

ASAL

Automotive Stampings and Assemblies Limited

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

A TATA Enterprise

23rd Annual Report 2012-13

Contents

Corporate Information	2
Financial Highlights	3
Notice	4
Directors' Report	7
Report on Corporate Governance	13
Secretarial Audit Report	26
Auditors' Report	27
Balance Sheet	32
Statement of Profit and Loss	33
Cash Flow Statement	34
Notes forming part of Financial Statements	36
Proxy	63

ASAL

Twenty Third Annual Report 2012-13

Automotive Stampings and Assemblies Limited

CORPORATE INFORMATION

Board of Directors

(as on May 6, 2013)

Pradeep Mallick (Chairman)
R. A. Savoor
L. Lakshman
R.S. Thakur
Amitabha Mukhopadhyay
Ajay Tandon

Chief Executive Officer

Neeraj Kumar

Secretary

Shailendra Dindore

Statutory Auditors

Price Waterhouse

Internal Auditors

B. K. Khare & Co.

Cost Auditors

Dhananjay V. Joshi & Associates

Secretarial Auditors

S. V. Deulkar & Co.

Bankers

HDFC Bank
State Bank of India
Bank of India

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 66314322
Fax: 91 020 66314343
Email: cs@autostampings.com
website: www.autostampings.com

Registrar & Share Transfer Agent:

Link Intime India Private Limited,
Block 202, 2nd Floor Akshay Complex,
Near Ganesh Mandir, Off. Dhole Patil Road,
Pune 411 001, Maharashtra, India
Tel: (91) 020 26161629
Fax: (91) 020 26163503
Email: pune@linkintime.co.in
Website: www.linkintime.co.in

Annual General Meeting on Friday, the 19th day of July, 2013 at 3.30 p.m. at Moolgaokar Auditorium,
Ground Floor, A Wing, MCCIA Trade Tower, International Convention Centre,
Senapati Bapat Road, Pune 411 016

FINANCIAL HIGHLIGHTS

(Rs. in Crore)

Particulars	Financial Year										
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	
Total Revenue	180.47	250.52	278.62	324.78	302.49	348.60	417.30	531.90	571.73	465.18	
Profit before Interest, Depreciation, Tax and Extra-ordinary Income	19.10	17.02	18.87	19.86	20.50	18.50	28.20	33.88	29.31	13.66	
Extra-Ordinary Income	3.51	-	-	10.18	-	-	-	-	-	-	
Profit / (Loss) After Tax	7.32	4.02	4.64	10.83	4.30	(2.40)	5.10	10.17	5.97	(4.43)	
Share Capital	22.20	22.20	22.20	19.20	19.20	19.20	19.20	19.20	15.86	15.86	
Reserves & Surplus	21.59	22.57	24.17	31.82	32.70	28.40	30.50	37.07	62.69	58.26	
Shareholders' Funds	43.79	44.77	46.37	51.02	51.90	47.60	49.70	56.27	78.55	74.12	
Loan Funds	16.49	37.44	36.51	29.55	62.36	70.70	52.50	60.48	31.93	52.79	
Total Capital Employed	60.27	82.20	82.89	80.57	114.26	118.30	102.20	116.75	110.48	126.91	
Gross Block	85.04	99.61	103.32	123.75	145.14	197.50	200.70	212.08	244.92	252.66	
Depreciation	35.80	44.85	54.45	65.03	75.80	87.90	100.30	112.83	126.97	142.11	
Net Block	49.24	54.76	48.87	58.72	69.34	109.60	100.40	99.25	117.95	110.55	
Preference Dividend	2.17	1.44	1.44	1.20	1.08	1.08	1.08	1.08	0.41	-	
Equity Dividend	-	1.22	1.22	1.53	1.53	0.51	1.53	2.04	2.38	-	
Rate of Dividend	-	12.00%	12.00%	15.00%	15.00%	5.00%	15.00%	20.00%	15.00%	-	
No. of Shareholders	2,651	3,654	2,971	3,111	3,408	3,353	3,363	4,220	4,889	4,636	
Earnings / (Loss) Per Equity Share (Basic)	5.59	2.33	2.94	9.25	2.97	(3.62)	3.81	8.74	3.89	(2.79)	

Automotive Stampings and Assemblies Limited

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Automotive Stampings and Assemblies Limited will be held on Friday, the 19th day of July, 2013 at 3.30 p.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, 2013 and the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R A Savoor who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pradeep Mallick who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

BY ORDER OF THE BOARD
for Automotive Stampings and Assemblies Limited

Shailendra Dindore
Secretary

Mumbai, May 6, 2013

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. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote in their behalf at 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 13, 2013 to July 19, 2013 (both days inclusive).
6. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, NECS mandates, Power of Attorney, change of address/name, etc. to their Depository Participant only. Changes intimated to the Depository Participants will be automatically reflected in the Company's record which will help the Company and its Registrar and Transfer Agent to provide efficient and better services.
7. Under section 205A of the Companies Act, 1956, the amount of the dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (the "IEPF") set up by the Government of India.

The dividend for the financial year ended March 31, 2005 which remained unpaid or unclaimed over a period of seven years has been transferred by the Company to IEPF on July 14, 2012.

Any person/ member who has not claimed the dividend in respect of the financial year ended March 31, 2006 or any year thereafter is requested to approach the Company/ Registrar and Transfer Agent of the Company for claiming the same.

It may please be noted that the unpaid/ unclaimed dividend for the financial year ended March 31, 2006 is due for transfer to the fund on June 28, 2013.

Members are requested to also note that pursuant to section 205C of the Companies Act, 1956, no claim shall lie against the Company or the aforesaid fund in respect of any amount of dividend remaining unclaimed / unpaid for a period of seven years from the dates they became first due for payment.
8. Shareholders / investors may contact the Company on the designated E-mail ID: cs@autostampings.com for faster action from the Company's end.
9. The Company has paid the annual listing fee to the respective Stock Exchanges for the financial year 2013-14. Annual Custody / Issuer fee for the financial year 2013-14 has also been paid by the Company to NSDL and CDSL.

Automotive Stampings and Assemblies Limited

10. 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. The Company had pending share certificates of those shareholders who had not submitted their share certificates in terms of the scheme of arrangement for exchange and also of those shareholders in whose case new share certificates remained undelivered. In compliance with the amendment to Clause 5A of the Listing Agreement issued by SEBI, after following the prescribed procedure, the shares which remained unclaimed, were dematerialized and transferred to a demat account in the name of "Automotive Stampings and Assemblies Limited - Unclaimed Securities Suspense Account".

The Members are requested to refer the section on Clause 5A of the Listing Agreement w.r.t. Unclaimed Shares in Corporate Governance Report for further information in this behalf.

11. The Ministry of Corporate Affairs (MCA), Govt. of India has taken a Green Initiative by allowing paperless compliance by the companies and has permitted companies to issue copies of Annual Report by e-mail to the shareholders. The Listing Agreement with the Stock Exchanges requires the Company to send soft copies of the Annual Report and Accounts to those Members who have registered their e-mail addresses for the purpose. The Members can register their e-mail addresses with the Registrar & Transfer Agent of the Company. The registration by the Members will contribute towards furtherance of the 'Green Initiative in Corporate Governance' announced by MCA.

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

Shailendra Dindore
Secretary

Mumbai, May 6, 2013

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

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Twenty Third Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2013.

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

Particulars	Financial Year	
	2012-13	2011-12
Total Revenue	465.18	571.73
Earnings before Depreciation, Financial Charges and Tax	13.66	29.31
Finance Cost	4.74	5.46
Depreciation and Amortization Expense	15.24	14.97
Profit / (Loss) before Tax	(6.32)	8.88
Tax Expense / (Credit)	(1.89)	2.91
Profit / (Loss) for the year	(4.43)	5.97

DIVIDEND

Due to the loss during the year, the Board of Directors has not recommended a dividend.

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Indian Automobile Industry is made up of two types of sub-industries - those involved in manufacturing automobiles and those in manufacturing automobile components.

The Automobile Industry in India is an emerging sector. Almost all the global majors have set up their facilities in India. The Industry has been continually evolving and absorbing newer technologies in order to align itself with global developments and realise its full potential.

The fortunes of the Auto Components Industry are closely linked with those of the automobile industry. The Industry is divided into five segments viz. engine parts, drive transmission and steering parts, suspension and brake parts, electric parts and body and chassis. The Industry has kept pace with technological developments and is today catering not only to Original Equipment Manufacturers (OEMs) and Tier One (those who supply directly to OEMs) in India but abroad as well. Many Indian Auto Component makers have also succeeded in emerging as the supplier of choice to global auto majors even under the challenges of global recession and slowdown.

Your Company operates in Sheet Metal Components, Assemblies and Sub-assemblies segment of the Auto Components Industry. It manufactures a range of sheet metal components and assemblies for the Automobile Industry and is a Tier One auto components supplier.

The pressure from OEMs for implementation of stringent controls over quality of component and reliability of delivery is basic for auto component industry. In today's competitive environment, auto component manufacturers are under pressure to adapt to global standards to ensure maintaining on-time delivery and world-class quality.

Automotive Stampings and Assemblies Limited

OPERATIONS

The year under review was a difficult one for the business environment. Revenue was impacted due to drop in volumes resulting from the economic downturn and also because of strike / stoppage of work at our Pune plants. To mitigate the adverse impact, the Management took steps to improve operational efficiencies and control costs. Inflationary conditions, however, continued to drive up input costs. The reduced revenue, together with higher input costs brought margins under pressure throughout the year.

The Company therefore incurred a loss in the year under review as against a profit in the previous year.

INCOME AND EXPENDITURE

Sales reduced by 18.78% during the year under review because of demand compression and a consequent reduction in volume of customer programmes being handled by the Company. The Industrial Relations problems at Pune also affected Sales to a small extent.

Other Operating Revenue which mainly comprises income from job work and cash discounts received, increased by 51.04%.

Other Income, which largely consists of gain on exchange fluctuations and income from investment in mutual fund schemes, decreased marginally.

Cost of materials consumed (including change in stock) as a percentage to sales increased by 0.90% mainly because of change in the product mix.

Employee expenses increased by 0.94% over previous year. The effect of reduction in headcount was offset by pay revisions and increase in expenses due to IR related problems.

Other Expenses comprising Manufacturing, Administration and Selling Expenses reduced by 22.35% due to reduction in Sales volumes. The reduction would have been higher but for the increase in expenses due to IR related problems.

Earnings before Depreciation, Finance Costs and Tax decreased from Rs. 29.31 Crore to Rs. 13.66 Crore.

Finance costs decreased by 13.13%. The effect of reduction on account of repayment of Term Loans has been partially offset by increase in short term borrowings.

Depreciation and amortization expense have increased following completion of phase one of expansion at Halol.

OPPORTUNITIES AND THREATS

The burgeoning Indian middle class with increasing purchasing power along with inherently strong macro-economic fundamentals has attracted the major global auto manufacturers to the Indian market. The well established financial market with market-linked exchange rate, the low per capita Car penetration in India compared to other developing nations and availability of trained manpower are attractive market compulsions for global auto majors to shift new capacities and invest in India.

High inflation, rising costs of finance and fuel and demand compression have taken a toll on domestic sales in financial year 2012-13. The profitability of the Indian Auto Components Industry is likely to continue to be under strain due to pricing pressures from OEMs, who themselves are entering a phase of heightened competitive intensity, constraining their pricing flexibility.

SEGMENT-WISE PERFORMANCE

The Company operates in the Automobile Component Segment in the Domestic Market.

FUTURE OUTLOOK

Medium Term

The financial year 2012-13 was one of the toughest for the Indian passenger vehicle industry in a long time. The market showed no signs of growth despite the high discounts, while rising fuel prices and high interest rates also stunted demand. The year also showed a shift in consumer preference to utility vehicles that posted its highest ever tally in the financial year 2012-13.

Long Term

The long term prospects of the Indian Automotive Sector appears bright. India is expected to be one of the world's largest automobile markets. This confidence is based on strong sector fundamentals which include low incidence of vehicle penetration in the country, projected high rate of GDP growth for the Indian economy, huge investments being made by the Government in infrastructure along with a very large upwardly mobile middle class population with aspirations for better living standards.

RISKS AND CONCERNS

The future challenges for the Indian Automobile Industry in achieving the targets would primarily consist of developing a supply base in terms of technical and human capabilities, achieving economies of scale and lowering manufacturing costs, as well as overcoming infrastructural bottlenecks.

Component manufacturers are required to constantly invest to add value through continuous upgradation. Low investment in Research and Development and Infrastructural constraints in supply chain are the other major concerns.

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.

An incidence of theft of certain material by a contract employee along with two Security Agency employees was detected at Bhosari plant of the Company during the year under review. The Management has terminated the relevant contracts and taken steps to further strengthen the internal control procedures to prevent such instances in future.

EXPANSION

The first phase of expansion at Halol plant was completed in the year under review. The second phase of expansion is in progress and expected to be completed during the current financial year.

RELATED PARTIES

Note 25 of the Accounts sets out the nature of transactions with related parties. Transactions with Related Parties are carried out at the arm's length and the details are tabled before the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY

In terms of societal contribution, the following initiatives have been undertaken by the Company:

- The Company has adopted an orphanage/ old age home wherein the employees voluntarily contribute their time and effort to provide some companionship and succour to the children. The Company also contributes financially to mitigate the hardships by providing help to this orphanage.
- The Company identifies employable local youth and provides training to them under earn and learn scheme.
- The Company also contributes to social causes such as educational institutions.