

ASAL

Automotive Stampings and Assemblies Limited

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

A TATA Enterprise

21st Annual Report 2010-11

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ASAL

Twentyfirst Annual Report 2010-11

Automotive Stampings and Assemblies Limited

CORPORATE INFORMATION

Board of Directors

(as on April 22, 2011)

Pradeep Mallick (Chairman)

R. A. Savoor

L Lakshman

R.S. Thakur

Amitabha Mukhopadhyay

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

M/s B. K. Khare & Co.,

Chartered Accountants

Cost Auditors (Internal)

M/s Dhananjay V. Joshi & Associates,

Cost Accountants

Secretarial Auditors

M/s 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 263 153,

Uttarakhand, 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, 26051629

Fax: (91) 020 26053503

Email: vikrant.deshmukh@linkintime.co.in

Website: www.linkintime.co.in

Annual General Meeting on Wednesday, the 25th day of May, 2011 at 11.30 a.m. at Moolgaokar Auditorium,
Ground Floor, A Wing, MCCIA Trade Tower, International Convention Centre,
Senapati Bapat Road, Pune 411 016

FINANCIAL HIGHLIGHTS

(Rs. in Crores)

Particulars	Financial Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	
Sales & Other Income	148.17	180.47	250.52	278.62	324.78	302.49	348.60	417.30	531.90	
Profit before Interest, Depreciation, Tax and Extra-ordinary Income	11.11	19.10	17.02	18.87	19.86	20.50	18.50	28.20	34.00	
Extra-Ordinary Income	18.26	3.51	-	-	10.18	-	-	-	-	
Profit / (Loss) After Tax	12.16	7.32	4.02	4.64	10.83	4.30	(2.40)	5.10	10.17	
Share Capital	22.20	22.20	22.20	22.20	19.20	19.20	19.20	19.20	19.20	
Reserves & Surplus	19.49	21.59	22.57	24.17	31.82	32.70	28.40	30.50	37.07	
Shareholders' Funds	41.68	43.79	44.77	46.37	51.02	51.90	47.60	49.70	56.27	
Loan Funds	26.28	16.49	37.44	36.51	29.55	62.36	70.70	52.50	60.48	
Total Capital Employed	67.97	60.27	82.20	82.89	80.57	114.26	118.30	102.20	116.75	
Gross Block	82.46	85.04	99.61	103.32	123.75	145.14	197.50	200.70	212.08	
Depreciation	28.36	35.80	44.85	54.45	65.03	75.80	87.90	100.30	112.83	
Net Block	54.10	49.24	54.76	48.87	58.72	69.34	109.60	100.40	99.25	
Net Current Assets	8.49	9.90	21.88	23.89	19.30	8.98	10.40	4.90	5.77	
Preference Dividend	-	2.17	1.44	1.44	1.20	1.08	1.08	1.08	1.08	
Equity Dividend	-	-	1.22	1.22	1.53	1.53	0.51	1.53	2.04	
Rate of Dividend	-	-	12.00%	12.00%	15.00%	15.00%	5.00%	15.00%	20.00%	
No. of Shareholders	1,857	2,651	3,654	2,971	3,111	3,408	3,353	3,363	4,220	
Earnings Per Share	11.11	5.59	2.33	2.94	9.25	2.97	(3.62)	3.81	8.74	

Automotive Stampings and Assemblies Limited

NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the members of Automotive Stampings and Assemblies Limited will be held on Wednesday, the 25th day of May, 2011 at 11.30 A.M. at Moolgaokar Auditorium, Ground Floor, A Wing, MCCIA Trade Tower, International Convention Centre, Senapati Bapat Road, Pune 411 016, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 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.

BY ORDER OF THE BOARD
for Automotive Stampings and Assemblies Limited

Shailendra Dindore
Secretary

Pune, April 22, 2011

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

NOTES

1. 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.
2. Members are requested to bring their personal copy of the Annual Report to the meeting.
3. 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.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from May 7, 2011 to May 9, 2011 (both days inclusive) for the purpose of payment of dividend to those Members, whose names stand on the Register of Members as on May 9, 2011. 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 May 6, 2011 as per the details furnished by the depositories for this purpose.
5. The dividend on Equity Shares as recommended by the Directors for the year ended March 31, 2011 will be payable on or after May 25, 2011 in accordance with the resolution to be passed by the Members of the Company.
6. 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.
7. 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.
8. 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 for financial years 2004-05 to 2009-10 are requested to make their claim to the Company or Registrar and Transfer Agent of the Company- M/s Link Intime India Private Limited 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

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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.

9. Shareholders / investors may contact the Company on the designated E-mail ID: cs@autostampings.com for faster action from the Company's end.
10. The Company has paid the annual listing fee to the respective stock exchanges for the financial year 2011-12.
11. As per the Scheme of Arrangement (demerger) of 2001 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.

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting their Twenty First Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS**(Rs. in Crores)**

Particulars	Financial Year	
	2010-11	2009-10
Sales and other income	531.90	417.27
Earnings before Depreciation, Financial Charges and Tax	34.00	28.21
Financial Charges	5.98	6.94
Depreciation	12.97	13.50
Profit before Tax	15.05	7.77
Taxation	4.88	2.62
Profit for the year	10.17	5.15

DIVIDEND

The Board has recommended payment of dividend of Rs. 1.08 Crores (excluding dividend tax) on 12% Cumulative Redeemable Preference Shares for the year 2010-11 as per the terms of issue.

The Directors are pleased to recommend an equity dividend of 20% (Rs. 2 per share) for the year 2010-11. It would lead to an outflow of about Rs. 2.03 Crores (excluding dividend tax).

MANAGEMENT DISCUSSION AND ANALYSIS**INCOME STATEMENT**

Net sales increased by 27.91% during the year under review on the back of an increase in volumes of customer programmes being handled by the Company and supplies to new customer programmes.

Other income mainly consists of income from investments in mutual fund schemes, cash discount received, miscellaneous receipts and write back of provisions no longer required. Other income decreased by 27.24% primarily due to reduced write back of provisions no longer required as compared to the previous year.

Raw material consumed (including change in stock) as a percentage to sales increased by 1.06% mainly because of change in product mix and increase in steel prices.

Employee cost increased by 39.32% over last year due to effect of pay revisions and owing to addition of employees consequent upon an increase in business volumes.

Manufacturing, Selling & Other Expenses have increased by 8.02% as a result of increase in volumes.

The Profit before Interest, Depreciation and Taxation increased from Rs. 28.21 Crores to Rs. 34.00 Crores.

Interest on Term Loan has decreased by 20.86% on account of repayment of loans. Other Interest has increased by 83.68% on account of higher borrowing for working capital requirements on account of increased activity levels.

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The Depreciation has reduced by 3.96% inspite of additions to fixed assets mainly on account of some of the old assets getting fully depreciated in the previous year.

The Profit after tax of Rs. 10.17 Crore as against a Profit after tax of Rs. 5.15 Crore in previous year is primarily as a result of higher sales.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The automotive industry globally is one of the largest industries and is an important indicator of the economy. A sound transportation system plays a pivotal role in the country's robust economic and industrial development. The automotive industry comprising the automobile and the auto component sectors has made rapid strides since the de-licensing and de-regulation of the sector to Foreign Direct Investment in 1991. The fortunes of the auto components industry are closely linked to that of the automobile industry.

The sheet metal component industry involves the manufacturing of key outer body parts, structural and reinforcement parts and under-body chassis components of an automobile. These comprise mainly steel components, which provide shape and structure to the vehicle. This industry is capital and labour intensive. Steel, the primary raw material, is used in both CR (Cold Rolled) and HR (Hot Rolled) forms for sheet metal components in the ratio of 65:35 for passenger cars and 40:60 for commercial vehicles and utility vehicles.

Given the reasonably high entry barriers, high capital intensity with restricted pricing flexibility, the key success factors of the sheet metal auto component industry are, sustained growth in automobile demand, ability to provide efficiency and active participation with the OEMs in the design process to reduce vehicle weight.

OPPORTUNITIES AND THREATS

A buoyant economic growth, growing middle class population, rising disposable income levels, relatively low penetration of cars and adequate availability of financing are likely to provide an ideal backdrop for a sustained long term demand growth for the automobile industry.

In addition to demand from urban areas, smaller towns and rural India have been incrementally driving demand for passenger vehicles in India. This has largely been prompted by rising disposable income levels in smaller towns and rural areas and improving road connectivity.

Remaining cost competitive and addressing the requirements of OEMs in the entire supply chain are critical for the growth of the sheet metal auto components sector.

SEGMENT-WISE PERFORMANCE

The Company's sales are primarily to Domestic Automobile Component Segment, however also has a share in the export segment. During the year under review, the Company achieved domestic sales of Rs. 527.90 Crores as against Rs. 411.40 Crores in the previous year and export sales of Rs. 1.61 Crores as against Rs. 2.59 Crores in the previous year.

FUTURE OUTLOOK

The Indian auto industry showed a 26% increase with nearly 155 lakh vehicles sold in 2010-11 as compared to 123 lakh vehicles in 2009-10. All the four major segments – passenger, commercial, three wheelers and two wheelers showed a good growth. The commercial vehicle segment registered a 27% growth with around 7 lakh vehicles sold in 2010-11 as compared to around 5 lakh vehicles sold in 2009-10. The passenger vehicle segment registered a 29% growth with around 25 lakh vehicles sold in 2010-11 as compared to around 20 lakh vehicles sold in 2009-10.

Analysts expect the sheet metal stamping component industry to grow from Rs. 13,800 Crores in 2010-11 in value terms by a CAGR of 16 per cent to around Rs.29,000 Crores by 2014-15. Automotive OEMs in the country will continue to constitute around 98 per cent of the demand and exports contributing merely 2 per cent. We believe both the Commercial Vehicles and Passenger Vehicles (which includes Cars & Utility Vehicle) segments to grow by 16-18 per cent over the next five years. Increasing collaboration with auto component manufacturers to improve the design process in stamping is expected to support the growth in the industry. In addition, ability to provide efficiency benefits and innovation for reducing vehicle weight along with active participation in the design process will be the key to sustenance for the Indian sheet metal component supplier. In terms of raw material cost, steel being one of the key raw materials, steel prices have a direct bearing on the selling prices, since Raw material cost constitutes 76-78 per cent of Sales, however, most of the customers have an agreement to compensate the Stampings industry for increase in price of steel. Our view is that the Sheet Metal industry will show a growth rate higher than the growth rate in the automotive industry as Sheet Metal Industry will have to contribute to vehicle weight reduction through innovative technologies.

RISKS AND CONCERNS

Due to rising competition and growth potential, the sheet metal auto component industry has been exposed to risks of varying intensity. The components manufacturers are required to constantly invest to upgrade themselves and to add value.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's SAP system captures all the key transaction data. This, along with a system of internal controls ensures that all 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.

EXPANSION

- a) The capacity expansion planned at Pantnagar Plant for 1 ton goods and passenger carrier programme of the customer has been completed in December, 2010. The activities of the expansion project at Pantnagar Plant for small 0.5 ton commercial goods and passenger carrier programme of the customer are in progress and are expected to be completed during the current financial year.

The activities of Rights Issue of securities planned to finance the aforesaid capital expenditure at Pantnagar Plant with the issue size not exceeding Rs. 30 Crores are in progress.

- b) The second phase of the expansion project at Pantnagar Plant for small 0.5 ton commercial goods and passenger carrier programme including automation has commenced and is expected to be completed by end of 2011.

The Company has planned expansion at Halol Plant with an estimated outlay of Rs. 7.4 Crores to cater to a new Customer programme. The same is expected to be completed before March, 2012.

- c) The Company is also in discussions with various customers for their new programmes which could call for further expansion of capacities.