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AUNDE Faze Three Autofab Limited

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Fifth Annual Report and Accounts 2001 - 2002

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AUNDE FAZE THREE AUTOFAB LIMITED

ANNUAL REPORT FOR THE PERIOD ENDED 30th JUNE, 2002

Shareholder Information

1.	Date of Annual General Meeting :	Monday, 23rd December, 2002
2.	Time and Venue :	10:30 a.m. at Conference Hall, Sunville Banquet Rooms 9, Dr. Annie Besant Road, Worli Mumbai 400 018.
3.	Book Closure :	16th December 2002 to 23rd December, 2002 (Both days inclusive)
4.	Investors' Complaints may be addressed to :	The Secretarial Department AUNDE Faze Three Autofab Limited 3, Shiv Smriti Chambers, 49-A, Dr. Annie Besant Road, Worli , Mumbai – 400 018. Phone : 022 5660 4600

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CONTENTS :

Notice	3
Director's Report	6
Management Discussion & Analysis	10
Corporate Governance Report	11
Auditor's Report	18
Balance Sheet	21
Profit & Loss Account	22
Schedules	23
Notes to Financial Statements	29
Balance Sheet Abstract	31
Cash Flow Statement	32

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BOARD OF DIRECTORS

Mr. Ajay Anand	*Managing Director*
Mr. Rolf Konigs	*Director*
Mr. G. G. Prabhu	*Director*
Mr. Kapil Sethi	*Director (appointed as an Additional Director with effect from 31st October, 2002)*

AUDITORS
M/s. Majibail & Co.
Chartered Accountants
Mumbai.

REGISTERED OFFICE
3, Shiv Smriti Chambers,
49-A, Dr. Annie Besant Road, Worli
Mumbai 400 018.

SOLICITORS
Mahimkar & Mahimkar

REGISTRARS AND SHARE TRANSFER AGENTS
Dynamic Superways & Exports Limited
Rainbow Palace,
I.C. Colony Cross Road No. 5,
Borivli (W)
Mumbai 400 103.

BANKERS
Canara Bank

FACTORY
Plot No.146, Waghdhara Village
Dadra 396191
(U.T. of Dadra & Nagar Haveli)

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NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of AUNDE FAZE THREE AUTOFAB LIMITED will be held on Monday, the 23rd December 2002 at Conference Hall, Sunville Banquet Rooms 9, Dr. Annie Besant Road Worli Mumbai 400 018 at 10.30 A.M. to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2002 and the Profit & Loss Account for the period ended 30th June, 2002 together with the Report of the Directors and auditors thereon.

2. To appoint a Director in place of Mr. Rolf Konigs, who retires by rotation and, being eligible, offers himself for re-appointment.

3. To appoint Auditors and fix their remuneration.

Special Business :

4. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution :
" RESOLVED THAT Mr. Kapil Sethi, who has been appointed as an Additional Director of the Company with effect from 31st October, 2002 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

5. To consider and if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the company be and are hereby altered, amended and/or substituted in the manner and to the extent set out herein below :

5.1 By inserting the following heading and the Article as Article 120 (c) after the Article 120 (b)

Postal ballot :	"Notwithstanding anything contained in these Articles, the company may and in the case of resolutions relating to such business as the Central Government may declare to be conducted only by postal ballot, shall get such resolution passed by means of a postal ballot, instead of transacting the business in the general meeting of the company. Where the company requires to, or decides to, as the case may be, get a resolution passed by means of postal ballot, the provisions of Section 192A of the Act and such other rules framed thereunder from time to time shall be complied with."

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5.2 By inserting the following heading and the Article after Article 160 (C) the Articles 160(D)

Director elected by small shareholders	"That the company may have a director elected by small shareholders in the manner as may be prescribed under the provisions of Section 252 of the Act or such other rules governing from time to time."

5.3 By inserting the following heading and the Article in the Article 169

Audit Committee	"The company shall constitute a Committee of the Board known as 'Audit Committee'. The constitution of the Audit Committee shall be governed by the provisions of Section 292 A of the Act and such other regulations governing the matter from time to time."

By Order of the Board of Directors
For AUNDE FAZE THREE AUTOFAB Ltd.

G. G. PRABHU
Director

Place : Mumbai
Dated : 23rd November, 2002

Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The instrument appointing a Proxy, in order to be effective, should be deposited with the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Registers of the Company shall remain closed from Monday 16.12.2002 to Monday 23.12.2002 (both days inclusive).
4. Members are requested to intimate any change in their address to the Registrars and Share Transfer Agents, Dynamic Superways and Exports Limited.
5. Documents referred to in any of the items in the Notice are available for inspection at the Registered Office of the Company on any working day during Business Hours of the Company between 11.00 a.m. and 1.00 p.m.
6. 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.
7. Members are requested to address all correspondence/documents, invariably quoting their Registered Folio No. relating to the Equity Shares directly to our Registrars and Share Transfer Agents, Dynamic Superways and Exports Limited, Rainbow Palace, I.C. Colony Cross Road No. 5, Borivli (W), Mumbai - 400 103.
8. Members are requested to bring their copy of this Annual Report to the Meeting.
9. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
10. Brief resume of Mr. Rolf Konigs, Director retiring by rotation, is given under the Corporate Governance Report.

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Explanatory Statement Pursuant To Section 173(2) Of The Companies Act, 1956

Item No.4 :

Mr. Kapil Sethi was appointed as an Additional Director by the Board of Directors of the company on 31st October, 2002. In terms of Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting.

Notice under Section 257 of the Companies Act, 1956 has been received from a Member of the Company alongwith a deposit of Rs. 500/- Signifying his intention to propose Mr. Kapil Sethi as a Director of the Company.

Mr. Kapil Sethi(39) brings with him a vast experience in Commercial and Finance areas. He has around 12 years experience in the Industry. Your Board is of the view that it will be in the interest of the Company to induct him on the Board of the Company.

Mr. Kapil Sethi is a member of the Audit Committee and the Shareholders'/Investors' Grievance Committee.

None of the Directors of the Company other than Mr. Kapil Sethi is concerned or interested in the resolution.

Your directors commend the resolution for your approval.

Item No. 5

As the Companies (Amendment) Act, 2000 inserted certain new provisions, the consequential changes are required to be made in the Articles of Association of the Company to ensure conformity with the provisions of the Act.

None of the directors of the company are concerned or interested in the said resolution.

Your Directors commend the resolution for your approval.

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By Order of the Board of Directors
For AUNDE FAZE THREE AUTOFAB Ltd.

G. G. PRABHU
Director

Place : Mumbai
Dated : 23rd November, 2002

Registered Office:
3, Shiv Smriti Chambers,
49-A, Dr. Annie Besant Road,
Worli, Mumbai - 400 018.

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Dear Shareholders,

Your Directors have pleasure in presenting the 5th Annual Report of your Company and the Audited Accounts for the period ended 30th June, 2002.

COMPANY PERFORMANCE & OVERALL REVIEW

The Automotive components industry in India is undergoing a paradigm shift with many transnational OEMs setting up manufacturing base in India given the lower operating costs. Internationally, the OEMs are increasingly leaning towards integrated systems suppliers as opposed to component suppliers given the OEM's relentless focus on cost cutting in the face of increasing competition. This also ensures greater control over cost and quality. Economies of scale and system integration become key determinants of success. Aunde Faze Three has taken effective steps in improving the quality of its products and controlling the costs so as to become competitive in the industry.

FINANCIAL RESULTS

	For the period ended 30.06.2002	(Rupees in Lakhs) For the Year ended 31.03.01
Sales & Other Income	**1562.12**	1615.23
Profit Before Taxation	**44.74**	41.53
Profit After Taxation	**41.22**	38.78
Balance brought forward from Previous Year	**33.82**	(4.96)
Profit available for appropriation	**75.04**	33.82
Less : Transfer to General Reserve	**40.00**	--
Balance carried over to the next year	**35.04**	33.82

DIVIDEND

In order to conserve resources for strengthening the project, your Directors do not recommend any dividend.

OTHER MAJOR DEVELOPMENTS

QS 9000 CERTIFICATION

We are happy to announce that the Company's factory at Dadra has been awarded QS 9000 Certification from The TUV CERT Certification Body of TUV Anlagentechnik GmbH. This is a commendable milestone for the company, which will meet the requirements of the OEMs for making the company its accredited and most preferred supplier of automobile fabric.

LISTING OF SHARES

The shares of the Company have been listed on the BSE, ASE and DSE. For details of the listing etc. please refer to the report on Corporate Governance.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the Public.

DIRECTORS

Mr. Rolf Konigs retires by rotation at the forthcoming Annual General Meeting of the Company, and offers himself for re-appointment.

PARTICULARS OF EMPLOYEES

There are no employees drawing salary as required to be mentioned under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

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

The Particulars required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure to this Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that

(a) in the preparation of Annual Accounts for the period ended 30th June, 2002 all the applicable accounting standards have been followed alongwith proper explanations relating material departures.
(b) The Directors had selected such accounting policies and applied them consistently and made judgements 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 of the company for that period.
(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
(d) The Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed thereto.

AUDITORS

M/s. Majibail & Co., Chartered Accountants, being eligible offer themselves for re-appointment. If re-appointed, it will be within the prescribed limits specified in Section 224 (1B) of the Companies Act, 1956. Members are requested to appoint the auditors and to fix their remuneration.

EMPLOYEES

Your Directors would like to record their sincere appreciation of the efforts put in by employees across all levels in the organisation.

ACKNOWLEDGEMENT

The Board wishes to place on record their appreciation for the co-operation extended by the Bankers and Financial Institution, various State and Central Government authorities. Finally, the Directors wish to express their gratitude to the Members for their continued support.

For and on behalf of the Board

AJAY ANAND
Managing Director

Place: Mumbai
Dated: 23rd November, 2002

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Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 forming part of the Report of the Directors.

1. RESEARCH & DEVELOPMENT

(i) Specific area in which R & D is carried by the Company :

- Introduction of New Products and Improving the Processes of the existing products
- Introduction of Autofab and developing new technology for our Autofab products.
- Making new Designs acceptable to international customers.

(ii) Benefits derived as a result of R & D activities:

- Product Range Extension
- Improvement of Quality and Yield
- Cost reduction leading to competitiveness.
- Development of Various Designs as well as new products, with high standard in international Market.
- Reduction in Cost and time cycle, better effluent management and utilising indigenous products for offering finished products.

(iii) Future Plan of Action:

- Development of Products for indigenous market.
- Substitute Development of new designs for Export of high value autofab products which are currently imported.

2. CONSERVATION OF ENERGY

The Particulars with respect to Conservation of Energy etc. pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, under Section 217 (1) (e) of the Companies Act, 1956 are set out hereunder :

(A) POWER AND FUEL CONSUMPTION

	2001-02
(i) Electricity :	
(a) Purchased:	
Units (Lakhs)	**14.16**
Total Cost (Rs. in Lakhs)	**38.69**
Rate per Unit (Rs.)	**2.73**
(b) Own Generation (Thru DG Set)	
Units (Lakhs)	**1.06**
Total Cost (Rs. in Lakhs)	**6.93**
Rate per Unit (Rs.)	**6.54**

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(ii) Coal, Firewood, Rice Husk etc.

Quantity (Qntls)	Nil
Total Cost (Rs. in Lakhs)	Nil
Rate per Unit (Rs.)	Nil

(B) FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in Lakhs) 2001-02
Total Foreign Exchange Earned	Nil
Total Foreign Exchange Used	211.07

For and on behalf of the Board

AJAY ANAND
Managing Director

Place: Mumbai
Dated: 23rd November, 2002

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