

ASAL

A **TATA** Enterprise

18th Annual Report 2007-08

Customer Intimacy

*Operational
efficiency*

*Engineering
Capability*

Customer Base

Products & Services



Gestamp Group is one of the leading suppliers of metal components and structural systems to the automotive industry worldwide.



With Gestamp as the Joint Venture Partners in ASAL, the Company is being benefitted through the contemporary technology transfer which would enable the Company to be ahead in the acutely competitive business of sheet metal stampings.

Report  junction.com

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:

- **Simplicity**
- **Frugality**
- **Integrity**
- **Respect**
- **Harmony**
- **Excellence**
- **Agility**

Automotive Stampings and Assemblies Limited

CORPORATE INFORMATION

Board of Directors

(as on May 15, 2008)



D.S. Gupta
(Chairman)



Francisco José
Riberas Mera



R.A. Savorr



S. Ramakrishnan



Pradeep Mallick



Francisco López Peña



R.S. Thakur

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



Works :

Bhosari Works:

G-71/2, MIDC Industrial Area, Bhosari,
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 commissioning):

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, Bhosari,
Pune 411 026,
Maharashtra, India
Tel: +91-20-27121500, 27121677, 66314000
Fax: +91-20-27123147
e-mail: cs@autostampings.com
website: www.autostampings.com

Registrar and Share Transfer Agent

Intime Spectrum Registry Limited,
202, 2nd 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
Website: www.intimespectrum.com

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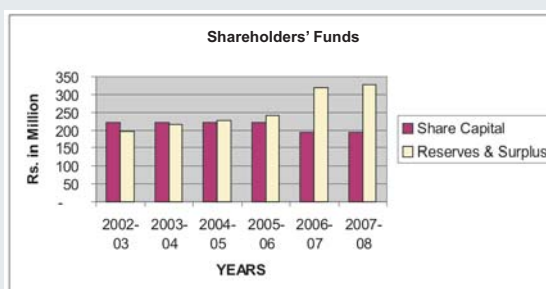
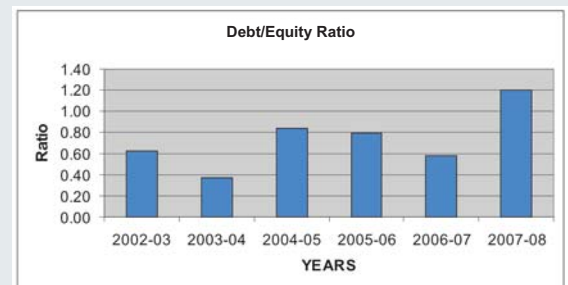
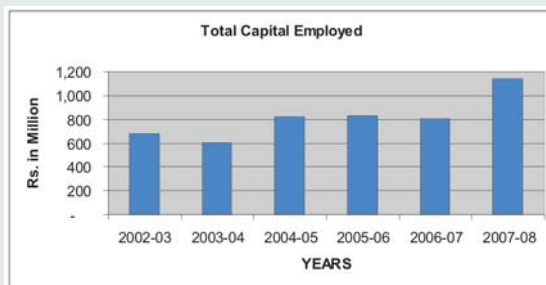
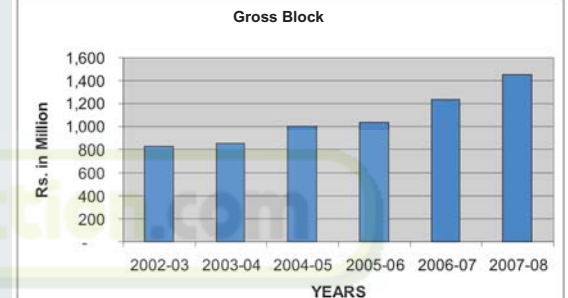
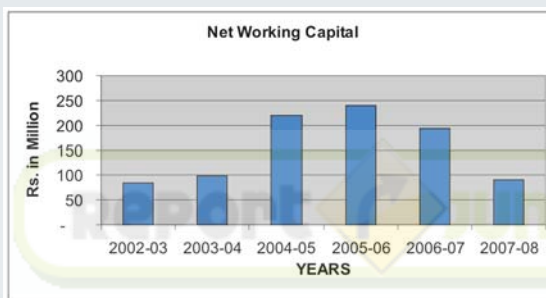
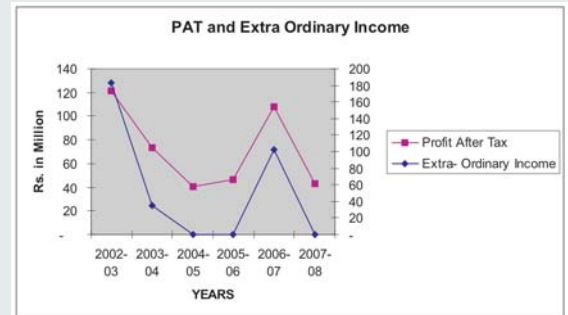
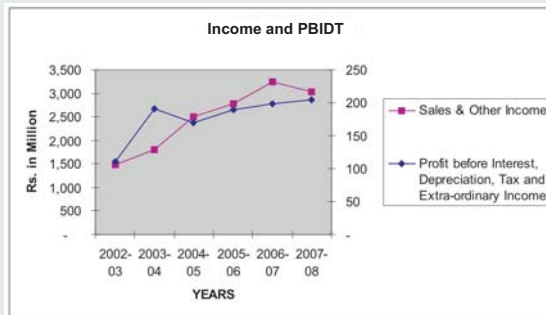
Annual General Meeting on Friday, the 27th day of June 2008 at 2.30 p.m. at
"Nehru Memorial Hall", Atur Foundation House, 4, Dr. Ambedkar Road, Pune 411 001

Automotive Stampings and Assemblies Limited
FINANCIAL HIGHLIGHTS

(Rs. in '000)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Sales & Other Income	1,481,684	1,804,657	2,505,190	2,786,185	3,247,814	3,024,889
Profit before Interest, Depreciation, Tax and Extra-ordinary Income	111,099	191,026	170,229	188,694	198,637	204,973
Extra- Ordinary Income	182,620	35,050	-	-	101,816	-
Profit After Tax	121,585	73,208	40,175	46,447	108,305	42,960
Share Capital	221,985	221,985	221,985	221,985	191,985	191,985
Reserves & Surplus	194,859	215,871	225,672	241,745	318,178	327,020
Shareholders' Funds	416,844	437,856	447,657	463,730	510,163	519,005
Loan Funds	262,842	164,871	374,376	365,121	295,547	623,604
Total Capital Employed	679,686	602,727	822,033	828,851	805,710	1,142,609
Gross Block	824,612	850,412	996,147	1,033,199	1,237,530	1,451,375
Depreciation	283,590	358,006	448,512	544,489	650,292	758,024
Net Block	541,022	492,406	547,635	488,710	587,238	693,351
Net Current Assets	84,948	98,976	218,752	238,915	193,025	89,799
Preference Dividend	-	21,738	14,400	14,400	11,974	10,800
Equity Dividend	-	-	12,238	12,238	15,298	15,298
Rate of Dividend	-	-	12.00%	12.00%	15.00%	15.00%
No. of Shareholders	1,857	2,651	3,654	2,971	3,111	3,408
Earnings Per Share	11.11	5.59	2.33	2.94	9.25	2.97





Automotive Stampings and Assemblies Limited
DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Eighteenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2008.

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	
	2007-08	2006-07
Sales	3,009.87	3,131.85
Other Income excluding Extra – ordinary Income	15.02	14.15
Profit before Depreciation, Financial Charges, Tax and Extra – ordinary Income	204.97	198.64
Less: Depreciation	115.35	108.18
Financial Charges	23.79	23.36
Add : Extra – ordinary Income	-	101.82
Profit before Tax	65.83	168.92
Less : Provision for Taxation		
a. Current Tax	31.07	61.60
b. Deferred Tax Expense / (Credit)	(9.50)	(2.20)
c. Fringe Benefit Tax	1.30	1.21
Profit After Tax	42.96	108.31
Balance from last year	72.82	34.38
Profit available for appropriation	115.78	142.69
Appropriations:		
- Transfer to Capital Redemption Reserve	-	30.00
- Transfer to General Reserve	7.50	8.00
- Proposed Dividend on Preference Shares	10.80	10.80
- Proposed Dividend on Equity Shares	15.30	15.30
- Pro-rata Dividend on redeemed Preference Shares	-	1.17
- Tax on Dividend	4.43	4.60
Balance Carried Forward	77.75	72.82



During the year, sales reduced by 4% essentially due to reduction in volumes of the customer programmes being handled by the Company.

The Profit before Depreciation, Financial Charges, Tax and Extra-ordinary Income increased to Rs.205 million as against Rs.199 million in the previous year, primarily as a result of reduction in material cost due to Value Analysis and Value Engineering (VAVE) efforts, tighter control over material accounting and material lying with job workers. There has been an increase in overheads as compared to the previous year as a result of business development expenses incurred in order to secure new business and training expenses incurred for improving employee capabilities.

Depreciation has increased mainly due to the additions to the fixed assets. The financial charges are in line with the costs incurred in the previous year.

After making a provision of Rs.23 million towards taxation, the Company's Profit after tax was Rs.43 million as against Rs. 108 million in 2006-07.

The Extra-ordinary Income in the previous year was on account of gain on prepayment of sales tax deferral loan under the scheme of Government of Maharashtra. Hence, to that extent the current financials are not comparable with those of the previous year.

1.2 INDUSTRY STRUCTURE AND DEVELOPMENTS

Capitalising on the spiraling demand of domestic auto companies, the Indian automobile components industry has emerged as one of India's fastest growing manufacturing sectors and a globally competitive one.

India has a good network of manufacturers of auto components and spares spread all over the country. India's auto component industry now has the capability to manufacture the entire range of auto-components, such as engine parts, drive, transmission parts, suspension and braking parts, electrical parts and body & chassis parts.

Steered by India's sophisticated engineering skills, established production lines, thriving domestic automobile industry and competitive costs, global auto majors are rapidly ramping up the value of components they source from India.

1.3 OPPORTUNITIES AND THREATS

The three main factors providing impetus to the auto-component industry are the ever increasing domestic automobile industry (two-wheelers, commercial vehicles and passenger cars), the aftermarket sales and servicing industry and the outsourcing of component manufacturing to India and China by the global titans to cut down on their cost of production.

Reduced excise duty on small cars would propel India as a global manufacturing hub for small cars and directly enable the auto-component industry to attain volumes.

The challenges before the Industry are - increasing focus on its competitiveness, capturing the best manufacturing practices and inculcating a prompt delivery culture at the same time.

1.4 SEGMENT-WISE PERFORMANCE

The Company's Primary Business Segment is Automobile Component. The Secondary Segment representing Geographical Segment covers Domestic and Export Sales of the Company. During the year under review, the Company achieved an export turnover of Rs. 53 million as against Rs. 56 million in the previous year.

1.5 FUTURE OUTLOOK

Though relatively small, the Indian automotive component manufacturing industry has a great potential to emerge as a big player in the near future due to a huge talent pool of skilled automotive engineers and access to the latest technologies.

India is estimated to have the potential to become one of the top five auto component economies by 2025. The industry has been experiencing a high growth rate of around 20 per cent over the period 2000-05 and growth rate of exports has been around 25 per cent during 2000-05.



Automotive Stampings and Assemblies Limited

The Indian automobile industry is striding inroads into the rural middle class after its inroads into the urban markets and rural rich. It is trying to bring in varying products to suit requirements of different class segments of customers.

However, the short term domestic automotive scenario is not so promising as it was a year back. In sharp contrast to the previous five years when the industry registered a consistent double-digit growth, its performance in recent months has been adversely affected because of high interest rates / taxes, hike in fuel prices, etc.

1.6 RISKS AND CONCERNS

Lacking the required infrastructure, Indian auto component industry falls way behind the major global players in terms of production capacities and delivery systems. Due to this fact, it also lags behind other nations in getting large manufacturing orders.

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 been using SAP since last three years. 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 625 employees as on 31st March, 2008.

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 Board has recommended payment of dividend of Rs. 10.80 million (exclusive of dividend tax) on 12% Cumulative Redeemable Preference Shares for the year 2007-08 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 2007-08. It would lead to an outflow of about Rs. 15.30 million, exclusive of dividend tax.

3. ASSOCIATION WITH GESTAMP

Gestamp Servicios, S. L. completed the transaction of acquisition of 37.5% stake in the Company on 21st August, 2008. It acquired 1,516 Equity shares from the public shareholders as a response to the Open Offer and the remaining 38,22,937 Equity shares were acquired from Tata AutoComp Systems Limited.

Gestamp Group is one of the leading suppliers of metal components and structural systems to the automotive industry worldwide.

The Company is getting benefited from the technical support of Gestamp in the areas of operations and new projects.

4. EXPANSION

The capacity expansion planned for new Indica program has been partially completed in February, 2008. As a result, the in-house capacity of Chakan Unit has increased. Some of the expansion activities have been shifted to Bhosari Unit. The remaining activities of the project are in progress and are expected to be completed during the first half of the current financial year.

The Pantnagar Plant is expected to be operational in the first quarter of the current financial year due to late receipt of customer tooling and its try-out at the plant.



The Company plans to set up a new plant at Chennai primarily to cater to the order of Renault Nissan. The estimated investment is Rs. 130 million. The plant is expected to be operational in the financial year 2009-10.

To part finance the capital expenditure, a Rights Issue of securities with the issue size not exceeding Rs. 350 million, is proposed. To enable the Rights Issue, an Ordinary Resolution for increase in the Authorised Share Capital and consequential amendments to the Memorandum of Association of the Company was passed by the shareholders through Postal Ballot.



5. QUALITY INITIATIVES

All the plants of the Company are certified under TS 16949. The Bhosari and Chakan units of the Company have obtained ISO 14001 Certification. The Company has been implementing the Tata Business Excellence Model to build excellence into its operations.

6. DIRECTORS

6.1 Resignations

To enable restructuring of the Board, Mr. Rajiv Dube resigned as Director with effect from 27th February, 2008 and Mr. Satish Pradhan resigned as Director with effect from 20th March, 2008. Mr. Raman Nanda resigned as Director with effect from 4th April, 2008.

The Board of Directors places on record its appreciation for the valuable services rendered by them during their tenure of directorship.

6.2 Appointments

Mr. Francisco José Riberas Mera and Mr. Francisco López Peña were appointed as Additional Directors with effect from 1st October, 2007. Mr. Pradeep Mallick was appointed as an Additional Director with effect from 28th December, 2007.

Further, the Board of Directors has in its meeting held on 28th April, 2008 appointed Mr. R.S. Thakur as an Additional Director with effect from 29th April, 2008.

These Directors hold office up to the date of the ensuing Annual General Meeting of the Company. Notices have been received from a member of the Company proposing their candidature for the office of Director. The Directors recommend their appointments.

6.3 Retirement by Rotation

Mr. R.A. Savoor and Mr. S. Ramakrishnan will retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.



7. CORPORATE GOVERNANCE

The necessary measures are taken to comply with the requirements of the Listing Agreements with the stock exchanges. The Report on Corporate Governance, along with the Certificate of Compliance from the Auditors, forms a part of this Report.

8. THE DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 and based on the representations received from the operating management, the Directors confirm that -

1. In the preparation of the Annual Accounts for the year 2007-08, the applicable Accounting Standards have been followed and that there are no material departures;
2. They have in the selection of the accounting policies, consulted the Statutory Auditors and have 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 viz. 31st March, 2008 and of the profit of the Company for the year ended on that date;