

COMPANY INFORMATION

Board of Directors

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

Chief Executive Officer

Mr. Sanjiv Kumar

Secretary

Mr. Shailendra Dindore

Bankers

HDFC Bank Limited
State Bank of India
Bank of Maharashtra

Registered Office

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

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,
Taluka 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) 30906685 / 26129597
Fax : (020) 26129597

Contents

Notice	2
Directors' Report	9
Report on Corporate Governance	15
Auditors' Report	25
Balance Sheet	29
Profit and Loss Account	30
Schedules	31
Balance Sheet Abstract	46
Proxy	47

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of Automotive Stampings and Assemblies Limited will be held on Wednesday, the 23rd day of June, 2004 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 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend on 12% Cumulative Redeemable Preference Shares.
3. To appoint a Director in place of Mr. Atul Bansal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajiv Dube, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. 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 198, 269, 309 and other applicable provisions of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII to the said Act and subject to the approval of the Central Government, if necessary, the Company hereby approves of the appointment and terms of remuneration of Mr. Sanjiv Kumar as "Manager" u/s 269 of the Companies Act, 1956 with designation as 'Chief Executive Officer' for a period of 3 years with effect from 1st October, 2003 upon the terms and conditions as set out below and in the Agreement entered into in this behalf, with liberty to the Board of Directors and/or Remuneration Committee, to alter and vary the terms and condition of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr. Sanjiv Kumar ("the appointee"):-

i. Remuneration :

- a. **Salary:** In the scale of Rs.50,000/- to Rs.75,000/- per month with authority to the Board and/or Remuneration Committee to fix his salary within the above scale from time to time. Present salary being Rs.50,600/- per month. The increments may be decided by the Board and /or Remuneration Committee from time to time subject however to an amount not exceeding Rs. 75,000/- per month.
- b. **Incentive Remuneration:** Upto 200 % of salary to be paid at the discretion of the Board and / or Remuneration Committee and is based on certain performance criteria.
- c. **Perquisites and allowances:** The appointee will be entitled to the perquisites and allowances as are allowed to the Senior Executives in M1 Level, as applicable to his job, in the Company based on the approval of the Board and/or Remuneration Committee from time to time in addition to the salary and incentive remuneration. Such perquisites and allowances will be subject to a maximum of 150% of his annual salary.
 - In arriving at the value of the perquisites insofar as there exists a provision for valuation of perquisites under the Income Tax Rules, the value shall be determined on the basis of Income Tax Rules in force from time to time.
 - Provision for use of Company's car for official duties and telephone/fax at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

NOTICE

- Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

ii. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, where in any financial year the profits are inadequate, the Company will pay remuneration for a period not exceeding 3 years by way of salary, incentive remuneration, perquisites and allowances as specified above.

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

"RESOLVED THAT, subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter), the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent is hereby accorded to the Board to delist the Company's Equity Shares from The Delhi Stock Exchange Association Limited at Delhi and Pune Stock Exchange Limited at Pune.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things, including filing of applications and other documents with delisting stock exchanges, as it may in its absolute discretion deem necessary, expedient, usual, proper or desirable and to settle all questions, difficulties and doubts whatsoever that may arise in regard to the aforesaid voluntary delisting of equity shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution".

Registered Office:
G-71/2, M.I.D.C. Industrial Area,
Bhosari, Pune 411026,

BY ORDER OF THE BOARD
for Automotive Stampings and Assemblies Limited

Place: Pune
Dated: May 4, 2004

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 16th June, 2004 to 23rd June, 2004 (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 (IEPF) set up by the Central Government. Accordingly, the Company has transferred the unclaimed dividend of 1995-96 to the IEPF during the year.

The shareholders who have not encashed the dividend warrant(s) so far for the Dividends of 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 1996-97 on 18th September 1997 will be transferred to the IEPF in November, 2004.

7. The Company has paid the annual listing fee to the respective stock exchanges for the financial year 2004-05.
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 the Company 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: Automotive Stampings and Assemblies Limited)

First Floor, 116 – 118,

Akshay Complex,

Off Dhole Patil Road,

Near Ganesh Mandir, Pune 411 001

Phone : (020) 2612 9597 / 30906685

Fax : (020) 2612 9597

Email ID : mcpune@vsnl.net

NOTICE

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. 6 and 7 in the accompanying Notice dated May 4, 2004.

ITEM NO. 6

The Board of Directors at its Meeting held on 28th October, 2003 appointed Mr. Sanjiv Kumar as a "Manager" of the Company with designation "Chief Executive Officer" for a period of 3 years from 01.10.2003 to 30.09.2006.

The Remuneration Committee of the Board has at its Meeting held on 6th November, 2003 approved the remuneration payable to him.

The said appointment is subject to the approval of the members.

As required under section 302 of the Companies Act, 1956, an abstract of the provisions of the remuneration and perquisites payable to him was sent to the members in November, 2003.

The Department of Company Affairs has vide notification dated January 16, 2002, amended Schedule XIII to the Act, revising the limits for payment of managerial remuneration by companies in case of loss or inadequacy of profits in any financial year which, inter alia, requires the Members' approval for payment of managerial remuneration to the managerial person for a period not exceeding 3 years.

Besides the terms and conditions for payment of managerial remuneration as contained in the proposed resolution, the other main terms and conditions, contained in the agreement entered into in this behalf with the appointee as given below:

- (1) The terms and conditions of the said agreement and / or appointment may be revised, enhanced, altered and varied from time to time by the Board of Directors of the Company and/or Remuneration Committee in such manner as may be agreed to between the Board and the appointee within the maximum amounts payable to managerial person in accordance with the provisions of the Companies Act, 1956 or any amendments or re-enactments thereof made hereafter in this regard.
- (2) The appointee is subject to the supervision and control of the Board of Directors, entrusted with substantial powers of management and shall also perform such other duties as may from time to time be entrusted to him.
- (3) The appointee shall not, either before or after the termination of this Agreement, disclose to any person whatsoever, any information relating to the Company or its customers or any trade secret of which he may come to know while acting as the Manager.
- (4) The appointee shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.
- (5) If at any time, the appointee ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be the Manager of the Company and this agreement will forthwith terminate.
- (6) In case the appointee dies in the course of his employment, the Company shall pay to his legal personal representative the salary and current emoluments for the then current month.
- (7) The appointee shall not have the following powers -
 - i) the power to make calls on shareholders in respect of money unpaid on their shares in the Company.
 - ii) the power to issue debentures.
 - iii) the power to invest the funds of the Company in shares, stocks and securities.
- (8) The agreement may be terminated by either party by giving six months' notice of such termination or the Company paying six months' salary in lieu thereof.

In compliance with the provisions of Section 269, 309 and other applicable provisions of the Act, the appointment of Mr. Sanjiv Kumar as per with terms and conditions contained in Item No. 6 of the Notice and as per the agreement between the Company and the appointee is now being placed before the members in general meeting for their approval.

The Agreement between the Company and the appointee is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

None of the Directors of the Company is interested in this resolution.

Additional information relevant to the said appointment of Manager as per Notification dated January 16, 2002 issued by the Department of Company Affairs.

I. General Information

- (i) Nature of Industry: The Company is manufacturer of sheet metal components.
- (ii) Date or expected date of commencement of commercial production: The Company was incorporated on 13th March, 1990. All plants of the Company are in Commercial Production for more than last 6 years.
- (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
- (iv) Financial performance based on given indicators - as per published audited financial results for the accounting year ended March 31, 2003:

Particulars	(Rupees in lacs)
Turnover & Other Income	14816.84
Net Profit as per Profit & Loss A/c.	1215.85
Excess of Expenditure over Income in so far as such excess has not been deducted	(1492.58)
Loss as computed under Section 309 (5) read with Section 198	(1466.01)
Net Worth	3891.71

- (v) Export performance and foreign exchange earned for the financial year ended March 31, 2003: Nil
- (vi) Foreign Investments or collaborations, if any: Not applicable

II. Information about the appointee :

- (i) Background details:

Mr. Sanjiv Kumar is a B.Tech. (Metallurgical Engineering) from IIT-Kanpur and PGDM from IIM-Ahmedabad (1983). He has been with Tata AutoComp Systems Limited (TACO) since January, 1998 and has built and managed TC Springs Limited, a Joint Venture of TACO with CHUO SPRING CO., JAPAN, as the Chief Executive Officer.

Before joining Tata Group, Mr. Sanjiv Kumar has work experience with rich diversity of Sales and Marketing assignments at Larsen and Toubro across a 10 year period, followed by General Management positions (President/Chief Executive) at Cosmo Ferrites / Cosmo Films across a 5 year span.

NOTICE

- (ii) Past Remuneration drawn :

	Total (Rs. in '000)
During the Financial year 2002 – 03	2264

Notes: 1) Contributions to provident fund, Superannuation funds etc. are excluded from the above remuneration.

2) Past remuneration represents remuneration drawn from his previous employment.

- (iii) Recognition & Awards / Achievements : -

- (iv) Job Profile and suitability :

Mr. Sanjiv Kumar is responsible for overall management of the Company, subject to the supervision and control of the Board of Directors. He is also responsible to perform such other duties as may from time to time be entrusted by the Board. Taking into consideration the qualifications and expertise, he is best suited for the responsibilities assigned to him by the Board of Directors.

- (v) Remuneration proposed :

Salary	In the range of Rs.50,000/- to Rs.75,000/- per month. Present salary being Rs.50,600/- per month.
Incentive Remuneration	Upto 200% of salary to be paid at the discretion of the Board and/or Remuneration Committee, annually, based on certain performance criteria.
Perquisites & Allowance #	Upto 150% of salary.
Minimum Remuneration in case of inadequacy of profits during any financial year	Salary, incentive remuneration and perquisites and allowances as mentioned above.

The increments may be decided by the Board and /or Remuneration Committee from time to time subject however to an amount not exceeding Rs. 75,000/- per month.

Excludes company's contribution to provident, superannuation and gratuity funds and leave encashment.

- (vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level appointees in other companies.
- (vii) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Besides the remuneration proposed, the appointee does not have any other pecuniary relationship with the Company.

III. Other Information :

- (i) Reasons for loss or inadequate profits in 2002-03: The increase in prices of steel during the year 2002-03 put tremendous pressure on the profit margins of the Company. Excluding extra-ordinary income in the form of gain on remission of liability and profit on sale of investments, the Company incurred a loss of Rs. 11.90 lacs in the year 2002-03 as compared to loss of Rs. 259.33 lacs for the previous accounting year.
- (ii) Steps taken by the Company to improve performance: In the year 2002-03, the Company carried out financial restructuring by effecting the sale of its investments, infusion of preference share capital, replacement of high cost loans with low cost loans and prepayment of sales tax deferral loan at discounted value. The results of the same in the form of substantial savings in the financial cost are visible in the current year. The Company has further undertaken the profitability improvement / cost reduction initiatives coupled with low cost automation in the current year.

NOTICE

The Company is also exploring the export business to diversify its customer base.

- (iii) Expected increase in productivity and profits in measurable terms: The Company has significantly improved its performance in the current year as compared to the previous year. Relevant financial parameters stating the performance for the current year as compared to the previous year are given below:

Particulars	(Rs. in lacs)	
	Year ended March 31, 2004 (Audited)	Year ended March 31, 2003 (Audited)
Total Income excluding Extra-ordinary Income	17696	12990
Profit before Depreciation, Financial charges and Tax	1910	1111
Extra-ordinary Income	351	1826
Profit before tax	1317	1814
Profit after tax	732	1216

ITEM NO. 7

Presently the Company's Equity Shares are listed on the following four Stock Exchanges in India:

- Pune Stock Exchange Limited (PSE);
- The Stock Exchange, Mumbai (BSE);
- National Stock Exchange of India Limited (NSE); and
- The Delhi Stock Exchange Association Limited (DSE).

With the wide and extensive networking of centers of the BSE and NSE, the Investors have access to online dealings in the Company's Equity Shares across the country. Moreover, the Company's Equity Shares are one of the scrips which Securities and Exchange Board of India (hereinafter referred to as "SEBI") has specified for settlement only in demat form by all investors, effective 30th July, 2001.

The trading volumes of the Company's Equity Shares on the Stock Exchanges at Delhi and Pune (hereinafter referred to as "the said delisting Stock Exchanges") are almost nil for the last three financial years viz. from 2001-02 to 2003-04. The annual listing fees paid to the said delisting Stock Exchanges constitute about 50% of the total listing fees paid to all the four Stock Exchanges. The annual recurring listing fees paid to the said Stock Exchanges, do not now offer commensurate benefits to the Company/its investors in the changed scenario of the nationwide trading terminals set up by BSE and NSE. The continued listing on the said Stock Exchanges is, therefore, not considered necessary. It would further contribute to reduction in administrative costs/efforts of the Company. The Board of Directors, at its meeting held on 4th May, 2004, has decided to apply for the voluntary delisting of the Company's Equity Shares from the said delisting Stock Exchanges.

The proposed voluntary delisting of the Company's Equity Shares from the said delisting Stock Exchanges will not adversely affect any investors including the Members located in the regions where the said Stock Exchanges are situated. Pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, it is now proposed to seek the Members' approval by way of a Special Resolution for voluntary delisting of the Company's Equity Shares from the said two delisting Stock Exchanges as set out in the Resolution at Item No. 7 in terms of the said Guidelines, as the Company's Equity Shares shall continue to remain listed on the BSE and NSE, no Exit Option is required to be offered to the Shareholders.

The proposed delisting is in the interest of the Company and the Board commends the Resolution for acceptance by the Members.

None of the Directors is interested in the above resolution.

Registered Office :
G-71/2, M.I.D.C. Industrial Area,
Bhosari, Pune 411026,

BY ORDER OF THE BOARD
for Automotive Stampings and Assemblies Limited

Place: Pune
Dated: May 4, 2004

Shailendra Dindore
Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in submitting their Fourteenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March 2004.

FINANCIAL AND OPERATIONAL PERFORMANCE

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

(Rs. in million)

	Financial Year	
	2003-04	2002-03
Total Income excluding Extra-ordinary Income	1,769.61	1,299.06
Profit before Depreciation, Financial Charges and Tax	191.03	111.10
Less : Depreciation	74.67	69.12
: Financial Charges	19.70	43.17
Add : Extra-ordinary Income	35.05	182.62
Profit before Tax	131.71	181.43
<u>Provision for Taxation</u>		
a. Current Tax	10.20	9.64
b. Deferred Tax	48.30	50.21
Profit After Tax	73.21	121.58
Balance from last year	(27.67)	(149.25)
Profit available for appropriation	45.54	-
Appropriations		
- Transfer to General Reserve	4.00	-
- Proposed Dividend on Preference Shares (including Arrears of Dividend)	21.74	-
- Tax on Dividend	2.79	-
Balance Carried Forward	17.01	(27.67)

The financial year 2003-04 was a year of turnaround for the Company. The turnover of the Company grew by 38% during the year. In view of increased business volume due to favourable economic factors and thrust of the management to improve the operational efficiencies, the operating profit before interest and depreciation has improved to 11% as against 9% for the previous year. With better financial management and continued benefit of financial restructuring carried out in 2002-03, the financial cost has been significantly reduced to Rs. 20 million from Rs. 43 million of the previous year.

During the year, your Company has earned an extra-ordinary income of Rs. 35 million on account of prepayment of sales tax liability under the scheme of Government of Maharashtra as against Rs. 183 million in 2002-03 which also includes profit on sale of investments of Rs. 97 million. Hence to that extent, current financials are not comparable with that of the previous year.

DIVIDEND

The Directors recommend payment of dividend on the 12% Cumulative Redeemable Preference Shares for the year 2003-04 and also pro rata from the date of allotment to March 31, 2003 as per the terms of issue. It would lead to an outflow of Rs. 22 million, exclusive of dividend tax.

In view of the proposed major capacity expansion at Chakan Works, the Directors do not recommend any dividend on equity shares.

EXPANSION

Your Company has embarked on a major capacity expansion at Chakan Works with an outlay of Rs. 360 million to cater to the increased volumes of domestic customers and to support export opportunities. The expansion will increase the in-house capacity by 50% and the project is expected to be completed by March 2005.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The concept of selling in global automobile industry is changing from original sales towards lifecycle value generation, encompassing financing, repairs and maintenance, cleaning, provision of accessories, and so on. Carmakers are increasingly seeking to capture downstream value through subsidiaries and joint ventures. Vehicle manufacturers are moving into completely new materials and technologies – partly guided by environmental legislation – in striving to come up with radically different products. The increasing need to attain global scales underscores the importance of platform sharing among carmakers. All original equipment manufacturers (OEMs) are trying to reduce the number of vehicle platforms, but raise the number of models produced from each platform. This means producing a number of seemingly distinct models from a common platform.

In Indian Automobile Industry, the dominant basis of competition has changed from price to price-value, especially in the passenger car segment. While the Indian market remains price sensitive, the stranglehold of Economy models has been slackening, giving way to higher-priced products that better meet customer needs. With the launch of new models from financial Year 2000 onwards, the market for Multi-utility Vehicles (MUVs) has been redefined in India, especially at the upper-end. Currently, the higher-end MUVs, commonly known as Sports Utility Vehicles (SUVs), occupy a niche in the urban market, having successfully shaken off the tag of commercial vehicles attached to all MUVs till recently. With the success of SUVs, the line of distinction between passenger cars and MUVs in the Indian market is getting increasingly blurred. Domestic car manufacturers are now venturing into areas such as car financing, leasing and fleet management, and used-car reconditioning / sales, to complement their mainstay – business of selling new cars.

The Indian automotive components industry has been showing significant changes. In the emerging procurement model, there has been a significant reorientation of the assembler-supplier relationship. What this has involved, among others, is the practice of OEMs providing the overall performance specification and information about the car and the supplier designing an appropriate solution using a unique technology adapting to the specific requirements of the OEM. Carmakers are increasingly outsourcing component production and focusing on product design, brand management and consumer care, in contrast to the traditional emphasis on manufacturing and engineering. The components industry is undergoing rapid tierisation with the Tier 1 suppliers (those who supply directly to the carmakers) closely collaborating with car manufacturers. The importance of suppliers in the Indian automobile industry is set to increase.

OPPORTUNITIES AND THREATS

The benefit of suppliers having a greater share in production process will be felt in lower break-even volumes for OEMs, a critical issue in the Indian Passenger Car Industry. Modularisation (selling systems or modules rather than individual components) represents a tremendous opportunity for the automotive component industry, as a greater portion of the value of the car is outsourced by the vehicle manufacturers. Indian companies that are not part of a global supplier network still have a chance of securing contracts for components that have supplier design content, if they can offer guarantees on quality and delivery and be competitive on price. Further, there is a lot of potential in the replacement market.

If the growth in the car market slows down, the possibility of passing on cost increases to customers in the form of price hikes becomes very difficult. Recognising that the suppliers form a key component of the cost structure, carmakers are looking at the supplier companies to assume greater responsibility in the production process. Proximity