

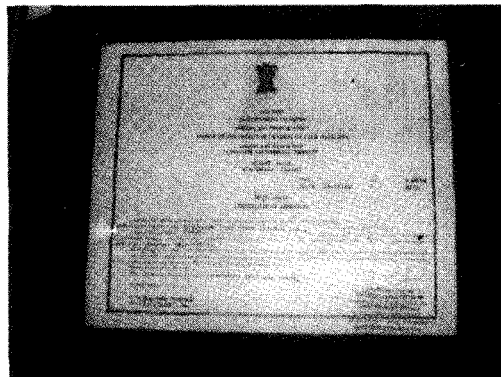
AUNDE Faze Three Autofab Limited



SEVENTH ANNUAL REPORT 2003-2004



Certification from THE GOVERNMENT OF INDIA

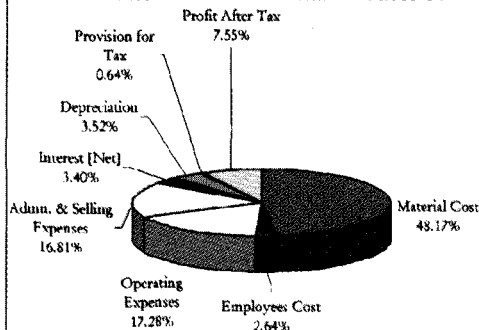


QS 9000 Certification

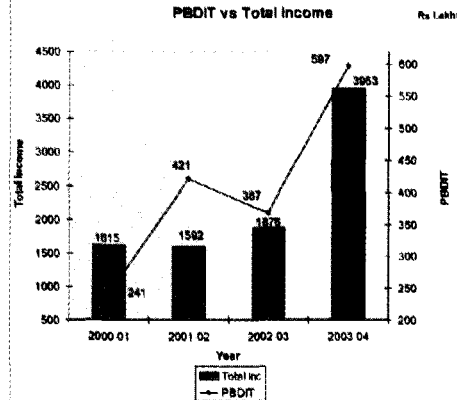


QS 9000 certification awarded for establishment & application of Quality Management Systems

Distribution Of Revenue For 2003-04



PBDIT vs Total Income





AUNDE Faze Three Autofab Limited

AUNDE Faze Three Autofab Limited

ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE, 2004

1. Date of Annual General Meeting : Friday, 24th December 2004
2. Time and Venue : 10.30 a.m. at Auditorium, Cultural Centre of Russia,
31-A, Dr. G Deshmukh Marg, Peddar Road,
Mumbai – 400 026.
3. Book Closure : Friday 17th December 2004 to Friday 24th December
2004 (Both Days inclusive)
4. Investors' Complaints may be addressed to : The Secretarial Department,
AUNDE Faze Three Autofab Limited,
102, Shiv Smriti Chambers,
49-A, Dr. Annie Besant Road, Worli,
Mumbai – 400 018
Phone : 022 5660 4600

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AUNDE Faze Three Autofab Limited

ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE, 2004

Board of Directors

Mr. Ajay Anand
Managing Director

Mr. Rolf Konigs
Director

Mr. G. G. Prabhu
Director

Mr. Kapil Sethi
Director

Auditors

M/s. Majibail & Co.
Chartered Accountants
Mumbai

Registered office

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

Solicitors

Mahimkar & Mahimkar

Registrars And Share Transfer Agent

Sharex Dynamic (India) Pvt. Ltd.
Unit-1, Luthra Industrial Premises,
Andheri-Kurla Road, Safed Pool,
Andheri (East), Mumbai - 400 072.
Phone : 022 2851 5606
E-mail : sharexindia@vsnl.com

Bankers

Canara Bank
ICICI Bank Ltd.
Corporation Bank

Factory

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



AUNDE Faze Three Autofab Limited

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of **AUNDE Faze Three Autofab Limited**, will be held on Friday 24th December 2004 at the Auditorium, Cultural Centre of Russia, 31-A, Dr. G. Deshmukh Marg, Peddar Road, Mumbai – 400 026 at 10.30 AM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 30th June 2004 and the Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Kapil Sethi, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

By order of the Board of Directors
For **AUNDE Faze Three Autofab Limited**

Place: Mumbai
Date : November 17th 2004

G.G. Prabhu
Director

Notes:

1. A MEMBER ENTITLED TO ATTEND & VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
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. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person if he or she so wishes. A form of proxy is given at the end of the Annual Report.
3. The Register of Members and the Share Transfer Registers of the Company shall remain closed from Friday 17th December 2004 to Friday 24th December 2004 (both days inclusive).
4. Members are requested to intimate any change in their address to the Registrars and the Share Transfer Agent, Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Industrial Premises, Andheri – Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072.
5. Documents referred to in any of the items in the Notice are available for inspection at the Registered Office of Company on any working day during Business Hours between 11.00 am to 1.00 pm
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 the correspondence/documents, invariably quoting their Registered Folio No. relating to the Equity Shares held by them, directly to our Registrar and Share Transfer Agent, Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Industrial Premises, Andheri – Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072.
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. Kapil Sethi, Director retiring by rotation, is given under the Corporate Governance Report.



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DIRECTORS' REPORT

To the Members

On behalf of the Board of Directors, I have great pleasure in presenting to you the Seventh Annual Report on the working of the Company, together with the Audited Accounts for the year ended 30th June 2004. It was yet another year of excellent all round performance by your Company.

HIGHLIGHTS

FINANCIAL

		Rs./Lacs
	2003-04	2002-03
Sales & Other Income	3952.98	1875.51
Profit before taxation	323.84	110.92
Less: Provision for Taxation	25.38	8.27
Profit After Taxation	298.45	102.65
Less: Prior Period Charges	-	-
Balance brought forward from Previous Year	87.69	35.03
Profit available for appropriation	386.14	137.69
Less: Proposed Dividend	-	-
Dividend Tax	-	-
Prior period Dividend Tax	-	-
Transfer to General Reserve	250.00	50.00
Balance carried over to the next year	135.97	87.69

TURNOVER

Your Company has achieved a total turnover of Rs. 3952.98 Lacs as compared to Rs. 1875.50 Lacs in 2002-03, thus registering a year on year growth of 111%.

PROFIT

Your Company has earned gross profit of Rs. 323.84 Lacs as against Rs. 110.92 Lacs in 2002-03 and profit after tax of Rs. 298.45 as compared to Rs. 102.65 Lacs in 2002-03.

CONTRIBUTION TO EXCHEQUER

Your Company has contributed a sum of Rs. 742.48 Lacs to the exchequer by way of duties and taxes, as compared to Rs. 491.92 Lacs in 2002-03.

AWARDS AND CERTIFICATIONS

As you are aware your Company is already a QS 9000 certified concern, and in its pursuit of excellence the Company is also in the process of obtaining TS 16949 certification.

We are pleased to inform you that your Company has been accredited as an approved supplier by the office of the Director General of Civil Aviation, New Delhi.

EXPANSION PROGRAM UNDERTAKEN

Your Company has undertaken expansion program of Rs. 800 Lacs, which inter-alia includes installing additional three numbers of Circular Knitting Machines, one number Shearing Machine, six numbers Dobby Looms, one number ATX machine at factory site at Dadra, UT of Dadra & Nagar Haveli to augment the manufacturing capacity and efficiency. The said exercise aims at obtaining economies of large scale. The said expansion program is funded by Term Loan of Rs. 600 Lacs availed from the bankers of the Company and the balance out of internal accruals of the Company. So far the Company has incurred a capital expenditure of Rs. 525 lacs on the said expansion program.

DIVIDEND

In order to conserve resources for strengthening the on-going project(s), your Directors do not recommend any dividend for the year under review.



AUNDE Faze Three Autofab Limited

FIXED DEPOSITS

Your Company has not accepted any deposits from public in terms of the Companies (Acceptance of Deposits) Rules, 1975, and no amount of principal or interest was outstanding on the date of the Balance Sheet.

DIRECTORS

Mr. Kapil Sethi, Director of the Company retires by rotation at the ensuing Annual General Meeting pursuant to the provisions the Companies Act, 1956 and Articles of Association of the Company and is eligible 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.

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

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of 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, are given as an Annexure to the Directors' Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 that period;
- (iii) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) These Accounts have been prepared 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, form part of this Annual Report.

AUDITORS

Messrs Majibail & Company, Chartered Accountants, who are the Statutory Auditors of the Company hold office until the ensuing Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the Fiscal 2004-05. Messrs Majibail & Company have, under Section 224(1B) of the Companies Act, 1956 furnished the certificate of their eligibility for re-appointment.

ACKNOWLEDGEMENT

The Directors gratefully acknowledge the valuable guidance and support extended by the Bankers and Financial Institutions.

The employees of the Company have continued to display their total commitment towards the pursuit of excellence. The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's record performance.

The Directors are also thankful to the shareholders for their faith and continued support in the endeavors of the Company.

For and on behalf of the Board

Place : Mumbai
Date : November 17th 2004

Ajay Anand
Managing Director



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ANNEXURE TO DIRECTORS' REPORT

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 AND DEVELOPMENT (R & D)

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

- Introduction of New Products and improving the processes of 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 utilizing 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 as under:

A. (i) Electricity

	For the year 2003-04	For the year 2002-03
A) Purchased		
Units (Lakhs)	17.48	10.32
Total Cost (Rs. in Lakhs)	51.22	28.51
Rate Per Unit (Rs.)	2.93	2.76
B) Own Generation (Thru DG Set)		
Units (Lakhs)	0.44	0.96
Total Cost (Rs. in Lakhs)	5.03	8.60
Rate Per Unit (Rs.)	11.42	8.93
(ii) Coal, Firewood, Rice Husk etc. (Qty in Qntls)	NIL	NIL
Total Cost (Rs. in Lakhs)	NIL	NIL
Rate per Qntl. (Rs.)	NIL	NIL

B. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2003-04	2002-03
		(Rs. in Lakhs)
Total Foreign Exchange Earnings Earned	NIL	NIL
Total Foreign Exchange Used	597.82	182.57

For and on behalf of the Board
For AUNDE Faze Three Autofab Limited

Ajay Anand
Managing Director

Place: Mumbai
Date: November 17th 2004



AUNDE Faze Three Autofab Limited

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

[Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange(s)]

Overview

Indian economy is projected to register the highest growth rate of the last decade in 2004-05 and at 8.1 % the growth is almost double than that of the previous year. The three major indices of growth, inflation and balance of payment resulted in a resilient Indian economy to which the Agriculture Sector was the major contributor.

Economy and Business Outlook

With all economic fundamentals of the Country recording significant growth during 2003-04, the Automotive Industry has been in high gear with all categories of vehicles registering robust year-on-year growth. The Indian Four wheeler industry entered the select band of countries that have crossed an annual volume of a million units. With the road and other infrastructure poised for accelerated development as well as penetration of personalized transport poised to increase with increasing disposable incomes and lower cost of funds, the potential of growth for the automobile industry is considered good.

With these encouraging parameters the Company being highly dependent on Automobile sector is also poised to register excellent growth in the line of the performance achieved during the period under review. The Management acting proactively has identified the opportunities at the threshold and is taking all the steps for vertical as well as horizontal development of the Company. At the same time steps are also being taken for identifying the areas requiring improvement and course of action to be resorted to for achieving the same.

Further the much talked about quota-free regime in the Textile Sector, commencing January 2005 is all set to open a new plethora of opportunities for Indian Manufacturers and/or Exporters. With such an encouraging business environment the Management is hopeful that the Company will emerge as a Market Leader in its segment in the coming years.

Risk and Concerns

The customer of today is being presented with increasing number of options and choices. All companies are offering unique service features and values to attract, retain and expand the base. The customer is also given full assurance on the Quality & Quantity related aspects of his 'buy'.

The emerging scenario calls for a dedicated and clear organizational focus and formulation of appropriate strategies to meet the market needs and customer expectations. Increasing cost of operations, pressure on margins, competition from new entrants, increased access to imported products, poaching of dealer distribution network are posing constant challenges to the management. The need therefore would be for clear organizational goals, vision for growth and a position to rise up to the challenges to meet the expectations of the stakeholders, not only by quickly responding to the market dynamics but also being proactive to the ever-changing market needs.

Some of the options that would be pursued by the Company would be to integrate supply and manufacturing operations, to optimize value chain, development of Risk Management capabilities, build product sourcing capabilities in line with the market share. The Company has initiated a series of measures including development of strategies to face the emerging challenges. In this scenario HR Department is laying greater focus in enhancing the core competencies and capabilities of employees to rise upto the challenges and enable the Company to carve a niche for itself in the Autofab sector.

Internal Control Systems and its adequacy

The Company has adequate internal control procedures commensurate with the size and nature of the business and an effective system of accounting to guarantee optimal use of its resources and protection thereof. The



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internal control system comprises of those controls established in order to provide reasonable assurance of safeguarding assets against unauthorized use or disruption and maintenance of proper accounting records and the reliability of financial information used with in the business.

Human Resources / Industrial Relations

Your company is of the strong belief that the employees are the most vital resources giving the Company an edge over its competitors in the dynamic business environment. Your company has continued with its collaborative approach to manage industrial relations. This has ensured a cordial and harmonious working environment at the plants/factories of the Company. Further the Company is taking all possible and prompt measures and is also reinventing itself, so as to keep pace and cope up with the ever-increasing competition. The work force of the Company has a fine blend of youth and seasoned experience.

Pollution and Environmental Controls

The Company has made progress in improving energy efficiencies and waste management and has complied with all applicable environmental laws and regulations. Utmost safety and health of the people working in the premises of the Company is of prime importance to the management of the Company and management has taken all possible steps to ensure the same including providing the appropriate safety equipments at the work place.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations or predictions may be forward looking statements within the meaning of the applicable corporate laws and regulations. It may be noted that the actual results may differ from that expressed or implied herein.

For and on behalf of the Board

Place : Mumbai
Dated : November 17th 2004

Ajay Anand
Managing Director