

DIRECTORS' REPORT

TO

THE MEMBERS,

AMTEK AUTO LIMITED

Your Directors have pleasure in presenting the Sixteenth Annual Report and the Audited Accounts of the Company for the period ended 30th June, 2003.

FINANCIAL RESULTS

(Rs. In Mn.)

PARTICULARS	CURRENT PERIOD 2002 - 2003	PREVIOUS PERIOD 2001 - 2002
Sales and other Income	4149.03	2231.67
Less : Expenditure	3346.87	<u>1801.29</u>
Gross Profit Before Depreciation	802.17	430.74
Less : Depreciation	322.94	<u>181.29</u>
Profit Before Tax	479.22	248.45
Less : Provisions for Taxation	55.07	<u>18.76</u>
Net Profit after Tax	424.15	230.09
Provision for Deferred Tax	000.00	68.26
Profit after Deferred Tax	424.15	161.83
Income Tax for earlier years	0.01	9.87
Accumulated Profit (Loss) B / F	424.14	<u>171.70</u>
Add : Accumulated Profit	18.39	11.96
Amount available for appropriation	442.53	183.66
Appropriation :		
General Reserve	265.00	46.02
Reserve for Debenture	80.00	80.00
Reserve for Preference Shares	17.50	0.00
Preference Dividend	35.53	21.56
Dividend on Equity Shares	30.99	15.49
Provision for Dividend Tax	4.75	02.20
Net profit Transferred To Balance sheet	8.77	18.39

**PERFORMANCE**

During the period under review, the company has posted a turnover of Rs. 414.90 with a net profit after tax of Rs. 42.53 Crores Cash profit has been recorded at Rs. 74.83 Crores. The reserve position of the Company has reached at a level of Rs. 155.50 Crores.

DIVIDEND

Yours Directors are pleased to recommend a Dividend of 20% on the paid-up Equity Share Capital of the Company. The dividend is free of tax in the hands of the shareholders.

SUBSIDIARY COMPANIES

During the period under review, your company has acquired two companies in the auto components sector i.e. Ahmednagar Forgings Limited and Smith Jones Inc. of U.S.A. Both the companies are involved in the auto component manufacturing and having more than 100 Crores turnover each.

In Ahmednagar Forgings Limited Company acquired 52,41,450 Equity Shares of Rs. 10/- each for cash at a price of Rs.32.50 per shares comprising of 65.52% equity capital of the company. AFL has four manufacturing units of forgings and fully machined components in Pune and Ahmednagar, which give a strong base to the company in western India.

Smith Johns Inc. is a U.S. based company in the State of Iowa in the United States of America. This is the second largest manufacturer of flywheel ring gears and flex plates in U.S. The manufacturing facilities of the company is QS-9000 certified. Your company has acquired 100% capital of the company and now it is a wholly owned subsidiary of Amtek Auto Limited.

Pursuant to provisions of Section 212 of the Companies Act, 1956, the Audited Accounts for the year ended 30th June, 2003 together with the reports of the Directors and the Auditors and also the Statement under the said Section of the following subsidiaries are attached to Balance Sheet of the Company:-

- Ahmednagar Forgings Limited
- Smith Jones Inc.

CONSOLIDATED FINANCIAL STATEMENT

As required under Accounting Standards AS-21, AS-23 and AS-27 of The Institute of Chartered Accountants of India the consolidated financial statements have been prepared on the basis of financial statements of the company and abovementioned subsidiaries.

SHARE CAPITAL

The Company's share Capital structure under went certain changes during the year under review:

The Subscribed Capital of the Company increased from Rs. 7,74,74,530/- to comprising of 7747453 Equity shares Rs. 10/- each to Rs. 154949060 to comprising of 15494906 Equity shares. The increase in paid up is on account of Issue of Bonus Shares to the shareholders of the company in the ration of 1:1.

INVESTOR RELATIONS

Your Company always endeavors to keep the time of response to shareholders' requests/grievances at the minimum. Priority is accorded to address all the issues raised by the shareholders and provide them a satisfactory reply at the earliest possible time. The shareholders' and investors' Grievances committee of the Board met periodically and reviewed the status of the redressal of investors' grievances. The shares of the company are continued to be traded in Electronic Form and the Dematting arrangement exists with both the depositories, viz., National Securities Depository Limited and Central Depository Services (India) Limited. As on date, 20,12,500 share have been dematerialized, representing 12.99% of the subscribed capital.

FIXED DEPOSITS

During the period under review, the Company continued to accept deposits under section 58- A of the Companies Act, 1956.

DE-MATERIALISATION OF SHARES

The Company's equity shares are available for de – materialization on both the depositories viz., NSDL & CDSL. Shareholders may be aware that SEBI has made trading in your company's shares mandatory, in de – materialized form. As on date 35.50% of your Company's Equity shares capital has been de-materialised.

LISTING AT STOCK EXCHANGE

The shares of company are listed on The Delhi Stock Exchange Association Limited and The Stock Exchange, Mumbai and are also permitted to be traded on The National Stock Exchange of India Limited.

The company has paid the annual listing fee to the Stock exchanges for the year 2003 - 2004.

DE – LISTING OF SHARES

The company has got its shares de-listed from The Ludhiana Stock Exchange Association Limited and The Madras Stock Exchange Limited due to abysmally low trading volume on these stock exchanges. The shares of the company are listed on The Stock Exchange, Mumbai and also permitted to be trading on The National Stock Exchange Limited which provides to its investors, spread across the country, sufficient trading and liquidity through their large nationwide network.

STATUTORY INFORMATION

- Particular of Employees under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 – Details are given in the Annexure and form part of this Report. (Please refer Annexure – II).
- Statutory details of Energy Conservation and Technology Absorption R & D activities and Foreign Exchange Earning and Outgo, as required under Section 217(1) (e) of the Companies Act, 1956 and rules prescribed thereunder i.e. the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are given in the Annexure and form part of this Report (Please refer Annexure- III)
- Certificate received from the Auditors of the company regarding Compliance of conditions of Corporate, Governance, as required under clause 45 VIII of the Listing Agreement, is Annexed and forms part of this report. (Please refer Annexure – IV).
- As required under clause 45VA of the listing Agreement, Management Discussion and Analysis Report is Annexed and forms part of this report (Please refer Annexure – V).

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed :-

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- That the Directors had selected such accounting policies and applied them consistently and made judgments 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 and of the profit or loss of the Company for the period under review;
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- That the Directors had prepared the annual accounts on a going concern basis.

LISTING AT STOCK EXCHANGE

The shares of company are listed on The Delhi Stock Exchange Association Limited and The Stock Exchange, Mumbai and are also permitted to be traded on The National Stock Exchange of India Limited.

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DIRECTORS

Mr. B. Lugani and Mr. D. S. Malik retires at the ensuing Annual General meeting and being eligible offers themselves for reappointment.

Life Insurance Corporation of India has nominated Mr. K.Vaidyalingam on the Board of the company.

EXTENSION OF FINANCIAL YEAR 2002-2003

The Company has extended its financial year 2002– 03 by a period of three months so as to end on 30th June, 2003.

AUDITORS

M/s Manoj Mohan & Associates, Chartered Accountants, the Statutory Auditors of the company retire at the ensuing Annual General Meeting and are eligible offer themselves for re-appointment. They have confirmed their eligibility to act as auditors of the Company under Section 224(1B) of the Companies Act, 1956, if appointed at the ensuing Annual General Meeting.

INDUSTRIAL RELATIONS

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

EMPLOYEE WELFARE

Your Company demonstrated that it is a caring organization by continuing to devise and implement several welfare measures for the employees and their families. Employee welfare programmes and schemes were continued to be implemented with utmost zeal and they were constantly reviewed and improvements were made wherever necessary.


ACKNOWLEDGEMENT

Your Directors wish to place on record the sincere and dedicated efforts of all the members of the company 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, Banks and other Government Agencies, our valued customers and the investors for their continued support and assistance.

The Employees of your company continued to display their unstinted devotion, Co operation and commitment towards the pursuit of excellence, Your Directors take this opportunity to record their appreciation of the dedicated work and contribution made by every member of Amtek family for enabling the company to realise its corporate objective.

Your Directors also express their profound thanks to the shareholders for their faith and continued support to the endeavors of the company.

BY ORDER OF THE BOARD
FOR AMTEK AUTO LIMITED



(ARVIND DHAM)
CHAIRMAN

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ANNEXURE TO THE DIRECTORS' REPORT 2002 - 2003

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) RULE, 1975.

EMPLOYED THROUGH OUT THE FINANCIAL YEAR:

S.NO.	NAME OF EMPLOYEE	DESIGNATION (NATURE OF DUTIES)	QUALIFI- CATION	EXPERI- ENCE (YR)	DATE OF COMMENC- EMENT OF EMPLOYMENT	REMUN RECD. (Rs.)	AGE (YR.)	LAST EMPLOY MENT HELD & DESIGN.
1.	Sh.Arvind Dham	Managing Director	B.Arch. MBA	17	1.7.86	31,80000	42	Satlaj Const. Co.Ltd.Punjab Director
EMPLOYED FOR PART OF THE YEAR NIL								

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) Product design & development.
ii) Process design & improvement For various products.
- b) Benefits derived as a result : i) Reduction in process time.
ii) Higher productivity.
iii) Consistent quality.
- c) Future plan of action in mfg. Process & operation. : To achieve better yield by way of cost reduction through higher level of automation.

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 : i) Cost reduction to savings in e.g. product, raw material, dies & moulds & power & fuel.
ii) Increased productivity & better quality.
- c) In case of imported technology : Technology in the form of (import during the last 6 years drawings & designs have been reckoned from beginning of the imported & is being worked financial year) upon.

II. Foreign Exchange Earnings & Outgo:

Foreign Exchange earned :	Rs. --	0.18
Foreign Exchange Used	: Rs..276.17	49.89

V. CONSERVATION OF ENERGY:

	Current Year	Previous Year
A. Power & Fuel Consumption:		
1. Electricity Purchased		
Units	35,76,570	29,40,474
Total Amount	16094564	1,32,32,132
Rate/Unit	4.50	4.50
2. Own Generation through Generator:		
Units	80.82,275	34,44,060
Units/Ltr.	2.70	2.70
Rate/Unit	7.70	6.50

B. Consumption per unit of production Products

Auto Components	2,06,35,547	1,27,20,900
Cost/Pc.	3.80	2.80

Diesel = 6,22,33,518 /7.70

Total 78.33 Mn.

Fixed Deposit rule 1975 act

1. 25% of the aggregate of paid up capital and free reserves (from public).
2. 10% of the aggregate of paid up capital and free reserves as deposits against unsecured its debentures or any deposit its from its shareholders or any deposits guaranteed by the director.

As per the last audited balance sheet as on 31.03.1996, the following are the figures:

Paid up capital Rs.342.45 lacs & free reserves Rs.1717.50 lacs.

Hence, as per rule, the company can accept deposits as followings:

25% 514.99 FROM Public

10% 205.99 FROM Promoters

720.98 lacs