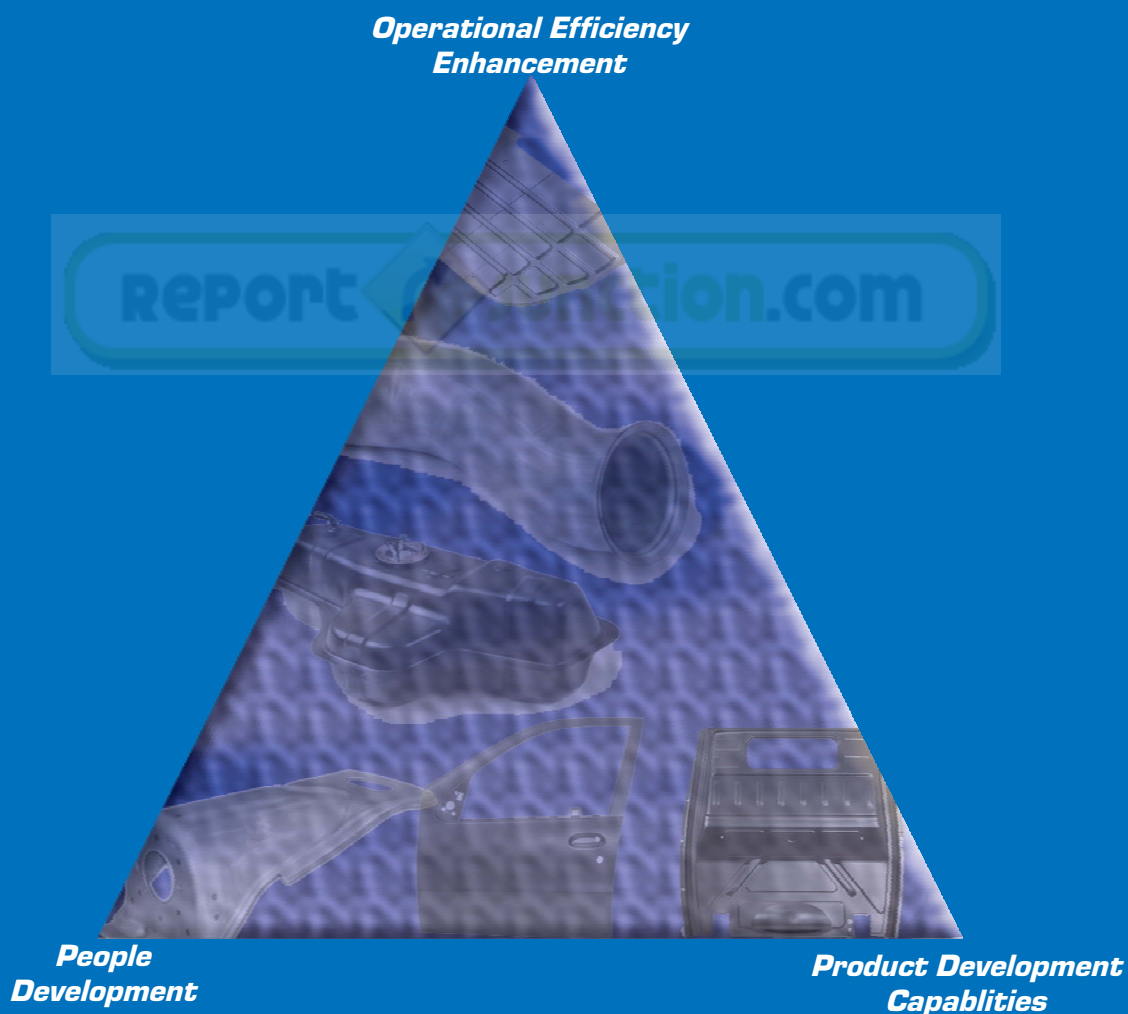


# ASAL

A **TATA** Enterprise

17<sup>th</sup> Annual Report 2006-07



**Automotive Stampings and Assemblies Limited**

[www.reportjunction.com](http://www.reportjunction.com)

**“Give us a clear vision that we may know where to stand and  
what to stand for;  
because unless we stand for something, we shall fall for anything.”**



### **ASAL Vision:**

**To be the most preferred source and complete service provider to our  
customers for sheet metal components, assemblies, modules, and  
aggregates**

### **ASAL Mission:**

**To provide complete sheet metal solutions to cater to the fast changing  
needs of our customers through continually upgrading our capability and  
technology to reach global benchmarks.**

### **Our Values:**

- |                     |                     |
|---------------------|---------------------|
| ● <b>Simplicity</b> | ● <b>Respect</b>    |
| ● <b>Frugality</b>  | ● <b>Harmony</b>    |
| ● <b>Integrity</b>  | ● <b>Excellence</b> |
|                     | ● <b>Agility</b>    |

**Automotive Stampings and Assemblies Limited**

**CORPORATE INFORMATION**

**Board of Directors**

(as on May 22, 2007)



D.S. Gupta  
(Chairman)



R.A. Savoor



S. Ramakrishnan



Satish Pradhan



Rajiv Dube



Atul Bansal



Rajiv Bakshi



Raman Nanda

<b>Chief Executive Officer</b>	: Nagaraju Srirama
<b>Secretary</b>	: Shailendra Dindore
<b>Statutory Auditors</b>	: M/s Price Waterhouse Chartered Accountants
<b>Bankers</b>	: HDFC Bank State Bank of India Societe Generale The Hongkong and Shanghai Banking Corporation Limited
<b>Solicitors</b>	: Dua Associates
<b>Internal Auditors</b>	: B. K. Khare & Co., Chartered Accountants
<b>Cost Audit (Internal)</b>	: Dhananjay V. Joshi & Associates, Cost Accountants
<b>Secretarial Auditors</b>	: S. V. Deulkar & Co., Company Secretaries



**Works**

**: Bhosari Works:**

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

**Chakan Works:**

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

**Halol Works:**

Survey No. 173, Village- Khakharia, Taluka Savali,  
Near GIDC, Halol 389 350, Gujarat, India

**Pant Nagar Works (Under construction):**

Plot No.71, Sector 11,  
IIE Pant Nagar Industrial Estate, Udham singh Nagar,  
Uttarakhand 263153, India

**Address for Correspondence**

**Registered Office**

G-71/2, MIDC Industrial Area,  
Pune 411 026,  
Maharashtra, India  
Tel: +91-20-27121500, 27121677, 66314000  
Fax: +91-20-27123147  
e-mail: [cs@autostampings.com](mailto:cs@autostampings.com)  
website: [www.autostampings.com](http://www.autostampings.com)

**Registrar and Share Transfer Agent**

Intime Spectrum Registry Limited,  
202, 2<sup>nd</sup> Floor Akshay Complex,  
Near Ganesh Mandir, Off. Dhole Patil Road,  
Pune 411 001, Maharashtra, India  
Tel: +91-20-26051629, 65203395  
Fax: +91-20-26053503  
e-mail: [pune@intimespectrum.com](mailto:pune@intimespectrum.com)  
Website: [www.intimespectrum.com](http://www.intimespectrum.com)

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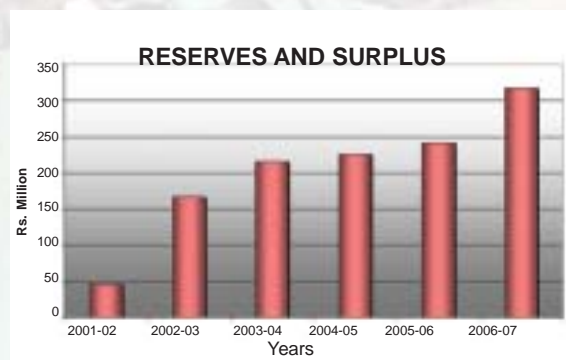
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Annual General Meeting on Tuesday, the 28<sup>th</sup> day of August 2007 at 2.30 p.m. at  
"Nehru Memorial Hall", Atur Foundation House, 4, Dr. Ambedkar Road, Pune 411 001

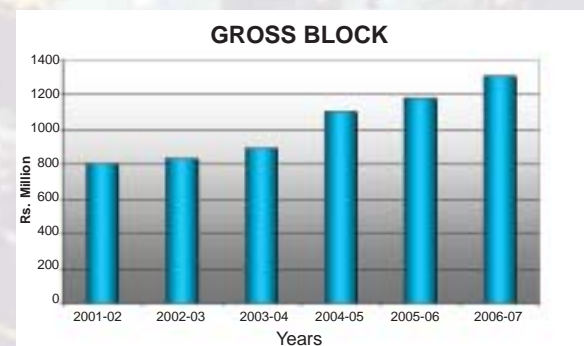
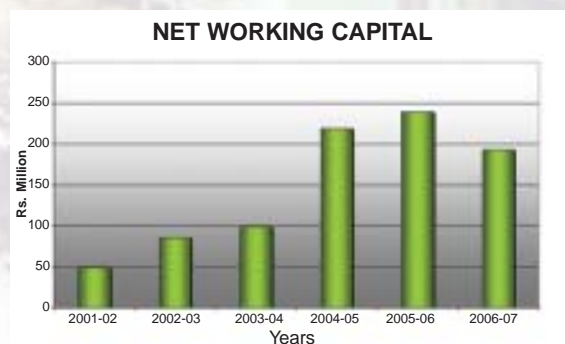
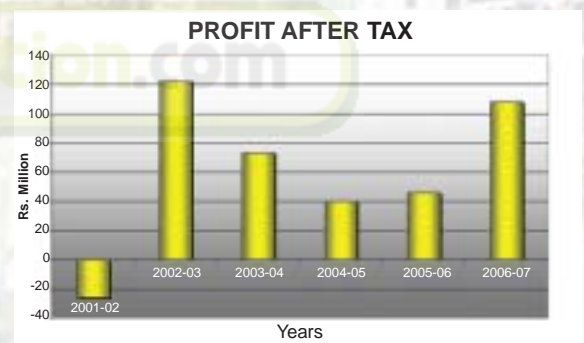
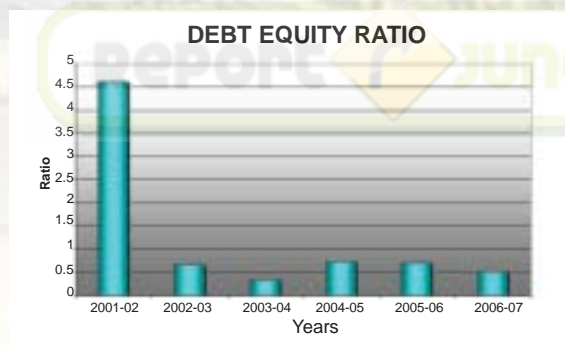
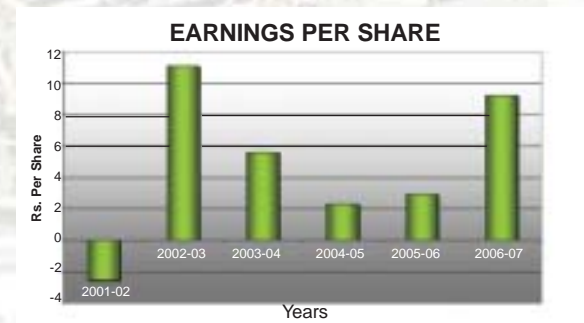
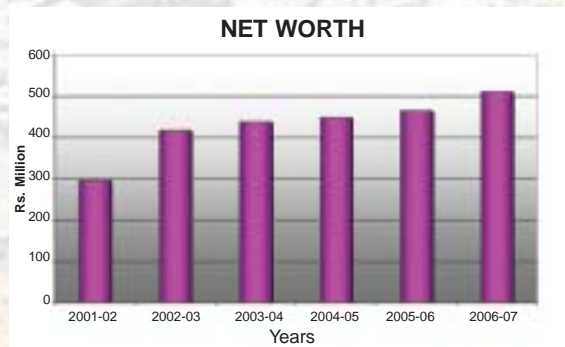
**Automotive Stampings and Assemblies Limited**
**FINANCIAL HIGHLIGHTS**

(Rs. In '000)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07
Sales & Other Income	1,481,684	1,804,657	2,505,190	2,786,185	<b>3,247,814</b>
Profit before Interest, Depreciation, Tax and Extra-ordinary Income	111,099	191,026	170,229	188,694	<b>198,637</b>
Extra- Ordinary Income	182,620	35,050	-	-	<b>101,816</b>
Profit After Tax	121,585	73,208	40,175	46,447	<b>108,305</b>
Share Capital	221,985	221,985	221,985	221,985	<b>191,985</b>
Reserves & Surplus	45,601	215,871	225,672	241,745	<b>318,178</b>
Shareholders' Funds	416,844	437,856	447,657	463,730	<b>510,163</b>
Loan Funds	262,842	164,871	374,376	365,121	<b>295,547</b>
Total Capital Employed	679,686	602,727	822,033	828,851	<b>805,710</b>
Gross Block	835,270	894,672	1,104,522	1,182,854	<b>1,309,206</b>
Depreciation	283,590	358,006	448,512	544,489	<b>650,292</b>
Net Block	541,022	492,406	547,635	488,710	<b>587,238</b>
Net Current Assets	84,948	98,976	218,752	238,915	<b>193,025</b>
Preference Dividend	-	21,738	14,400	14,400	<b>11,974</b>
Equity Dividend	-	-	12,238	12,238	<b>15,298</b>
Rate of Dividend	-	-	12%	12%	<b>15%</b>
No. of Shareholders	1,857	2,651	3,654	2,971	<b>3,111</b>
Earnings Per Share	11.11	5.59	2.33	2.94	<b>9.25</b>







## Automotive Stampings and Assemblies Limited

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Seventeenth 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 2007.

### 1. MANAGEMENT DISCUSSION AND ANALYSIS

To avoid duplication and overlap between Directors' Report and a separate Management Discussion and Analysis, this Report includes the Management Discussion and Analysis as appropriate.

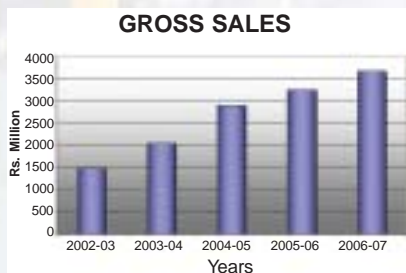
#### 1.1 FINANCIAL AND OPERATIONAL PERFORMANCE

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

(Rs. in million)

	Financial Year	
	2006-07	2005-06
Sales	3,131.85	2,767.96
Other Income excluding Extra – ordinary Income	14.15	18.22
Profit before Depreciation, Financial Charges, Tax and Extra – ordinary Income	198.64	188.69
Less: Depreciation	108.18	98.27
Financial Charges	23.36	19.57
Add : Extra – ordinary Income	101.82	-
Profit before Tax	168.92	70.85
Less : Provision for Taxation		
a. Current Tax	61.60	28.10
b. Deferred Tax Expense / (Credit)	(2.20)	(4.30)
c. Fringe Benefit Tax	1.21	1.25
d. Excess provision for taxation in respect of earlier years written back	-	(0.65)
Profit After Tax	108.31	46.45
Balance from last year	34.38	22.81
Profit available for appropriation	142.69	69.26
<b>Appropriations:</b>		
- Transfer to Capital Redemption Reserve	30.00	-
- Transfer to General Reserve	8.00	4.50
- Proposed Dividend on Preference Shares	10.80	14.40
- Proposed Dividend on Equity Shares	15.30	12.24
- Pro-rata Dividend on redeemed Preference Shares	1.17	-
- Tax on Dividend	4.60	3.74
Balance Carried Forward	72.82	34.38





During the year, sales increased by 13% essentially due to increased volumes of the customer programmes being handled by the Company. The Company achieved an export turnover of Rs. 57 million as against Rs. 26 million in the previous year.

The Profit before Depreciation, Financial Charges, Tax and Extra – ordinary Income increased to Rs.199 million as against Rs.189 million in the previous year, primarily as a result of reduction in overheads. The impact of increase in steel prices has resulted in increase in input costs during the year.

During the year, the Company has earned an Extra-ordinary Income of Rs. 102 million on account of prepayment of sales tax liability under the scheme of Government of Maharashtra.

Depreciation has increased mainly due to the additions to the fixed assets. Increase in financial charges is due to drawal of term loans.

After making a provision of Rs.61 million towards taxation, the Company's Profit after tax was Rs.108 million as against Rs. 46 million in 2005-06.

A Capital Redemption Reserve of Rs.30 million has been created upon redemption of Cumulative Redeemable Preference Shares of Rs.30 million, by exercising the option of redemption before maturity.

## 1.2 INDUSTRY STRUCTURE AND DEVELOPMENTS

Automotive Industry, globally, as well as in India, is one of the key sectors of the economy. Due to its deep forward and backward linkages with several key segments of the economy, automotive industry has a strong multiplier effect and acts as one of the key drivers of economic growth.

Today, the Indian Automobile Industry is on the edge of becoming a global outsourcing hub. Operations are all set to flow ahead in terms of quality and volume of business.

Over the last few years, the Indian Auto Component Industry has created a robust capacity base and the world's major manufacturers have set up their manufacturing units in the Country. The Industry has now reached a high degree of maturity in terms of quality and productivity and has developed capabilities in the area of design and engineering, which are critical requirements for being a part of the global supply chain.

## 1.3 OPPORTUNITIES AND THREATS

The Indian Auto Component Industry is targeting a bigger share of the export market. Low labour costs, availability of skilled labour and high quality consciousness among Indian Vendors have spurred the growth of auto component exports from India.

The identified challenges are in the areas of competitiveness in manufacturing and flow of technology, demand, infrastructure and Human Resource Development. The Industry is also faced with the difficult task of addressing wide range of market needs by producing a different set of components for domestic and global segment.

## 1.4 SEGMENT-WISE PERFORMANCE

The Company operates only in the Automobile Component Segment and hence segment-wise reporting is not applicable to the Company.

## 1.5 FUTURE OUTLOOK

The rising per capita income and the changing demographic distribution are conducive for growth. The trends indicate that small and medium cars would remain dominant and a shift towards high end cars is expected at a faster rate. The small utility vehicle market is expected to develop rapidly in future. In the commercial vehicle segment, increased investment in road infrastructure has led to a growth in multi-axle vehicles. The next growth driver for Light Commercial Vehicles is expected to be the introduction of lighter pick-ups. The growth in tractor industry is linked with the growth in agricultural output and exports to neighbouring countries.





## Automotive Stampings and Assemblies Limited



The growth of Auto Component Industry is directly linked to the growth of automobile industry since more than 50% sales is to the OEMs. However, in recent years, component exports are becoming an important growth driver and it is expected to assume greater importance in future.

### 1.6 RISKS AND CONCERNS

The Auto Component Industry is looking for initiatives by the Government with regard to infrastructure, stricter anti-dumping laws and adoption of global anti-dumping laws.

The continued rise in the cost of steel, the major input has an adverse impact on the profitability of the Company. There has been increasing demand from the OEMs to effect cost reduction and improve productivity.

### 1.7 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has introduced SAP from the year 2005-06. All the key transaction data is captured in SAP. 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 documented 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.

### 1.8 HUMAN RESOURCES

The Company has strength of 564 employees as on 31<sup>st</sup> March, 2007.

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

## 2. DIVIDEND

The Directors have paid dividend of Rs. 1.17 million (exclusive of dividend tax) on pro-rata basis on 30,00,000 12% Cumulative Redeemable Preference Shares redeemed on 29<sup>th</sup> July 2007. The Board has recommended payment of dividend of Rs. 10.80 million (exclusive of dividend tax) on the outstanding 90,00,000 12% Cumulative Redeemable Preference Shares for the year 2006-07 as per the terms of issue.

The Directors are pleased to recommend an equity dividend of 15% (Rs. 1.50 per share) for the year 2006-07. It would lead to an outflow of about Rs. 15.30 million, exclusive of dividend tax.

## 3. TECHNOLOGY PARTNER

The business of the Company has been growing significantly over the past several years. With the increase in competition and the modernization of the auto industry in India, it is becoming imperative on part of the Company, to obtain contemporary technology to be ahead in the acutely competitive business of sheet metal stampings.

The promoters of the Company, Tata AutoComp Systems Limited (TACO) had been scouting for the right partner to bring such technology to the Company and have now identified Gestamp Group of Spain (Gestamp) to be the technology partners in the Company.

In terms of the Share Purchase Agreement between TACO and Gestamp Servicios, S. L., a company incorporated under the laws of Spain, Gestamp Servicios, S. L., will acquire upto 37.5% of the paid-up equity share capital of the Company, partly from TACO and partly from public shareholders of the Company by way of an Open Offer in accordance with the provisions of the SEBI Regulations. The number of equity shares that Gestamp would acquire from TACO would depend on the number of equity shares tendered by the public shareholders, in response to the Open Offer. After completion of the sale of shares as above, the Company would become a joint venture company of TACO and Gestamp.



The Company plans to enter into a 'Technology Transfer and Technical Assistance Agreement' with Gestamp. This will help the Company to achieve World Class Standards of productivity & quality, to build and expand the Sheet Metal Stamping capabilities.

## 4. EXPANSION

The second phase of Chakan Expansion was completed in July 2006. As a result, the in-house capacity of Chakan Unit has increased by about 23%.



The Company is in the process of setting up a fourth plant at Pantnagar in Uttarakhand with an estimated outlay of Rs. 481 million primarily to cater to the "ACE" program of Tata Motors. The project is expected to become operational during the financial year 2007-08.

The Company further plans a capacity expansion at Chakan plant with an estimated outlay of Rs. 211 million to cater to the new programs of major customers. The expansion is expected to be completed during the financial year 2007-08.

The Company is also in discussions with various customers for their new programs. The outcome of these negotiations may result in additional orders and require the expansion of capacities.

Approval of the members is sought for increase in borrowing powers and increase in limit for creation of charges to enable the Company to part finance the proposed capital expenditure with debt.

## 5. QUALITY INITIATIVES

All the plants of the Company are certified under TS 16949. The Company has been implementing the Tata Business Excellence Model to build excellence into its operations. The Company is in the process of obtaining ISO 14000 accreditation.

## 6. DIRECTORS

### 6.1 Resignations

Mr. B. Venkataramani resigned as Director of the Company on 29<sup>th</sup> June, 2006. The Board of Directors places on record its appreciation of the valuable services rendered by him during his tenure of directorship.

### 6.2 Appointments

Mr. Rajiv Bakshi was appointed as an Additional Director with effect from 18<sup>th</sup> October, 2006. He holds office up to the date of the ensuing Annual General Meeting of the Company. A notice has been received from a member of the Company proposing his candidature for the office of the Director.

### 6.3 Retirement by Rotation

Mr. Rajiv Dube will retire by rotation at the conclusion of the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr. Atul Bansal, who is also liable to retire by rotation, has conveyed his decision not to seek re-appointment. Attention of the members is drawn to the corresponding item in the notice of the ensuing Annual General Meeting.



## 7. MANAGER

Mr. Nagaraju Srirama was appointed as Manager under the Companies Act, 1956 for a period from 16<sup>th</sup> February, 2007 to 31<sup>st</sup> March, 2010. The necessary resolution for obtaining the approval of the shareholders for the appointment of Mr. Nagaraju as the Manager of the Company has been included in the notice of the ensuing Annual General Meeting.