

ASAL

Automotive Stampings and Assemblies Limited

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

A TATA Enterprise



19th Annual Report 2008-09

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ASAL

Nineteenth Annual Report 2008-09

Automotive Stampings and Assemblies Limited

CORPORATE INFORMATION

Board of Directors

(as on April 29, 2009)

Francisco José Riberas Mera
R.A. Savoor
S. Ramakrishnan
Pradeep Mallick
R.S. Thakur
Alberto Moreno

Chief Executive Officer

Vijay Bijlani

Secretary

Shailendra Dindore

Statutory Auditors

M/s Price Waterhouse
Chartered Accountants

Bankers

HDFC Bank
State Bank of India
Bank of India

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

Pantnagar Works:

Plot No. 71, Sector 11,
IIE Pantnagar 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: 91 020 66314300
Fax: 91 020 66314343
Email: cs@autostampings.com
website: www.autostampings.com

Registrar & Share Transfer Agent:

Link Intime India Private Limited,
202, 2nd Floor Akshay Complex,
Near Ganesh Mandir, Off. Dhole Patil Road,
Pune 411 001, Maharashtra, India
Tel: (91) 020 26050084,
Fax: (91) 020 26053503
Email: vikrant.deshmukh@linkintime.co.in
Website: www.linkintime.co.in

Annual General Meeting on Wednesday, the 15th day of July, 2009 at 5.00 p.m. at "Nehru Memorial Hall",
Atur Foundation House, 4, Dr. Ambedkar Road, Pune 411 001

FINANCIAL HIGHLIGHTS

(Rs. in '000)

Particulars	Financial Year						
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Sales & Other Income	1,481,684	1,804,657	2,505,190	2,786,185	3,247,814	3,024,889	3,485,560
Profit before Interest, Depreciation, Tax and Extra-ordinary Income	111,099	191,026	170,229	188,694	198,637	204,973	184,522
Extra- Ordinary Income	182,620	35,050	-	-	101,816	-	-
Profit / (Loss) After Tax	121,585	73,208	40,175	46,447	108,305	42,960	(24,236)
Share Capital	221,985	221,985	221,985	221,985	191,985	191,985	191,985
Reserves & Surplus	194,859	215,871	225,672	241,745	318,178	327,020	284,183
Shareholders' Funds	416,844	437,856	447,657	463,730	510,163	519,005	476,168
Loan Funds	262,842	164,871	374,376	365,121	295,547	623,604	707,485
Total Capital Employed	679,686	602,727	822,033	828,851	805,710	1,142,609	1,183,653
Gross Block	824,612	850,412	996,147	1,033,199	1,237,530	1,451,375	1,975,629
Depreciation	283,590	358,006	448,512	544,489	650,292	758,024	879,436
Net Block	541,022	492,406	547,635	488,710	587,238	693,351	1,096,193
Net Current Assets	84,948	98,976	218,752	238,915	193,025	89,799	104,089
Preference Dividend	-	21,738	14,400	14,400	11,974	10,800	10,800
Equity Dividend	-	-	12,238	12,238	15,298	15,298	5,099
Rate of Dividend	-	-	12.00%	12.00%	15.00%	15.00%	5.00%
No. of Shareholders	1,857	2,651	3,654	2,971	3,111	3,408	3,353
Earnings Per Share	11.11	5.59	2.33	2.94	9.25	2.97	(3.62)

Automotive Stampings and Assemblies Limited

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of Automotive Stampings and Assemblies Limited will be held on Wednesday, the 15th day of July, 2009 at 5.00 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 March 31, 2009 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 declare dividend on Equity Shares.
4. To appoint a Director in place of Mr. Pradeep Mallick who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Rameshwar S. Thakur who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Alberto Moreno, be and is hereby appointed as Director of the Company and shall be liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:
"RESOLVED THAT the regulations as contained in the draft articles of association submitted to this meeting and for the purpose of identification initialed by the Chairman thereof, be and are hereby approved and adopted as the articles of association of the Company in substitution for and to the exclusion of all the existing articles thereof."

BY ORDER OF THE BOARD
for Automotive Stampings and Assemblies Limited

Shailendra Dindore
Secretary

Mumbai, April 29, 2009

Registered Office:
G-71/2, MIDC Industrial Area,
Bhosari, Pune 411026

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 HIMSELF / HERSELF. 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 July 11, 2009 to July 15, 2009 (both days inclusive) for the purpose of payment of dividend to those Members, whose names stand on the Register of Members as on July 15, 2009. The dividend in respect of Equity Shares held in electronic form will be payable to the beneficial owners of the Equity Shares as at the end of business hours on July 10, 2009 as per the details furnished by the depositories for this purpose.
6. The dividend on Equity Shares as recommended by the Directors for the year ended March 31, 2009 will be payable on or after July 15, 2009 in accordance with the resolution to be passed by the Members of the Company.
7. To avoid loss of dividend warrants / demand drafts in transit and undue delay in respect of receipt of dividend warrants / demand drafts, the Company has provided a facility to the Members for remittance of dividend through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agent.
8. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS mandates, power of attorney, change of address/name, etc. to their depository participant only and not to the Company's Registrar and Transfer Agent. Changes intimated to the depository participant will help the Company and its Registrar and Transfer Agent to provide efficient and better services to the Members.
9. The shareholders who have not yet encashed the dividend for financial years 2004-05, 2005-06, 2006-07 and 2007-08 are requested to make their claim to the Registrar and Transfer Agent of the Company - M/s Link Intime India Pvt. Ltd.
10. Shareholders / investors may contact the Company on the designated E-mail ID: cs@autostampings.com for faster action from the Company's end.
11. The Company has paid the annual listing fee to the respective stock exchanges for the financial year 2009-10.
12. As per the Scheme of Arrangement (demerger) between the Company and JBM Auto Limited (formerly known as 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 certificates 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 Company's Registrar & Share Transfer Agent.

Automotive Stampings and Assemblies Limited

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. 7 to 8 in the accompanying Notice dated April 29, 2009.

ITEM NO. 7

The Board of Directors appointed Mr. Alberto Moreno as an Additional Director of the Company w. e. f. April 29, 2009. His term of office 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 along with the requisite deposit, proposing the candidature of Mr. Alberto Moreno for the office of Director.

A brief profile of Mr. Alberto Moreno is as under: -

Date of Birth and Age	August 28, 1971 – 37 Years
Qualifications	Mr. Moreno holds a Bachelor's degree in Business Administration from Madrid Complutense University.
Expertise in specific functional areas	Mr. Alberto Moreno is heading the Asia Division of Gestamp Group. Earlier, he worked as a Financial Manager of Gestamp Automocion, Spain and General Manager of Gestamp Automocion, Mexico.
Chairman / Director of other Indian companies, as on March 31, 2009	Gestamp Automotive India Private Limited Technical Stampings Automotive Limited
Chairman / Member of Committees of the Boards of other Indian companies of which he is a Director, as on March 31, 2009	---
Shareholding in the Company	---

The Company would be immensely benefited from his wide experience.

The Directors recommend the resolution for approval of the Members.

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

ITEM NO. 8

Since the incorporation of the Company on the 13th Day of March, 1990, the Company's articles of association have not been substantially altered. To make the provisions contained in the articles in conformity with the current provisions of the Companies Act, 1956, your Directors consider it desirable to take this opportunity of adopting new set of articles of association.

A copy of the new set of Articles of Association of the Company is available for inspection by any Member at the Registered Office of the Company between 10 a.m. to 12 noon on any working day of the Company.

The Directors recommend the resolution for approval of the Members.

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

**BY ORDER OF THE BOARD
for Automotive Stampings and Assemblies Limited**

Shailendra Dindore
Secretary

Mumbai, April 29, 2009

Registered Office:
G-71/2, MIDC Industrial Area,
Bhosari, Pune 411026

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Nineteenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2009.

1. MANAGEMENT DISCUSSION AND ANALYSIS

To avoid duplication and overlap, this Report includes the Management Discussion and Analysis.

1.1 FINANCIAL AND OPERATIONAL PERFORMANCE

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

(Rs. in '000)

	Financial Year	
	2008-09	2007-08
Sales	3,456,224	3,009,871
Other Income	29,336	15,018
Profit before Depreciation, Financial Charges and Tax	184,522	204,973
Less: Depreciation	135,326	115,354
Financial Charges	82,532	23,793
Profit / (Loss) before Tax	(33,336)	65,826
<u>Less: Provision for Taxation</u>		
a. Current Tax	25	31,066
b. Deferred Tax Expense / (Credit)	(9,600)	(9,500)
c. Fringe Benefit Tax	1,450	1,300
d. Excess provision for taxation in respect of earlier years written back	(975)	-
Profit / (Loss) After Tax	(24,236)	42,960
Balance from last year	77,746	72,819
Profit available for appropriation	53,510	115,779
<u>Appropriations:</u>		
- Transfer to General Reserve	-	7,500
- Proposed Dividend on Preference Shares	10,800	10,800
- Proposed Dividend on Equity Shares	5,099	15,298
- Tax on Dividend	2,702	4,435
Balance Carried Forward	34,909	77,746

Income

Net Sales

The net sales increased by 14.83% during the year under review. The major reasons for this increase are the change in product mix and increase in selling price due to increase in input costs.

Automotive Stampings and Assemblies Limited

Other Income

The sources of other income mainly consist of income from investments, cash discount received and miscellaneous receipts. Other income increased because of an increase in Cash Discount and increase in write back of provisions no longer required.

Total Income

On account of the foregoing reasons, the total income increased by 15.23%.

Expenditure

Raw Material Consumed (including Change in Stock)

Raw material consumed (including change in stock) as a percentage to sales increased by 4.66% mainly because of change in product mix.

Payments to and provisions for employees

Employee cost increased by 13.16% due to effect of wage revisions as well as year-on-year salary hikes.

Manufacturing, Selling & Other Expenses

Manufacturing, selling and other expenses decreased by 10.40% primarily as a result of reduction in overheads. Overheads include Rights Issue expenses of Rs. 3,447 thousand charged to revenue consequent to deferment of the said issue.

Profit before Interest, Depreciation and Tax

The Profit before Interest, Depreciation and Taxation reduced from Rs. 204,973 thousand to Rs. 184,522 thousand.

Interest and Finance Charges

Interest and finance charges have increased by 246.88% mainly on account of drawal of term loans for expansion projects.

Depreciation and Amortization

Depreciation has increased by 17.31% due to addition of fixed assets.

Net Profit / (Loss)

The loss after tax of Rs. 24,236 thousand against a Profit after tax of Rs. 42,960 thousand in last year is mainly due to higher interest and depreciation as a result of lesser utilization of capacities because of recessionary conditions.

1.2 INDUSTRY STRUCTURE AND DEVELOPMENTS

The global automotive component manufacturing industry is estimated to have a market size of around US\$ 1 trillion. The magnitude of the Indian auto component manufacturing industry stands at Rs. 25,000 Crore (US\$ 5 billion approx.). Though relatively small, the Indian automotive component manufacturing industry due to a huge talent pool of skilled automotive engineers and access to the latest technologies has a great potential to emerge as a big player in the near future.

Lacking the required infrastructure, the Indian auto component manufacturing industry falls way behind the major global players in terms of production capacities. Though striving to better its standards, the Indian auto component manufacturing industry has registered a robust growth in the recent past.

The industry has been exporting more than 10% of its output for the last few years. India has a good network of manufacturers of Auto components and spares spread all over the country.

These component manufactures also manufacture all kinds of parts for all Indian vehicles apart from Japanese, German & Continental Vehicles. They have the capability to design as per client's specification / drawing to provide them quality service.

In recent times, the global slowdown of car sales in US, EU and Asian car markets has been affecting the Indian auto component industry and the industry has been seeing recessionary trends.

1.3 OPPORTUNITIES AND THREATS

From a low-key supplier providing components to the domestic market alone, the Indian auto component industry has emerged as one of the key auto components centres in Asia and is today seen as a significant player in the global automotive supply chain.

Investment in the Indian automobile components industry is witnessing continuous growth. Investments grew at a compound annual growth rate (CAGR) of 21.7% during 2002-07 and were worth US\$ 7.2 billion in 2007-08.

Even though the industry has conventionally relied on exports for its profits, the domestic market itself is ripe with rapidly growing opportunities.

The collapse of the global financial order triggered by the aggregation of toxic assets by banks and financial intermediaries has brought forth a challenging situation for the automotive industry. The lack of availability of consumer finance has forced willing buyers to defer their purchase plans as the financiers are redefining their risk profiles.

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. 31,336 thousand as against Rs. 52,916 thousand in the previous year.

1.5 FUTURE OUTLOOK

Medium Term Outlook

In the October-December quarter of the year, the automotive sector in India suffered severe contraction in demand, arising from major financial and other market upheavals. This exacerbated the lack of liquidity and unavailability of consumer finance. This, along with contraction in freight movement in many segments of the industry, led to a massive drop in the M&HCV segment demand. High interest rates and peak commodity prices also affected the industry and the supply chain.

Accordingly, the small scale auto part makers and original equipment manufacturers (OEMs) were adversely affected. Certain OEMs have reversed their expansion plans.

While the financial stimulus announced by the Government, particularly for commercial vehicles, has had a positive impact in the last quarter, the retail market would still take some time to revive.

Long Term Outlook

With increased role of outsourcing in an integrated supply chain model followed by the automotive industry, the long term outlook for the auto component industry is promising. The indigenous demand for auto components is estimated to reach US\$ 20 billion in next ten years. Steel will remain the dominant material for auto component due to its versatility. It is providing a wide range of properties through the choice of appropriate combination of composition and processing. Further, high recycling ability will always favour steel as a choice for use in auto component manufacturing.