout the Company.

### **Issue of Preference Shares**

At the Annual General Meeting held on 15<sup>th</sup> July, 2002, the members had approved the proposal of issue of 12% Cumulative Redeemable Preference Shares on preferential allotment basis to Tata AutoComp Systems Ltd.

The Company has allotted 12,000,000 Nos of preference shares of Rs. 10/- each aggregating Rs. 120 million on 27<sup>th</sup> September, 2002. These shares are due for redemption after 5 years from the date of allotment.

### **Change in name of the Company**

With a view to represent the Company's market segment & product range, your Directors have felt that the change of name of your Company from 'JBM Tools Limited' to 'AUTOMOTIVE STAMPINGS AND ASSEMBLIES LIMITED' would be more appropriate. The approval of the shareholders is recommended for change in name.



**Directors****Resignations**

Mr. S Visvanathan and Mr. Deepak Bhandari resigned as Directors of the Company on 29<sup>th</sup> October, 2002 and 6<sup>th</sup> May, 2003 respectively. The Board of Directors places on record its appreciation for the valuable services rendered by them during their tenure as Directors.

**Appointments**

Mr. Rajiv Bakshi and Mr. Raman Nanda were appointed as the Additional Directors on 29<sup>th</sup> October, 2002 and 6<sup>th</sup> May, 2003 respectively. They hold office up to the date of the ensuing Annual General Meeting of the Company. Notices have been received from members of the Company proposing Mr. Bakshi and Mr. Nanda for the office of Directors of the Company.

The Directors recommend their appointments.

**Retirement by Rotation**

The Directors, Mr. D.S. Gupta and Mr. Satish Pradhan retire by rotation and being eligible have offered themselves for reappointment.

The Directors recommend their appointments.

**Corporate Governance**

As a listed Company, necessary measures are taken to comply with the Listing Agreements with the stock exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report.

**The Directors' Responsibility Statement**

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements 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 that period;
- (iii) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that they have prepared the annual accounts on a 'going concern' basis.

**Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required in terms of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the enclosed Annexure.

## **Particulars of Employees**

There was no employee who received remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

## **Auditors**

M/s. Price Waterhouse, Chartered Accountants, who retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

## **Acknowledgements**

The Directors wish to place on record their sincere thanks and appreciation for the guidance, support, continued co-operation extended by financial institutions, bankers, Central and State Governments, customers, suppliers and shareholders.

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

## **For and on behalf of the Board of Directors**

**D.S. Gupta**  
**Chairman**

Place : Pune

Dated : May 6, 2003

## ANNEXURE TO DIRECTORS' REPORT

Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

### A. Conservation of Energy

The Company does not fall under the category of industries defined as Power intensive Industry under the above-referred rules. However, the data regarding energy consumed is given hereunder. The Company is giving due consideration for the consumption of energy. In view of its drive for cost reduction, the Company considers conservation of energy as top priority. All efforts are being made for maximum utilisation of the energy resources.

#### Form A - Power and fuel consumption

|    |                               | 2002-2003        | 2001-2002 |
|----|-------------------------------|------------------|-----------|
| 1. | Electricity                   |                  |           |
|    | (a) Purchased units           | <b>51,32,567</b> | 46,87,309 |
|    | Total amount                  |                  |           |
|    | - Rs. Million                 | <b>22.16</b>     | 20.89     |
|    | Average rate / unit (Rs.)     | <b>4.32</b>      | 4.46      |
|    | (b) Own Generation – D.G. Set |                  |           |
|    | Generated Units               | <b>4,37,534</b>  | 1,69,894  |
|    | Total amount                  |                  |           |
|    | - Rs. Million                 | <b>3.23</b>      | 1.23      |
|    | Average rate / unit (Rs.)     | <b>7.38</b>      | 7.23      |
| 2. | Coal                          | <b>NIL</b>       | NIL       |
| 3. | Furnace Oil                   | <b>NIL</b>       | NIL       |
| 4. | Other / Internal Generation   | <b>NIL</b>       | NIL       |

### B. Research and Development & Technology Absorption

The Company accrues following advantages by installation of CMM:

- 3D inspection of all components produced in-house as warranted by QS-9000 system;
- Timely Calibration of fixtures to ensure production of high quality components; and
- Up-gradation of Quality personnel skills.

The Company's research and development activities include up-gradation of technology and cost reduction by value engineering. As there is no separate R & D Department, the amount incurred on R & D is difficult to estimate.

### C. Foreign Exchange Earnings and Outgo

The particulars of foreign exchange earnings / outgo during the year are given in the Notes of Accounts appearing in Schedule 17.

(Pursuant to Clause 49 of the Listing Agreement)

## **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business. Towards achieving this, the Company has instituted number of systems and procedures to bring its corporate practices in line with the statutory requirements. The governance of the Company is guided by a strong emphasis on transparency, accountability and integrity.

The Company's business objective is to manufacture its product in such a way as to create value that can be sustained over the long term for its customers, shareholders and employees. JBMT is conscious of the fact that the success of the Company is a reflection of the professionalism, conduct and ethical values of its management and employees.

## **2. BOARD OF DIRECTORS**

### Composition of the Board:

The present strength of the Board is six Directors. The Board of Directors of the Company comprises the Chairman, who is a non-executive director and other five non-executive directors, of whom three are independent.

None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees across all companies in which he is a Director. The necessary disclosures regarding committee positions have been made by all the Directors.

### Number of Board Meetings:

During the year 2002-03, six Board Meetings were held and the gap between two meetings did not exceed four months. The dates on which the meetings were held are as follows: 27<sup>th</sup> May, 29<sup>th</sup> July, 29<sup>th</sup> October in 2002, 28<sup>th</sup> January, 14<sup>th</sup> March and 24<sup>th</sup> March in 2003.

### Information placed before the Board:

Agenda papers along with detailed notes are being circulated in advance of each meeting of the Board. Information required pursuant to Corporate Governance practices, as required under Annexure I to clause 49 is being made available to the Board.

### Directors with materially pecuniary or business relationship with the Company:

The Company did not have any pecuniary relationship or transactions with its Non-executive and/or Independent Directors during 2002-03.

Attendance at the Board Meetings & the last Annual General Meeting, outside Directorships and other Board Committee Memberships:

The names and category of Directors on the Board, their attendance at the Board Meetings held during the year and also at the last Annual General Meeting, the number of Directorships and Committee Memberships held by them in other companies are given hereunder:

| Name of Director                          | Category of Directorship                      | No. of Board Meetings Attended | Attendance at the last AGM held on 15-07-2002 | Directorship in other Companies* | No. of other Committee Memberships** |        |
|---|---|--------------------------------|---|----------------------------------|--------------------------------------|--------|
|   |   |                                |   |                                  | Chairman                             | Member |
| Mr. D.S. Gupta                            | Chairman<br>Non-Executive,<br>Not Independent | 6                              | Present                                       | 11                               | 5                                    | 4      |
| Mr. Satish Pradhan<br>(w.e.f. 08/05/2002) | Non-Executive,<br>Independent                 | 5                              | Present                                       | 2                                | -                                    | 2      |
| Mr. Atul Bansal<br>(w.e.f. 08/05/2002)    | Non-Executive,<br>Independent                 | 4                              | Present                                       | 3                                | -                                    | 1      |
| Mr. Rajiv Dube                            | Non-Executive,<br>Independent                 | 5                              | Present                                       | 5                                | -                                    | 1      |
| Mr. Deepak Bhandari                       | Non-Executive,<br>Not Independent             | 5                              | Present                                       | 3                                | 2                                    | 1      |
| Mr. Rajiv Bakshi<br>(w.e.f. 29/10/2002)   | Non-Executive,<br>Not Independent             | 3                              | NA  | 1                                | -                                    | -      |
| Mr. S. Visvanathan<br>(upto 29/10/2002)   | Non-Executive,<br>Not Independent             | 2                              | Not Present                                   | -                                | -                                    | -      |

Mr. S.K. Arya, Mr. Ashok Agarwal, Mr. F.C. Singhal and Mr. R. Mukundan resigned as Directors of the Company in April, 2002.

\* This includes directorships held in private limited companies.

\*\* This covers membership / chairmanship of Audit Committee, Remuneration Committee and Shareholder / Investor Grievance Committee.

### 3. Audit Committee

The Company has an Audit Committee comprising three members, two of them including the Chairman are Independent Directors. The Chairman of the committee is Mr. Satish Pradhan. Mr. Rajiv Dube and Mr. Deepak Bhandari are the other members of the committee. Mr. R. Mukundan who was initially a Chairman resigned from the Board, consequently from the committee and in his place Mr. Satish Pradhan became a Chairman.

The Audit Committee meetings are attended by the Chief Executive Officer and the Chief Financial Officer. The representatives of Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee meetings. The Secretary of the Company acts as the Secretary of the Audit Committee.

The Chairman of the Audit Committee, Mr. Satish Pradhan was present at the Annual General Meeting held on 15<sup>th</sup> July, 2002.

- Terms of Reference:

The Terms of Reference of this Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956. These include overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible; reviewing annual and half yearly financial statements with management before submission to the Board; reviewing the adequacy of internal control systems with management, external and internal auditors and reviewing the Company's financial risk and management policies.

- Meetings and the attendance during the year:

Five Audit Committee Meetings were held during 2002-03. The dates on which the meetings were held are as follows: 15<sup>th</sup> May, 11<sup>th</sup> September, 29<sup>th</sup> October in 2002, 27<sup>th</sup> January and 14<sup>th</sup> March in 2003.

The attendance of each member of the Audit Committee is given below:

| Name of Director             | Category                       | No. of meetings attended |
|------------------------------|--------------------------------|--------------------------|
| Mr. Satish Pradhan, Chairman | Non-Executive, Independent     | 5                        |
| Mr. Rajiv Dube, Member       | -do-                           | 5                        |
| Mr. Deepak Bhandari, Member  | Non-Executive, Not Independent | 5                        |

#### 4. Remuneration Committee

None of the Directors of the Company is in receipt of any kind of remuneration. As such, the Company is not required to have a Remuneration Committee of the Board in terms of clause 49 of the Listing Agreement.

The Company has, however, constituted Remuneration Committee on 8<sup>th</sup> May, 2002 to comply with the amended provisions of Schedule XIII to the Companies Act, 1956. The remuneration of "Manager" appointed under section 269 of the Companies Act, 1956 needs to be approved by the Remuneration Committee.

The Remuneration Committee comprises of 3 Members. All the three members of the committee are Non-Executive and Independent. The Chairman of the Committee is Mr. Satish Pradhan and the other members are Mr. Atul Bansal and Mr. Rajiv Dube.

Two meetings of Remuneration Committee were held during 2002-03 on 27<sup>th</sup> May, 2002 and 29<sup>th</sup> October, 2002.

The attendance of each member of the Remuneration Committee is given below:

| Name of Director             | Category                   | No. of meetings attended |
|------------------------------|----------------------------|--------------------------|
| Mr. Satish Pradhan, Chairman | Non-Executive, Independent | 2                        |
| Mr. Atul Bansal, Member      | -do-                       | 2                        |
| Mr. Rajiv Dube, Member       | -do-                       | 2                        |

The Terms of Reference of this Committee include determination of compensation payable to the Managerial Person including revision thereof, appraisal of his performance and determination of his incentive remuneration.

Details of remuneration of the "Manager" for the year 2002-03 are given below:

| Name          | Salary           | Incentive Remuneration | Perquisites and Allowances | Contributions to Funds |
|---------------|------------------|------------------------|----------------------------|------------------------|
| Mr. A.K. Puri | Rs. 495 thousand | Rs. 990 thousand       | Rs. 710 thousand           | Rs. 134 thousand       |

## 5. Shareholders / Investors Grievance Committee

The Shareholders / Investors Grievance Committee comprises of 3 non-executive directors. The Chairman of the Committee is Mr. Deepak Bhandari. Mr. D. S. Gupta and Mr. Rajiv Bakshi are the other members of the committee. Mr. S. Visvanathan who was initially a member resigned from the Board, consequently from the committee and in his place Mr. Rajiv Bakshi became a member.

- Brief Terms of Reference

The functioning and terms of reference of the committee are as prescribed and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to redressing of shareholder and investors complaints like delay in transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

- Meetings and the attendance during the year

One meeting of the Shareholders / Investors Grievance Committee was held during the year on 27th September, 2002. The attendance of each member of the Shareholders / Investors Grievance Committee is given below:

| Name of Director                             | Category                       | No. of meetings attended |
|--|--------------------------------|--------------------------|
| Mr. Deepak Bhandari, Chairman                | Non-Executive, Not Independent | 1                        |
| Mr. D.S. Gupta, Member                       | -do-                           | Nil                      |
| Mr. S. Visvanathan, Member (upto 16/10/2002) | -do-                           | 1                        |
| Mr. Rajiv Bakshi, Member (from 29/10/2002)   | -do-                           | NA                       |

Mr. Shailendra Dindore, Secretary is the Compliance Officer. The total numbers of complaints received and replied to the satisfaction of the shareholders during the year under review were 4.

The Company's shares are compulsorily traded in the dematerialised form. To expedite transfers in physical form, a Committee of Executives of the Company has been authorised to look into various matters like share transfers/transmissions, issue of new certificates in split/consolidation, etc. The Committee comprises of the following executives:

Mr. A. K. Puri, Chief Executive Officer;  
Mr. P. G. Date, Chief Financial Officer; and  
Mr. Shailendra Dindore, Secretary

Share transfers approved by the committee are placed at the Board meeting from time to time. The Company attends to the investor correspondence promptly. There are no pending share transfers as on 31<sup>st</sup> March, 2003.

## 6. General Body Meetings

Details of the location of the last three Annual General Meetings (AGM), including the Extraordinary General Meeting (EGM), and the details of the resolutions passed or to be passed by Postal Ballot

| AGM for the financial year ended | Date & Time of AGM                   | Venue  |
|----------------------------------|--------------------------------------|--|
| 2002                             | 15th July, 2002<br>at 2.00 p.m.      | Quality Circle Excellence Centre, J/P-10, Telco Road, Bhosari, Pune 411 026        |
| 2001                             | 19th September, 2001<br>at 2.00 p.m. | Quality Circle Excellence Centre, J/P-10, Telco Road, Bhosari, Pune 411 026        |
| 2000                             | 15th March, 2001 at<br>10.30 a.m.    | Gandhi Memorial Hall, Pyare Lal Bhawan, Bahadur Shah Zafar Marg, New Delhi 110 002 |

Extra Ordinary General Meeting was convened by the High Court of Delhi on 4<sup>th</sup> November, 2000 at 10.30 a.m. for the approval of the Scheme of Arrangement (demerger) u/s 391 to 394 of the Companies Act, 1956.

The Shareholders passed all the resolutions set out in the respective Notices. No Postal ballots were used for voting at these meetings. At the forthcoming AGM, there is no item on the agenda that needs approval by postal ballot.

## 7. Disclosure

- During the year 2002 – 03, the Company has related party transactions as is envisaged under the Corporate Governance Code which have been mentioned in Note 7 under Schedule 17 of the Accounts.
- There has not been any non compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets, during the last year.

## 8. Means of Communication

**Half yearly report to shareholders, Quarterly Results, Newspaper in which published, Website etc.**

The Quarterly, Half Yearly and Annual Results are generally published by the Company in an English daily and a Marathi daily as required under the Listing Agreement with the Stock Exchanges. The same are also faxed to the Stock Exchanges where the shares of the Company are listed. The Company currently does not have a Website. The Half Yearly reports are not sent to household of shareholders, however, if any, shareholder seeks any information then the same is provided by the Company.

Management Discussion and Analysis Report has been covered in the Directors' Report.



## 9. General Shareholder Information

- AGM : Date, Time and Venue 30<sup>th</sup> June, 2003 at 3.00 p.m. at "Nehru Memorial Hall", Atur Foundation House, 4, Dr. Ambedkar Road, Pune 411 001
- Profile of Directors being appointed and re-appointed

The additional information required under Clause 49 (VI) (A) of the Listing agreement in respect of Directors eligible for re-appointment is as under:

### Mr. D.S. Gupta

The Board of Directors appointed Mr. D.S. Gupta as a Director of the Company w.e.f. 7<sup>th</sup> July, 1997. He was appointed as a Director liable to retire by rotation by the shareholders at the Annual General Meeting held on 18<sup>th</sup> September, 1997.

Mr. Gupta is Managing Director of Tata AutoComp Systems Limited. He has a Bachelor's degree in Mechanical Engineering from Indian Institute of Technology, Kanpur and a Post Graduate Diploma in Business Administration from Indian Institute of Management, Ahmedabad. He has more than 29 years of rich experience in the Industry. He is also a Director of other Tata Companies. His Directorships and Committee Memberships of other companies, as on date, are as follows:

| Company  | Position          | Committee Memberships                                     |
|--|-------------------|---|
| Tata AutoComp Systems Limited                        | Managing Director | -   |
| Tata Johnson Controls Automotive Limited             | Director          | Audit Committee Member<br>Remuneration Committee Chairman |
| Tata Toyo Radiator Limited                           | Director          | -   |
| Tata Auto Plastic Systems Limited                    | Director          | Remuneration Committee Member                             |
| Tata Ficosa Automotive Systems Limited               | Director          | Audit Committee Chairman                                  |
| Tata Yazaki Autocomp Limited                         | Director          | Audit Committee Chairman                                  |
| TC Springs Limited                                   | Director          | Audit Committee Chairman                                  |
| Tata Nifco Fasteners Limited                         | Director          | -   |
| JBM Sungwoo Limited                                  | Director          | -   |
| Automotive Composite Systems (International) Limited | Director          | Audit Committee Member<br>Remuneration Committee Chairman |
| Tata Yutaka Autocomp Limited                         | Director          | Audit Committee Member                                    |

### Mr. Satish Pradhan

The Board of Directors appointed Mr. Satish Pradhan as a Director of the Company w.e.f. 8<sup>th</sup> May, 2002. He was appointed as a Director liable to retire by rotation by the shareholders at the Annual General Meeting held on 15<sup>th</sup> July, 2002.

Mr. Pradhan is 48 years of age and is Executive Vice President – Group Human Resources of Tata Sons Ltd. He has over 24 years of experience in the field of HR activities. He is

also a Director of other Tata companies. His Directorships and Committee Memberships of other companies, as on date, are as follows:

| Company                          | Position | Committee Memberships         |
|----------------------------------|----------|-------------------------------|
| TAL Manufacturing Solutions Ltd. | Director | Audit Committee Member        |
| Tata AutoComp Systems Ltd.       | Director | Remuneration Committee Member |

As required under Clause 49 (VI) (A), particulars of Additional Directors seeking appointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on 30th June, 2003.

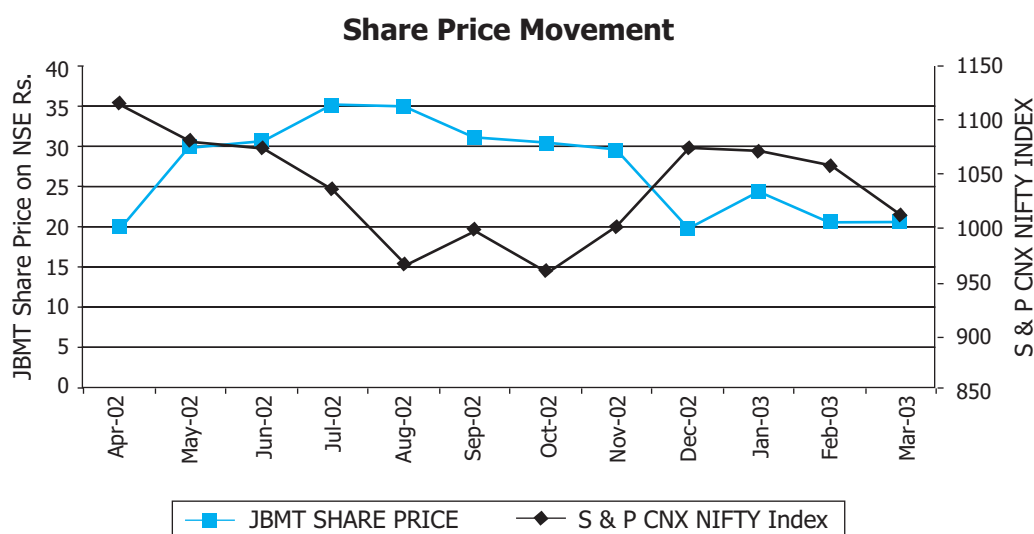
- Financial calendar
  - i) April to March
  - ii) First Quarter Results – last week of July
  - iii) Half yearly Results – last week of October
  - iv) Third Quarter Results – last week of January
  - v) Results for the year ending 31<sup>st</sup> March, 2004 - First week of May 2004
  
- Date of Book Closure 23<sup>rd</sup> June 2003 to 30<sup>th</sup> June 2003 (Both days inclusive)
  
- Listing on Stock Exchanges
  - Pune Stock Exchange Limited
  - The Stock Exchange, Mumbai
  - National Stock Exchange of India Ltd.
  - The Delhi Stock Exchange Association Ltd.
  
  - The Company has paid listing fees for the period 1<sup>st</sup> April 2003 to 31<sup>st</sup> March, 2004
  
- Stock Code - Physical
  - JBMT on The National Stock Exchange
  - 520119 on The Stock Exchange, Mumbai
  - JBMTL 160285 on Pune Stock Exchange

Demat ISIN Number for NSDL & CDSL INE900C01027

- High/Low of market price of the Company's shares traded on the Stock Exchange, Mumbai during the year 2002 – 2003 is furnished below:

| Period         | High (Rupees) | Low (Rupees) | Period        | High (Rupees) | Low (Rupees) |
|----------------|---------------|--------------|---------------|---------------|--------------|
| April 2002     | 33.45         | 8.90         | October 2002  | 30.40         | 30.40        |
| May 2002       | 31.45         | 27.25        | November 2002 | 30.40         | 27.55        |
| June 2002      | 35.50         | 27.10        | December 2002 | 18.75         | 18.65        |
| July 2002      | 38.50         | 31.90        | January 2003  | 25.20         | 21.90        |
| August 2002    | -             | -            | February 2003 | 22.00         | 22.00        |
| September 2002 | 32.00         | 32.00        | March 2003    | -             | -            |

- Stock Performance of the Company in comparison to S & P Nifty Index



- Registrar and Transfer Agents

The Company has appointed M/s MCS Limited as the Registrar and Transfer Agents having their office at:

First Floor, 116-118, Akshay Complex, Off Dhole Patil Road, Near Ganesh Mandir, Pune 411 001.  
Tel. No. (020) 6129597 / 4017205  
Fax No. (020) 6129597  
Email ID:mcspune@vsnl.net

- Share Transfer System

All the transfers received are processed by the Registrar and Transfer Agent and are approved by the Committee of Executives of the Company constituted in this behalf. The Committee attends to share transfer formalities once in a fortnight. Share transfers are registered and returned within maximum of 25 – 30 days from the date of lodgement, if documents are complete in all respects.

- Distribution of Shareholding and shareholding pattern as on 31.03.2003.

The distribution of shareholding as on 31.03.2003 is as follows:

| Number of Shareholders | % to Total    | Share Holding of Nominal Value of Rs. | No. of Shares   | Amount in Rs.    | % to Total    |
|------------------------|---------------|---------------------------------------|-----------------|------------------|---------------|
| 1660                   | 89.39         | Upto 5,000                            | 213275          | 2132750          | 2.09          |
| 99                     | 5.33          | 5,001 to 10,000                       | 67407           | 674070           | 0.66          |
| 43                     | 2.32          | 10,001 to 20,000                      | 57926           | 579260           | 0.57          |
| 24                     | 1.29          | 20,001 to 30,000                      | 57683           | 576830           | 0.57          |
| 7                      | 0.38          | 30,001 to 40,000                      | 23892           | 238920           | 0.24          |
| 4                      | 0.22          | 40,001 to 50,000                      | 18631           | 186310           | 0.18          |
| 6                      | 0.32          | 50,001 to 1,00,000                    | 45366           | 453660           | 0.44          |
| 14                     | 0.75          | 1,00,001 & above                      | 9714361         | 97143610         | 95.25         |
| <b>1857</b>            | <b>100.00</b> | <b>Total</b>                          | <b>10198541</b> | <b>101985410</b> | <b>100.00</b> |

Shareholding pattern as on 31.03.2003

| Category   | No. of Shares   | Percentage of shareholding |
|--|-----------------|----------------------------|
| Promoters  | 8296280         | 81.35                      |
| Mutual Funds   | 311423          | 3.05                       |
| Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions, etc. | 866051          | 8.49                       |
| Foreign Institutional Investors  | 120             | 0.00                       |
| Private Corporate Bodies   | 123230          | 1.21                       |
| Indian Public  | 524108          | 5.14                       |
| Non Resident Indians   | 77329           | 0.76                       |
| <b>GRAND TOTAL</b>   | <b>10198541</b> | <b>100.00</b>              |

- Dematerialisation of shares and liquidity 97.77% equity shares of the Company have been dematerialised as on 31<sup>st</sup> March, 2003.
- Plant Locations The Company's plants are located at Pune (Bhosari and Chakan) in Maharashtra and Halol at Vadodara in Gujarat.
- Address for correspondence Shareholders correspondence should be addressed to our Registrars & Share Transfer Agents at the address mentioned above.

Shareholders may also contact Secretary of the Company at the Registered Office of the Company for any assistance.

Tel. (020) 712 1677 / 711 0870 / 7121500

Fax – (020) 7123147

Email ID: corporate@jbmt pune.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

## 10. Auditors' Certificate on Corporate Governance

As required under clause 49 of the Listing Agreement, the Auditors' Certificate on compliance of the Corporate Governance norms is attached.

## 11. Insider Trading Regulations

The amendments to the SEBI (Prohibition of Insider Trading) Regulations, 1992 make it mandatory for every listed company to formulate a Code of Conduct for its Directors, Officers and Employees. Accordingly, Tata Group has brought out the Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices which the Company has adopted. The Chief Financial Officer of the Company, Mr. P.G. Date is the Compliance Officer for these regulations. The Board has also constituted an Ethics and Compliance Committee on 29th July, 2002 primarily to set forth the policies relating to and overseeing the implementation of the code. Mr. Atul Bhansal and Mr. Rajiv Bakshi are the members of the said Committee. Mr. S. Visvanathan who was initially a member resigned from the Board, consequently from the Committee and in his place Mr. Rajiv Bakshi became a member.

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS****To the Members of JBM Tools Limited**

1. We have reviewed the implementation of Corporate Governance procedures by JBM Tools Limited during the year ended 31<sup>st</sup> March, 2003 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

3. On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the Stock Exchanges have been complied with in all material respect by the Company.

Place : Mumbai  
Date : May 6, 2003

**P. N. Ghatalia**  
Partner  
**For and on behalf of**  
Price Waterhouse  
Chartered Accountants

**To the Members of JBM Tools Limited**

1. We have audited the attached Balance Sheet of JBM Tools Limited as at March 31, 2003 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report 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 those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
  - (e) On the basis of written representations received from the directors, as on March 31, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2003;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**P.N. Ghatalia**

Partner

For and on behalf of

**Price Waterhouse**

Chartered Accountants

Place: Mumbai

Date: May 6, 2003

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of JBM Tools Limited on the accounts for the year ended March 31, 2003]

- (i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) The Company's phased programme of physical verification of all its fixed assets is, in our opinion, reasonable having regard to the size of the Company and the nature of its assets. Accordingly, a portion of the fixed assets has been physically verified by the management during the year. As explained to us, no material discrepancies have been noticed on such verification.
- (ii) The fixed assets of the Company have not been revalued during the year.
- (iii) The stocks of raw materials, packing materials, work in process, finished goods, and stores and spares of the Company have been physically verified by the Management during the year. In respect of stocks lying with third parties, confirmations / statements have been obtained by the Company.
- (iv) In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (v) The discrepancies between the physical stocks and the book stocks which have been properly dealt with in the books of account were not material.
- (vi) In our opinion, the valuation of stocks of raw materials, packing materials, work in process, finished goods, and stores and spares has been fair and proper in accordance with the normally accepted accounting principles followed in India and is on the same basis as in the earlier years.
- (vii) The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Act. In terms of sub-section (6) of Section 370 of the Act, the provisions of the Section are not applicable to a Company on or after the commencement of The Companies (Amendment) Act, 1999 of India.
- (viii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act. In terms of sub-section (6) of Section 370 of the Act, the provisions of the section are not applicable to a company on or after the commencement of The Companies (Amendment) Act, 1999 of India.
- (ix) The parties (including employees) to whom loans or advances in the nature of loans have been given by the company are repaying the principal amounts as stipulated and are also regular in payment of interest, wherever applicable.
- (x) In our opinion and having regard to the explanation that, in a few cases as the items are of a special nature and no alternative quotations are available, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of stores, raw materials including components, plant and machinery, equipment and similar assets and for the sale of goods.
- (xi) The Company has not purchased goods and materials and sold goods, materials and services aggregating Rs.50,000 or more in value from / to any of the parties listed in the register maintained under Section 301 of the Act.
- (xii) The Company has a system of determining unserviceable or damaged stores, raw material or finished goods on the basis of technical evaluation and on such basis, in our opinion, adequate amounts have been written off in respect of such stocks in the accounts.
- (xiii) The Company has not accepted any deposits from the public to which the provisions of Section 58A of the Act and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.

- (xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap and waste where applicable and significant. The Company does not have any by-product.
- (xv) In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
- (xvi) On the basis of the records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India under Section 209(1)(d) of the Act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (xvii) The Company has been regular in depositing during the year, Provident Fund and Employees' State Insurance dues, where applicable, with the appropriate authorities in India.
- (xviii) At the last day of the financial year, there were no amounts outstanding in respect of undisputed income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
- (xix) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices followed in India, we have not come across any personal expenses which have been charged to the Profit and Loss Account other than those payable under contractual obligations and accepted business practices, nor have we been informed of such a case by the Management.
- (xx) The Company is not a sick industrial company within the meaning of Clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.
- (xxi) In respect of services rendered:
- (a) Considering the nature of services rendered and the basis of billing, it is not considered to be necessary to have a system of allocation of consumption of materials and stores to the relative jobs. However, the Company has a reasonable system of recording receipts, issues and consumption of materials and stores.
- (b) Considering the nature of services rendered and the basis of billing, it is not considered to be necessary to have a system of allocation of man-hours utilised to the relative jobs.
- (c) In our opinion, there is a reasonable system of authorisation at proper levels and the related system of internal control of the Company is commensurate with the size of the Company and the nature of its business.

Place : Mumbai  
Date : May 6, 2003

**P.N. Ghatalia**  
Partner  
For and on behalf of  
**Price Waterhouse**  
Chartered Accountants



# BALANCE SHEET

BALANCE SHEET AS AT MARCH 31, 2003

(Rs. in '000)

|  | Schedule No. | As at<br>31st March 2003 | As at<br>31st March 2002 |
|--|--------------|--------------------------|--------------------------|
| <b>SOURCES OF FUNDS</b>  |              |                          |                          |
| <b>Shareholders' funds</b>                                     |              |                          |                          |
| Share Capital  | 1            |                          |                          |
| Equity Share Capital   |              | 101,985                  | 101,985                  |
| Preference Share Capital                                       |              | 120,000                  | -                        |
| Reserves and Surplus   | 2            | 194,859                  | 194,859                  |
|  |              | <b>416,844</b>           | 296,844                  |
| <b>Loan Funds</b>  |              |                          |                          |
| Secured Loans  | 3            | 202,264                  | 205,328                  |
| Unsecured Loans  | 4            | 60,578                   | 476,544                  |
|  |              | <b>262,842</b>           | 681,872                  |
| <b>Total</b>   |              | <b>679,686</b>           | 978,716                  |
| <b>APPLICATION OF FUNDS</b>                                    |              |                          |                          |
| <b>Fixed Assets</b>  |              |                          |                          |
| Gross Block  | 5            | 824,612                  | 798,742                  |
| Less: Depreciation   |              | 283,590                  | 214,679                  |
| <b>Net Block</b>   |              | <b>541,022</b>           | 584,063                  |
| Capital work-in-progress                                       |              | 10,658                   | 7,045                    |
|  |              | <b>551,680</b>           | 591,108                  |
| <b>Investments</b>   | 6            | -                        | 123,917                  |
| <b>Current Assets, Loans and Advances</b>                      |              |                          |                          |
| Inventories  | 7            | 153,478                  | 123,823                  |
| Sundry Debtors   | 8            | 148,790                  | 266,663                  |
| Cash and Bank Balances   | 9            | 23,947                   | 882                      |
| Loans and Advances   | 10           | 40,772                   | 23,265                   |
|  |              | <b>366,987</b>           | 414,633                  |
| <b>Less: Current Liabilities and Provisions</b>                |              |                          |                          |
| Current Liabilities  | 11           | 274,454                  | 362,612                  |
| Provisions   |              | 7,585                    | 3,185                    |
| <b>Net Current Assets</b>                                      |              | <b>84,948</b>            | 48,836                   |
| <b>Deferred Tax Asset (net)</b><br>(Refer Schedule 17, Note 9) |              | <b>15,385</b>            | 65,597                   |
| <b>Profit and Loss Account</b>                                 |              | <b>27,673</b>            | 149,258                  |
| <b>Total</b>   |              | <b>679,686</b>           | 978,716                  |
| <b>Significant Accounting Policies</b>                         | 16           |                          |                          |
| <b>Notes to Accounts</b>                                       | 17           |                          |                          |

Schedules referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board

**P.N. Ghatalia**  
Partner  
For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

**D. S. Gupta**  
*Chairman*

**Rajiv Dube**  
**Deepak Bhandari**  
**Rajiv Bakshi**  
*Directors*

**Shailendra Dindore**  
*Secretary*

Place: Mumbai  
Date: May 6, 2003

# PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003

(Rs. in '000)

|  | Schedule No. | For the year ended March 31, 2003 | For the year ended March 31, 2002 |
|--|--------------|-----------------------------------|-----------------------------------|
| <b>INCOME</b>  |              |                                   |                                   |
| Sales (Gross)  | 12           | 1,489,305                         | 1,126,935                         |
| Less : Excise Duty   |              | 212,244                           | 160,981                           |
| Sales (Net)  |              | 1,277,061                         | 965,954                           |
| Other Income   | 13           | 204,623                           | 16,306                            |
|  |              | <b>1,481,684</b>                  | 982,260                           |
| <b>EXPENDITURE</b>   |              |                                   |                                   |
| Manufacturing and other expenses                                       | 14           | 1,187,965                         | 874,258                           |
| <b>Profit before Interest, Depreciation and Taxation</b>               |              | <b>293,719</b>                    | 108,002                           |
| <b>Less :</b>  |              |                                   |                                   |
| Interest and Finance Charges   | 15           | 43,166                            | 86,493                            |
| Depreciation   | 5            | 69,118                            | 69,023                            |
|  |              | <b>112,284</b>                    | 155,516                           |
| <b>Profit / (Loss) Before Taxation</b>                                 |              | <b>181,435</b>                    | (47,514)                          |
| Provision for taxation   |              |                                   |                                   |
| Current Tax (including wealth tax)                                     |              | 9,638                             | -                                 |
| Deferred Tax   |              | 50,212                            | (21,581)                          |
| <b>Profit / (Loss) After Taxation</b>                                  |              | <b>121,585</b>                    | (25,933)                          |
| Balance brought forward from previous year                             |              | (149,258)                         | (167,341)                         |
| Deferred tax Credit for earlier years                                  |              | -                                 | (44,016)                          |
| <b>Balance carried forward to the Balance Sheet</b>                    |              | <b>(27,673)</b>                   | (149,258)                         |
| <b>Basic/Diluted Earnings per share</b><br>(Refer Schedule 17, Note 8) |              | <b>11.11</b>                      | (2.54)                            |
| <b>Significant Accounting Policies</b>                                 |              |                                   |                                   |
| <b>Notes to Accounts</b>   |              |                                   |                                   |
|  | 16           |                                   |                                   |
|  | 17           |                                   |                                   |

Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

**For and on behalf of the Board**

**P.N. Ghatalia**  
Partner  
For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

**D. S. Gupta**  
*Chairman*

**Rajiv Dube**  
**Deepak Bhandari**  
**Rajiv Bakshi**  
*Directors*

**Shailendra Dindore**  
*Secretary*

Place: Mumbai  
Date: May 6, 2003

|   | As at<br>31st March 2003 | As at<br>31st March 2002 |
|---|--------------------------|--------------------------|
| <b>1 SHARE CAPITAL</b>  |                          |                          |
| Authorised :  |                          |                          |
| 10,800,000 Equity Shares of Rs.10 each  | <b>108,000</b>           | 108,000                  |
| 16,000,000 (Previous year 1,200,000) Preference Shares of Rs. 10 each   | <b>160,000</b>           | 12,000                   |
|   | <b>268,000</b>           | 120,000                  |
| Issued, Subscribed and Paid-up :  |                          |                          |
| 10,198,541 Equity Shares of Rs. 10 each fully paid-up   | <b>101,985</b>           | 101,985                  |
| 12,000,000 12% Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up (Redeemable at the expiry of 5 years from the date of allotment, with an option to the Company to redeem before maturity) | <b>120,000</b>           | -                        |
|   | <b>221,985</b>           | 101,985                  |
| <b>2 RESERVES AND SURPLUS</b>   |                          |                          |
| Share Premium   | <b>194,859</b>           | 194,859                  |
|   | <b>194,859</b>           | 194,859                  |
| <b>3 SECURED LOANS</b>  |                          |                          |
| <b>A. From Banks</b>  |                          |                          |
| Term loan (Refer note (a) below)<br>(Payable within one year Rs. 50,000 thousand,<br>Previous year Rs. 74,584 thousand)   | <b>182,780</b>           | 186,940                  |
| Working Capital Loans (Refer note (b) below)  | <b>19,406</b>            | 17,999                   |
| <b>B. From Others</b>   |                          |                          |
| Other Loans (Refer note (c) below)<br>(Payable within one year Rs. 78 thousand,<br>Previous year Rs. 311 thousand)  | <b>78</b>                | 389                      |
|   | <b>202,264</b>           | 205,328                  |
| Notes :   |                          |                          |
| (a) Secured by hypothecation of fixed assets of Chakan plant and a first charge by way of equitable mortgage of immovable property of Chakan plant of the Company.  |                          |                          |
| (b) Secured by hypothecation of stocks of all types and book debts and second charge on the Company's fixed assets both present and future.   |                          |                          |
| (c) Secured by hypothecation of vehicles.   |                          |                          |
| <b>4 UNSECURED LOANS</b>  |                          |                          |
| Interest Free Sales Tax Loan  | <b>60,578</b>            | 136,973                  |
| Inter Corporate Deposits  | -                        | 290,000                  |
| Interest accrued and due on Inter Corporate Deposits  | -                        | 49,571                   |
|   | <b>60,578</b>            | 476,544                  |

## Schedules forming part of the Accounts for the year ended March 31, 2003 ..(Contd)

## 5. FIXED ASSETS (Refer Schedule 16, Note 2)

| PARTICULARS                                  | (Rs. in '000)         |                                     |                                 |                     |                     |                                 |                                    |                     |                     |         |
|--|-----------------------|-------------------------------------|---------------------------------|---------------------|---------------------|---------------------------------|------------------------------------|---------------------|---------------------|---------|
|  | Gross Block (at cost) |                                     |                                 |                     |                     | Depreciation                    |                                    |                     | Net Block           |         |
|  | As at<br>01.04.2002   | Additions<br>during the<br>year     | Deletions<br>during the<br>year | As at<br>31.03.2003 | As at<br>01.04.2002 | Depreciation<br>for the<br>year | On deletions<br>during the<br>year | As at<br>31.03.2003 | As at<br>31.03.2002 |         |
| Land - Freehold                              | 3,046                 | -                                   | -                               | 3,046               | -                   | -                               | -                                  | -                   | 3,046               | 3,046   |
| Land - Lease Hold                            | 8,201                 | -                                   | -                               | 8,201               | 756                 | 108                             | -                                  | 864                 | 7,337               | 7,446   |
| Factory Building                             | 156,099               | 3,332                               | -                               | 159,431             | 20,867              | 5,242                           | -                                  | 26,109              | 133,322             | 135,231 |
| Office Building                              | 6,594                 | 219                                 | -                               | 6,813               | 276                 | 109                             | -                                  | 385                 | 6,428               | 6,318   |
| Plant & Machinery                            | 598,852               | 14,128<br>(Refer Note (1)<br>below) | -                               | 612,980             | 185,217             | 60,069                          | -                                  | 245,286             | 367,694             | 413,635 |
| Tools, Jigs & Fixtures                       | 9,505                 | 145                                 | 193                             | 9,457               | 2,053               | 974                             | 50                                 | 2,977               | 6,480               | 7,451   |
| Furniture & Fixtures<br>and Office equipment | 13,580                | 7,254                               | 129                             | 20,705              | 5,035               | 2,289                           | 63                                 | 7,261               | 13,444              | 8,545   |
| Vehicles                                     | 2,864                 | 1,481                               | 366                             | 3,979               | 475                 | 327                             | 94                                 | 708                 | 3,271               | 2,390   |
|  | 798,741               | 26,559                              | 688                             | 824,612             | 214,679             | 69,118                          | 207                                | 283,590             | 541,022             | 584,062 |
| Capital Work<br>in Progress                  |                       |                                     |                                 |                     |                     |                                 |                                    |                     | 10,658              | 7,045   |
| Total  |                       |                                     |                                 |                     |                     |                                 |                                    |                     | 551,680             | 591,107 |
| Previous year                                | 780,576               | 26,355                              | 8,190                           | 798,741             | 147,835             | 69,024                          | 2,180                              | 214,679             | 584,062             |         |

## Note :

1. Includes exchange loss (Net) Rs. Nil (Previous year Rs. 872 thousand)



## SCHEDULES

Schedules forming part of the Accounts for the year ended March 31, 2003 ..(Contd.) (Rs. in '000)

|  | As at<br>31st March 2003 | As at<br>31st March 2002 |
|--|--------------------------|--------------------------|
| <b>6 INVESTMENTS</b>   |                          |                          |
| <b>Long term at cost-other than Trade</b>  |                          |                          |
| Quoted :   |                          |                          |
| - Nil (Previous year 20,000) Equity Shares of Bank of Baroda of Rs.10 each fully paid up             | -                        | 1,700                    |
| Unquoted :   |                          |                          |
| - Nil (Previous year 64,79,000) Equity Shares of JBM-Sungwoo Limited of Rs.10 each fully paid up     | -                        | 64,745                   |
| - Nil (Previous year 3,45,000) Equity Shares of Jay Bharat Breed Limited of Rs.10 each fully paid up | -                        | 3,450                    |
| Advance towards purchase of shares of Thyssen Krupp JBM Private Limited                              | -                        | 55,000                   |
|  | -                        | 124,895                  |
| Less: Provision for diminution   | -                        | 978                      |
|  | -                        | 123,917                  |
| Aggregate value of Quoted investments<br>(Market value Rs. Nil [Previous Year Rs. 952 thousand])     | -                        | 1,700                    |
| Aggregate value of Unquoted investments  | -                        | 123,195                  |
| <b>7 INVENTORIES</b><br>(Refer Schedule 16, Note 3)  |                          |                          |
| Stores and Spares  | <b>4,478</b>             | 4,042                    |
| Raw Material and Components  | <b>105,786</b>           | 85,509                   |
| Work-in-Process  | <b>40,489</b>            | 27,706                   |
| Finished Goods   | <b>723</b>               | 693                      |
| Scrap  | <b>2,002</b>             | 5,873                    |
|  | <b>153,478</b>           | 123,823                  |
| <b>8 SUNDRY DEBTORS</b>  |                          |                          |
| - Unsecured  |                          |                          |
| Debts considered good  |                          |                          |
| Outstanding for a period exceeding six months  | <b>14,496</b>            | 2,571                    |
| Others   | <b>134,294</b>           | 264,092                  |
|  | <b>148,790</b>           | 266,663                  |
| Debts considered doubtful  |                          |                          |
| Outstanding for a period exceeding six months  | <b>3,947</b>             | 5,948                    |
| Less : Provision for doubtful debts  | <b>3,947</b>             | 5,948                    |
|  | -                        | -                        |
|  | <b>148,790</b>           | 266,663                  |

Schedules forming part of the Accounts for the year ended March 31, 2003 ..(Contd.) (Rs. in '000)

|   | As at<br>31st March 2003 | As at<br>31st March 2002 |
|---|--------------------------|--------------------------|
| <b>9 CASH AND BANK BALANCES</b>   |                          |                          |
| Cash on Hand  | 92                       | 70                       |
| Balances with Scheduled Banks :   |                          |                          |
| On Current Accounts   | 66                       | 428                      |
| On Dividend Accounts  | 379                      | 379                      |
| On Deposit Accounts*  | 23,410                   | 5                        |
|   | <b>23,947</b>            | 882                      |
| <i>*Includes Deposit of Rs. 910 thousand (Previous year Rs. 5 thousand) under Bank's lien</i>               |                          |                          |
| <b>10 LOANS AND ADVANCES</b>  |                          |                          |
| (Unsecured - considered good)   |                          |                          |
| Advances recoverable in cash or in kind or for value to be received   | 36,035                   | 11,228                   |
| Balance with Excise Authorities   | 4,737                    | 11,833                   |
| Balance with Income Tax (including tax deducted at source)  | -                        | 204                      |
|   | <b>40,772</b>            | 23,265                   |
| <b>11 CURRENT LIABILITIES AND PROVISIONS</b>  |                          |                          |
| <b>CURRENT LIABILITIES</b>  |                          |                          |
| Sundry Creditors  |                          |                          |
| Due to Small Scale Industrial Undertakings (Refer Schedule 17, Note 3)                                      | 15,100                   | 34,798                   |
| Due to creditors other than Small Scale Industrial Undertakings   | 189,578                  | 264,979                  |
| Advances from customers   | 492                      | 11,576                   |
| Unclaimed Dividend*   | 379                      | 379                      |
| Other liabilities   | 68,905                   | 45,746                   |
| Interest accrued but not due  | -                        | 5,134                    |
|   | <b>274,454</b>           | 362,612                  |
| <i>* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.</i> |                          |                          |
| <b>PROVISIONS</b>   |                          |                          |
| Provision for Gratuity  | 4,260                    | 2,381                    |
| Provision for Leave encashment  | 888                      | 804                      |
| Provision for taxation (Net of Advance tax and Tax deducted at source)                                      | 2,437                    | -                        |
|   | <b>7,585</b>             | 3,185                    |
|   | <b>282,039</b>           | 365,797                  |



# SCHEDULES

Schedules forming part of the Accounts for the year ended March 31, 2003 ..(Contd.) (Rs. in '000)

|   | For the year ended<br>March 31, 2003 | For the year ended<br>March 31, 2002 |
|---|--------------------------------------|--------------------------------------|
| <b>12 SALES</b>   |                                      |                                      |
| Turnover of goods and job work<br>(Refer Schedule 16, Note 4)   | <b>1,314,969</b>                     | 1,016,212                            |
| Sale of scrap   | <b>174,336</b>                       | 110,723                              |
|   | <b>1,489,305</b>                     | 1,126,935                            |
| <b>13 OTHER INCOME</b>  |                                      |                                      |
| Dividend received on<br>Long Term Non-Trade Investments   | <b>13,078</b>                        | 13,038                               |
| Profit on sale of investments   | <b>97,250</b>                        | -                                    |
| Gain on remission of liability<br>(Refer Schedule 17, Note 4)   | <b>85,373</b>                        | -                                    |
| Interest received on Bank Deposits and<br>other deposits<br>(Tax deducted at source Rs. 30 thousand<br>[Previous year Rs. 15 thousand]) | <b>509</b>                           | 162                                  |
| Provision for Doubtful debts written back   | <b>2,002</b>                         | -                                    |
| Miscellaneous Receipts  | <b>6,411</b>                         | 3,106                                |
|   | <b>204,623</b>                       | 16,306                               |
| <b>14 MANUFACTURING AND OTHER EXPENSES</b>  |                                      |                                      |
| (i) Raw Material Consumed   | <b>886,046</b>                       | 629,522                              |
| (ii) Decrease / (Increase) in Stock   |                                      |                                      |
| Opening Stock   |                                      |                                      |
| Work in process   | <b>27,706</b>                        | 34,774                               |
| Finished goods  | <b>693</b>                           | 774                                  |
| Scrap   | <b>5,873</b>                         | 3,177                                |
|   | <b>34,272</b>                        | 38,725                               |
| Less : Closing Stock  |                                      |                                      |
| Work in process   | <b>40,489</b>                        | 27,707                               |
| Finished goods  | <b>723</b>                           | 693                                  |
| Scrap   | <b>2,002</b>                         | 5,873                                |
|   | <b>43,214</b>                        | 34,273                               |
| Decrease / (Increase) in stock  | <b>(8,942)</b>                       | 4,452                                |
| (iii) Stores and spares consumed  | <b>22,622</b>                        | 20,692                               |
| (iv) Processing charges   | <b>60,448</b>                        | 47,425                               |
| (v) Power and Fuel  | <b>30,172</b>                        | 24,617                               |
| (vi) Repairs and Maintenance  |                                      |                                      |
| - Plant and Machinery   | <b>11,008</b>                        | 8,991                                |
| - Building  | <b>3,588</b>                         | 1,946                                |
| - Others  | <b>5,824</b>                         | 4,178                                |
|   | <b>20,420</b>                        | 15,115                               |
| Carried forward   | <b>1,010,766</b>                     | 741,823                              |

Schedules forming part of the Accounts for the year ended March 31, 2003 ..(Contd.) (Rs. in '000)

|   | For the year ended<br>March 31, 2003 | For the year ended<br>March 31, 2002 |
|---|--------------------------------------|--------------------------------------|
| <b>14 MANUFACTURING AND OTHER EXPENSES (Contd.)</b>                 |                                      |                                      |
| Brought Forward   | <b>1,010,766</b>                     | 741,823                              |
| (vii) Payments to and provisions for employees                      |                                      |                                      |
| Salaries and Wages  | <b>80,748</b>                        | 68,304                               |
| Contribution to Employees State Insurance Scheme and Provident Fund | <b>5,750</b>                         | 4,186                                |
| Staff Welfare   | <b>5,139</b>                         | 5,502                                |
| (viii) Expenses for administration and selling                      |                                      |                                      |
| Travelling and Conveyance   | <b>4,797</b>                         | 3,367                                |
| Communication Expenses  | <b>2,598</b>                         | 2,412                                |
| Rent (including Land Lease Rent)                                    | <b>72</b>                            | 86                                   |
| Rates and Taxes   | <b>4,559</b>                         | 4,318                                |
| Insurance   | <b>2,542</b>                         | 1,927                                |
| Auditors' Remuneration  |                                      |                                      |
| - Audit fee   | <b>400</b>                           | 400                                  |
| - Tax Audit fee   | <b>90</b>                            | 50                                   |
| - Others  | <b>210</b>                           | 75                                   |
|   | <b>700</b>                           | 525                                  |
| Administration Service Charges                                      | <b>33,805</b>                        | 4,351                                |
| Advertisement and Publicity   | <b>253</b>                           | 212                                  |
| Provision for Doubtful debts  | <b>-</b>                             | 2,906                                |
| Bad debts written off   | <b>3,636</b>                         | -                                    |
| Loss on sale/write off of Assets (net)                              | <b>359</b>                           | 27                                   |
| Packing Material  | <b>1,884</b>                         | 1,436                                |
| Warranty expenses   | <b>282</b>                           | 204                                  |
| Freight Outward   | <b>22,395</b>                        | 19,704                               |
| Deferred Revenue Expenditure written off                            | <b>-</b>                             | 7,185                                |
| Miscellaneous Expenses  | <b>7,680</b>                         | 5,783                                |
|   | <b>1,187,965</b>                     | 874,258                              |
| <b>15 INTEREST AND FINANCE CHARGES</b>                              |                                      |                                      |
| Interest  |                                      |                                      |
| - On term loans   | <b>14,955</b>                        | 37,326                               |
| - Others  | <b>26,582</b>                        | 48,167                               |
| Bank charges  | <b>1,629</b>                         | 1,000                                |
|   | <b>43,166</b>                        | 86,493                               |



**16 SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements are prepared under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles and Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, of India.

**2. FIXED ASSETS AND DEPRECIATION**

Fixed assets are stated at cost of acquisition or construction (net of Cenvat Credits), less accumulated depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised and include borrowing costs directly attributable to construction or acquisition of fixed assets, upto the date the asset is put to use.

Depreciation on fixed assets for the year has been provided as under:

- (a) Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956, of India except in case of certain assets, depreciation has been provided at higher rates based on useful life as determined by the management.
- (b) Leasehold land is amortised over the period of lease.
- (c) Except for items for which 100% depreciation rates are applicable, depreciation on assets added / disposed off during the year has been provided on pro-rata basis with reference to the month of addition / disposal.
- (d) Depreciation on incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets has been provided as aforesaid over the residual life of the respective assets.

**3. INVESTMENTS**

Long term investments are stated at cost of acquisition and provision for diminution in value is made only if such decline is other than temporary in the opinion of management.

**4. INVENTORIES**

- (a) Raw materials, components, stores and spares are valued at cost on First in First out (FIFO) basis.
- (b) Finished goods and work-in-process are valued at cost or net realisable value whichever is lower. Finished goods and work-in-process includes cost of conversion incurred in bringing the inventories to its present location and condition.
- (c) Scrap is valued at net realisable value.

**16 SIGNIFICANT ACCOUNTING POLICIES****5. REVENUE RECOGNITION**

- (a) Sales are recognised on supply of goods to customers and are recorded gross of excise duty and net of sales tax and discounts.
- (b) Dividend income from investments is recognized when the right to receive the payments is established.

**6. FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency Assets and Liabilities are stated at the exchange rates prevailing at the date of the Balance Sheet and at forward contract rates wherever so covered. Exchange differences relating to Fixed Assets are adjusted to the cost of Fixed Assets. Any other exchange differences is dealt in the Profit and Loss Account.

**7. BORROWING COSTS**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets upto the date the asset is put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account in the year in which they are incurred.

**8. RETIREMENT BENEFITS**

- (a) Liability for gratuity and leave encashment is provided on the basis of actuarial valuation done at the end of the year.
- (b) Contribution to Provident Funds is accounted for on accrual basis.

**9. TAXATION**

- (i) Provision for current tax is made in accordance with and at the rates specified under the Income-tax Act, 1961, as amended.
- (ii) In accordance with Accounting Standard 22 – 'Accounting for taxes on Income', issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax assets arising from the timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future.

## Schedules forming part of the Accounts for the year ended March 31, 2003... (Contd.)

### 17 NOTES TO ACCOUNTS

1. Contingent liabilities:

|               |   | <b>(Rs. in '000)</b>    |                         |
|---------------|---|-------------------------|-------------------------|
| <b>Sr.No.</b> | <b>Particulars</b>                        | <b>As at 31.03.2003</b> | <b>As at 31.03.2002</b> |
| 1.            | Bills discounted                          | <b>20,341</b>           | -                       |
| 2.            | Arrears of cumulative preference dividend | <b>7,338</b>            | -                       |

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.12,822 thousand (Previous year Rs. 6,071 thousand).
3. Information regarding Small Scale Industrial Undertakings has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the auditors.

The names of Small Scale Industrial Undertakings to whom the Company owes a sum, which is outstanding for more than 30 days as at March 31, 2003, are:

|   |  |
|---|--|
| A.V.S. Enterprises<br>Eagle Engineering Corporation<br>Electro – Transf<br>Fine – Tech Engineers<br>Hindustan Fastners Pvt. Limited<br>Mak Glit Chem<br>Mechelonic Engineers Pvt. Limited<br>Poona Leather Works<br>Pugalia Engineers Pvt. Limited<br>Sricharan Enterprises<br>Agarwal Ispat Udyog<br>Ambika Industries<br>Bhushan Engineers<br>Crown Leather Works<br>Dynamic Industries<br>Eskay Industries<br>OM Packing Wood Industries | Laxmi Engineering Enterprises<br>M/s. S. K. Gandhi<br>Poona Migweld Private Limited<br>Prashant Engineering<br>Protech Engineers<br>R. P. Engineering<br>Rahul Auto Stampings Pvt. Limited<br>S. V. Industries<br>Sai Industries<br>Span Engineers<br>Swapnil Industries<br>Tri-O Enterprises<br>V.V. Industries<br>Industrial Products Company<br>Jagdish Enterprises<br>Pioneer Industries |
|---|--|

4. The Company has availed the scheme for Premature Repayment of Sales Tax Deferral Loan framed by the Government of Maharashtra and has prepaid part of the deferral loan at the prescribed net present value. This has resulted in a gain of Rs. 85,373 thousand.
5. The Company has appointed a 'Manager' in terms of section 269 of the Companies Act, 1956 with effect from May 1, 2002. The Manager's remuneration, computed in accordance with the provisions of the Companies Act, 1956 is Rs. 2,329 thousand which includes perquisites & allowances Rs. 710 thousand, contribution to funds Rs. 134 thousand and provision for incentive remuneration Rs. 990 thousand. The said remuneration does not include gratuity and leave pay provided on the basis of actuarial valuation in the accounts which is to be included for this purpose at the time of actual payment.

## Schedules forming part of the Accounts for the year ended March 31, 2003 ... (Contd.)

### 17 NOTES TO ACCOUNTS

6. Segmental Reporting:
- a) Primary Segment:  
The Company operates only in one business segment viz., "Automobile Industry".
  - b) Secondary Segment:  
The Company caters only to the needs of Indian market and accordingly there are no reportable geographical segments.
7. Related Party Disclosures:
- a) List of related parties  
Enterprises where control exists:  
Tata Industries Limited  
Tata AutoComp Systems Limited  
Joint Ventures:  
JBM Sungwoo Limited  
Key Management Personnel:  
Mr. A. K. Puri, Chief Executive Officer  
(Manager u/s 269 of the Companies Act, 1956)
  - b) The following transactions were carried out with the related parties in the ordinary course of business.

(Rs. in '000)

| Nature of Transactions  | Enterprises where control exists |         | Joint Venture |         |
|---|----------------------------------|---------|---------------|---------|
|   | 2002-03                          | 2001-02 | 2002-03       | 2001-02 |
| Services received   | 34,116                           | 4,351   | -             | -       |
| Interest expenses on inter corporate deposits taken                     | 21,637                           | 23,516  | -             | -       |
| Reimbursement of Expenses (including salary to employees on deputation) | 2,725                            | 3,058   | -             | -       |
| Dividend received   | -                                | -       | 12,958        | 12,958  |
| Inter corporate deposits refunded                                       | 285,000                          | 60,000  | -             | -       |
| Inter corporate deposits taken  | 40,000                           | 160,000 | -             | -       |
| Allotment of Preference shares  | 120,000                          | -       | -             | -       |
| Sale of Investment  | 161,975                          | -       | -             | -       |
| <u>Outstanding balances as at 31<sup>st</sup> March, 2003</u>           |                                  |         |               |         |
| Inter corporate deposits payable including interest accrued and due     | -                                | 277,283 | -             | -       |
| Creditors   | 32,318                           | 15,772  | -             | -       |

Details of remuneration to Key Management Personnel are given in the Note No. 5 of the Notes to Accounts.

**Schedules forming part of the Accounts for the year ended March 31, 2002...(Contd.)**
**17 NOTES TO ACCOUNTS**
**8. Earnings Per Share (EPS)**

| <b>Particulars</b>   | <b>Year ended<br/>March 31, 2003</b> | Year ended<br>March 31, 2002 |
|--|--------------------------------------|------------------------------|
| a) Profit / (Loss) after taxation as per Profit and Loss Account (Rs. in '000) | <b>121,585</b>                       | (25,933)                     |
| Less : Preference Dividend for the period including tax thereon (Rs. in '000)  | <b>8,278</b>                         | -                            |
| Net Profit / (Loss) after tax for Equity Shareholders                          | <b>113,307</b>                       | (25,933)                     |
| b) Weighted average number of Equity Shares outstanding during the year        | <b>10,198,541</b>                    | 10,198,980                   |
| c) Nominal value of Equity shares (Rs.)  | <b>10</b>                            | 10                           |
| d) Basic Earnings per Share (Rs.) (a/b)  | <b>11.11</b>                         | (2.54)                       |

9. The Company estimates the dererred tax charge/(credit) using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. Details of Deferred Tax Assets / (Liabilities) are as follows :

**(Rs. in '000)**

| <b>Particulars</b>             | <b>As at 31.03.2003</b> | As at 31.03.2002 |
|--------------------------------|-------------------------|------------------|
| <b>Assets</b>                  |                         |                  |
| Retirement benefits            | <b>1,914</b>            | 1,006            |
| Receivables                    | <b>1,450</b>            | 2,124            |
| Unabsorbed Depreciation        | <b>103,782</b>          | 129,688          |
| Accumulated business loss      | -                       | 21,448           |
| Others                         | <b>1,143</b>            | 1,014            |
|                                | <b>108,289</b>          | 155,280          |
| <b>Liability</b>               |                         |                  |
| Depreciation                   | <b>92,904</b>           | 89,683           |
|                                | <b>92,904</b>           | 89,683           |
| <b>Net Deferred Tax Assets</b> | <b>15,385</b>           | 65,597           |

Deferred tax assets are recognized for tax loss carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable, based on management estimates.

## Schedules forming part of the Accounts for the year ended March 31, 2003...(Contd.)

### 17 NOTES TO ACCOUNTS

10. Additional information pursuant to the provisions of para 3 and 4 of Part II of Schedule VI of the Companies Act, 1956 is as under:

#### A. INSTALLED CAPACITY AND PRODUCTION:\*

| Product                                    | Installed Capacity @ | Production (Nos.) | Stock of goods produced |                     |               |                     |
|--|----------------------|-------------------|-------------------------|---------------------|---------------|---------------------|
|  |                      |                   | Opening Stock           |                     | Closing Stock |                     |
|  |                      |                   | Qty.                    | Value (Rs. in '000) | Qty.          | Value (Rs. in '000) |
| Components, Assemblies, and Sub-assemblies | 42,000 MT            | 7,648,032         | 13,283                  | 693                 | 11,909        | 723                 |
| Previous year                              | (42,000 MT)          | (6,274,605)       | (27,887)                | (774)               | (13,283)      | (693)               |
| Tools, Dies and Moulds                     | N.A.                 | 58                | -                       | -                   | -             | -                   |
| Previous year                              | (N.A.)               | (30)              | (-)                     | (-)                 | (-)           | (-)                 |

\* As certified by the Management and accepted by the auditors, this being a technical matter.

@ Information on Licensed capacity has not been given since Licensing has been abolished.

#### B. SALES

| Product                                    | For the year ended March 31, 2003 |                     | For the year ended March 31, 2002 |                     |
|--|-----------------------------------|---------------------|-----------------------------------|---------------------|
|  | Qty.                              | Value (Rs. in '000) | Qty.                              | Value (Rs. in '000) |
| Components, Assemblies, and Sub-assemblies | 7,649,406                         | 1,297,060           | 6,289,209                         | 983,273             |
| Job work                                   | -                                 | 8,442               | -                                 | 21,254              |
| Tools, Dies and Moulds                     | 58                                | 9,467               | 30                                | 11,685              |
| Others                                     | -                                 | 174,336             | -                                 | 110,723             |
| <b>Total</b>                               | <b>7,649,464</b>                  | <b>1,489,305</b>    | <b>6,289,239</b>                  | <b>1,126,935</b>    |

#### C. CONSUMPTION OF RAW MATERIALS

| Particulars        | For the year ended March 31, 2003 |                     | For the year ended March 31, 2002 |                     |
|--------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|
|                    | Qty.                              | Value (Rs. in '000) | Qty.                              | Value (Rs. in '000) |
| 1 Component (Nos.) | 23,238,141                        | 156,085             | 16,781,561                        | 110,756             |
| 2 Metal Sheet (MT) | 27,343                            | 719,159             | 20,844                            | 500,267             |
| 3 Others           | -                                 | 10,802              | -                                 | 18,499              |
| <b>Total</b>       | <b>23,265,484</b>                 | <b>886,046</b>      | <b>16,802,405</b>                 | <b>629,522</b>      |

Schedules forming part of the Accounts for the year ended March 31, 2003 ...(Contd.)

## 17 NOTES TO ACCOUNTS

### D. CIF VALUE OF IMPORTS

(Rs. in '000)

| Particulars  | For the year ended<br>March 31, 2003 | For the year ended<br>March 31, 2002 |
|--------------|--------------------------------------|--------------------------------------|
| Raw Material | 64,121                               | 11,461                               |

### E. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS AND SPARES CONSUMED

| Particulars                  | For the year ended<br>March 31, 2003 |        | For the year ended<br>March 31, 2002 |        |
|------------------------------|--------------------------------------|--------|--------------------------------------|--------|
|                              | Value (Rs. in '000)                  | %      | Value (Rs. in '000)                  | %      |
| a) Raw Material & Components |                                      |        |                                      |        |
| i) Imported                  | 50,123                               | 5.66   | 10,635                               | 1.70   |
| ii) Indigenous               | 835,923                              | 94.34  | 618,887                              | 98.30  |
|                              | 886,046                              | 100.00 | 629,522                              | 100.00 |
| b) Stores & Spares           |                                      |        |                                      |        |
| i) Imported                  | -                                    | -      | -                                    | -      |
| ii) Indigenous               | 22,622                               | 100.00 | 20,692                               | 100.00 |
|                              | 22,622                               | 100.00 | 20,692                               | 100.00 |

### F. EXPENDITURE INCURRED IN FOREIGN CURRENCY

(Rs. in '000)

| Particulars  | For the year ended<br>March 31, 2003 | For the year ended<br>March 31, 2002 |
|--------------|--------------------------------------|--------------------------------------|
| Travelling   | 597                                  | 216                                  |
| Interest     | 3,010                                | 1,605                                |
| <b>Total</b> | <b>3,607</b>                         | <b>1,821</b>                         |

Schedules forming part of the Accounts for the year ended March 31, 2003..... (Contd.)

## 17 NOTES TO ACCOUNTS

### 11. Cash Flow Statement:

(Rs. in '000)

|  | For the year ended<br>31st March 2003 |                | For the year ended<br>31st March 2002 |          |
|--|---------------------------------------|----------------|---------------------------------------|----------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>            |                                       |                |                                       |          |
| Net profit before taxation                                 |                                       | 181,435        |                                       | (47,514) |
| <b>Adjusted for :</b>                                      |                                       |                |                                       |          |
| Depreciation   | 69,118                                |                | 69,023                                |          |
| Deferred revenue expenditure written off                   | -                                     |                | 7,185                                 |          |
| Interest and financial charges                             | 43,166                                |                | 86,493                                |          |
| Interest Income  | (509)                                 |                | (162)                                 |          |
| Dividend on long term investment<br>-other than trade      | (13,078)                              |                | (13,038)                              |          |
| Profit on sale of investments                              | (97,250)                              |                | -                                     |          |
| Loss on sale / write off of assets                         | 359                                   | 1,806          | 27                                    | 149,528  |
| <b>Operating Profit before Working<br/>Capital Changes</b> |                                       | <b>183,241</b> |                                       | 102,014  |
| <b>Adjustment for :</b>                                    |                                       |                |                                       |          |
| Trade and other receivables                                | 100,366                               |                | (123,847)                             |          |
| Inventories  | (29,654)                              |                | (27,527)                              |          |
| Trade payables and other liabilities                       | (78,624)                              | (7,912)        | 108,837                               | (42,537) |
| <b>Cash Generated From Operations</b>                      |                                       | <b>175,329</b> |                                       | 59,477   |
| Interest paid  | 97,871                                |                | 78,464                                |          |
| Direct taxes paid  | 9,638                                 | 107,509        | -                                     | 78,464   |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                  |                                       | <b>67,820</b>  |                                       | (18,987) |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>             |                                       |                |                                       |          |
| Purchase of fixed assets                                   | (30,172)                              |                | (26,638)                              |          |
| Proceeds from sale of fixed assets                         | 122                                   |                | 5,984                                 |          |
| Proceeds from sale of investments                          | 221,167                               |                |                                       |          |
| Dividend on long term investment<br>-other than trade      | 13,078                                |                | 13,038                                |          |
| Interest received  | 509                                   |                | 162                                   |          |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>               |                                       | <b>204,704</b> |                                       | (7,454)  |





Schedules forming part of the Accounts for the year ended March 31, 2003..... (Contd.)

## 17 NOTES TO ACCOUNTS

### 11. Cash Flow Statement (Contd.)

(Rs. in '000)

|  | For the year ended<br>31st March 2003 |                  | For the year ended<br>31st March 2002 |         |
|--|---------------------------------------|------------------|---------------------------------------|---------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                               |                                       |                  |                                       |         |
| Proceeds from borrowing (Net of repayment)                                   |                                       | <b>(369,459)</b> |                                       | 24,254  |
| Proceeds from issue of preference shares                                     |                                       | <b>120,000</b>   |                                       | -       |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                               |                                       | <b>(249,459)</b> |                                       | 24,254  |
| <b>Net increase/ (decrease)<br/>in Cash and Cash equivalents</b>             |                                       | <b>23,065</b>    |                                       | (2,187) |
| Cash and cash equivalents (Opening Balance)                                  |                                       | <b>882</b>       |                                       | 3,069   |
| Cash and cash equivalents (Closing Balance)                                  |                                       | <b>23,947</b>    |                                       | 882     |
| <b>Notes :</b>   |                                       |                  |                                       |         |
| 1. Cash and cash equivalents consist of cash in hand and balance with banks. |                                       |                  |                                       |         |
| 2. Trade and other receivables include loans and advances.                   |                                       |                  |                                       |         |

12. Additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956, is set out in the Annexure.

13. Previous year's figures have been regrouped / rearranged, wherever necessary.

Signatures to Schedules 1 to 17 forming part of the Accounts.  
As per our Report of even date.

For and on behalf of the Board

**P.N. Ghatalia**  
Partner  
For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

**D. S. Gupta**  
*Chairman*

**Rajiv Dube**  
**Deepak Bhandari**  
**Rajiv Bakshi**  
*Directors*

**Shailendra Dindore**  
*Secretary*

Place: Mumbai  
Date : May 6, 2003





**JBM TOOLS LIMITED**

Registered Office : G-71/2, MIDC Industrial Area  
Bhosari, Pune 411 026, Maharashtra

**PROXY FORM**

DPIP / CLID\* :  
Regd. Folio :

No. of Shares :

I/We .....of

(Write full address)

..... being member / members of  
JBM TOOLS LIMITED, hereby appoint.....of

(Write full address)

or failing him .....of.....

as my / our proxy to attend and vote for me / us on my / our behalf at the 13<sup>th</sup> Annual General Meeting of the Company to be held on Monday, the 30<sup>th</sup> day of June, 2003 at "Nehru Memorial Hall", Atur Foundation House, 4, Dr. Ambedkar Road, Pune 411 001 at 3.00 P.M. and at any adjournment thereof.

Signed this ..... day of ..... 2003.

\*Applicable for Members holding shares in Dematerialised form.

Signature

Revenue  
Stamp of  
Re. 1/-

**JBM TOOLS LIMITED**

Registered Office : G-71/2, MIDC Industrial Area  
Bhosari, Pune 411 026, Maharashtra

**ATTENDANCE SLIP**

NAME OF MEMBER/PROXY\*

DPID/CLID\*\*

FOLIO NO.

NO OF  
SHARES  
HELD

I hereby record my presence at the 13<sup>th</sup> Annual General Meeting of the Company held on Monday, the 30<sup>th</sup> day of June, 2003 at "Nehru Memorial Hall", Atur Foundation House, 4, Dr. Ambedkar Road, Pune 411 001 at 3.00 P.M.

Signature of the Member / Proxy\*.....

\*Strike out whichever is not applicable.

\*\*Applicable for Members holding shares in Dematerialised form.

*Note :*

- Members/Proxies are requested to bring the duly filled in Attendance Slip to the Annual General Meeting, to be handed over at the meeting.
- If you intend to appoint a proxy, please deposit duly filled Proxy Form at Company's Registered Office at least 48 hours before the meeting i.e. upto 3.00 P.M. on 28<sup>th</sup> June, 2003.