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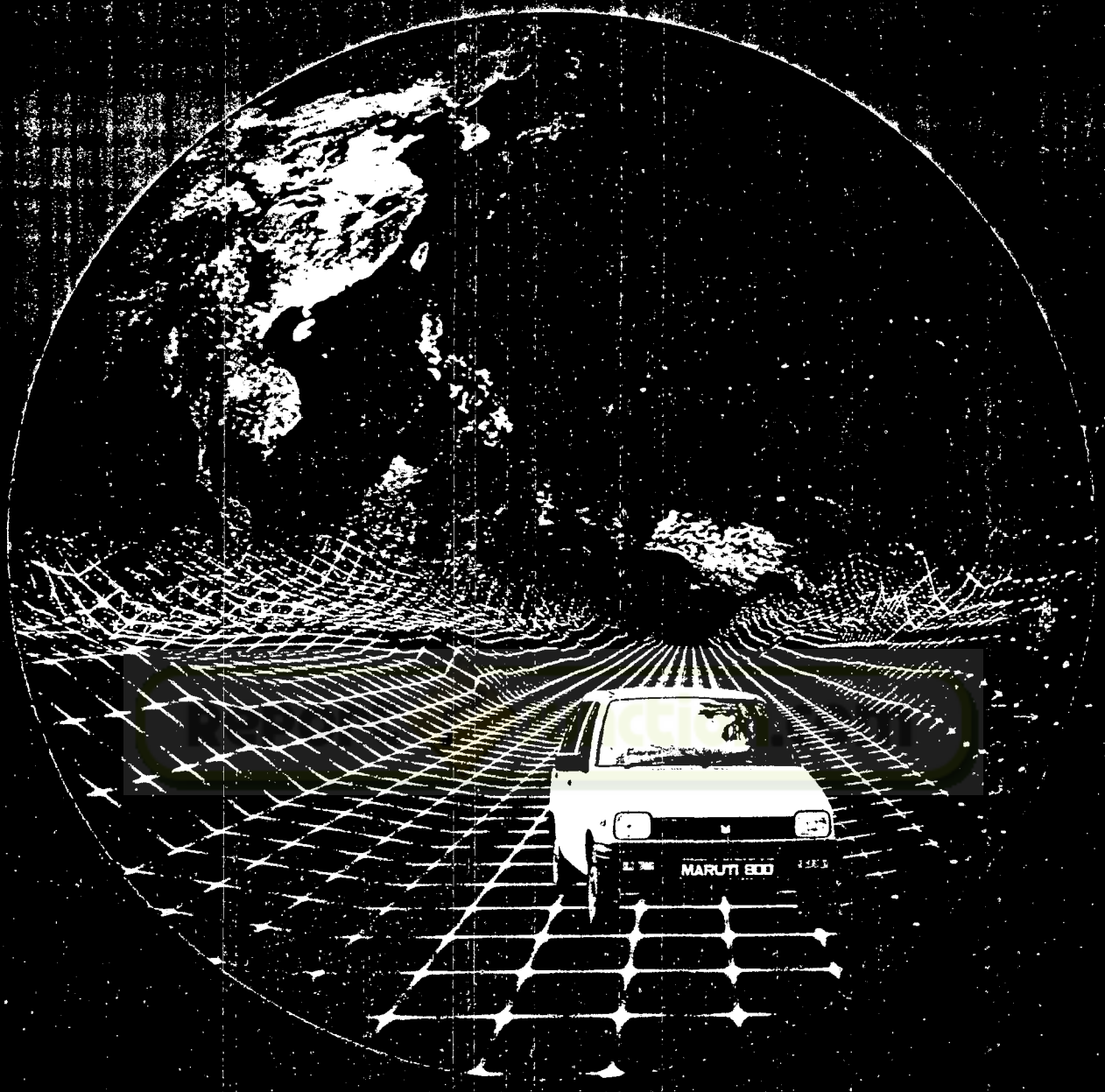
11th ANNUAL REPORT 1996-97



AMTEK AUTO LIMITED

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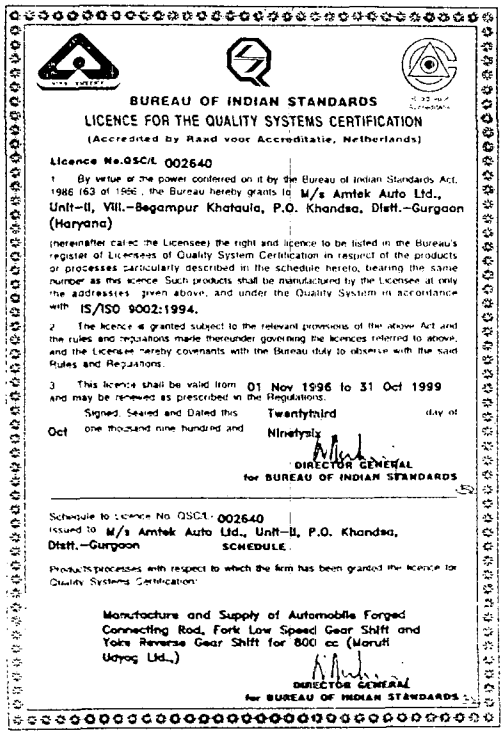

BUREAU OF INDIAN STANDARDS

LICENCE FOR THE QUALITY SYSTEMS CERTIFICATION

(Accredited by Raad voor Accreditatie, Netherlands)

Licence No.QSC/L 002640

1. By virtue of the power conferred on it by the Bureau of Indian Standards Act, 1986 (63 of 1986), the Bureau hereby grants to M/s Amtek Auto Ltd., Unit-II, Vill.-Begampur Khataula, P.O. Khandsa, Distt.-Gurgaon (Haryana) (hereinafter called the Licensee) the right and licence to be listed in the Bureau's register of Licensees of Quality System Certification in respect of the products or processes particularly described in the schedule hereto, bearing the same number as this licence. Such products shall be manufactured by the Licensee at only the addresses given above, and under the Quality System in accordance with IS/ISO 9002:1994.

2. The licence is granted subject to the relevant provisions of the above Act and the rules and regulations made thereunder governing the licences referred to above, and the Licensee hereby covenants with the Bureau duly to observe with the said Rules and Regulations.

3. This licence shall be valid from 01 Nov 1996 to 31 Oct 1999 and may be renewed as prescribed in the Regulations.

Signed, Sealed and Dated this Twentythird day of Oct one thousand nine hundred and Ninetysix

DIRECTOR GENERAL
for BUREAU OF INDIAN STANDARDS

Schedule to Licence No. QSC/L 002640
issued to M/s Amtek Auto Ltd., Unit-II, P.O. Khandsa, Distt.-Gurgaon

SCHEDULE

Products/processes with respect to which the firm has been granted the licence for Quality Systems Certification:

Manufacture and Supply of Automobile Forged Connecting Rod, Fork Low Speed Gear Shift and Yoke Reverse Gear Shift for 800 cc (Maruti Udyog Ltd.)

DIRECTOR GENERAL
for BUREAU OF INDIAN STANDARDS

Perseverance brings excellence

The Company's Press Forge Plant (Unit-II) at Gurgaon, has been accredited with **ISO 9002** Certificate for quality systems by Bureau of Indian Standards (Accredited by Raad Voor de Certificate. Netherlands)

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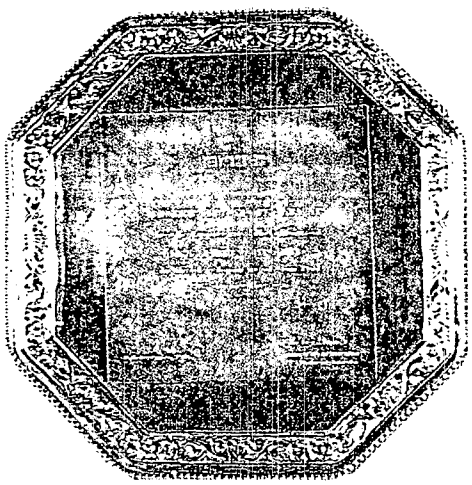

Customer recognition - our inspiration

The Company has been awarded Citation by Eicher Tractors, Alwar in recognition of efforts made by the Company in the development of Con Rod 298 during the Year 1995-96.

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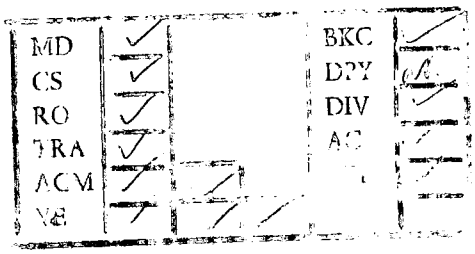

AMTEK AUTO LIMITED

11th Annual Report 1996-97

BOARD OF DIRECTORS

Shri Arvind Dham	*Managing Director*
Shri N.K. Gupta	*Nominee Director*
Shri Rajiv Thakur	*Director*
Smt. Anita Dham	*Director*
Shri Sanjay Chhabra	*Director*

Registered Office & Works (Unit-I)
Plot No. 16, Industrial Estate
Rozka-Meo (Sohna)
Distt. Gurgaon (Haryana)

Unit-II (Press Forge)
Begumpur Khataula
P.O. Khandsa, Distt. Gurgaon
Haryana

Corporate Office
4, Bhanot Apartments
Local Shopping Centre
Pushp Vihar,
New Delhi-110062

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Auditors :
M/s S. Bhasin & Company
Chartered Accountants

CONTENTS

Notice 2
Directors' Report 5
Auditors' Report 8
Balance Sheet 10
Profit & Loss Account 11
Annexures 13

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AMTEK AUTO LIMITED

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held as under :-

Day	:	Tuesday
Date	:	30th September, 1997
Time	:	9.30 A.M.
Venue	:	Plot No. 16, Industrial Estate, Rozka-meo, Sohna, Distt. Gurgaon (Haryana)

to transact the following business :

Ordinary Business

1. To consider and adopt the Audited Balance Sheet of the Company as on 31st March, 1997 and the Profit & Loss Account for the year ended on that date together with Directors' and Auditor's Reports thereon.
2. To appoint a Director in place of Mr. Sanjay Chhabra who retires by rotation and being eligible offers himself for reappointment.
3. To declare dividend.
4. To appoint auditors and to authorise the Board to fix their remuneration. M/s S. Bhasin & Co., Chartered Accountants retire at the conclusion of this meeting and being eligible offer themselves for re-appointment.

Special Business

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

   "RESOLVED THAT Ms. Aarti Dham be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:-

   "RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification, amendment or re-enactment thereof from time to time) and subject to such other approvals/permissions/modifications as may be prescribed and agreed to by the Board of Directors of the company (hereinafter referred to as the "Board"), the consent of the company be and is hereby accorded to the Board of Directors to buyback/acquire/purchase any of its own shares on such terms and conditions and upto such limits as may be prescribed by law or otherwise considered fit by the Board of Directors of the Company from time to time, provided that buyback/acquisition/purchase of such equity shares of the Company be not construed as reduction of equity share capital which is subject to the provisions as stipulated in Sections 100 to 104 and Section 402 of the Companies Act, 1956 and that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to implement this resolution."

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

   "RESOLVED THAT after Article 145 of the Articles of Association of the Company the following new article be inserted:-

   "145A Subject to the provisions of the Companies Act, 1956 and any other law for the time being in force in this regard, the Board of Directors may from time to time buy back/purchase/acquire shares of the Company on such terms & conditions and upto such limits as may be prescribed by law or otherwise considered fit by the Board of Directors of the Company from time to time."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the provisions under the different Acts, notifications and clarifications issued from time to time by the appropriate authorities on preferential issue and subject to guidelines of the Securities and Exchange Board of India on Preferential Issue, Reserve Bank of India and all other appropriate authorities and subject to such conditions as may be prescribed by them in granting such approval, the Board of Directors of the Company or Committee

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of the Board duly constituted and authorised be and are hereby authorised to issue and allot upto 16,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 25/- aggregating to Rs. 5,60,00,000 to the promoters of the Company including their friends, relatives, associates and associated companies by way of preferential offer on firm basis.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to engage the services of or appoint Solicitors. Advocates, Legal Advisors and Merchant Banker and any other agency as the Board may consider necessary and on such terms as to remuneration by way of Commission, Brokerage, Fees or otherwise as the Board may in its absolute discretion deem appropriate.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the Board of Directors be and is hereby authorised to do on behalf of the Company all such acts, deeds, matters and things as it may in its discretion deem necessary or desirable for such purpose and to settle any question, difficulties or doubts, clarification and modification that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit and proper."

9. To consider and if thought fit, to pass with or without modification(s) the following resolutions as a Special Resolution:

"RESOLVED THAT Articles of Association of the company be and are hereby altered by inserting Articles 155A under the heading "THE SEAL" after Article 155 as follows :

"155A, The common seal of the company will be affixed in the presence of atleast one Director and Company Secretary or such other person as may be authorised by the Board.

BY ORDER OF THE BOARD
For **AMTEK AUTO LIMITED**

Sd/-

Place : New Delhi
Date : 30th August, 1997

(ARVIND DHAM)
Managing Director

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The proxy form duly completed, signed and stamped, should reach the Company's Office atleast 48 hours before the time of the meeting.
3. The Register of Members and the Share Transfer Books will remain closed from 23rd September, 1997 to 30th September, 1997 (both days inclusive).
4. The dividend, if declared at the Annual General Meeting, shall be paid to those shareholders whose name appears in the Register of Members as on 30th September, 1997.
5. Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the resolutions set out under item No. 5 to 9 is annexed hereto.
6. All documents referred to in the notice and explanatory statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m

BY ORDER OF THE BOARD
For **AMTEK AUTO LIMITED**

Sd/-

Place : New Delhi
Date : 30th August, 1997

(ARVIND DHAM)
Managing Director

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

The company has received representations from one of the members expressing his intention to propose Ms. Aarti Dham for the office of Director as required under Section 257 of the Companies Act, 1956. Your Directors recommend the appointment of Ms. Aarti Dham as Director of the Company and request the shareholders to pass the above resolution. Ms. Aarti Dham is related to Mr. Arvind Dham and Mrs. Anita Dham and to that extent they are interested or concerned in the resolution.

ITEM NO. 6 & 7

The Companies may be permitted in the near future to buyback their own shares and statutory notification or amendment in the Companies Act, 1956 in this regard is also expected shortly. It is believed that this step of the management will carry a positive impact on the investors. The Special Resolution set out at item 6 is intended to give requisite authority to the Board and pursuant to Section 31 of the Companies Act, 1956 approval of members for alteration/substitution in the Articles of the Association of the Company is also required.

The Directors, therefore, recommend the Special Resolution at item No. 7.

None of the Directors of the Company is concerned or interested in the aforesaid resolution except to the extent of their shareholding.

ITEM NO. 8

The Special Resolution concerns issue, offer and allotment of Equity Shares to promoters, their friends, relatives & associates at a price determined in accordance with SEBI Guidelines on Preferential Issue. The purpose of offer is to meet funds requirement for expansion and modernisation of the project and to meet ongoing capital expenditure and working capital requirements. The increased promoters' stake in the Company not only reflects their long term commitment towards the Company but also ensures stability, efficient management and control of the affairs of the Company and achievement of long term objectives of the organization. Therefore, your directors recommend the resolution at item No. 8.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of shares/ securities to be allotted to them or their friends, relatives & associates by way of preferential allotment.

ITEM NO. 9

Presently, as the Articles of Association of the company do not contain any specific provision for affixing common seal of the company, the company is required to follow provisions of Table A of schedule 1 of the Companies Act, 1956 which requires presence of at least Two Directors and Company Secretary for affixing common seal. Your company frequently deals with the financial institutions and banks and sometimes it become difficult to ensure simultaneous presence of two directors at a time which causes delay in documentation. As such the proposed resolution at item No. 9 is recommended for your approval.

None of the directors is concerned or interested in the resolution.

BY ORDER OF THE BOARD
For **AMTEK AUTO LIMITED**

Sd/-
(ARVIND DHAM)
Managing Director

Place : New Delhi
Date : 30th August, 1997

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DIRECTORS' REPORT

To

The Members,

Amtek Auto Ltd.

Your Directors have pleasure in presenting the Eleventh Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1997.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	1996-97	1995-96
Sales and other income	4473.81	2579.85
Less : Expenses	3640.07	1969.66
Gross Operationg Profit before Depreciation	833 74	610.19
Less : Depreciation	189 99	110.09
Profit before tax	643.75	500.10
Less : Provision for taxation	59.12	12.22
Net Profit for the year	584.63	487.88
Accumulated Profit (loss) B/F	660 51	318.60
APPROPRIATION :		
General Reserve	996 11	36.59
Reserve for investment allowance	---	54.69
Proposed Dividend	68 54	54.69
Proposed Dividend Tax	6 86	---
Net Profit Transferred to Balance Sheet	173.63	660.51

DIVIDEND

Considering the excellent growth in turnover and profits your Directors recommend a dividend @ 20% for the year ended 31st March, 1997, payable at prorata basis on the equity share capital of the company.

OPERATIONS

Maintaining its track record of consistent performance, once again your company produced excellent results both in terms of turnover and profits. The company has been consistently growing at a pace which is much higher than the industry's growth rate.

In the previous year the company had expanded its production capacity for manufacturing connecting rods from 1.2 million pcs p.a. to 2.6 million pcs. p.a. The forging capacity was also increased from 1500 tones to 7500 tones p.a. During the year, effective utilisation of enhanced capacity enabled the company meet the growing demand for its products and the company achieved a turnover of Rs. 44.73 crores, 73% higher than the previous year figure of Rs. 25.80 crores. During the year under review, the net profit figure stood at Rs. 5.85 crores as against previous year's figures of Rs. 4.88 crores. The company enjoys a strong reserves position of Rs. 22.65 crores. As on 31st March 1997, Book Value per share is more than Rs. 72/-. Earning per share is more than Rs. 17/-. Your company has received additional orders of 1,00,000 connecting rods per month from its existing and new clients.

Your directors are pleased to inform you that the company has entered into an agreement with M/s Aizen Co. Ltd. of Japan, which is one of the largest manufacturer of Connecting Rod Assemblies in the world, for technical assistance in getting full automation of its plants. M/s Aizen is also the OEM supplier of the Connecting Rod Assemblies to Suzuki Motor Co. Ltd., Japan. The technology agreement with Aizen is valid for five years and the aforesaid automation will bring the Amtek Auto Plants at par with international standards. There will also be substantial saving of raw material and power consumption. The said automation will enable the company enhance productivity by another 4,00,000 connecting rods per annum.

INTERNATIONAL ACCREDITION

Your Company has always strived for engineering excellence and its products have always confirmed to the highest standards of quality. During the year under review, your company's plants were accredited with IS/ISO 9002 certification for quality systems. Your Company now plans to go one step ahead and apply for QS9000 certification which is considered as a prerequisite for dealing with the leading international automobile companies. This QS9000 certificate is specific only to automobile components industry. The Certificate has recognition from leading international automobile players like General Motor, Ford, Chrystler etc. The QS9000 certificate will definitely be instrumental in Amtek's emergence as a strong global player in the automotive industry.

FUTURE PLANS

Your company now plans to expand its operations on a large scale and the two major steps in this direction are manufacturing of bigger forgings like crankshaft and machining of connecting rods for two wheelers.

FIXED DEPOSITS

Your directors are pleased to inform you that the fixed deposit

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schemes of your company have received overwhelming response from the depositors. During the year, your company accepted deposits of Rs. 3,69,64,000/- under Section 58-A of the Companies Act, 1956. Your directors express their gratitude for the confidence reposed by the investors. During the year, the FD programme of your company was rated by CARE and AA(-) rating was assigned to it. The instruments carrying this rating are judged to be of high quality by all standards and are also classified as of high investment grade.

DIRECTORS

The Board expresses its deep sorrow on the sad demise of Executive Director Mr. W.L.Dham, and places on the record its sincere appreciation for the contributions made by him for the progress of the company.

Shri Sanjay Chhabra retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. A notice under section 257 of the Companies Act, 1956 proposing appointment of Ms. Aarti Dham as Director of the Company has been received by the Company. Their appointment is recommended for the approval of the share holders.

AUDITORS

M/s Bhasin & Co., Chartered Accountants, the Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The company constantly endeavours to cut down energy consumption and utilise energy in an optimum manner.

The report required under section 217(1)(e) of the Companies Act, 1956 is annexed.

PARTICULARS OF EMPLOYEES

Particulars of employees under Section 217(2A) are given as a separate annexure.

INDUSTRIAL RELATIONS

During the year under review, the relations between the Management and staff were highly cordial.

ACKNOWLEDGEMENT

Your Directors wish to place on record the sincere and dedicated efforts of all the members of the Amtek team which has made it possible to achieve excellent growth. Your Directors also take this opportunity to offer their sincere thanks to the Financial Institutions and Bankers and other Government Agencies, our valued customers and the investors for their continued support and assistance.

BY ORDER OF THE BOARD
For **AMTEK AUTO LIMITED**

Sd/-
(ARVIND DHAM)
Chairman

Place : New Delhi
Date : 30th August, 1997

ANNEXURE TO THE DIRECTORS' REPORT 1996-97

A. STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISION OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES AS AMENDED TO DATE.

EMPLOYED THROUGHOUT THE FINANCIAL YEAR :

S.N.	Name of the Employees	Designation (Nature of Duties)	Qualification	Experience (Yrs.)	Date of Commencement of Employment	Remuneration Received (Rs.)	Age (Yrs.)	Last employment held and Designation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Sh. Arvind Dham	Managing Director	B. Arch. MBA	12	1.7.86	8,64,000	37	Satlaj Const. Co. Ltd. Director
2.	Sh. W.L. Dham	Executive Director	B.E.	43	1.11.86	8,64,000	69	Suptt. Engg. Govt. of Punjab

EMPLOYED FOR THE PART OF THE YEAR :

	Nil	---	---	---	---	---	---	---

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B. INFORMATION REQUIRED UNDER SECTION 217(1(e)) OF THE COMPANIES ACT, 1956.

I. Research & Development (R & D)

(a)	Specific area in which (R & D) carried out by the company	:	i) Process design. ii) Design of new fixtures & tools.
(b)	Benefits derived as a result	:	1. Reduction in process time. 2. Higher productivity. 3. Consistant quality.
(c)	Future plan of action	:	To infuse more automation in manufacturing process & operation.

II. Technology Absorption :

(a)	Efforts in brief towards technology absorption	:	The company is in the process of implementing technical changes & process designs being advised by the Company's collaborator: Aizen Co. Ltd., Japan.
(b)	Benefits derived as a result of the above efforts e.g. product	;	i) Cost reduction due to savings in raw material, dies & moulds and power & fuel. ii) increased productivity and better quality.
(c)	In case of imported technology (import during the last 6 years reckoned from beginning of the financial year)	:	Technology in the form of drawings and designs have been imported and is being worked upon.

III. Foreign Exchange Earnings & Outgo :

Foreign Exchange earned	:	Rs. Nil
Foreign Exchange used	:	Rs. 32,67,215/-

IV. Conservation of energy :

	Current Year	Previous Year
A. Power & Fuel Consumption :		
1. Electricity Purchased		
Units	6,95,888	6,37,942
Total Amt.	25,55,716	25,26,252
Rate/Unit	3.96	3.96
2. Own Generation through Generator		
Units	11,65,719	8,50,395
Units/Ltr.	2	2
Rate/Unit	4.11	3.99
B. Consumption per unit of production		
Products		
Auto Components	41,22,537	17,74,471
Cost/Pc.	1.83	3.34

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