ANG AUTO

www.angauto.com
www.anggroup.biz

Leaders and Trailers

How ANG Auto achieved market leadership out of trailers, its most valuable product.

ANG Auto Limited Annual Report 2006-07

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

Corporate Information

Shri Premjit Singh
Managing Director

Shri Gurvinder Singh Jolly
Director

Shri Manoj Gupta
Director

Shri Sanjay Garg
Director

Shri Om Prakash Sharma
Director

Shri Rajiv Malik
Company Secretary

Auditors

M/S Sandesh Jain & Co.
Chartered Accountants

Bankers

Bank of Baroda
International Business Branch
Parliament Street, New Delhi.

Development Credit Bank
Hansalya Building, Barakhamba Road,
New Delhi.

Yes Bank
48, Nyaya Marg, Chankaya Puri, New Delhi.

State Bank Of India
Jawahar Vyapar Bhawan,
Tolstoy Marg, New Delhi-11001

Registered Office

1C/13, New Rohtak road
Karol Bagh, New Delhi-110005
Phone : 011-28716329, telefax :011-28716329
Email: marketing@anggroup.biz
Website : www.anggroup.biz
: www.angauto.com

Corporate Office

90, Okhla Industrial Estate,
Phase-III
New Delhi-110020

Manufacturing Facilities:

Plant I:
B-48, Phase-II, Noida

Plant-II
19-A, Udyog Vihar, Greater Noida,
Distt Gautam Budh Nagar (U.P.)

Plant-III
Special Economic Zone,
I-11 & 12, SEZ, Noida,
Distt Gautam Budh Nagar (U.P.)

Plant-IV
Village Derowal,
Near Tax Barrier, P.O. Manjholi,
Tehsil-Nalagarh,
Distt: Soaln (H.P.)

Plant-V
14/6, Mathura Road
Faridabad, (Haryana)

Plant VI
150A, SEZ, Noida
Distt. Gautam Bud Nagar (U.P.)

Plant - VII
19, Udyog Vihar, Greater Noida,
Distt. Gautam Budh Nagar, (U.P.)

Registrar & Share Transfer Agents

Beetal Financial & Computer Services Pvt. Ltd.
Beetal House, 3rd Floor, 99, Madangir
Behind Local Shopping Centre, New Delhi-110062

A TRISYS PRODUCT
info@trisyscom.com

The good news

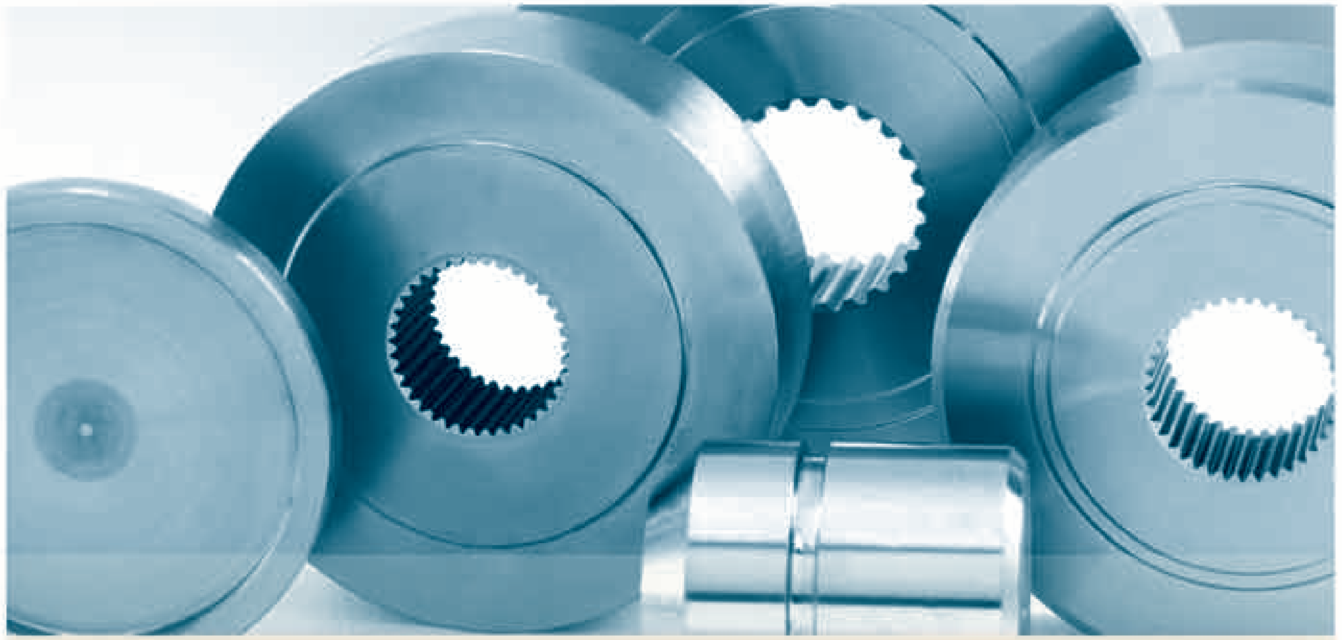
India's road freight industry is expected to record a CAGR of 9.9% in the Eleventh Plan, one of the fastest growth rates anywhere in the world.

The bad news

The cost of logistics is over 13% of India's GDP, compared with below 10% in Western Europe and North America.

ANG Auto expects to ride the growth of India's transportation sector on the one hand, and reduce logistics costs for its customers on the other.

By taking the business of its customers ahead, ANG Auto expects to emerge as the largest trailer manufacturer in India and one of the most competitive in the world.



ANG Auto Limited is an auto ancillary company with a difference.

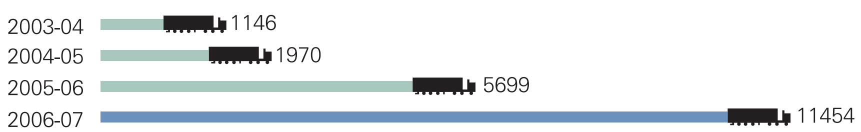
It is one of the few in its industry the world over to be integrated from the manufacture of auto-components to trailers.

It is also one among a handful of auto-component manufacturers in India to possess a portfolio as vast as 15 products.

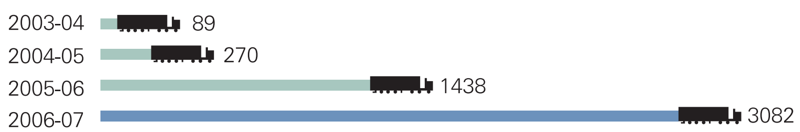
The result is high growth and high profitability.

Starting with a topline growth of 101% and an EBIDTA margin of 27% in 2006-07.

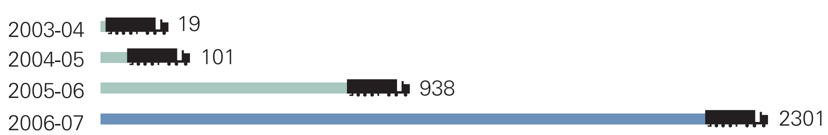
Total income (Rs/lacs)



EBIDTA (Rs/lacs)



PAT (Rs/lacs)



Parentage

- Commenced operations in 1991
- Promoted by a technocrat with 15 years of experience in the auto-component industry
- Promoters with a 45.86% stake (as on March 31, 2007)

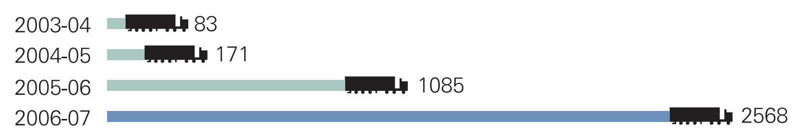
Presence

- Headquartered in New Delhi
- Manufacturing facilities in Noida, Noida SEZ, Faridabad, Greater Noida and Nalagarh
- Strong marketing presence across foreign destinations, especially the US, Europe and Latin America
- Shares listed on the Mumbai, Delhi and Ahmedabad stock exchanges

Products

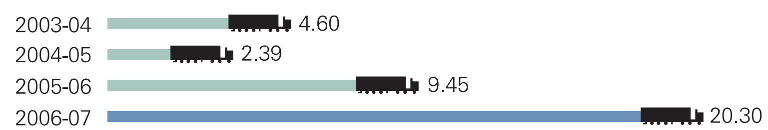
- Manufacturer of specialised automotive components for heavy commercial vehicles, trailers and vehicles
- One of the largest manufacturers and exporters of air-brake components (anchor pins, rollers and axle spindles) in South East Asia

Cash profit (Rs/lacs)



Capital employed (Rs/lacs)

EPS (Rs)



Trailers and India

TRAILERS ARE APPENDAGES THAT ARE GENERALLY ATTACHED TO VEHICLES AT THE REAR END SO THAT THE TWO IN COMBINATION – trailer and vehicle – can transport additional material at a lower cost.

This vehicle-trailer combination has faithfully served as a relevant logistics solution in developed economies for the last four decades.

Even as this was happening abroad, its value was significantly overlooked in India.

Not any longer.

Over the last two years, the trailers segment has emerged as one of the fastest growing in India's large automotive sector, responding not just to the present demand but correcting the inequity of the past.

Over the last two years, the trailers segment has emerged as one of the fastest growing in India's large automotive sector, responding not just to the present demand but correcting the inequity of the past.

A mere 556 km of roads were created in India across 50 years – an average of 11.12 km a year. Some 14,846 km were now added in only nine years (1999-2007) – on an average 17 km of single-lane national highways and 5 km of four-lane roads being built every day!

Trailers and relevance

THE INCREASING RELEVANCE OF TRAILERS IN INDIA IS NOT ONLY VISIBLE ON THE HIGHWAYS OF THE COUNTRY BUT IN THE FINANCIAL STATEMENTS OF CFOs.

For some good reasons: the cost of funds is rising, working capital management is critical and supply chain efficiency is the new mantra.

The trailer has emerged as the CFO's best friend because it has helped them circumvent around these problems.

- Likely to be registered as a single unit in India – an important international practice – resulting in enhanced fiscal benefits
- Can carry additional cargo in a legal way, providing an alternative practical solution following the overloading ban imposed by the government on heavy commercial vehicles
- Can transport additional material with a lower-than-proportionate increase in fuel costs; the load carrying capacity will double when compared with multi-axle vehicles
- Ideally suited to the wider and better road conditions in India today, facilitating a rapid cargo turnaround

The optimism for the trailer is derived from increasing investments in road infrastructure.

- Around Rs 12.70 trillion will be invested in India's infrastructure between FY08 and FY12, the country's roads emerging as the second largest beneficiary
- More than 15,000 km of India's road network is expected to comprise four-lane and six-lane highways to facilitate heavy vehicular movement
- India's highway network expansion is expected to report a CAGR of about 6% during 2006-15 compared with a mere 1.2% recorded during 1951-95

A multi-axle vehicle with a rated capacity of 16 tons necessitates an investment of Rs 13 lacs; a tractor-trailer with a marginally higher investment can transport 75% more cargo.

Trailers and flexibility

THE INCREASING IMPORTANCE OF THE TRAILER IN INDIA IS NOT DERIVED FROM ITS SIMPLE ADDITION TO THE FLEET OWNER'S PORTFOLIO, but the fact that it is driving the business of its customers in a positive way.

A trailer is a logistic service provider's dream for good reasons.

- It facilitates the transportation of diverse cargo categories, which would otherwise have required significant capital investment across various vehicle types. Consider this: a tractor-trailer combine can transport any cargo category - bulk products (namely cement) or steel (in all forms) - cost-effectively among other commonly carried commodities
- Some cargo varieties are best suited to the tractor-trailer combine, namely passenger vehicles, fast perishable agro-products (in refrigerated containers), oil and oil products, transmission towers and some heavy engineering equipment
- It strengthens a customer's choice across logistic solution providers, improving profitability

As a result, a trailer comes at a time when India's GDP is poised to grow at an estimated 9% across the Eleventh Plan; cement capacity is expanding by 54.4 million TPA over the next three years, steel capacity is estimated to expand by more than 5 million TPA each year across the next 14 years and the country's power transmission capacity – entailing transmission towers – is expected to attract an investment of Rs 246 billion until 2012.

Trailers and profitability

THE TRAILER IN INDIA IS NO LONGER BEING SEEN WITH DISTRUST AS AN EXPENSIVE ITEM WITH ZERO RETURN; it is being viewed favourably as an investment with a profitable payback.

The result is that all major logistic service providers prefer trailers from CFS to destinations.

This is so for an important reason: transporters now seek to sweat their vehicular assets more efficiently to counter rising diesel costs and stagnant freight rates. The trailer helps transporters do just that through increased volumes with a less-than-proportionate increase in operating expenses.

Consider this: Diesel costs increased 220% from Rs 23.50 per litre to Rs 36 per litre in four years; the increase in diesel cost for trailer users was only 15-20%. Besides, a multi-axle truck can carry up to 16 tons of cargo; a 40x18 tractor-trailer combination can carry 28 tons.

Going ahead, the profitability from this logistics solution is expected to increase further following the organised sector's entry into the manufacture of trailers, significantly improving vehicular quality, product life-cycle and value in the hands of the customer.

Trailers – the most profitable logistics solution

(Rs '000)	Rigid truck – 16T	Multi axle – 25T	Tractor trailer – 35T
Revenue	1,088.6	1,891.1	2,694.9
Cost of operations	1,074.8	1,704.1	2,313.7
Operating margins	1%	10%	14%
Operating cost /ton-km (Rs)	1.53	1.12	1.01
Freight rate /ton-km (Rs)	1.60	1.52	1.44

[Source: Merrill Lynch research]

Trailers and ANG Auto

The trailer represents the apex of ANG Auto's value pyramid.

It has extended the Company from the manufacture of automotive components at one end to a complete trailer valued at Rs 5.75 lac each on the other.

This has helped the Company evolve from a manufacturer to an assembler and from a volume-driven group into a concept product-centric organisation.

"We are providing organised segment value at unorganised segment prices."

– Premjit Singh Chadha, Managing Director

ANG Auto is one of the few companies in India to span the entire value chain from the manufacture of auto-components to vehicles.

Strategic driver

Trailers

A case for integration at ANG Auto

AT ANG AUTO, INTEGRATION MEANS VALUE ADDITION, LEADING TO AN ENHANCED VIABILITY AND, IN TURN, A COMPETITIVE EDGE.

So, integration is not incidental to our business. It is integral to it.

At ANG Auto, the entire trailer – except for the tyre, rim and spring leaf – is manufactured in-house, enhancing asset utilisation, cost management, quality control and superior return on employed capital.

At ANG Auto, the expertise to manufacture the major part of the vehicle is derived from a rich experience in the manufacture of heavy commercial vehicle components as well as the Company's exposure to the international tractor-trailer segment.

This exposure translated into several advantages: an established insight into the braking and transmission functions, representing the heart of the trailer, and the graduation from the manufacture of small components to sub-assemblies and assemblies in these auto-component categories.

At ANG Auto, this expertise has been prudently supported by trailer axle assembly in a state-of-the-art axle beam manufacturing facility, a brake assembly unit and a structural facility (commissioned recently).

The result: ANG Auto possesses the expertise to offer 18 trailer variants in multiple configurations (24 ft, 32 ft, 36 ft and 40 ft) customised around different payloads with different structures and attachments for diverse applications – within four months of the commencement of operations.

Going ahead, the Company has drawn out a blueprint to extend one step further to the manufacture of suspension systems, completing its comprehensive integration programme.

ANG Auto trailers enjoy a lighter structure by 400-500 kg for the same payload capacity, enhancing fuel efficiency on the one hand and increasing load-carrying capacity by a similar amount on the other, strengthening revenues for transporters and profitability across the life of the vehicle.

Strategic driver

Trailers

A case for enhanced price-value at ANG Auto

AT ANG AUTO, AN INTERNATIONAL EXPERIENCE IS NOT JUST A QUALIFICATION OF OUR VARIED GEOGRAPHIC PRESENCE BUT AN INDEX OF OUR STANDARD-ENHANCING COMMITMENT.

Our 15-year experience in dealing with global trailer manufacturers and vendors has translated into ISO: 9001 and TS-16949 certifications.

Besides, our value proposition is among the best in the industry, providing an international-quality product at the price usually offered by the low-cost unorganised segment. This value proposition comprises the following:

- The fabrication of the trailer structure uses special steel (ideal for dynamic applications) as opposed to structural steel used by competitors (ideal for static applications)
- The manufacture of axles in-house with superior friction-welding technology provides a superior trailer operation leading to enhanced tyre life and reduced fuel consumption
- The axle technology developed in-house is customised to suit Indian terrains and adhere to international quality standards
- Components and assemblies used at its trailer facility are drawn from its export portfolio, protecting product quality. Global capacity standards across several components provide significant economies of scale
- The progressive customisation of trailers to Indian requirements comprises a sideboard and an extendable platform, making it possible to load and transport diverse cargo categories (especially loose bulk) with speed and efficiency
- The fiscally efficient assembly location provides excise, sales tax and income tax benefits, making the end-product cost effective

This product commitment resulted in Ashok Leyland selecting ANG Auto for an alliance partnership whereby the latter would manufacture trailers and the former would market them. Going ahead, ANG Auto will reinforce its competitive position through expansion (second phase) – to be completed in January 2008 – enhancing its trailer capacity to 500 per month.

A leading multinational bank provided 100% finance to a transporter against an ANG Auto trailer – a first in the history of trailer finance – making it a fully-fundable asset class.

Strategic driver

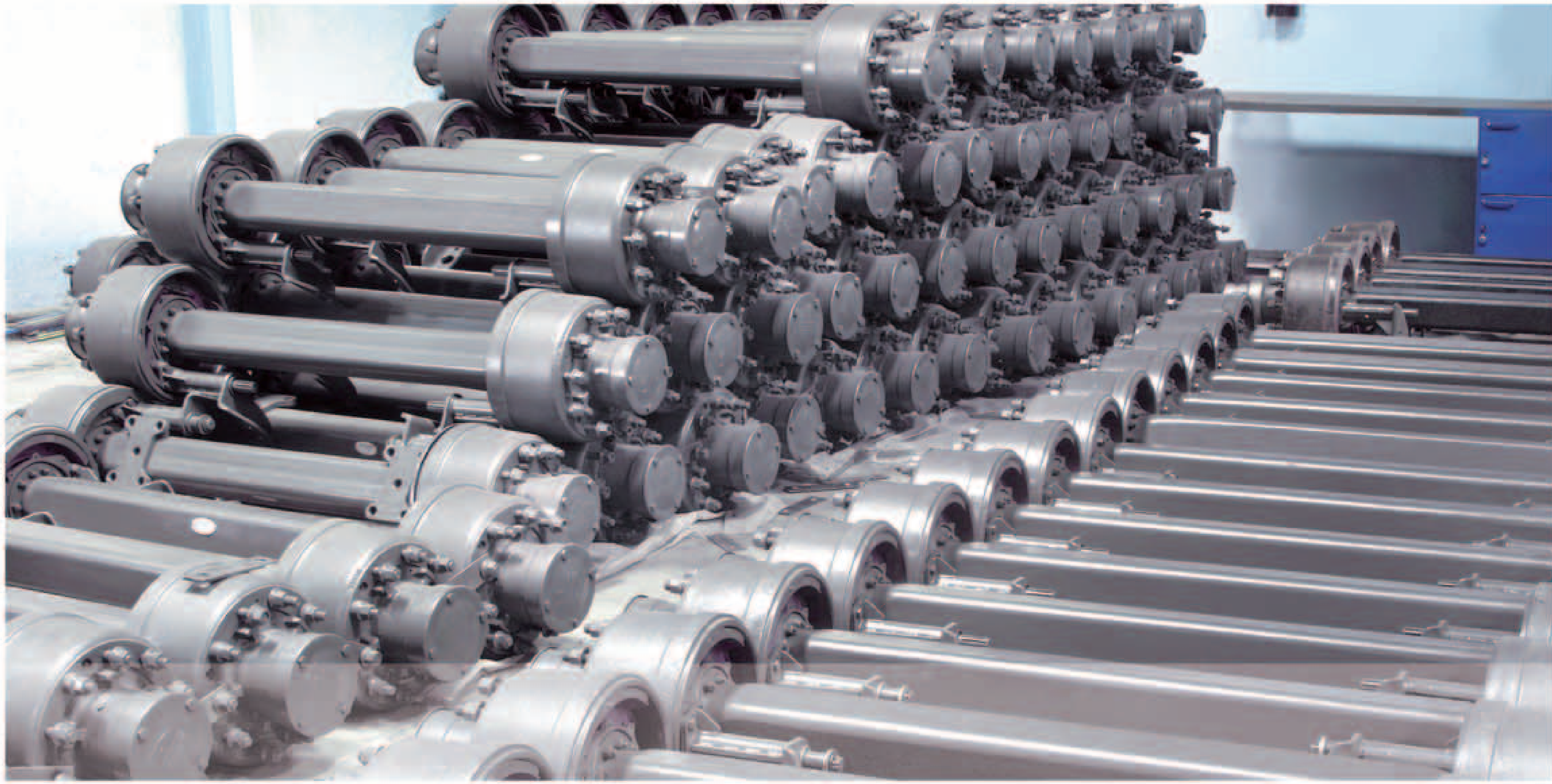
Trailers
A case for first-mover advantage at ANG Auto

AT ANG AUTO, A COMBINATION OF THE CONVICTION IN OUR CAPABILITY AND EXISTING OPPORTUNITIES IN THE MARKETPLACE HELPED US TO MOVE WITH SPEED IN A RELATIVELY UNDER-POPULATED BUSINESS SEGMENT.

Besides, the Company's insight into the space of auto-components enabled it to dovetail international standards into Indian requirements and create a niche in the domestic industry space (logistics).

- **In terms of scale:** ANG Auto is the largest trailer manufacturing facility in India with a capacity of 300 trailers per month, against a cumulative competing capacity of 50 trailers per month
- **In setting standards:** ANG Auto uses superior valves, braking systems and emergency relay systems for operational smoothness and the complete elimination of jack-knifing, features that are unmatched by competition; the Company also provides all features stipulated as per CMVR (Government of India regulation)
- **In terms of processes:** ANG Auto uses SAW welding technology in beam fabrication used only by the heavy engineering sector in India; its installation of the invertible main welding table is a first in the country, facilitating superior welding; its pre-painting shot blasting of the entire trailer chassis has helped increase vehicle life
- **In terms of value-addition:** ANG Auto's trailers are fitted with standard landing leg and factory-fitted twist locks that make containers secure
- **In terms of service:** ANG Auto is creating a service network comprising 10 RSOs and 20 ASPs (ANG Auto service points), representing an unmatched industry service standard; going ahead, this service spread will extend across India

The Company dominates a niche in the critical logistics solution business, a new asset class in the vehicle financing industry, through organised manufacture and an opportunity provided to the transporter to be in business from the day of acquisition.



ANG Auto is the only Indian entity to possess both trailer axle variants (single-piece axles and the friction-welded axles, the latest technology), allowing it to increase its trailer product basket.

Strategic driver

Trailers

A case for a strong corporate foundation at ANG Auto

AT ANG AUTO, A MIX OF SCALE AND INTEGRATION HAS HELPED US ADDRESS MARKETPLACE NEEDS, 'CAPTURE' CUSTOMERS, RETAIN THEM AND TURN A ONE-OFF TRANSACTION INTO AN EXTENDED RELATIONSHIP.

The Company manufactures more than 75% of its total trailer components in-house. This supply-chain advantage provides the Company with a significant advantage in terms of cost, time and a quicker response to marketplace realities.

- A healthy capacity imbalance, feeding the internal and external customer seamlessly
- An investment of Rs 1,736 lacs in the capacity expansion of components, assemblies and sub-assemblies in the last two years, strengthening the supply chain

The result: ANG Auto possesses the largest trailer manufacturing facility in India; following the completion of the second expansion phase, it will emerge among the largest trailer manufacturing facilities in Asia.

ANG Auto expects to emerge as a Rs 50,000-lac company by 2008-09, an over-fourfold increase over 2006-07.

Strategic driver

Trailers

A case for stability at ANG Auto

AT ANG AUTO, THE EXTENSION INTO TRAILER ASSEMBLY WILL HELP DE-RISK THE COMPANY FROM ANY DOWNTURN IN THE INDUSTRY CYCLE ON THE ONE HAND, AND ENABLE IT TO DIVERSIFY REVENUE STREAMS TOWARDS COMPONENTS AND TRAILER MAINTENANCE, ON THE OTHER.

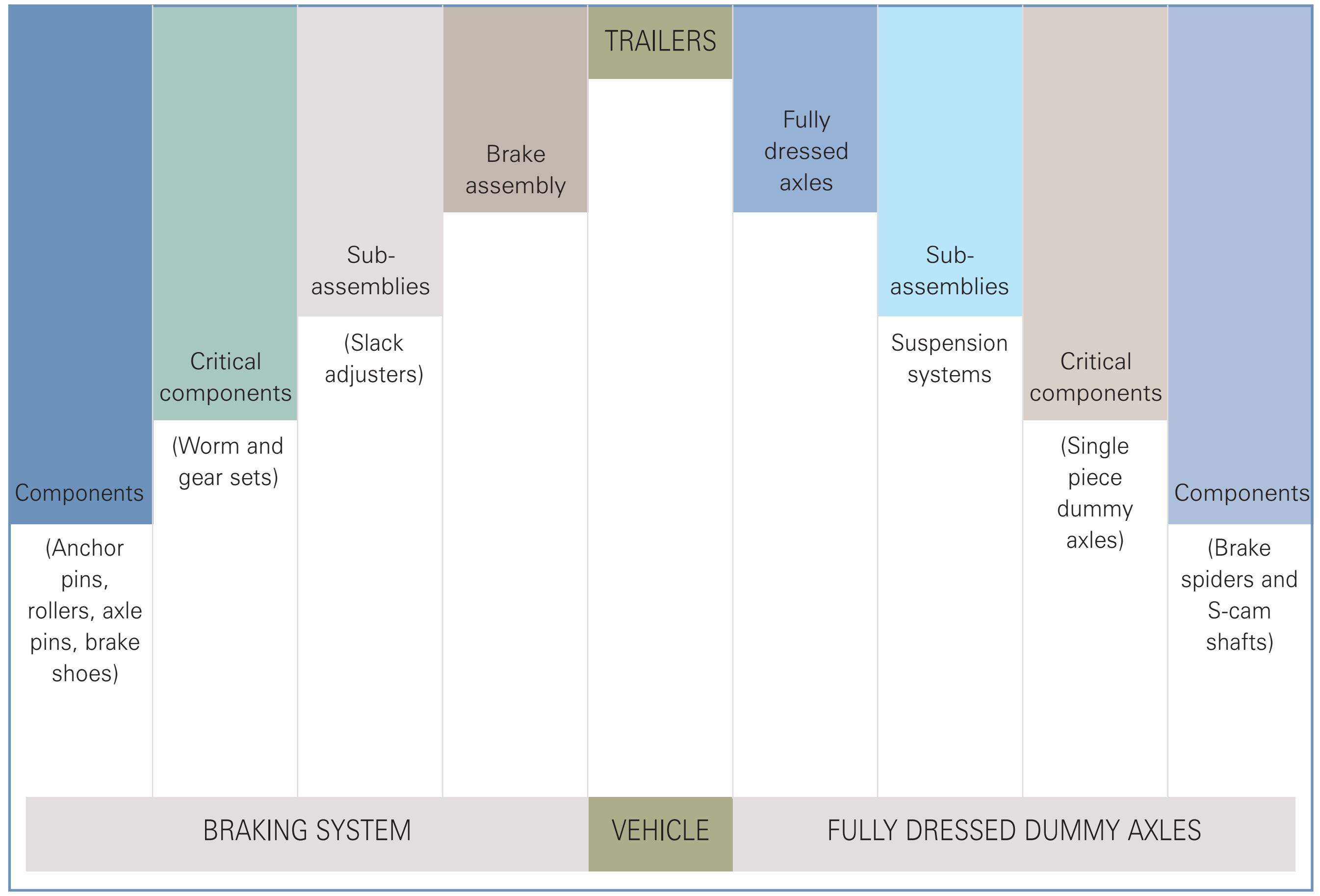
On the positive side, the trailer business is expected to enhance shareholder value in the following ways:

- Grow the business size through revenues
- Increase value addition and profitability
- Accelerate payback through a high asset-turnover ratio
- Extend to the manufacture of trailer axles, a growing global opportunity

As a result, ANG Auto expects to ride the Indian economic boom (for its trailers business) and the growing preference of India as an outsourcing destination (for its auto-component business).

> "In the auto-component industry of tomorrow, the winner will be the one who is in a growing product segment with a completely integrated business model adding value at every intermediate point."

Mr. Premjit Singh Chadha,
Managing Director,
highlights ANG Auto's strategic direction



Dear Shareholders,

WE STARTED WITH A DREAM TO MAKE OUR MARK IN THE AUTO-COMPONENTS BUSINESS AND I AM PLEASED TO STATE THAT WE MOVED CLOSER TO IT DURING THE YEAR REVIEW.

We reported a 101% increase in our topline, a 117% increase in our EBIDTA, a 137% growth in our cash profit and a 145% jump in our net profit even as the rest of the Indian automotive and auto component sectors relatively slowed their growth.

Integration

At ANG Auto, this improvement was the result of our overarching strategy of integration. We are one of the few companies in our space in the world to be completely integrated – from the manufacture of components to sub-assemblies and assemblies and finally to vehicles.

Our focus on integration was reinforced through a conscious presence in the heavy commercial vehicle domain, graduating from the manufacture of brake components in sub-assemblies and assemblies like fully dressed dummy axles to trailers.

What makes ANG Auto unique in India among the select few in the world is the convergence of integration and scale revolving around a priority to commission capacities among the top three in the country.

Value migration

What gives me a deep satisfaction is that we enhanced value at every intermediate point in the following ways:

- Through economies of scale, growing volumes to match global standards
- Through the innovation of products enhancing the competitiveness of our users
- Through the manufacture of quality products leveraging our rich international experience of processes and practices

As a result, the ANG Auto of today provides international-quality products at Indian costs in growing quantities, taking the business of its customers ahead.

Trailers, our big move

Our trailer plant commenced operations on 1st April 2007, making the successful culmination of a long-cherished business objective. In the West, a trailer is registered as a separate vehicle entity, which enables it to function as a separate unit from the prime mover. The result: one prime mover can be plugged into multiple trailers – the generally accepted norm being 1:3 (truck to trailer) – enhancing profitability.

The scenario is different in India. More than 100,000 prime movers are already operating on the Indian highways where the prime mover and trailer are registered as a single unit. Besides, the trailer market was largely unorganised, stunting its potential.

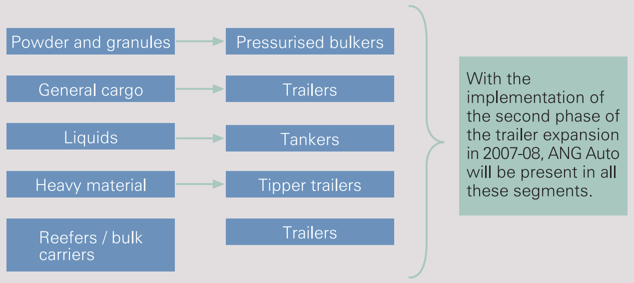
These realities are changing. There is a need for a stringer road network, wider load transportation flexibility and need for enhanced transporter profitability in a rising cost environment. It is our conviction that each of these factors will enhance the use and popularity of the trailer; besides, the trailer could be progressively registered as separate units, benefiting users and manufacturers directly.

At ANG Auto, we are attractively positioned to capitalise on this transition. We possess a design of 18 standard trailer varieties for multiple payloads and applications. Following our second expansion phase, we expect to launch trailers for specialised applications – an effective volume-value play.

Milestones, 2006-07

- Revenue doubled to Rs 11,454.07 lacs
- Profitability strengthened; EBIDTA margin grew by 200 basis points and ROCE by 230 basis points
- Received a patent for our automatic slack adjusters from the US and Indian regulatory authorities
- Achieved the highest market share in the organised trailer axle segment in the year of launch

Capitalising on a booming transportation sector



Trailer axles, an important business driver

Trailers require trailer axles. As a forward-looking company, we embarked on the manufacture of trailer axles, completing our integration. This was not done for the sake of captive manufacture alone; the manufacture of the W-series of ANG Auto axles comprises friction-welded axle beams based on the most contemporary welding technology, which has increased productivity, reduced costs and going ahead, will enable us to establish a global foothold and capture a larger share of the Indian market. Besides, the production of increased axle variants will enable us to price our trailers competitively to cater to a larger user section.

Auto components, a robust foundation

At ANG Auto, we have been able to build growth-oriented product lines around our robust auto-component foundation in the brake and transmission segments.

We made forward-looking investments of Rs 1,736 lacs over the last two years in growing our capacities, modernising technology and imbibing global-best practices. This helped us strengthen our facilities and capitalise on growing outsourcing opportunities.

Outsourcing from India

	Global industry	Outsourcing level	India's exports	Share
2005	Rs 1.3 trillion	Rs 65 billion	Rs 1.4 billion	2.20%
2015	Rs 1.7 trillion	Rs 375 billion	Rs 25 billion	6.70%
Growth	3%	19%	33%	

In 2006-07, we added new products to our auto-component basket such as accumulator castings and differential pins. We increased capacities in high-value and high-growth products like automatic slack adjusters, worm and gears, etc. We also enhanced our machining capabilities by setting up a new plant in an SEZ which, going ahead, will enable us to capitalise on the growing global opportunities.

Our prospects

Global opportunities: At ANG Auto, we are strengthening our global presence through acquisitions and partnerships with global giants.

Secured funding: We successfully completed a US$12-million FCCB issue. Proceeds from this issue will be deployed in organic and inorganic opportunities in the auto-component and trailer segments.

On the drawing board: We expect to acquire global facilities to be facilitated by our subsidiaries. Besides, we are planning to develop improved supply chain management for effective and cost-competitive supplies into India from their global subsidiaries.

Other growth drivers: In addition to the inorganic potential, existing business verticals provide significant growth opportunities:

- **Automatic slack adjusters:** The ANG Auto product offers a continuous running life of 75,000 km (before adjustment) compared with the prevailing industry standard of about 20,000 km. Besides, the Company is the only Indian outfit to offer a product patented in the Indian and international markets, which will enable us to market our products in developed economies like the US. This safety sub-assembly is expected to drive growth over the coming years
- **Axles:** The W-series launched in 2006-07 opened a sizeable international market for the Company leading to prospective revenues

With all these investments in place, we expect that ANG will soon emerge as a globally recognised brand.

Domestic market: At ANG Auto, we are setting up a facility for the manufacture of suspension systems, a part of the undercarriage, which will complete the integration programme of our trailer facility. In addition to this, the second phase of expansion of the trailer capacity will graduate the Company from the standard flat-bed and skeletal trailers to value-added products. The product line will extend to tipper trailers, oil trailers, cement bulk carriers, refrigeration trailers and modular trailers.

What our shareholders can expect

We successfully established two business verticals – auto-components and vehicles – which will complement, create mutual opportunities and adequately de-risk against trend reversals in any one business segment.

A combination of these will position the Company among the leading auto-component manufacturers in the country and as the largest Indian trailer manufacturer, potentially quadrupling our topline in just two years and unleashing significant value for all those who hold shares in our Company.

Premjit Singh Chadha
Managing Director

Transformed business model

ANG AUTO HAS TRANSFORMED ITS BUSINESS MODEL THROUGH TIMELY INVESTMENTS IN SCALE AND PRODUCT RANGE.

1 **Integration:** In less than a decade, the Company achieved complete integration from auto-components to vehicles. What commenced as a brake components manufacturing unit in 1995, graduated into brake sub-assembly manufacture in 2004, trailer axle systems (comprising trailer axles and suspension systems) manufacture in 2005-06 and a trailer assembly in 2007-08.

2 **Scale:** The Company has focused on creating capacities that should feature among the top five in the country in its product segments, enabling it to cater to diverse markets. In doing so, the Company has grown from a single operational facility in 2004 to four in 2005 to six in 2006 and projected eight in 2008.

3 **Brand:** Until 2004-05, the ANG brand was practically unknown in the auto-components segment but attracted visibility in 2005-06, when about 8% of the Company's revenue was derived through branded automatic slack adjusters and dummy axles. In 2006-07 the branded segment contributed 35% of revenues and this is expected to touch 60% by 2008-09.

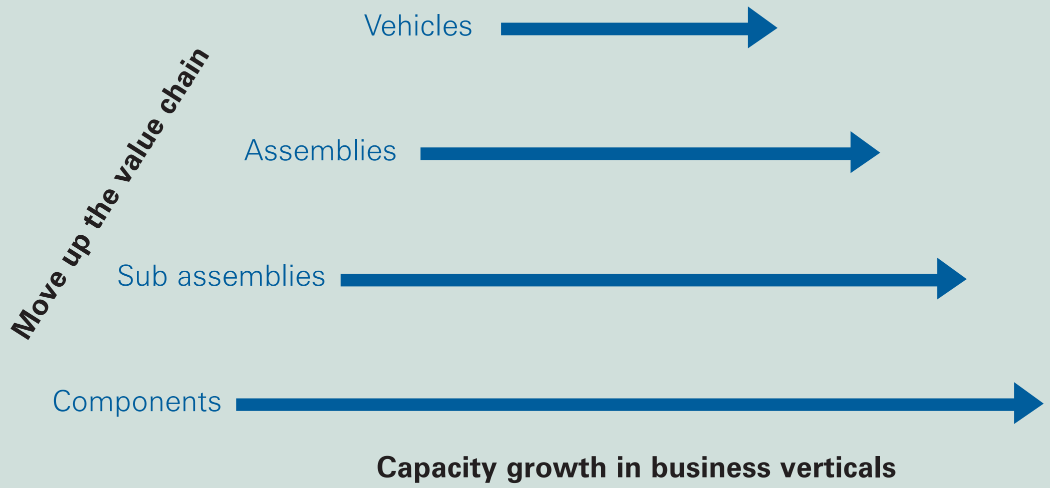
4 **Geographic de-risking:** From a complete dependence on international markets (94% of revenues in 2005-06), the Company is now strengthening its foothold within India. Revenue from international markets declined to 70% in 2006-07 and revenues are expected to be evenly divided over the coming years, de-risking the Company from an overdependence on any single geography.

5 **Capabilities:** ANG Auto created a 22-expert-strong engineering department for enhanced focus on designing. The Company also created a marketing team of 35 executives and service team members.

A differentiated investment approach

Companies take one step at a time – vertically or horizontally. ANG Auto is different. It invested in vertical and horizontal movement simultaneously – vertically for value-addition, and horizontally for new products and scale. The multiple benefits:

- Robust in-house supply chain
- Production addressed at domestic and global opportunities
- Multiple exit options for products in line with marketplace realities and the Company's appetite for profitability



How we enhanced stakeholder value in 2006-07

Our numbers

- We recorded revenues of Rs 11,454.07 lacs, up 101% over the previous year
- Indicating an attractive price-value proposition for our customers
- We reported a 117% increase in EBIDTA to Rs 3,081.80 lacs
- Indicating our ability to extend our value chain, cut costs and enhance realisations
- We garnered a net profit of Rs 2,301 lacs and cash flow of Rs 2,567.67 lacs
- Indicating our ability to plough sizeable annual surpluses back into our business

Our operations

- We increased the capacity of our existing products such as worm and gear, automatic slack adjusters, etc.
- Indicating our ability to progressively scale our capacity to cater to the growing global opportunities
- We beefed up our operations for trailer axle assembly at the Sitargunj unit
- Indicating our ability achieve integration and to create a new business vertical
- We set up a new facility for manufacturing trailer axles based on the friction welding technology
- Indicating our ability to imbibe state-of-the-art technology for improving our product basket

Our project management

- We implemented the trailer project from 1st April 2007
- Indicating our ability to climb the value chain

Our fiscal management

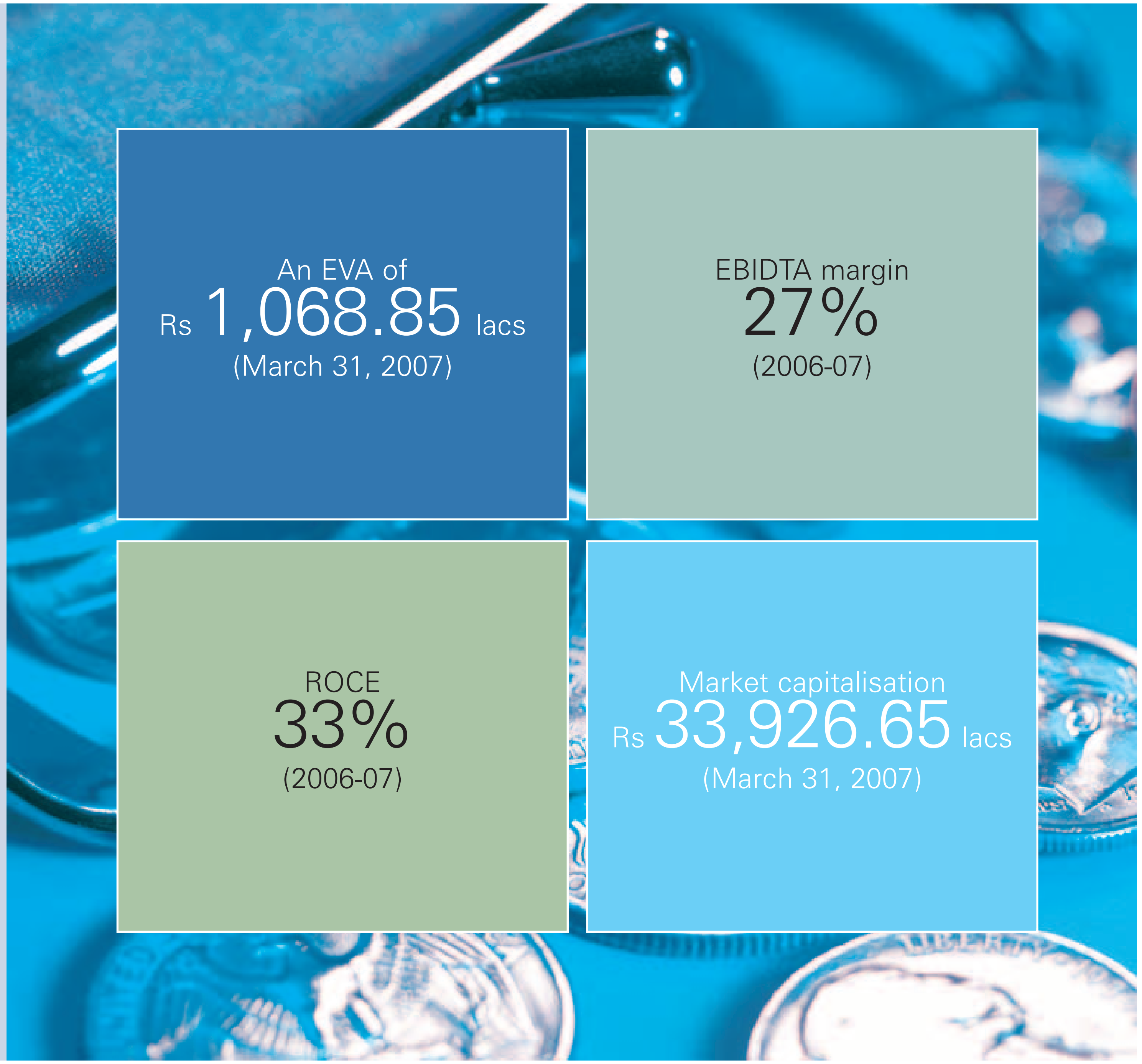
- We raised US$12 million through an FCCB
- Indicating the acceptance of our performance in the international finance markets

Our marketing efforts

- We recorded growth in exports and export-related revenues to Rs 6,524 lacs
- Indicating our success in creating a globally competitive organisation
- We enhanced our customer list by roping in fresh corporate clients
- Indicating our ability in understanding specific customer needs and customising solutions around them

Our alliances

- We entered into an alliance with Ashok Leyland for marketing trailers
- Indicating an important quality watermark



Trailer axle beams,
a new business vertical

The W-series of fully dressed trailer axles, launched in early 2007-08, represents the latest generation of assemblies expected to sharpen the Company's competitive edge. What makes this plant special is that it is only the third of its kind in India to have incorporated state-of-the-art friction-welding technology. The Company invested in a completely new Rs 1,000-lac facility (annual capacity 42,000 axles) in Greater Noida, which went on stream in March 2007.

Rationale

This initiative is expected to translate into several business-strengthening benefits:

Significant business driver: Trailer axle beams represent a critical assembly in HCVs and trailers, which means that the demand for the product is assured. Besides, the segment is under-populated by manufacturers and is addressed chiefly by the unorganised sector – manufacturing axles from solid round bars or from disposed railway axles – making it largely incompatible with the sophistication needs of new-age vehicles. What makes ANG Auto's case favourable is that quality axles are gaining ground and the limited existence of the organised sector to only four players.

Stronger supply chain: ANG Auto's sourcing of axle beams from FUWA (China) enabled it to capture an 18% share of the domestic axles market. It will now enable the Company to strengthen its axle supply chain through good markets and bad.

Essential for the trailer business: Since each trailer needs an axle, the captive presence of both businesses will represent a case for mutual growth in a cost-effective manner.

Integration philosophy: ANG Auto manufactures key components in every assembly leg; the manufacture of axle beams from quality steel sheets reflects this philosophy. The Company has achieved 97% integration in axle manufacturing – the highest in India.

Exports: The Company expects to leverage its capacity through alliances to market trailer axles to overseas customers.

Technology

ANG Auto invested in the state-of-the-art friction welding technology for the manufacture of axle beams.

As opposed to the conventional welding process where two metals are joined by an extended element of another metal, this technology welds the two pieces together through heat generation (friction) and pressure into a homogeneous structure. There are only three companies in India that possess this technology to manufacture axle beams; ANG Auto is different as it manufactures fully dressed axles. This unit was commissioned with a focus on exports, helping the Company emerge as a respected global player.

Product

- The homogeneous alignment of the two components through this process provides almost the same strength as that of the single piece axle beam
- The product is about 8-10% cheaper than a single piece, enhancing its preference among vehicle operators and fleet owners
- While competing axles can be only used in their in-house vehicles, ANG Auto's product basket can cater to vehicles of all competing manufacturers

Marketing focus

The axles business focuses on the global market for the following reasons:

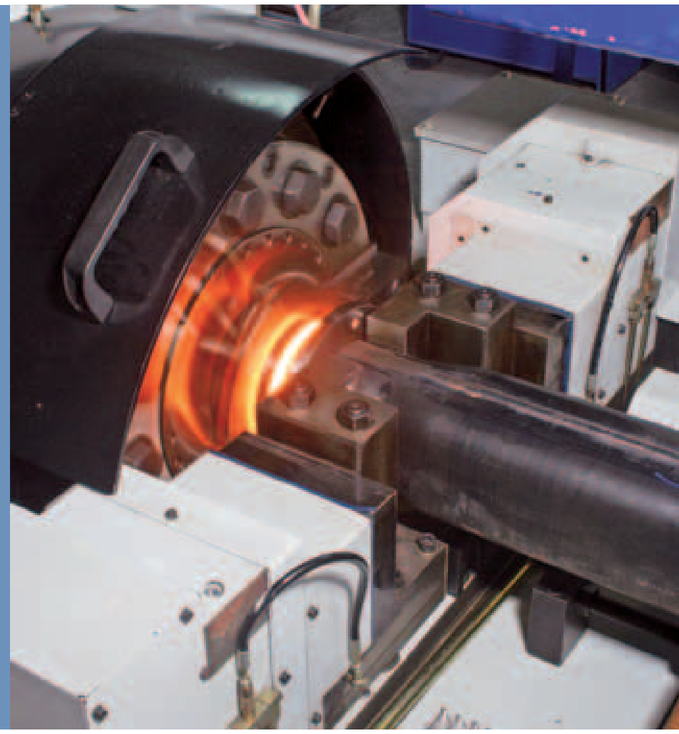
- The Company is already a visible player in the HCV segment of developed economies
- The Company will extend profitably from components marketed through the auto-component distribution network to trailer axles marketed to original equipment suppliers (vendors of American and British trailer manufacturers)

In India, the total trailer axles market is an estimated 65,000 units per year. The Company expects to garner a 20% share of this market in addition to fitting them in its trailers, capturing a 40% share of the Indian trailer axle market by 2007-08.

Going ahead, the Company expects to create an annual capacity of 120,000 axles and feature among the top 10 axle manufacturers. Complete integration, scalability, growing presence in India and lower costs than competitors in Europe and North America have positioned ANG Auto as a preferred global axle sourcing partner.

Reasons for our optimism

- Successful customisation of axles to fit all trailer variants from Ashok Leyland and Tata Motors
- Increase in single-piece dummy axle off-take from about 350 units per month in March 2006 to about 1,250 in March 2007
- The largest market share for Indian trailer axles in the year of launch due to prudent positioning between unorganised and OEM suppliers
- Increase in revenues derived from the transporter segment in 2006-07



Axle business: an emerging transformation

Until 2005, the Indian trailer axle market was dominated by the unorganised sector. However, in the last couple of years, organised players increased their market share to 35%, the largest share belonging to ANG Auto and its single-piece trailer axles.

ANG Auto strengthened its industry presence through the introduction of the W-series, positioned to plug the price differential between organised and unorganised players. Going ahead, this product alone will help to capture an additional 15-20% of the market.

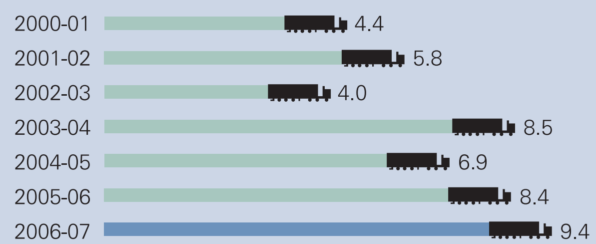
Management discussion and analysis

A McKinsey report says that a US-based auto parts vendor could "increase its potential return on sales by 3-6 percentage points by shifting manufacturing to India and sourcing 30-50% of its requirements (from there)".

Indian economic review

India is the second fastest growing nation in the world and a preferred outsourcing destination for products and services. India's GDP has been averaging a growth in excess of 6% for the last eight years – unmatched by any economy except China.

GDP growth



Source: CSO

India's GDP at market prices was officially estimated to be a shade above Rs 41,00,000 crore in 2006-07, translating into a little more than US$1 trillion. This graduated India to the elite club of 10 economic powerhouses to enjoy this distinction.

For the first time in a decade, India's industrial growth exceeded 10% (first nine months of 2006-07). Also, for the first time, the manufacturing sector, which accounts for 80% of India's industrial production, reported a growth exceeding 11% in 2006-07 (first quarter).

Short-term projection: According to the global research firm Credit Suisse, the Indian economy is projected to grow by 10% in 2007 and 10.5% in 2008.

Medium-term projection: During the Eleventh Five-Year Plan, the Indian economy is expected to report a 9% CAGR on the back of an accelerating industrial growth and manufacturing expansion. The Indian industry for the Plan period is set to register a 10.5% CAGR and manufacturing sector a 12-14% CAGR.

Long-term projection: India is set to position itself as the fifth largest consuming economy by 2025, fuelled by a spiralling disposable income, rising consumer aspirations and a wealthier middle-class (source: McKinsey).

Auto-component industry

Global perspective: The global auto-component industry witnessed significant changes over the last decade, marked by consolidation, restructuring and the opening of important markets. Around 15 countries accounted for over 95% of the global trade till capacities began to migrate towards developing economies like India, China and Thailand in exchange for lower costs.

Thanks to the easy availability of a cheaper workforce, labour-intensive component manufacture is expected to be significantly outsourced. For instance, wage costs of forging vendors in the West – the US is the biggest consumer of auto-components – are around 35-40% of the total cost, compared with 6-8% in India, creating an attractive arbitrage opportunity. In the engineering and processing skill-intensive forgings industries, Indian vendors enjoy an edge over their Chinese and Thai counterparts, evident from the fact that over 21 multinationals have opened their international purchase offices in India.

Indian scenario: India claims a 0.4% share of the US$185-billion global trade in the auto-components industry [Source: IBEF]. The Indian auto-components industry, pegged at US$10 billion, averaged an annual growth of 16% over the last eight years. Exports, which accounted for 18% of the revenues in 2005-06, clocked CAGR of 24% during the period and about US$15 billion during the year under review. It included US-bound exports worth US$2.8 billion,

according to the Auto Component Manufacturers' Association (ACMA). The industry body forecasts sales to touch US$40 billion by 2016, with exports contributing half.

However, the Indian auto-components industry is largely fragmented. ACMA has a member-strength of over 400. However, only 16 of them have revenues above US$50 million and the top-10 account for 75% of the market capitalisation, 45% of revenues and over 60% of net profits of the sector.

Strengths

- India tops in the world in terms of design and engineering as the huge talent pool has helped manufacture and design new products at substantially lower investments
- Besides becoming globally competitive, top Indian vendors have also reduced their defect rates and mastered new technologies
- India's skilled and relatively low-cost workforce enjoys an edge over China in several products, especially forgings and castings

Cost comparison of Indian vendors vs. Chinese

	Lower than China	Equal to China	Higher than China
Precision forgings	•		
Precision castings	•		
Stampings	•		
Detailed engineering	•		
Wiring Harness		•	
Brake shoes		•	
Stampings		•	
Moulds			•
Tubing	•		
Fastener	•		
Powdermetal		•	

Source: ACMA

Trends

Acquisition: Larger Indian forgings and castings-based players are on a global acquisition spree to strengthen the dual-shoring model and gain from the existing wage-cost differential.

Dual-shoring model: Indian vendors have shed their initial inhibitions, executing a chain of overseas acquisitions in the last two years for the following reasons:

- Venturing into new markets with a ready-to-tap clientele
- The acquirers can ship some of the acquired machines to reinforce their domestic capacities, automation and productivity
- Globally, several Tier-I vendors such as Dana, Delphi, and ThyssenKrupp are undergoing serious restructuring, which could also involve assets sell-off because of unviable manufacture in the high-cost US and Europe

Scaling up operations: Medium-sized companies are scaling up their operations and venturing into new products and processes, instead of consolidation. Indian players are automating processes and investing in capacities to maintain their competitive edge.

Lucrative segments: Engine and chassis components like crankshafts, camshafts, conrods, front beam and rear axles, steering knuckles and ring gears enjoy a larger share of the exports pie as these are labour-intensive, a trend that is expected to continue due to an enduring labour-cost arbitrage and superiority of process and design engineering of Indian vendors.

Emerging processes: Being labour-intensive, the forgings sector is growing its exports. Vendors making casting-based products will stand to gain as they are used extensively in vehicles.

The capacity demand for commercial vehicles (CV) is set for exponential growth, doubling output by 2008 on the basis of plans announced by CV manufacturers. The industry, which produced around 3.5 lac CVs in 2005-06, is expected roll out an additional 2.35 lac units by 2008

Challenges

- **FTA agreement:** This agreement has led to domestic OEMs outsourcing components from ASEAN, especially Thailand and China. This may prompt domestic vendors to also commission assembly or manufacturing facilities in those markets to avoid business loss
- **Labour issues:** A proliferation of labour problems at the OEM and vendor levels could lead to higher wages
- **Cost pressures:** Alloy-grade steel prices moved up significantly during the year under review, making products expensive for OEMs

Room for optimism

Auto-components

The Indian auto-components industry possesses the potential to grow from US$6.7 billion to US$33-40 billion by 2015, including US$20-25 billion of exports [Source: McKinsey].

Drivers of growth

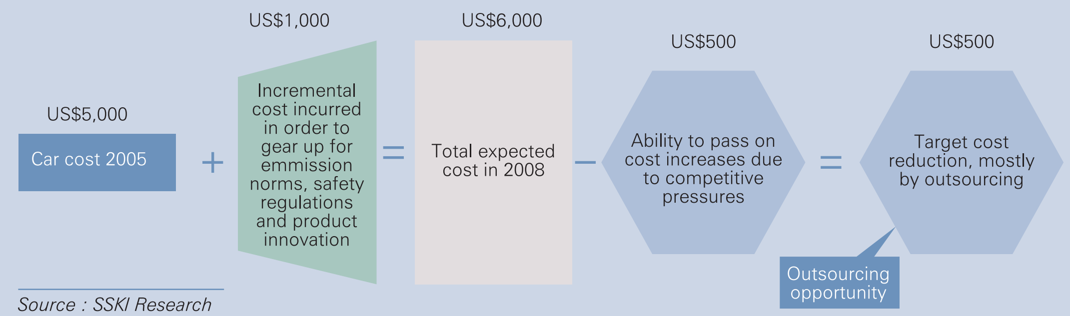
Regulatory norms: New regulatory norms are opening opportunities; the BS II and BS III norms created opportunities in the two-wheeler passenger car segment while the Euro IV norms from April 2010 will create fresh opportunities. For instance, regulatory norms are likely to make automatic slack adjusters and anti-lock braking systems (ABS) mandatory for nine-ton-plus vehicles, which currently use manual slack adjusters.

Preference for road transport: The capacity demand for commercial vehicles (CV) is set for exponential growth, doubling output by 2008 on the basis of plans announced by CV manufacturers. The industry, which produced around 3.5 lac CVs in 2005-06, is expected roll out an additional 2.35 lac units by 2008 incentivised by the following:

- Improving road infrastructure
- Larger volume of cargo, increasing exports and increasing focus on just-in-time supply. India registered an industrial growth of 11.52% in 2006-07 – up 337 basis points over the previous year
- Increasing demand for sophisticated tracking systems, easy availability of vehicles and timely delivery of materials

Export opportunities: A joint study by ACMA and McKinsey highlighted that low-cost destinations (including India) could potentially target 42% (pegged at US$700 billion) of the global auto-components market, which is expected to touch US$1.65 trillion by 2015.

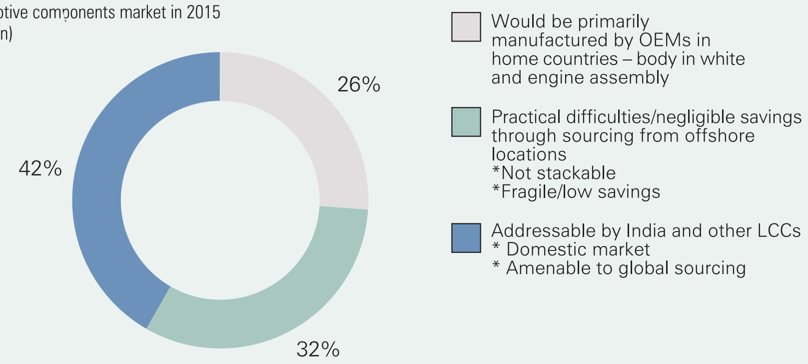
Cost pressure for OEMs enhances the outsourcing opportunity



Source : SSKI Research

Auto component opportunity-India's potential market

Total automotive components market in 2015
(US$ 1650 bn)



Source: McKinsey estimates

Component wise offshorability High Low

Component particulars	% of vehicle	Likely offshoring	India's competitiveness
Engine parts including ancillary parts *	30		
Tyres, batteries	5		
Body panels	10		
Seating systems	7		
Plastic: Interior door panels, etc.	3		
Plastic: Exterior parts like bumpers	3		
Dashboard	2		
Airconditioning	3		
Axles (front/rear)	4		
Electrical items (lamps, wiring harness)	4		
Glasses/windscreen	2		
Locks, window controls	2		
Sheet metal components	7		
Braking systems	3		
Steering systems	2		
Clutches	2		
Suspension (shock absorbers, coil springs, bushes, etc.)	3		
Others	8		
Total	100		

*Source: SSKI Research *relatively low in critical components such as Cylinder head and cylender lock*

Trailers

About 25,000 new trailers hit Indian roads every year. The demand for trailers is expected to grow significantly, especially in view of a stronger organised sector.

Long-term growth in the logistics sector

The logistics sector is expected to emerge as the fastest growing business over the coming years.

Present scenario: India, with a GDP of about US$691 billion, spends 13% of its GDP on logistics, creating an industry size of US$90 billion.

Over the long-term: According to a Goldman Sachs study, India's GDP could touch US$1 trillion by 2010. It is estimated that the country will spend around 11% of its GDP (US$110 billion) on logistics and related services. By 2020, the size of the industry could be 10% of India's GDP of US$2 trillion.

Drivers of growth

Improved road infrastructure: The 3.34-million-km Indian road network is the second longest in the world. The government has lined up Rs 54,000 cr for the National Highway Development Programme's four-to-six laning of 13,000 km of Indian roadways. Around 6,273 km of national highways have been earmarked for upgradation in 2007-08, including the six-laning of 2,995 km of Golden Quadrilateral under the NHDP, increasing the viability of trailers over standalone commercial vehicles.

Logistics model: The increasing acceptance of the hub-and-spoke logistics model complemented by improved infrastructure is expected to be a key driver for trailers.

Regulatory demand push: A ban against the overloading of commercial vehicles is expected to strengthen the demand for trailers.

Analysis of our financial statements

2006-07 vs 2005-06

Increasing numbers

- 101% increase in revenue from Rs 5,699.28 lacs to Rs 11,454.07 lacs
- 117% increase in EBIDTA from Rs 1,422.95 lacs to Rs 3,081.80 lacs
- 117% growth in PBT from Rs 1,190.67 lacs to Rs 2,589.12 lacs
- 145% rise in PAT from Rs 938.02 lacs to Rs 2,301.04 lacs
- 137% increase in cash profit from Rs 1,084.84 lacs to Rs 2,567.67 lacs

Improving profitability

- 200-basis point increase in EBIDTA margin
- 350-basis point growth in net margin
- 230-basis point rise in ROCE – from 30.23% to 32.59%

Strengthening shareholder value

- Earnings per share increased from Rs 9.45 to Rs 20.30
- Dividend of Rs 2 per share proposed
- Book value increased from Rs 36.12 to Rs 56.61

Revenue

The robust growth in revenue in 2006-07 over 2005-06 was on account of the following factors:

- Successful performance of products launched in 2005-06
- Increased volume from existing plants
- Expansion to new geographies
- Graduation in the value chain through marketing of assemblies and sub-assemblies
- Addition of new customers

Income by product segment: The growth in income was largely on account of increase in volumes and contribution from products launched in the previous fiscal. In three years, ANG Auto increased its focus on manufacturing assemblies and strengthening realisation and profitability. The growth in contribution from assemblies was largely due to a significant increase in the volumes of dummy axles and automatic slack adjusters (launched in 2005-06).

Income by geography: Exports claimed a 56.18% share of the total revenue in 2006-07, down from 85.71% in 2005-06, despite an increase in the quantum and value. Exports were made primarily to OEMs, Tier I and Tier II companies in the developed economies (the US accounted for 69.87% of exports).

The increased focus on the domestic market was reflected in a growing share of income accruing from Indian buyers – 43.82% in 2006-07 against 14.29% in 2005-06 – largely due to the introduction of dummy axles launched for the Indian market and a part of the incremental capacity being dedicated to the domestic market.

	2006-07				2005-06			
	US	UK	India	Others	US	UK	India	Others
Revenue (Rs in lacs)	4,454.80	1,121.05	4,971.95	799.26	3,714.80	920.49	811.45	234.87

Operating expenses

While total operating costs increased by Rs 4,058.63 lacs over the previous year, the Company reduced operating costs as a percentage of total income by about 200 basis points.

(See table below)

Material costs: An absolute increase in the cost of materials consumed (by Rs 3,212.68 lacs) in 2006-07 was due to an increase in operational scale (volumes and product range) and increasing steel costs. Economies of scale, adoption of cutting-edge technologies and value engineering across various processes improved input utilisation, which minimised the increase in material consumption as a proportion of the total income.

Manufacturing costs: Despite an increase in the absolute manufacturing costs, its proportion to the total income declined by more than 350 basis points primarily due to process improvements across manufacturing facilities, improved absorption of fixed overheads due to growing volumes and intelligent outsourcing of non-critical components. The key components of the Company's manufacturing cost included power and fuel, employee costs, job working and processing charges.

- **Power and fuel:** Increased by 49% over the previous year on account of a growing operational scale and spiralling power costs. The Company minimised the cost increase through the installation of power-saving motors, minimising idle machine time and installing energy-efficient lighting systems

- **Employee costs:** Increased employee strength for the seamless operation of growing capacities resulted in a 72% increase in personnel costs. Increased automation, adoption of international best-practices and a focus on growing employee skills translated into enhanced productivity – registering an increase of about 44% and 75% in per person revenue and profit over 2005-06

- **Job working charges:** The Company increased outsourcing for low value-added components without compromising quality. As a result, job working and processing charges increased 28% over the previous year, enabling it to improve time availability for value-addition

Selling and distribution expenses: Increased sales volumes consequent to continuous capacity addition, necessitated increased selling and distribution expenses. Export-related expenses constituted the major part of this expense head due to a significant growth in exports and logistics costs (freight outward, shipping and forwarding)

Administrative costs: Increased business volumes and enhanced international travel resulted in an increase in administrative expenses. The Company also embarked on strengthening its position in India, resulting in higher overheads.

Surplus management

ANG Auto invested surpluses back into its business strengthening its integration and capabilities. It periodically reviewed operations to ascertain cash flows facilitated by long-term contractual agreements with clients, which enabled it to accurately match cash flows with investments.

Key cost analysis

	2005-06		2006-07		Growth y-o-y
	Amount (Rs lacs)	Proportion of net sales (%)	Amount (Rs lacs)	Proportion of net sales (%)	(%)
Materials consumed	2,764.72	48.51	5,977.41	52.19	116.20
Manufacturing expenses	1,006.14	17.65	1,582.14	13.81	57.25
Selling and other expenses	313.46	5.50	477.67	4.17	52.39
Administrative expenses	161.57	2.83	267.04	2.33	65.28

Margins

ANG Auto strengthened its operating margins though the following initiatives:

- Stringent cost control through global best practices, periodic systems audit and process improvements

- Increased share of value-added components in the overall revenue composition

In doing so, operating margins improved by more than 200 basis points and net margins grew by more than 350 basis points over the previous year.

(See graph below)

The Company rewarded shareholders with a dividend payout that reconciled the need to conserve resources for plough back with the need to distribute a part of its profits. The Company announced a dividend of Rs 2 per share for 2006-07 (Rs 2 per share in 2005-06), resulting in a payout (including tax) of Rs 278.95 lacs.

Sources of funds

Capital employed: Employed capital grew from Rs 6,938.47 lacs in 2005-06 to Rs 11,975.85 lacs in 2006-07, largely due to a significant increase in reserves and external funds. Improved operational management resulted in a growing return from every rupee invested in the business, reflecting in a higher return on employed capital.

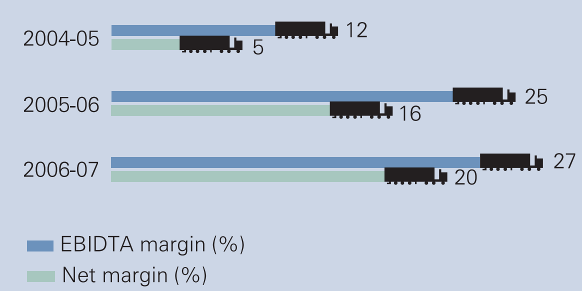
(See graph below)

Constituents of the employed capital in business

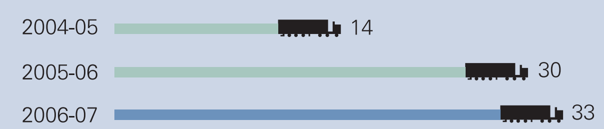
(Rs lacs)

Segment	2006-07		2005-06		Growth (%)
	Amount (Rs lacs)	Percentage of total	Amount (Rs lacs)	Percentage of total	
Own funds					
Equity	1,176.06	10	1,140.94	16	3
Reserves (excl. revaluation)	5502.53	46	2,566.71	37	114
Borrowed funds					
Secured loans	5,434.67	44	3,283.21	47	65
Unsecured loans	27.16	1	16.81	1	62
Deferred tax	97.19	1	51.68	1	88
Less: Miscellaneous expenses	(261.76)	(2)	(120.88)	(2)	117
Funds invested in business	11,975.85		6,938.47		73

Profitability index



Return on capital employed (%)



Equity: The Company's share capital comprised 1,13,35,000 equity shares of a face value of Rs 10 each. Equity grew from Rs 993.00 lacs as on 31st March 2006 to Rs 1,133.50 lacs as on 31st March 2007 due to an issue of 14.05 lac shares following the conversion of warrants at Rs 75 per share. Presently, 5,67,500 warrants are pending conversion; the fully diluted equity will be Rs 1,190.25 lacs as on 30th August 2007. The promoters will hold 48% in the fully diluted equity of the Company.

Reserves: This zero-cost fund strengthens the Company's leveraging capability to improve the return on investment. Reserves (excluding revaluation) grew by Rs 2,935.82 lacs over the previous year following a share premium earned from the issue of shares and a plough back of the profits earned during the year under review. Of the total reserves, free reserves comprised more than 98%, allowing the Company to fund its capex initiatives. Over the last five years, a robust plough back of business surplus in capital investments of the Company significantly improved stakeholder returns, reflected in a growing return on net worth. (See graph below)

External funds and costs: In an increasing interest rate environment, the size and cost of debt could adversely impact profitability (in the short-term), stability (in the long-term) and financial closure of future projects. The quantum of external funds increased significantly over the previous year from Rs 3,300.02 lacs as on 31st March 2006 to Rs 5,461.83 lacs as on 31st March 2007. The increase in reliance on external funds was largely due to growing business volumes and operational verticals.

Of the total debt, 82% comprised working capital facilities for funding the increased business scale and growing export volumes; more than 53% of the debt portfolio comprised bill discounting and letter of credit facilities availed for increasing global exposure.

Despite an increase in external debt, its proportion in the total capital employed in the business declined from 48% in 2005-06 to 45% in 2006-07. Besides, the Company embarked on several initiatives to rationalise its debt cost – preference to secured loans (99% of the debt portfolio) at a lower coupon rate, increased exposure to forex loans, swap of high-cost loans with lower cost coupon options and the repayment of external debt.

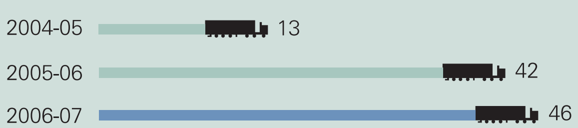
As a result, the average interest cost increased only marginally in 2006-07. (See graph below)

Deployment of funds

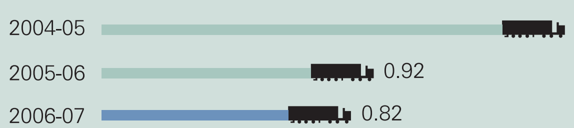
(Rs lacs)

Segment	2006-07		2005-06		Growth
	Amount	Percentage of total	Amount	Percentage of total	(%)
Net block (excl. revaluation)	3,425.45	28	1,550.76	22	121
Investments	562.50	5	197.38	3	185
Working capital	7,987.91	67	5,190.33	75	54
Funds deployed in business	11,975.85		6,938.47		73

Return on net worth (%)



Debt/equity



Reserves (excluding revaluation) grew by Rs 2,935.82 lacs over the previous year following a share premium earned from the issue of shares and a plough back of the profits earned during the year under review.

Gross block: The Company strengthened its gross block through organic means, a competitive edge in this cluttered sector. It invested Rs 1,315.24 lacs in its gross block in 2006-07, largely due to growing capacities in existing product lines. Besides, the Company invested in a trailer assembly unit and a trailer axle unit, which commenced operations in 2007-08, a part of which were capitalised in 2006-07. This clearly reflected in increased plant and machinery (constituting 78.07% of the increase in gross block) and buildings (constituting 81% of the increase in gross block). The Company's integration and value-addition facilitated an improved return on investment in gross block.

Depreciation: The provision for depreciation plays a critical role in the profitability of a manufacturing Company. A large gross block leads to a sizeable depreciation, an adequate buffer in an aggressively growing business. Depreciation increased from Rs 82.82 lacs in 2005-06 to Rs 153.09 lacs in 2006-07 consequent to a significant growth in gross block. The Company followed the straight-line method of depreciation, a consistent treatment for the last number of years. The depreciation provision is expected to increase in the current year following the commissioning of new projects, providing a significant exemption in computation of the Company's tax liability.

New projects: The Company implemented its expansion and forward integration plans in 2006-07 – the trailer axle unit at Greater Noida, which commenced operation in April 2007 and the trailer unit at Sitargunj, Uttaranchal, which commenced operations on 1st April 2007. The Company expects to invest in a forging unit, suspension unit in addition to expanding the existing operations in 2007-08.

Investments

The Company's investment portfolio only comprised investments in the group company, ANG Autotech Private Ltd, which was created during the year under review with Fuwa Engineering. ANG Auto held a 75% stake in the joint venture.

Working capital

At the Company, the management of working capital was critical for a number of reasons:

- **Focus on exports:** This necessitated a long receivables cycle and a large finished inventory cycle (to ensure no stock outs at the client site), comprising a significant share of the working capital cycle
- **Growing business verticals:** Lateral growth of business verticals along the value chain necessitated a significant increase in resources for daily operations, namely increased volumes and grades of forged components suited for special components and other consumables

Inventories: Inventory increased consequent to a growth in business scale from Rs 1,753.36 lacs as on 31st March 2006 to Rs 3,188.88 lacs as on 31st March 2007, a growth of about 82%. The Company followed an efficient inventory management system supported by IT systems. Despite a significant growth in inventory, the inventory cycle increased only marginally from 70 days of turnover equivalent in 2005-06 to 77 days in 2006-07.

Debtors: Growth in volumes, segments and geographies resulted in an increase in debtors – by 34% over the previous year. More than 56% of the Company's revenues comprised international business, Healthy business relations with domestic and international clients helped shrink the debtors' cycle from 128 days of turnover equivalent in 2005-06 to 106 days in 2006-07. The strength in debtors is also revealed through the length of the outstanding period – only 13% of the debtors outstanding as on 31st March 2007 were for a period exceeding six months.

resulting in a stretched, yet secure, receivables cycle. Healthy business relations with domestic and international clients helped shrink the debtors' cycle from 128 days of turnover equivalent in 2005-06 to 106 days in 2006-07. The strength in debtors is also revealed through the length of the outstanding period – only 13% of the debtors outstanding as on 31st March 2007 were for a period exceeding six months.

Cash and bank: The cash and bank balance comprised primarily fixed deposits with banks (secure and liquid funds) as margin money for availing fund and fee-based working capital limits with banks.

Loans and advances: These primarily comprised advances to team members, accrued interest on fixed deposit with banks, advances for expansion and other statutory deposits required to be maintained on a periodic basis. A growing size of the business necessitated an increase in loans and advances, a significant amount of which should be liquidated during 2007-08.

Creditors: Increased business volumes strengthened the Company's negotiation capability. The Company selectively maintained a prudent mix of cash and credit purchase to improve working capital efficiency.

Taxation

The tax liability (provision for current tax) for 2006-07 of the Company increased by Rs 21.40 lacs. The effective tax rate of the Company was 11.12% below the corporate tax rate, thanks to a prudent location which resulted in fiscal incentives and additional depreciation arising from enhanced capacities.

Human resource

The number of employees at ANG Auto increased from 500 as on 31st March 2006 to 700 as on 31st March 2007. ANG Auto recruits the best, trains them and provides them with opportunities for personal and professional development. An emphasis is laid on innovation, achievement, motivation, participation, empowerment and leadership. The Company followed employee-friendly policies and undertook various staff welfare measures. It believes in regular communication with its employees. With this objective, regular meetings were held with employees and the management. Industrial relations in the Company remained cordial during the year. Due to various measures adopted by the management, the Company had a low employee-turnover ratio.

Internal audit

Adequate control systems have been institutionalised for monitoring all operational and managerial functions, being carried out in conformity with well-defined processes. The compliance of these processes and refinement of the same to reflect learning and changes in business environment is reviewed periodically. Regular audits of all key areas of business activities are conducted by internal audit teams. The internal audit function is jointly carried out with external management audit firms. The audit observations are reported and discussed by the senior management and also presented to the Audit Committee of the Board. The observations are discussed with the operations teams and the recommendations generated from there are implemented appropriately.

The effective tax rate of the Company was 11.12% below the corporate tax rate, thanks to a prudent location which resulted in fiscal incentives and additional depreciation arising from enhanced capacities.

De-risking at ANG Auto

RISK IS AN EXPRESSION OF THE UNCERTAINTY ABOUT EVENTS AND THEIR POSSIBLE OUTCOMES THAT COULD HAVE A MATERIAL IMPACT ON THE PERFORMANCE AND PROSPECTS OF A COMPANY. AS A RISK-CONSCIOUS ORGANISATION, ANG AUTO IS COMMITTED TO PROACTIVE AWARENESS, APPRAISAL AND COUNTER-ACTION.

Risk management is a structured, consistent and continuous process, applied across the organisation for the identification and assessment of risks, control assessment and exposure monitoring.

The objectives of the Company's risk management framework include:

- To identify, assess, prioritise and manage existing as well as new risks in a planned and coordinated manner
- To increase the effectiveness of internal and external reporting structure
- To develop a risk culture that encourages employees to identify risks and associated opportunities and respond to them with appropriate actions

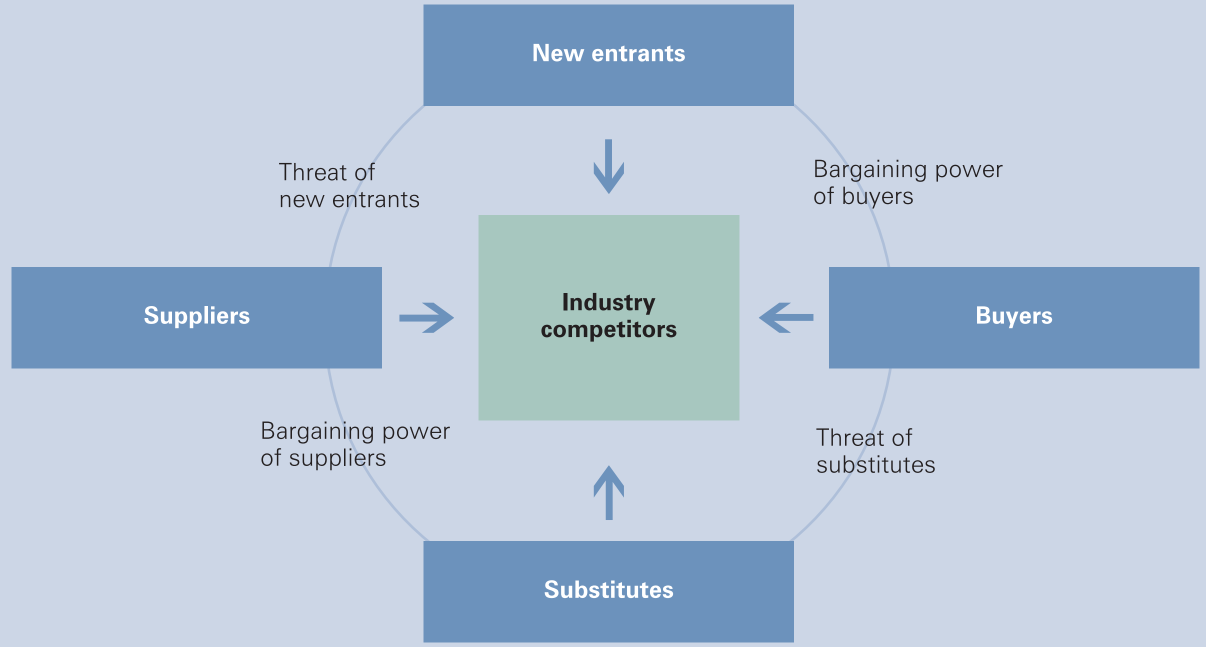
The Company's initiatives to achieve its risk management objectives include:

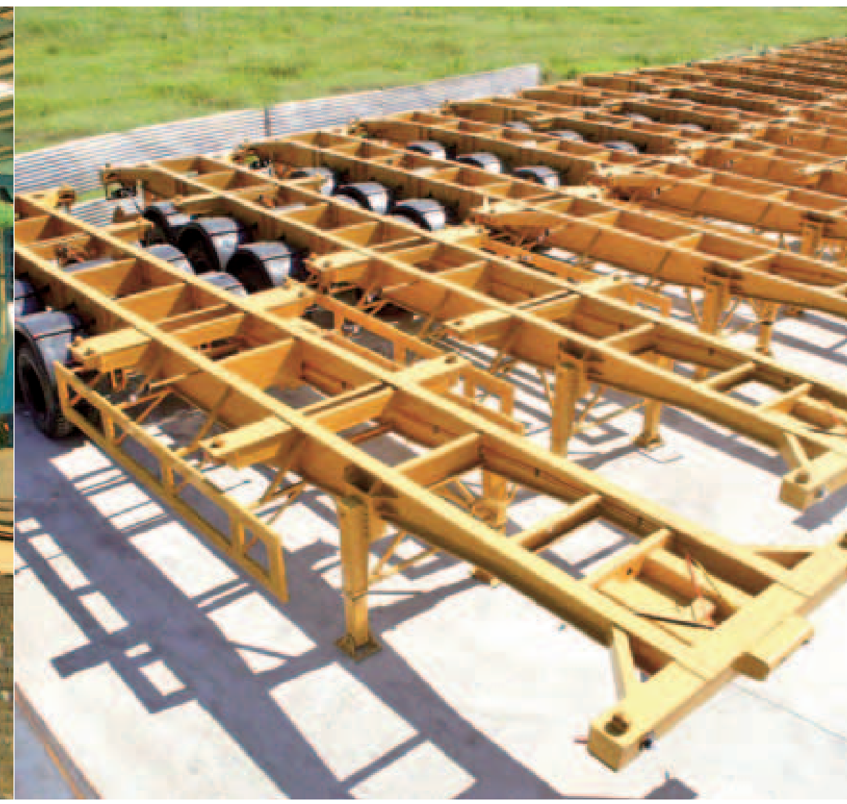
- Identification and assessment of key risks in the context of the Company's risk appetite
- Accurate, complete and timely escalation of risk information to support management decision-making at all levels
- Active involvement of all employees in risk management in their areas of responsibility
- Continuous risk management to an acceptable level of the potential impact
- Integration of risk management in the Company's day-to-day operations

Michael Porter's industry model

"The first fundamental determinant of a firm's profitability is industry attractiveness. Competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine the industry's attractiveness. The ultimate aim of competitive strategy is to cope with and ideally to change those rules in the firm's favour."

– Michael Porter





A high capital requirement for continuous operational scale-up and adoption of cutting-edge technology make an effective hedge against competition from new entrants, protecting manufacturers like ANG Auto.

ANG Auto is among the few companies that derives about 60% of its revenue from the international markets.

In any industry, competition is influenced by five competitive forces: threat from new entrants, bargaining power of buyers, bargaining power of suppliers, threat of substitutes and rivalry among existing players in the industry. It is the collective strength of these five competitive forces that determines the ability of the firm to earn a return on its investment higher than its cost of capital.

Intensity of rivalry

Industry growth: Demand for auto-components will continue to increase – an attractive entry prospect – but the high capital cost, delivery with consistent quality across batches, maintaining stiff time-schedules and establishing customer confidence will serve as a barrier to new entrants, protecting ANG Auto's interest.

Brand identity: There is an increasing emphasis on branding by the auto-components sector, but this is restricted only to select players. ANG Auto is among the few companies that derives about 60% of its revenue from the international markets.

Exit barriers: Given significant growth opportunities, a corporate exit seems unlikely. Though in the case of inadequate managerial capability, a corporate exit is possible. But capacity exit may not be viable, considering a significant investment in assets.

Concentration: Most auto-component players are concentrated in the auto OEM hubs across the country, providing them with select pockets of sale. Hence, markets for auto-component vendors are, to a large extent, defined by their location.

Entry barriers

Economies of scale: Increasing demand from within domestic boundaries and growing opportunities from global automobile and auto-component players are driving capacity growth. As a result, the benchmark for economically viable capacities has risen and so has the entry barrier for new entrants, protecting ANG Auto in the process.

Capital requirement: A high capital requirement for continuous operational scale-up and adoption of cutting-edge technology make an effective hedge against competition from new entrants, protecting manufacturers like ANG Auto.

Client base: New entrants will need a significant gestation period to establish their quality and timeliness with domestic and international clients. Companies like ANG Auto are recognised among brand-enhancing global and Indian OEMs, Tier-I and Tier-II players for quality products, however unbranded they may be. This is an effective de-risking against new entrants.

Business volumes: OEMs tread cautiously before changing their vendors, providing trial orders at best in the initial years, a significant gestation for existing players. ANG Auto, with a wide customer base of international and domestic clients, is sufficiently de-risked against new entrants in the medium-term.

Suppliers' bargaining power

Product price: A rise in the price of alloy steel is a threat but the option for alloy steel manufacturers is limited as they have limited alternative sectors in which to sell their value-added products, the demand for alloy steel being the maximum from this sector.

Importance of volumes to supplier: This threat is applicable to all auto-component manufacturers using large volumes of alloy steel. Companies have attempted to deal with this risk by adopting a multi-vendor policy for large, reputed and responsible suppliers.

Forward integration by suppliers relative to backward integration by firms: Forward integration by alloy steel manufacturers will require considerable capital and time. With growing capacities in alloy steel of most manufacturers, the bargaining power is tilted in favour of auto-component manufacturers.

Substitutes

Buyers' propensity to substitute: The increasing fuel price is forcing automobile manufacturers to reduce the weight of the vehicle through the use of alternative material. Some steel components in an automobile are being replaced by plastic and aluminium variants. These materials have their own shortcomings such as they cannot withstand the heat and pressure among other factors, which restricts their use. The critical components, still being made of alloy steel, protect the interests of companies like ANG Auto.

Besides, improved technology flow from the West has resulted in steel components becoming lighter and more efficient, strengthening their significance for automobile manufacturers.

Buyers' bargaining power

Buyer concentration: Buyers are located in pockets with component suppliers in proximity, restricting their option to shift to other auto-component suppliers and minimising the threat of a significant price reduction. Besides, growing global outsourcing opportunities and a burgeoning replacement market further protects the interests of companies like ANG Auto.

Backward integration: An automobile requires a large number of components. Setting up manufacturing units for all these components is impractical. Besides, the business models are separate – automobile business is an assembly job while auto-components require a manufacturing mindset. This makes backward integration difficult.

Buyers switching cost relative to a firm's switching costs: Switching costs could be low in low-end and easily available products but high in value-added components like those manufactured by ANG Auto, resulting in product loyalty that protects the interest of such companies.

Price/total purchase: In view of the mass-led offtake, bulk purchases by large OEMs can only marginally influence prices.

Directors' Report

Dear members

Yours Directors are delighted to present the sixteenth annual report of your Company together with the audited statement of accounts of the Company for the year ended on 31st March 2007.

Financial results

(Rs in lacs)

Particulars	2006-07	2005-06
Gross sales	11,346.78	5,681.07
Other income	107.29	18.97
Total income	11,454.07	5,700.04
Profit before tax and depreciation	2742.21	1,273.49
(-) Depreciation	153.09	82.83
Profit before tax	2,589.12	1,190.66
(-) Provision for tax	288.07	252.64
Net profit after tax	2,301.05	938.02

Operations during 2006-07

During the year under review, the Company's turnover increased from Rs 5,700 lacs to Rs 11,454 lacs.

In December 2006, commercial production has been started in the seventh plant of the Company situated at 19, Udyog Vihar, Greater Nodia, District: Gautam Budh Nagar, Uttar Pradesh.

The subsidiary company of the Company i.e. ANG Auto Tech (P) has also commenced its commercial production in April 2007.

Future operations

• Your Company invested in the manufacturing of trailers at its new facility at Sitargunj which commenced operations on April 1, 2007. Your Company possesses a fleet of 18 standard trailer varieties for multiple payloads and applications to capitalise on the growing demand of these vehicles.

• Your Company invested in manufacturing trailer axles at its new Greater Noida facility based on the new friction welding technology – a first time in India. In addition to being an important integration and a de-risking initiative for our trailer venture, this initiative will now help us establish a strong global foothold, which was hitherto not possible with the premium Fuwa axles. The unit commenced operation in July 2007.

We successfully established two business verticals – auto-components/assemblies and vehicles – which will complement and provide growth opportunities for each other. More importantly, they will provide an adequate de-risking for the Company against trend reversals in any one business segment.

A combination of these will position the Company among the leading auto-component manufacturers in India and as the largest Indian trailer manufacturer.

US patent

During the year, the Company has been granted a US patent for the Automatic Slack Adjuster, by the United State Patent & Trade Mark Office, based on the Company's application filed in 2004. The patent shall present the Company with a great access to various OEM customers in the US and the European markets. This grant of patent makes the Company one of the very few companies in the world with a patented Auto-Slack. The Automatic Slack Adjuster was developed and engineered by ANG's in-house technical team.

Management's discussion and analysis report

Management's discussion and analysis report, as required by Clause 49 of the Listing Agreement with the stock exchanges, is annexed hereto.

Foreign Currency Convertible Bond (FCCB)

During the year, the Company raised US$ 12 million by way of issuing Foreign Currency Convertible Bonds in the international markets. The issue opened and closed on May'04, 2007. Elara Capital Plc., London has been the Lead Manager for the issue. The Company has issued global certificates representing US$ 12 million in aggregate of the principal amount of bonds.

The bonds have a tenure of three years and are convertible into equity shares at a price of Rs 325 per share. The Company intends to use the net proceed raised for the expansion of manufacturing facilities in India, international expansion and such other purposes as may be permitted by the Indian law and RBI regulations.

The funds raised by FCCB will provide an impetus for organic and inorganic opportunities available to the Company in auto and trailers sectors.

Listing of bonds on Singapore Stock Exchange: The above Foreign Currency Convertible Bonds (FCCB) have been listed on the Singapore Stock Exchange with effect from14th May 2007.

Merger of ANG Auto Tech (P) Ltd. with ANG Auto Ltd.: During the year under review, the Board of Directors of ANG Auto Limited and ANG Auto Tech (P) Ltd. have approved the scheme of the merger of ANG Auto Tech (P) Ltd. (75% subsidiary of the Company) with ANG Auto Ltd.

Accordingly, the petitions for the above merger have been filed before the high court of Delhi. As per the order of the Delhi High Court dated 23rd July 2007, meetings of shareholders, secured creditors and unsecured creditors of ANG Auto Ltd. was convened on 25th August 2007 to approve the scheme of the merger, subject to the final approval of the Delhi High Court.

Listing of the Company's shares on National Stock Exchange (NSE): During the year under review, the shares of your Company have been listed on the National Stock Exchange (NSE) and the trading has been started with effect from 12th February 2007. The shares of your Company are listed at the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Delhi Stock Exchange Association Ltd. and Ahmedabad Stock Exchange. The bonds of the Company are listed at the Singapore Exchange Securities Trading Ltd. The listing fee for 2007-08 was paid in time.

Incorporation of a wholly-owned subsidiary in Hong Kong: A company named ANG Auto (HK) Ltd. has been incorporated by ANG Auto Limited as a promoter in Hong Kong, as per the laws of that country vide certificate of incorporation issued on 6th August 2007.

Dividend

Considering the encouraging performance of the Company, your Directors are pleased to recommend a dividend of 20% (i.e. Rs 2 per equity share of the Company). The shareholders are not entitled to pay any taxes on the dividend amount.

Preferential issue

During the period under review, the Company allotted 8,97,500 shares on 28th August 2006, 5,07,500 equity shares on 29th March 2007 and 5,67,500 equity shares on 26th April 2007 pursuant to the conversion of warrants of Rs 75, allotted on a preferential basis on 29th October 2005 to the promoters/promoter group including persons acting in concert with them (PAC) and strategic investors/others.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

(i) In the preparation of annual accounts for the financial year ended 31st March 2007, the applicable accounting standards were followed.

(ii) The Directors selected such accounting policies and applied them consistently and made judgements and estimates that were 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 and loss of the Company for the year under review.

(iii) The Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) The Directors prepared the annual accounts on a going concern basis.

Public deposits

During the year under review, your Company did not invite or accept any deposits within the meaning of Section 58A of the Companies Act, 1956, and the rules made there-under.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

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, regarding conservation of energy, technology absorption, foreign exchange earnings and outgo is given in the annexure forming a part of this report.

Personnel

None of the employees of the Company was in receipt of the prescribed remuneration and as such, the list of employees as required under Section 217 (2A) of the Companies Act, 1956, is not enclosed. The management's relationship with employees was cordial during the year under review.

Industrial relations

Industrial relations remained cordial throughout the year. Your Directors wish to place on record their deep sense of appreciation for the services rendered by the executives, officers, staff and workers of the Company across all hierarchies.

The Company is committed towards guaranteeing industrial safety and environmental protection and these processes are followed in right earnest at the Company's plant and facilities.

Statutory Auditor

As per the provisions of the Companies Act, 1956, M/s. Sandesh Jain & Co., Chartered Accountants, hold office as Statutory Auditors of your Company till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Your Company received a certificate from M/s. Sandesh Jain & Co., Chartered Accountants, as required under Section 224 (1B) of the Companies Act, 1956, to the effect that their re-appointment, if made, will be within the limits as prescribed under the provisions thereof. Your Directors recommend their re-appointment as the auditors of the Company for the financial year 2007-08. The notes to accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

Directorate

Mr. Manoj Gupta, Director of the Company shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the stock exchanges, Management's discussion and analysis, the Report on Corporate Governance and Auditors' Certificate regarding compliance of the conditions of Corporate Governance are made a part of this annual report.

Share Capital

Authorised share capital: Authorised share capital of the Company has increased from Rs 5 crore to Rs 15 crore during this year.

Paid-up share capital: During the year under review, the Company allotted 8,97,500 equity shares of Rs 10 each at a premium of Rs 65 per share. Accordingly, the paid-up share capital increased from 99,30,000 to 1,08,27,500 . On 29th March 2007, the Company also allotted 5,07,500 equity shares of Rs 10 each at a premium of Rs 65 per share and accordingly, the paid-up share capital increased from 1,08,27,500 to 113,35,000. As on 31st March 31, 2007, the paid- up capital of the Company was Rs 11,33,50,000.

Acknowledgement

Your Directors wish to place on record the sincere and dedicated efforts of all the members of the Company, for which it was possible to report attractive growth. Your Directors also wish to take this opportunity to offer their sincere thanks to the banks, shareholders, other government agencies, valued customers and investors for their continued support and assistance.

The employees of your Company continued to display their unstinted devotion, cooperation and commitment in the pursuit of excellence. Your Directors also wish to place on record their sincere appreciation of the devotion and dedicated efforts put in by all the employees of the Company in realising its objectives.

For and on behalf of the Board

Manoj Gupta
Director

Premjit Singh
Managing Director

Date: 27th August 2007

Place: New Delhi

Annexure to the Director’s Report

Information 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 and forming part of the Directors' Report for the year ended March 31, 2007.

A. Conservation of energy

Energy Conservation is an effective key value driver to reduce cost of production. Constant efforts are being made by your Company to reduce energy consumption, upgrade technology as well as equipment and derive optimum benefits from the present sources. The Company is continuously identifying the scope for improving end use efficiency by evaluating the techno-economic viability of various energy conservation measures. The Company is primarily focusing on:

a) Up-gradation of technology

b) Control on idle running of auxiliary equipment

c) Providing Limit Switches etc.

d) Optimisation of process to enhance production.

e) Training of employees towards energy conservation

The Company's captive generation of power has increased. The comparative statement of energy generation, as compared to last year, is given hereunder:

Particulars	2006-07	2005-06
1. Electricity Units (MKWH)	17,13,107	13,70,148
Total Amount	84,06,445	67,24,945
Average rate / unit (Rs KWH)	4.91	4.91
2. Own generation		
Through diesel generator		
Units (M.KWH)	26,68,680	14,74,944
Units per litre of diesel (KWH)	3.5	5.96
Average cost / unit (Rs KWH)	8.78	7.01

B. Technology absorption

The technology adopted by your Company is upgraded on a regular basis. In-house training is imparted regularly to plant personnel for adoption of technology advancements and cost containment. Further your Company is following better engineering practices, which include reverse engineering processes for enhancing productivity, product improvement, cost reduction, better quality and stability of products.

C. Foreign exchange earnings and outgo

Activities under this head include those relating to exports and initiatives undertaken to increase exports; development of new export markets for products and services and export plans. During the year under review, the Company exported its products to the buyers based in United State of America (USA), UK, Brazil, Italy, Switzerland etc.

The export turnover of your Company for the present year was Rs 6,524.32 lacs; net foreign exchange earning was Rs 6,363.97 lacs and the foreign exchange outgo was Rs 2,084.61 lacs on account of Consultancy, Foreign Travel, import of Capital Goods and raw material.

Certification by Chief Executive Officer (CEO)/ Chief Financial Officer (CFO)

To,
The Board of Directors,
ANG Auto Limited

We, Premjit Singh, Managing Director (CEO) and Arun Jain, Manager of Finance (CFO) of ANG Auto Limited both certify to the Board that we have reviewed the financial statement and the cash flow statement of the Company for the period ended 31st March 2007.

1. The statements do not contain materially untrue and misleading statements; the statements present a true and fair view of the Company's affair; they are made in accordance with the accounting standards and applicable laws and regulations.

2. There are no fraudulent or illegal transactions.

3. For the purpose of financial reporting, we accept the responsibility for establishing and maintaining internal controls which are monitored by the Company's internal audit team and which are evaluated based on feedbacks received from the internal audit team and the effectiveness of the internal controls. We have reported to the auditors and the Audit Committee, the deficiencies, if any, in the internal controls.

4. We have indicated to the auditors and Audit Committee, significant changes in the internal controls and accounting policies. There are no instances of fraud, of which we are aware, during the period.

	Sd.	Sd.
Place: New Delhi	Premjit Singh	Arun Jain
Dated: 27th August 2007	CEO	CFO

Declaration under Clause 49 (I) (D) of the Listing Agreement

Pursuant to Clause 49 of the Listing Agreement, it is hereby declared that all the Board Members and senior management personnel of ANG Auto Limited have affirmed compliance with the code of conduct for the year ended 31st March 2007.

Place: New Delhi
Dated: 27th August 2007

Premjit Singh
Managing Director

Report on Corporate Governance

1. Company's philosophy on Code of Governance

Your Company believes that sound ethical practices, operational transparency and timely disclosures enhance stakeholder value across the long-term. As a result, governance is intrinsic to the Company, supported by the four pillars of transparency, fairness, disclosure and accountability. Good governance practices stem from the quality and mindset of the organisation. Shareholders across the world are now evincing keen interest in the practices of companies in the principles of Corporate Governance. Companies stand to gain by adopting a system that bolster stakeholder trust through maximising shareholder value, safety and sustainability.

2. Board of Directors

a) Composition of category of Directors

The Board was constituted in a way to reinforce understanding and competence to deal with emerging business issues and ensuring the Directors' commitment to participate in the affairs of the Company. The total strength of the Board is five at the close of 2006-07, which included one Director who is also the Promoter, two Independent Directors and two Independent Non-Executive Directors, complying with the requirements of the Listing Agreement. As on 31st March 2007, the composition of the Board of Directors was as under:

Attendance of Directors at the Board meeting and last Annual General Meeting and number of other directorship and Committee membership as on 31st March 2007.

S. No.	Name of Director(s)	Category of directorship	No. of other directorship	No. of Board meetings held	No. of Board meetings attended	Attendance at the last AGM
1.	Mr. Premjit Singh	Managing Director	5	14	14	Yes
2.	Mr. Manoj Gupta	Independent Director	1	14	14	Yes
3.	Mr. Sanjay Garg	Independent Director	None	14	14	Yes
4.	Mr. Gurvinder Singh Jolly	Non-Executive Director	None	14	14	No
5.	Mr. O.P. Sharma	Non-Executive Director	1	14	14	yes

b) Number of Board meetings and dates

During the financial year 2006-07, 14 Board meetings were held. The dates on which the said meetings were held are as follows:

29th April 2006, 4th May2006, 1st June 2006, 23rd June 2006, 6th July 2006, 28th August 2006, 7th September 2006, 10th October 2006, 11th December 2006, 22nd January 2007, 31st January 2007, 29th March 2007 and 31st March 2007.

3. Code of Conduct: All Board members and senior management personnel of the Company have affirmed compliance with the code of conduct for the year ended 31st March 2007.

3. Audit Committee

a) Constitution of the Committee: As a measure of good Corporate Governance and to provide assistance to the Board of Directors fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted as per Section 292A of the Companies Act, 1956, and the provisions of the Clause 49 of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors. The Audit Committee is responsible for effective supervision of the financial reporting process, ensuring financial and accounting controls and ensuring compliance with financial policies of the Company. The Committee reviews the financial statements with special emphasis on accounting policies and practices, compliance with the accounting standards and other legal requirements concerning the financial statements before they are submitted to the Board. The terms of reference of the Audit Committee include the matters specified under Clause 49 II of the Listing Agreement. Further, the Audit Committee may also review such matters as are considered appropriate by it or referred to it by the Board.

As on 31st March 2007, the Audit Committee comprised two Non-Executive and two Independent Directors.

Quorum for the Committee and its Chairman:

The quorum for the meeting was two Independent Directors, which was more than one- third of the members of the Committee. The Committee was chaired by Mr. Sanjay Garg, an Independent Director. The composition of the Audit Committee was as under:

Mr. Sanjay Garg, Chairman
Mr. G.S. Jolly, Member
Mr. Manoj Gupta, Member
Mr. O.P. Sharma, Member

Date and numbers of Audit Committee meetings held

During the financial year 2006-07, five Audit Committee meetings were held on 29th April 2006, 11th July 2006, 28th August 2006, 10th October 2006 and 22nd January 2007.

4. Remuneration Committee

The Remuneration Committee was formed on 15th December 2005 as per Clause 49 of the Listing Agreement. The following were the members of the Remuneration Committee:

Mr. Premjit Singh, Chairman
Mr. Manoj Gupta, Member
Mr. O.P. Sharma, Member

5. Shareholders' / Investors' Grievance Committee

The Committee formed by the Board of Directors to look into the investors' grievances and share transfers, and the issue of duplicate certificates, oversees and reviews all matters connected with the transfer of securities at regular intervals. The Committee also looks into redressing of the shareholders' / investors' complaints like transfer of shares, non-receipts of declared dividends, non-receipt of balance sheet etc., and also notes of transfers / transmissions of securities issued by the Company. The Committee oversees the performance of the Registrar and Transfer Agent and recommends measures for the overall improvement of the quality of investor services. The Board of Directors have delegated the power to Mr. Rajiv Malik, Company Secretary of the Company to approve the transfers and transmission of shares, folio consolidation, change of name, transposition, certificate split and consolidation, dematerialisation or re-materialisation of securities, replacement of certificates etc.

The following are the members of the Committee:
Mr. Premjit Singh, Managing Director
Mr. Manoj Gupta, Director

Mr. O.P. Sharma, Director, was designated as the Compliance Officer of the Company.

6. General Body meetings

The last three Annual General Meetings of the Company were held as under:

Year	Location	Date	Time
2003-04	Rose Garden, 45/18 Village Kangon Heri New Delhi.	29th September 2004	9:30 A.M.
2004-05	PHD Chamber of Commerce Siri Fort Road New Delhi.	28th October 2005	10.00 A.M
2005-06	PHD Chamber of Commerce Siri Fort Road New Delhi	28th September 2006	10.00 A.M

7. Disclosures

a. Disclosures: Related party transactions during the year have been disclosed as a part of accounts as required under Accounting Standard 18, issued by the Institute of Chartered Accountants of India.

b. Details of non-compliance by the Company, penalties, strictures imposed by the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

Listing of the Company's shares on National Stock Exchange (NSE): During the year, the shares of the Company have been listed on National Stock Exchange (NSE) and the trading has been started with effect from 12th February 2007.

1. Share price movement

Script Code – Bombay Stock Exchange: 530721

National Stock Exchange: ANGAUTO

Stock prices at Bombay Stock Exchange

Script Code : 530721

Month	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of shares	No. of trades
Apr-'06	308.00	363.00	269.95	340.35	335460	3579
May-'06	346.70	414.00	307.85	336.35	824016	4519
Jun-'06	349.00	349.00	242.65	286.25	370025	1729
Jul-''06	290.00	319.90	256.30	300.00	236854	1068
Aug-'06	308.95	344.50	297.00	303.30	109659	947
Sep-'06	300.00	367.90	290.00	328.75	297934	2104
Oct-'06	339.00	366.75	306.05	318.40	221810	3103
Nov-'06	321.00	348.00	292.00	309.25	2318855	5994
Dec-'06	312.95	347.10	297.30	318.45	528563	4597
Jan-'07	325.95	325.95	295.10	296.40	222161	3197
Feb-'07	302.00	370.00	275.05	283.95	459040	5940
Mar-'07	286.50	309.95	227.00	299.30	394614	1409

Stock prices at National Stock Exchange, India in respect of the monthly closing price of the shares of the Company .**

Script Name : ANGAUTO

Month	High	Low
Feb-'07	313.55	280.25
Mar-'07	299.10	244.45

** The shares of the Company were listed on NSE in February, 2007 and trading started with effect from 12th February 2007.

The shares of your Company are listed at the following stock exchanges:

National Stock Exchange of India Ltd. (NSE) , Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.

The Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

The Delhi Stock Exchange Association Ltd. DSE House, 3/1, Asaf Ali Road, New Delhi 110 002.

The Ahmedabad Stock Exchange
Kamdhenu Complex,
Opp. Sahanand College,
Panjara Pole
Ahmedabad 380015.

The Foreign Currency Convertible bonds of the Company are listed at

Singapore Exchange Securities Trading Ltd.

The listing fee for 2007-08 was paid in time.

8. Means of communication

a. The Company has published its quarterly results in the Economic Times, Business Standard (English) and Veer Arjun (Hindi).

b. The annual results (annual report containing balance sheet etc.) are posted to every shareholder of the Company.

c. Pursuant to Clause 51 of the Listing Agreement, financial information like annual and quarterly financial statements and shareholding pattern results are available on the SEBI's website- www.sebiedifar.nic.in

d. The Company's website, viz. www.anggroup.biz is regularly updated with the financial results and other important events.

9. General shareholders' information

Annual General meeting:

Date	:	27th September 2007
Time	:	10.00 a.m.
Place	:	PHD Chamber of Commerce, New Delhi

Financial calendar: 2007-08

Annual General meeting	:	September 2008
Result for the quarter ended on 30th June 2007	:	26th July 2007
Result for the quarter ended on 30th September 2007	:	Last week of October 2007
Result for the quarter ended on 31st December 2007	:	Last week of January 2008
Result for the quarter ended on 31st March 2008	:	Last week of April 2008

Book closure date	:	24th September 2007 to 28th September 2007
Dividend payment date	:	Within 30 days of declaration
Demat ISIN no. in NSDL & CDSL	:	INE017D01010
Registrar & Share Transfer Agent	:	Beetal Financial and Computer Services Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Local Shopping Centre, New Delhi 110017
Share Transfer System	:	Presently the share transfers which are received in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company has as per the SEBI guidelines offered the facility of transfer of shares in perusal as and when the shares are transferred.

Dematerialisation of shares	:	Trading in the Company's equity shares on the stock exchange is permitted only in dematerialised form w.e.f. 27th February 2001 for all classes of investors as per notification issued by the Securities and Exchange Board of India (SEBI)

Details of share capital of the Company as on 31st March 2007

S. No.	Particular	No. of shares	% of shares
1.	NSDL	8442247	74.48%
2.	CDSL	2500516	22.06%
3.	Physical	392237	3.46%
	Total	11335000	100%

Shareholding pattern as on 31st March 2007

	Category	Number of shares held	% of paid - up capital
A.	Promoters' holding		
1	Promoters		
	- Indian promoters	5197927	45.86
	- Foreign promoters	0	0
2	Persons acting in concert	0	0
	** Sub-total**	5197927	45.86
B.	Non-Promoters' holding		
3	Institutional investors		
	a. Mutual funds and UTI	357369	3.15
	b. Banks, FIs, insurance companies (Central/ State, Govt. institutions/Non-Govt. institutions)	1000	0.01
	c. Foreign institutional investors	2998039	26.45
	** Sub-total**	3356408	29.61
4	Others		
	a. Private corporate bodies	685611	6.05
	b. Indian public	2007042	17.70
	c. NRIs/OCBs	51334	0.45
	d. Others (clearing members)	9522	0.08
	** Sub-total**	2780665	24.53
	Grand total	11335000	100

Address for investors' correspondence

For transfer / dematerialisation of shares	Beetal Financial and Computer Services Pvt. Ltd. Beetal House, 3rd Floor,99 Madangir, behind Local Shopping Centre, New Delhi 110062
For any other query :	Secretarial Department ANG Auto Limited 90, Okhla Industrial Estate, Phase-III, New Delhi 110020

Shareholding of nominal value of Rs 10 each	Number of shareholders	% of total no. of shareholders	No. of shares held	Amount in Rs	% to Total Paid-up Capital
Upto 5,000	3623	88.90	485014	4850140	4.28
5,001 to 10,000	206	5.06	167949	1679490	1.48
10,001 to 20,000	89	2.18	141191	1411910	1.25
20,001 to 30,000	39	0.96	97992	979920	0.86
30,001 to 40,000	12	0.29	42427	424270	0.37
40,001 to 50,000	20	0.49	92751	927510	0.82
50,001 to 1,00,000	30	0.74	230321	2303210	2.03
1,00,001 and above	56	1.38	10077355	100773550	88.91
Total	4075	100%	11335000	113350000	100

Plant Location:

Plant I	:	B-48, Phase-II, Noida (U. P.).
Plant II	:	19-A, Udyog Vihar, District: Gautam Budh Nagar, Greater Noida.
Plant III	:	I-11 & 12, SDF, NSEZ, Noida.
Plant IV	:	14/6 Mathura Road, Faridabad, (Haryana).
Plant V	:	Village Dherowal, near Tax Barrier, P.O. Manjholi, District Solan (H.P.)
Plant VI	:	Plot No. A-150, SEZ, Noida.
Plant VII	:	19, Udyog Vihar, District Gautam Budh Nagar, Greater Noida.

Compliance Certificate on Corporate Governance

To

The Members of ANG Auto Limited,

We have examined the compliance of the conditions of Corporate Governance by ANG Auto Limited for the year ended on 31st March 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We have to state that as per records maintained by the Company, there were no investor grievances remaining unattended / pending for more than one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Sandesh Jain & Co.**
Chartered Accountants

Place: New Delhi
Date: 27h August 2007

Sandesh Jain
Proprietor

The Financial Section

AUDITOR'S REPORT

The Members,
ANG AUTO LIMITED

1. We have audited the attached Balance Sheet of ANG AUTO LIMITED as at 31st March, 2007 and also Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :

   (i) We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books;

   (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the Books of Accounts maintained at all the units.

   (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India except in case of AS15 for gratuity accounted for on cash basis :

      a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2007

      b. In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

      c. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

5. On the basis of written representations received from the Directors, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For Sandesh Jain & Co.
Chartered Accountants

(Sandesh Jain)
Proprietor
Membership No. 87316

Place : New Delhi
Date : 27th August, 2007

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts of ANG AUTO LIMITED for the year ended 31st March, 2007 .

In terms of the information and explanations given to us and on the basis of the books and records examined by us in the normal course of audit and to the best of our knowledge and belief we state that :-

1. In respect of its Fixed Assets:
   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets on the basis of available information.
   b) As per explanation given to us, the Fixed Assets were physically verified by the management at reasonable intervals having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
   c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its Inventories:
   a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
   b) In our opinion and according to the information and explanations provided to us, the procedures of physical verification of inventories followed by the Company were reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. a) According to the information and explanations given to us during the year Company has granted unsecured loans of Rs 7,58,88,745/- to its subsidiary company, i.e Company , firms or other parties to be covered in the register maintained under Section 301 of the Companies Act, 1956.
   b) In our opinion, the rate of interest and other terms and conditions of the loan granted is prima facie not prejudicial to the interest of the Company and loan was not repaid by the said company prior to the close of the year.
   c) According to the information and explanation given to us , the Company has taken unsecured loans , including advances in the nature of loans from its director i.e the person covered in the register maintain under section 301 of the Companies Act, 1956, amount to Rs 13.09,334/-.
   d) No interest has been paid by the Company on the unsecured loan taken from the director.
4. According to the information and explanations given to us, there are adequate internal control procedures commensurate with size of the Company and the nature of its business for the purchase of inventory and fixed assets and the sale of goods. During the course of our Audit, no major weakness has been noticed in the internal control.
5. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
   a) To the best of our knowledge and belief and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register have been so entered.
   b) In our opinion and according to the information and explanations furnished to us, the transactions exceeding the value of Rs Five lacs in respect of any party during the year have been made at prices which are prima facie, reasonable, having regard to the prevailing market prices at the relevant time, where such prices are available.
6. According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Companies Act, 1956 during the year. Therefore the provisions of clause 4(vi) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
7. In our opinion, the internal audit system of the Company is commensurate with the size and nature of its business.
8. The Company`s management has informed us that the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any product of the Company.
9. According to the records of the Company and the information and explanations given to us in respect of statutory and other dues:
   a) The Company was generally regular in depositing Statutory dues except Provident Fund and Employee's State Insurance dues with the appropriate authorities and there were no arrears outstanding for a period of more than six months as on 31st March, 2007.
   b) The Company has been regular in making payment of its income tax, wealth tax, sales tax, customs duty and excise duty dues during the year. There were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty that were outstanding, as on 31st March, 2007 for a period of more than six months from the date they became payable.
   c) According to the information and explanations given to us, details of dues of Income tax, which has not been deposited as on 31st March, 2007, an account of any dispute is given below:

ANNEXURE TO THE AUDITORS' REPORT (CONTD.)

Particulars	Period in which Amount relates	Forum where matter is pending	Amount (Rs In Lacs)
Income Tax	Assessment Year 2000-2001	CIT (Appeal)	42.73

10. The Company does not have any accumulated losses at the end of the financial year.
11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks or debentures during the year.
12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or nidhi /mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. According to the information and explanations given to us, and the records examined by us, the Company is not dealing or trading in securities, debentures and other investments. However, the Company has invested in shares. All the shares have been held in its own name.
15. In our opinion and according to the information and explanation given to us, the term and conditions of the corporate guarantees given by the Company for various credit facilities availed by its subsidiary from Banks are not prima facie prejudicial to the interest of the Company.
16. To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, term loans availed by the Company were, prima facie , applied by the Company during the year for the purpose for which the loan were obtained.
17 According to the cash flow statement and other records examined by us and according to the information and explanations given to us, on an overall basis, funds raised on short-term basis have prima facie, not been used during the year for long-term investment (fixed assets etc. and vice versa), other than temporary deployment pending application.
18. The Company has allotted 5,00,000 equity shares pursuant to the conversion of warrants allotted on Preferential basis on 29th October, 2005, to the Company covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year the Company has invested Rs 5,62,50,000 equity shares of its subsidiary company M/s. ANG Auto Tech Pvt. Limited.
19. According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Sandesh Jain & Co.
Chartered Accountants

(Sandesh Jain)
Proprietor
Membership No. 87316

Place : New Delhi
Date : 27th August, 2007

BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

	Schedules	31.03.2007		31.03.2006	
SOURCES OF FUNDS					
Share Holders Fund					
Share Capital	A		11,76,06,250		114,093,750
Reserve & Surplus	B		55,64,08,400		263,186,946
Secured Loans	C		54,34,67,333		328,320,884
Unsecured Loans	D		27,16,604		1,681,453
Deferred Tax Liability			97,19,690		5,168,004
			1,22,99,18,277		712,451,037
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	E	31,05,22,895		179,621,813	
Less: Depreciation		4,44,39,013		28,769,194	
Net Fixed Assets			26,60,83,882		150,852,620
Capital Work-in-Progress			8,26,16,580		10,739,187
Investment	F		5,62,50,000		19,737,722
Current Assets, Loans & Advances					
Inventories	G	31,88,87,793		175,336,060	
Sundry Debtors	H	38,61,65,280		287,253,733	
Cash & Bank Balance	I	9,36,81,629		138,872,332	
Loans & Advances	J	24,16,64,995		127,472,521	
		1,04,03,99,697		728,934,646	
Less: Current Liabilities & Provisions	K	24,16,08,281		209,901,842	
			79,87,91,416		519,032,804
Misc. Expenditure	L		2,61,76,399		12,088,704
(To the extent not written off or adjusted)					
Significant Accounting Policies	T				
Notes To Accounts	U				
			1,22,99,18,277		712,451,037

This is the Balance Sheet referred to report in our even date attached
For **Sandesh Jain & Co.**
Chartered Accountants

Sandesh Jain
Proprietor
Membership No.: 87316

Premjit Singh, *Managing Director*
Arun Jain, *CFO*
Manoj Gupta, *Director*

Place : New Delhi
Date : 27th August, 2007

Sanjay Garg, *Director*
O. P. Sharma, *Director*
Rajiv Malik, *Company Secretary*

PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2007

(Amount in Rs.)

Particulars	Schedules	Year ended 31.03.2007	Year ended 31.03.2006
INCOME			
Sales & Other Incomes	M	1,14,54,07,544	56,99,27,703
		1,14,54,07,544	56,99,27,703
EXPENDITURE			
Material consumed	N	59,77,41,026	27,64,72,559
Manufacturing Expenses	O	15,82,13,901	10,06,13,669
Selling & Distributive Expenses	P	4,77,66,639	3,13,45,856
Administrative Expenses	Q	2,67,04,483	1,61,57,135
Financial Expenses	R	3,39,57,907	1,49,45,186
Depreciation	E	1,53,08,896	82,82,538
Misc. Expenditure Written off	S	68,02,381	30,44,104
Significant Accounting Policies	T		
Notes to Accounts	U		
		88,64,95,233	45,08,61,047
Profit Before Taxes		25,89,12,312	11,90,66,656
Less : Provision for Income Tax		2,35,48,040	2,15,57,828
Fringe Benefit Tax		7,07,949	3,51,087
Less : Provision for Deferred Tax		45,51,686	33,55,710
Profit After Taxes		23,01,04,637	9,38,02,031
Less : Amount transfer to General Reserve		2,29,67,837	1,87,56,406
Less: Proposed Dividend		2,38,05,000	2,16,55,000
Less: Provision for Dividend Tax		40,90,175	30,37,114
		17,92,41,625	5,03,53,511
Balance Brought Forward From Last Year		6,99,06,909	2,01,13,805
Add: Short & Excess Provision of Tax for		47,917	(5,60,407)
Previous year			
Balance carried to Balance Sheet		24,91,96,451	6,99,06,909
Earning Per Share (Face value of Rs. 10/- per equity share)			
Basic before deferred tax		20.70	9.78
Diluted before deferred tax		19.71	8.16

This is the Profit and Loss Account referred to report in our even date attached
For **Sandesh Jain & Co.**
Chartered Accountants

Sandesh Jain
Proprietor
Membership No.: 87316

Premjit Singh, *Managing Director*
Arun Jain, *CFO*
Manoj Gupta, *Director*

Place : New Delhi
Date : 27th August, 2007

Sanjay Garg, *Director*
O. P. Sharma, *Director*
Rajiv Malik, *Company Secretary*

SCHEDULES FORMING PART OF BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

	31.03.2007	31.03.2006
A SHARE CAPITAL		
Authorised Share Capital		
1,50,00,000 Equity Shares of Rs 10/- each	15,00,00,000	15,00,00,000
Issued & Subscribed and Paid up Capital		
1,13,35,000 Equity Shares of Rs 10/- each	11,33,50,000	9,93,00,000
(Previous Year Rs 9,93,00,000) (During the year 14,05,000 equity Shares of Rs 10/- each issued at premium of Rs 65/- each on conversion of Share Warrants)		
Convertible Share Warrants	42,56,250	1,47,93,750
5,67,500 Convertible Share warrant @ Rs 75 /- each paid up @7.5 each (Previous year 19,72,500 warrant @ 75/- each paid up @ Rs7.50 each)		
	11,76,06,250	11,40,93,750

	31.03.2007	31.03.2007	31.03.2006	31.03.2006
B RESERVE & SURPLUS				
A) General Reserve				
Balance as Per Last account	1,90,64,406		3,08,000	
Addition during the year	2,29,67,837	4,20,32,243	1,87,56,406	1,90,64,406
B) Share Premium A/c				
on 39,85,000 shares @ Rs 65/- each	25,90,25,000		16,77,00,000	
(Previous year 25,80,000 shares @ Rs 65/- each)				
C) Profit & Loss A/c (Balance as per Profit & Loss Account)		24,91,96,451		6,99,06,909
D) Revaluation Reserve		61,54,707		65,15,631
		55,64,08,400		26,31,86,946

	31.03.2007	31.03.2006
C SECURED LOAN		
A) Development Credit Bank		
Foreign Bill Discounting	4,80,02,618	3,86,25,567
Export Packing Credit/ PCFC	1,49,89,000	–
Cash Credit limit	32,42,543	–
B) Bank of Baroda–		
Export Packing Credit/ PCFC	3,00,00,000	6,71,62,316
Term Loan I (Repayable within one year Rs 47,64,000)	94,69,630	1,43,15,249
Term Loan II (Repayable within one year Rs 24,96,000)	47,70,895	69,52,214
Bill Discounting Limit	9,07,93,119	9,02,19,108
Cash Credit limit	3,18,36,811	–
C) ICICI Bank		
Foreign Bill Discounting	–	1,99,42,585
D) State Bank of India		
Foreign Bill discounting	5,31,85,123	1,74,26,442
Export Packing Credit	3,00,68,124	1,95,74,108
Cash Credit Limit	8,66,60,393	2,94,54,313
G) YES Bank		
Term Loan I (Repayable within one year Rs 1,13,33,335)	2,73,88,888	50,00,000
Term Loan II (Repayable within one year Rs 1,28,88,889)	4,60,00,000	–
Foreign Bill discounting	1,78,61,244	–
Cash Credit Limit	1,99,17,877	–
Export Packing Credit	86,26,515	–
E) Vehicle Loan		
Bank of Punjab	33,07,014	46,34,825
HDFC Car Loan	37,464	81,863
ICICI BANK	66,10,698	20,19,321
Shehab Properties Ltd.	3,10,196	5,08,796

SCHEDULES FORMING PART OF BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

	31.03.2007	31.03.2006
C SECURED LOAN (Contd.)		
F) Amer Auto Corp (USA) Inc		
Tooling Advance	85,73,863	96,96,400
Other Advance	–	10,42,347
H) Greater Noida Industrial Development Authority	18,15,318	16,65,430
	54,34,67,333	32,83,20,884

Notes:

(1) Securities offered to Banks to secure Term Loan:-

(a) Bank of Baroda :

- First charge on fixed assets of the Company financed by the Bank
- First charge on the Company's land & building situated at B-48, Noida, Phase-II, U.P.
- Second charge on the land & building situated at 19-A Udyog Vihar, Greater Noida, U.P. (First charge of which is with Greater Noida Industrial Development Authority for deferred installments on the land).
- Personal Guarantee of Promoters.

(b) Yes Bank Ltd. :

- First charge on fixed assets of the Company financed by the bank, including first charge on building of the Company situated at 150-A, SEZ, Noida, U.P.
- Personal Guarantee of Promoters.

(2) Securities offered to Banks (viz. Bank of Baroda, State Bank of India, Development Credit Bank Ltd. and Yes Bank Ltd.) to secure working capital facilities under multiple banking arrangement, on pari-passu basis:-

(a) Hypothecation of inventories viz raw material, stock in process, finished goods, stores and spares etc. including the stock in transit, stocks lying with processors & in third party godown consisting of automotive parts, receivables and other current assets, both present and future, except vehicles exclusively hypothecated to banks.

(b) Second charge on gross block of the Company on pari-passu basis.

(c) Personal Guarantee of Promoters.

(3) GNIDA dues amount is for the deferred installments on the land at 19-A, Udyog Vihar, Greater Noida, U.P.

(4) Amer Auto Corp (USA) Inc. (Tooling Advance) is secured by the stand by letter of credit issued by Bank of Baroda.

(5) All Vehicle Loans are secured by Hypothecation of vehicles financed.

	31.03.2007	31.03.2006
D UNSECURED LOAN		
From Directors, Shareholders & Others (Interest Free)	27,16,604	16,81,453
	27,16,604	16,81,453

E FIXED ASSETS

		GROSS VALUE				DEPRECIATION			W D V	
S. No.	Name of Asset	Cost as on 01.04.2006	Additional During the year	Sale During the year	Total Value as on 31.03.2007	Balance as on 01.04.2006	Depreciation during the year	Total as on 31.03.2007	As on 01.04.2006	As on 31.03.2007
1	Land	74,50,553	–	–	74,50,553	–	–	–	74,50,553	74,50,553
2	Buildings	2,05,68,978	1,67,12,714	–	3,72,81,692	30,69,174	10,32,940	41,02,115	1,74,99,804	3,31,79,577
3	Furniture	28,41,103	24,07,407	–	52,48,510	2,99,400	2,64,835	5,64,235	25,41,703	46,84,274
4	Vehicle	1,50,28,247	82,46,825	–	2,32,75,072	36,21,513	19,96,443	56,17,956	1,14,06,734	1,76,57,116
5	Commercial Vehicle	20,91,546	5,20,152	3,50,597	22,61,101	3,95,553	2,80,706	6,76,259	16,95,993	15,84,842
6	Electrical Equipments	3,49,059	8,45,855	–	11,94,914	26,735	65,887	92,622	3,22,324	11,02,292
7	ETP Plant	75,000	7,72,200	–	8,47,200	15,359	25,443	40,802	59,641	8,06,398
8	Plant & Machinery	12,51,37,079	9,73,40,482	2,72,388	22,22,05,173	2,00,34,612	1,09,22,283	3,09,56,896	10,51,02,467	19,12,48,278
9	Office Equipment	24,00,057	3,84,208	–	27,84,265	5,25,416	1,31,143	6,56,560	18,74,641	21,27,705
10	Computer & Accessories	34,87,217	32,84,738	–	67,71,955	7,15,391	9,09,794	16,25,184	27,71,826	51,46,771
11	Water Cooler	23,900		–	23,900	885	1,139	2,024	23,015	21,876
12	Mobile	1,69,074	4,90,947	–	6,60,021	65,154	39,206	1,04,360	1,03,920	5,55,661
13	Patent Right Expenses		5,18,539	–	5,18,539			–	–	5,18,539
	Total	**17,96,21,813**	**13,15,24,067**	**6,22,985**	**31,05,22,895**	**2,87,69,193**	**1,56,69,820**	**4,44,39,013**	**15,08,52,620**	**26,60,83,882**
	Previous Year	12,26,41,409	5,72,55,404	2,75,000	17,96,21,813	1,94,03,881	93,65,312	2,87,69,193	10,32,37,528	15,08,52,620

Depreciation During the year	1,56,69,820
Adjustment for the Depreciation on Revalued Assets	3,60,924
Depreciation as Per Profit & Loss Account	**1,53,08,896**

SCHEDULES FORMING PART OF BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

		31.03.2007		31.03.2006
F INVESTMENTS				
Investments				
200 Equity Shares of Automotive Axles Ltd. of Rs 10/- each		–		12,722
(Purchase price Rs 63.61 per share and market price Rs 697.40 per share				
Investment in Unquoted Shares				
56,25,000 Equity Shares of ANG Auto Tech Private Limited		5,62,50,000		1,97,25,000
		5,62,50,000		1,97,37,722
G INVENTORIES				
(As taken valued and certified by management)				
Raw Material	11,33,28,431		4,89,88,010	
Work in Progress	14,79,97,622		9,83,45,871	
Finished Goods	5,75,61,740	31,88,87,793	2,80,02,179	17,53,36,060
H SUNDRY DEBTORS				
(Unsecured, considered good, unless stated otherwise)				
Over Six months	5,26,76,008		1,83,78,637	
Others	33,34,89,272	38,61,65,280	26,88,75,096	28,72,53,733
I CASH & BANK BALANCES				
Balances With Schedule Bank in Current Accounts		77,52,235		93,51,181
Yes Bank (Unpaid Dividend)		8,05,788		–
Cash In hand		50,95,749		37,45,007
Balances With bank in Fixed Deposit Account				
Fixed Deposit with BOB		72,00,000		57,77,145
Fixed deposit (CITI Bank)		48,13,112		–
Fixed deposit (ICICI)		6,70,14,544		6,99,99,000
Fixed deposit (Yes Bank)		10,00,200		5,00,00,000
		9,36,81,629		13,88,72,332
J LOANS & ADVANCE, SECURITIES & DEPOSITS				
Security Deposits		69,99,531		54,56,450
Advance to Suppliers		1,38,28,449		90,45,642
Staff & Other Advances Loan		91,06,847		2,39,03,179
Advances for Capital Goods		1,66,28,864		75,14,385
Claim Receivable		68,98,279		–
Advance to Subsidiary Company		7,70,43,180		–
Advance for land at Bhiwadi		1,65,38,882		1,65,38,882
Other Advances		2,13,68,744		57,19,528
Accrued interest on FDR's		16,80,444		18,59,466
Margin Money For L/C		2,60,000		–
Interest receivable		11,52,715		6,87,500
Advance Income Tax 2007-08		50,00,000		–
Advance Income Tax 2006-07		–		50,00,000
Excise Duty & Service Tax (Cenvat receivable)		4,02,36,429		3,79,36,508
TDS Receivables		27,76,320		7,53,449
Export Incentive Receivable		1,87,77,374		1,14,18,814
Prepaid Expenses		24,09,686		16,38,719
Vat receivable		9,59,251		–
		24,16,64,995		12,74,72,521

SCHEDULES FORMING PART OF BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

	31.03.2007	31.03.2006
K CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
Creditors for Consumables	2,39,92,708	1,82,64,561
Creditors for Others	96,31,751	22,06,924
Creditors for Raw Material	10,27,23,982	10,96,47,424
Creditors for Capital Goods	1,12,84,370	36,51,047
Creditors For Expenses	2,05,18,770	2,34,37,930
Advance from customer		
Advance From Customers	25,59,864	11,01,108
Unpaid Dividend	8,05,788	–
Provisions		
Salary & Wages Payable	33,45,879	1,61,039
ESI Payable	1,40,194	6,113
EPF Payable	3,77,663	24,204
Expenses Payable	34,49,409	48,76,051
Proposed Dividend	2,38,05,000	2,16,55,000
Provision for Dividend Tax	40,90,175	30,37,114
Provision for Income Tax	2,35,82,784	2,15,57,828
Fringe Benefit Tax Payable	7,07,949	13,087
TDS Payable	8,77,984	59,468
Custom Duty/Service Tax	51,86,617	–
sales Tax Payable	45,27,395	2,02,944
	24,16,08,281	20,99,01,842
L MISCELLANEOUS EXPENDITURE		
Pre Operative Expense	76,64,756	42,07,535
Preliminary Expenses	5,28,673	7,09,638
Issue Expenses	7,18,891	10,78,333
Research & Development	1,72,64,080	60,93,198
	2,61,76,399	1,20,88,704

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2007

(Amount in Rs.)

	Year ended 31.03.2007	Year ended 31.03.2006
M SALES & OTHER INCOME		
Exports Sale & Incentives	65,24,32,122	48,83,71,202
Domestic Sale & other income	48,22,45,999	7,97,35,942
Interest received (TDS on interest received Rs 1,835,089/-)	89,39,154	18,97,182
Miscellaneous Income	10,77,917	
Profit on sale of Share	95,278	(855)
Foreign Exchange Fluctuation	6,17,075	(75,768)
	1,14,54,07,544	56,99,27,703

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2007

(Amount in Rs.)

		Year ended 31.03.2007		Year ended 31.03.2006
N MATERIAL CONSUMED				
Raw Material				
Opening Stock	4,89,88,011		66,49,574	
Purchase of Raw Material	67,42,70,184		36,58,09,876	
	72,32,58,195		37,24,59,450	
Less: Closing Stock	11,33,28,432		4,89,88,010	
Material Consumed during the Year		60,99,29,763		32,34,71,440
Work–in Progress				
Opening Stock	9,83,45,871		3,48,92,535	
Less : Closing Stock	14,79,97,622		9,83,45,871	
Increase /Decreases in WIP		(4,96,51,751)		(6,34,53,336)
Finished Goods				
Opening Stock	2,80,02,179		47,54,025	
Less : Closing Stock	5,75,61,740		2,80,02,179	
Increase /Decreases in Finished Goods		(2,95,59,561)		(2,32,48,154)
Consumable Goods		6,70,22,574		3,97,02,609
		59,77,41,026		27,64,72,559

O MANUFACTURING EXPENSES		
Power & Electricity	3,18,44,597	2,14,01,578
Factory Rent	51,20,448	12,43,913
personnel Expenditure	4,79,10,826	2,79,19,146
Repair & Maintenance Machinery	39,80,212	19,94,326
Freight & Cartage	1,98,44,335	1,05,35,246
Processing & Job work charges	4,54,70,469	3,53,27,610
Rent on Genset	35,30,003	20,80,000
Water Charges	5,13,010	1,11,850
	15,82,13,901	10,06,13,669

P SELLING & DISTRIBUTIVE EXPENSES		
Freight Outward	3,40,70,566	2,64,20,685
Travelling Expenses		
– Domestic	17,00,266	5,10,011
– Foreign	8,93,388	–
ECGC Premium	33,25,313	24,54,229
Business Promotion Expenses	13,04,487	6,06,662
Commission & Brokerage	11,03,766	–
Advertisement Expenses	3,52,700	3,50,525
Foreign Consultancy Charges	50,16,153	10,03,744
	4,77,66,639	3,13,45,856

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2007

(Amount in Rs.)

	Year ended 31.03.2007	Year ended 31.03.2006
Q ADMINISTRATIVE EXPENSES		
Annual General Meeting	1,71,503	–
Audit Fees	3,69,307	1,37,750
Conveyance	22,43,671	17,44,568
Donation	51,501	–
Gratuity & Compensation Paid	60,400	2,38,462
Listing / Filing Fees	3,31,639	2,15,210
Membership Fees/subscription/registration	1,16,339	2,57,632
Miscellaneous Expenses	3,12,528	5,94,109
News Papers & Periodicals	46,111	19,555
Office Expenses	3,22,835	2,20,655
Loss on sale of fixed assets	1,78,992	–
Office Rent	6,21,921	2,22,834
Postage & Courier	4,92,896	1,00,781
Printing & Stationery	22,98,703	11,65,423
Sales Tax Demand Exp	61,500	–
Bank Comm & Chgs.	46,75,450	15,14,722
Service Tax on Freight	10,04,566	–
Remuneration to Director	5,40,000	5,28,000
Rates & Taxes	12,30,294	3,38,869
Repair & Maintenance	19,94,641	11,35,244
Festival expenses	4,86,328	2,80,866
Insurance Charges	33,72,038	8,85,834
Medical Expenses	1,54,666	70,870
Pollution Control Exp.	2,27,635	55,000
Legal, Professional & consultancy charges	9,42,298	43,05,541
Recruitment Exp.	1,68,912	96,226
Security Charges	4,30,990	68,538
Short & Excess Charges	56,184	12,197
Staff Welfare	8,86,154	7,20,135
Telephone Exp.	28,54,479	12,28,114
	2,67,04,483	1,61,57,135

R FINANCIAL EXPENSES		
Interest on Term Loan	1,57,83,165	27,22,760
Interest & Other Charges	1,81,74,742	1,22,22,426
	3,39,57,907	1,49,45,186

S MISCELLANEOUS EXPENDITURE WRITTEN OFF		
Preliminary expenses written off	1,80,965	2,69,638
Issue Expenses Written off	3,59,442	3,59,442
Pre-operative Expenses written off	16,16,967	8,94,989
Business Promotion expenses written off	3,15,352	–
Research & Development Cost written off	43,29,655	15,20,035
	68,02,381	30,44,104

SCHEDULES FORMING PART OF ACCOUNTS

T SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Concepts
The accounts are prepared under historical cost convention, on accrual basis of accounting, in accordance with generally accepted accounting principles in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Revenue Recognition
– Sales are recognised upon dispatch of goods from factory against firm orders.
– For other incomes, the Company follows the accrual basis of accounting.
– The dividend income is accounted for as and when received.

3. Export Incentives
The same are booked as income on the basis of claim accrued in favor of the Company.

4. Fixed Assets
Fixed assets are stated at historical cost of acquisition or construction and include all other incidental expenses related to acquisition and any attributable cost of bringing the asset to its working conditions for its intended use.

5. Depreciation
Depreciation has been provided on straight line method basis as per the rates specified in schedule XIV of the Companies Act, 1956.

6. Borrowing Costs
Borrowing cost attributable to the acquisition, construction or production of an assets for the period prior to commencement of commercial operations in the plant, are capitalised as part of the cost of that asset. Borrowing cost, Interest on Term Loan, which are not related to fixed assets, are recognised as an expense in the period in which they are incurred.

7. Investments
Investments in the nature of long-term are stated at cost of acquisition. Provision by decline in value, other than temporary, is made on the basis of market quotations whenever available.

8. Valuation of Inventories
– Raw Materials, Stores and Packaging Materials are valued at lower of cost or net realisable value.
– Work in Progress has been valued at Cost of Raw Materials plus 50% of cost of Production.
– Finished Goods are valued at sale price less selling and distribution expenses & profits.
– Excise duty on finished goods lying in factory is accounted for on removal of goods since such liability arises only if they are sold in Domestic Tariff Area.

9. Preliminary & Pre operative Expenses
Preliminary & Preoperative Expenses of period prior to year 2005-06 is written off over a period of ten years. Preliminary Expenses and Preoperative Expenses incurred during the year 2005-06 and later on are being amortised over a period of five years.

10. Research and Development
Revenue expenditure incurred on Research & Development is charged to Profit & Loss Account of the year in which it is incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits. The expenses incurred prior to year 2005-06 is written off over a period of ten years and the expenses incurred during the year are amortised over a period of five years.

11. Gratuity
No provision has been made as gratuity is payable on actual basis.

12. Foreign Currency Transaction
Transaction in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. As the foreign bills got discounted with bank AS -11 is not applicable in case of the Company. Foreign currency assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is

SCHEDULES FORMING PART OF ACCOUNTS

T SIGNIFICANT ACCOUNTING POLICIES (Contd.)

recognised in the Profit & Loss Account, except those relating to acquisition of fixed assets, which are adjusted in the cost of fixed assets.

13. Tax on Income
a. Current tax is the amount of tax payable on taxable income for the year determined in accordance with the provisions of Income Tax Act, 1961.
b. Deferred tax is provided on timing difference between tax and accounting treatments that originate in one period and are expected to be reversed or settled in subsequent periods. Deferred tax assets and liabilities are measured using the enacted / substantively enacted tax rate for continuing operations. Adjustment of deferred tax liability attributable to change in tax rate is shown in the profit and loss account as a part of the deferred tax adjustments for the period.

14. Contingencies
Contingencies loss arising from claims, litigation, assessments, fines, penalties etc. are provided for when it is probable that a liability may be incurred, and the amount can be reasonably estimated.

U NOTES TO THE ACCOUNTS

a. Contingencies and commitments

i.	Bank Guarantee is	Rs 1,93,79,000/-
ii.	Estimated amount of contract remaining to be executed on capital account and not provided (net of advances Rs 1,66,28,874/-)	Rs 3,27,42,788 /-

iii. There is a demand raised by Income tax Department against company for Rs 42,72,701/- under section 143(3) for the assessment year 2000-01. This demand is pending in an appeal before CIT (A) - IV, New Delhi.

b. Debit and Credit Balances appearing under the head current liabilities, sundry debtors and loans and advances are subjected to confirmation / reconciliation.

c. In the opinion of the Management, the value on realization of current assets, loan and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.

d. Share Capital
During the year the Company has converted the 14,05,000 convertible warrants issued at Rs 75/- per warrant into equity shares of Rs 10/- each at premium of Rs 65/- per share.

e. During the month of May 2007, the Company has issued the Foreign currency convertible bonds amounted to US$ 12 million. The offer is FCCBs with Zero Coupon rate Bonds: Bonds shall be redeemed on maturity date at the redemption amount being equal to 123.36% of the principle amount giving a yield to maturity of 7.25% per annum compounded annually. The Company has the plan for substantial expansion by using these funds in near future. The bonds are fully convertible within three years from the date of the issue. However, the bonds which are not converted within the same period shall be redeemed at maturity.

f. During the year the Company has invested Rs 5,62,50,000/- in equity shares of M/s. ANG Auto Tech Pvt. Ltd. Which amounted to 75% of total share capital of subsidiary company. The subsidiary company has set up a plant in Sitarganj (Uttaranchal) and will produce the trailors from that unit. The subsidiary company will be entitled for the tax holiday of five years under section 80IC of Income Tax Act, 1961.

g. The stock has been taken as per inventories valued and certified by the Management of the Company.

h. The Company is manufacturing Engineering goods for Automobiles. This constitutes a single segment, based on the guiding principles given in Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India. Hence, segment reporting is not applicable.

i. The Company has taken key-man insurance policies to insure the loss of profit on non-availability of Managing Director's services to the Company.

SCHEDULES FORMING PART OF ACCOUNTS

U | NOTES TO THE ACCOUNTS (Contd.)

j. Expenditure in Foreign Currency :

a. Consultancy : US$ 99764.42 (Equivalent INR 50,16,153) (Previous year 10,03,744/-)
b. Foreign Travelling US$ 18750 (Equivalent INR 8,39,625) (previous Year 69,000/-)
c. Misc for Sample etc. US$ 6010 (Equivalent INR 274609)

k. Earning in Foreign Currency : GBP : 1283605
US$:1,1557453 (Total Equivalent INR Rs 63,63,97,908/- (Previous Year 31,28,13,872/-)

l. There was import of Capital goods and raw materials during the year amounting to US$ 1,70,180 (Equivalent INR 77,10,048) for Capital Goods and Purchase of raw materials US$ 43,11,502 (INR 19,46,20,237)

m. Payment to Auditors

Audit Fees	Rs 3,37,080/-
Certification charges / other fees	Rs 13,224/-

n. List of related parties (As certified by the management)

Investing party in respect of which the reporting enterprises is an associate.
ANG Automotive Industries (P) Ltd.
ANG Autotech (P) Ltd.
ANG Forgings (P) Ltd.
ANG Automotive Components (P) Ltd.

Individual having significant influence over the Company: Mr. Premjit Singh

Key Management Personnel: Mr. Premjit Singh, Managing Director & CEO
Mr. Manoj Gupta-Director

o. Related Party Transaction:
During the period, the Company has entered into transaction with following related parties. The balances of these related parties as at March 31st, 2007 and the aggregate of transactions for the period then ended are presented herein below:

Name of related Party	Transaction	Amount
ANG Automotive Industries (P) Ltd.	Recd for Share Warrants which is subsequently converted into Equity Share	3,37,50,000/-
	Payment received for balance for acquisition of business during last year	52,84,093/-
ANG Auto Tech Pvt. Ltd.	Investment in shares of subsidiary company	3,65,25,000
ANG Auto Tech Pvt Ltd.	Sale of material to subsidiary company	3,33,52,104
	Unsecured Loan	7,58,88,745
	Transfer of Capital Goods & Services	6,27,92,743
ANG Automotive component (P) Ltd.	Rent	20,00,000

Managerial Remuneration

Mr. Premjit Singh	5,40,000

p. In Compliance with Accounting Standard-22 relating to "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has adjusted the deferred tax liability (net) arising out of timing difference for the period upto 31st March, 2007 with the Balance of Deferred Tax Liability (Net) accruing during the year aggregating to Rs 45,51,686 has been recognised in the Profit and Loss Account.

Major components of Deferred Tax Assets and Liabilities arising on account of timing difference are:

Deferred tax on account of time difference in Depreciation	12,88,514
Deferred tax on account of time difference in Research & Development expenditure written off	32,63,172
Deferred Tax Liabilities upto 31-03-2006	51,68,004
Total Deferred Tax Liability as on 31-03-2007	97,19,690

q. The Deferred Tax Liability in case of Unit III & Unit VI located at NSEZ and Unit IV located at Nalagarh (H.P) is not taken into consideration as they are having tax holiday under Income Tax Act.

SCHEDULES FORMING PART OF ACCOUNTS

U | NOTES TO THE ACCOUNTS (Contd.)

r. Details of Capacity Utilization

Particulars	Year ended 31st March, 2007	Year ended 31st March, 2006
Installed Capacity		
Spindles made of steel, Gears, Slack Adjusters, Drop Forged Stub Axle Forging (Machined) (Semi-Finished), Alloy Steel Forging (Machined) - Drop Forged, Stub Axle Forging (Machined), Differential Spider, Fully Dressed Dummy Trailer Axles, Automatic Slack Adjuster, suspensions, Clutch Collar, Differential Pins, Brake shoes, Brake spiders, S - cam Shaft	74,62,000	74,38,000
Actual Production		
Spindles made of steel, Gears, Slack Adjusters, Drop Forged Stub Axle Forging (Machined) (Semi-Finished), Alloy Steel Forging (Machined) - Drop Forged, Stub Axle Forging (Machined), Differential Spider, Fully Dressed Dummy Trailer Axles, Automatic Slack Adjuster, suspensions, Clutch Collar, Differential Pins, Brake shoes, Brake spiders, S - cam Shaft	48,10,419	37,75,774
Capacity Utilisation (on annualised basis)		
Spindles made of steel, Gears, Slack Adjusters, Drop Forged Stub Axle Forging (Machined) (Semi-Finished), Alloy Steel Forging (Machined) - Drop Forged, Stub Axle Forging (Machined), Differential Spider, Fully Dressed Dummy Trailer Axles, Automatic Slack Adjuster, suspensions, Clutch Collar, Differential Pins, Brake shoes, Brake spiders, S - cam Shaft	64.46%	56.04%
Turnover & Stock (Rupees)		
Opening Stock	17,53,36,060	4,62,96,134
Sales	1,11,49,74,799	56,81,07,144
Closing Stock	31,88,87,793	17,53,36,060

s. Value of Raw Material consumed including consumables :

Raw Material & consumables	
a) Imported	18,08,23,171
b) Indigenous	49,61,29,166

t. Earning per share

a) Earning per share (Basic after deferred tax)	Rs 20.30
b) Earning per share (Basic before deferred tax)	Rs 20.70
c) Earning per share (diluted before deferred tax)	Rs 19.71
d) Earning per share (diluted after deferred tax)	Rs 19.33

u. Previous year figures have been regrouped and rearranged wherever considered necessary

For **Sandesh Jain & Co.**
Chartered Accountants

Sandesh Jain	**Premjit Singh**	**Arun Jain**	**Manoj Gupta**
Proprietor	*Managing Director*	*CFO*	*Director*
Membership No.: 87316			
Place : New Delhi	**Sanjay Garg**	**O. P. Sharma**	**Rajiv Malik**
Date : 27th August, 2007	*Director*	*Director*	*Company Secretary*

CASH FLOW STATEMENT For the year ended 31st March, 2007

(Amount in Rs.)

		31.03.2007		31.03.2006
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary item		25,82,04,363		11,90,66,656
Adjustments				
Depreciation Provision	1,53,08,896		82,82,538	
Miscellaneous expenditure written off	68,02,381		30,44,104	
Loss on sale of assets	1,78,992		–	
Profit on sale of share	(95,278)		855	
Operating profit before working capital changes		28,03,99,354		13,03,94,153
Adjustment for working capital changes				
Decrease / (Increase) in Inventories	(14,35,51,733)		(12,90,39,926)	
Decrease / (Increase) in Debtors	(9,89,11,547)		(16,97,01,322)	
Decrease / (Increase) in Loans & Advances	(11,46,50,075)		(10,95,59,976)	
(Decrease) / Increase in Current Liabilities (net of Provisions of tax,Proposes dividend, Prov. For dividend Tax	2,56,72,632		12,77,37,273	
Cash from Operations		(5,10,41,369)		(15,01,69,798)
Less: Income tax, Fringe benefit tax, other tax paid	(2,10,41,259)		(30,62,393)	
Net Cash from Operations Activities		(7,20,82,628)		(15,32,32,191)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Addition to fixed Assets & capital	(13,15,24,307)		(5,69,80,404)	
Work in Progress	(7,18,77,393)		(1,07,39,187)	
Assets written off during th year	4,44,233		–	
Sale of Investments	1,08,000		15,13,190	
Purchase of Investments	(3,65,25,000)		(1,97,25,000)	
Receipts from share warrants	9,48,37,500		1,47,93,750	
Share Premium Account	–		16,77,00,000	
Share Capital Issued	–		2,58,00,000	
Refund of Share application Money	–		(38,500)	
Preoperative Expenses Pending Allocation	(2,08,90,076)		(1,03,48,200)	
Net Cash from Investing Activities		(16,54,27,043)		11,19,75,649
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Borrowings	21,51,46,449		1,83,925,768	
Proceeds from Unsecured Loans	10,35,151		(1,04,97,665)	
Payment of Dividend including Dividend Tax	(2,38,62,632)		–	
Net Cash from Financing Activities		19,23,18,968		17,34,28,103
Total increase / (decrease) in Cash and cash equivalent				
Cash equivalents during the year (A+B+C)		(4,51,90,703)		13,21,71,561
Cash & Cash equivalents at the beginning of the year		13,88,72,332		67,00,771
Cash & Cash equivalents at the end of the year (31.03.2007)		9,36,81,629		1,38,872,332

For Sandesh Jain & Co.
Chartered Accountants

Sandesh Jain
Proprietor
Membership No.: 87316

Premjit Singh
Managing Director

Arun Jain
CFO

Manoj Gupta
Director

Place : New Delhi
Date : 27th August, 2007

Sanjay Garg
Director

O. P. Sharma
Director

Rajiv Malik
Company Secretary

AUDITOR CERTIFICATE

To,
The Board of Directors ,
ANG AUTO LIMITED
1C/13, New Rohtak Road, Karol Bagh, New Delhi - 110005

We have examined the attached Consolidated Cash flow Statement of M/s ANG Auto Ltd and its subsidiary Company for the period ended 31st March 2007. The statement has been prepared by the Company in accordance with the requirement of clause 32 of listing agreement with stock exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance sheet of the Company covered by our report of even date to the members of he Company.

For Sandesh Jain & Co.
Chartered Accountants

Place: New Delhi
Date : 27th August, 2007

Sandesh Jain
Proprietor
Membership No. 87316

BALANCE SHEET ABSTRACT

Balance Sheet Abstract and Company General Business Profile

Registration No.	4 5 0 8 4
State Code :	5 5
Balance Sheet Date (Date / Months / Year)	3 1 / 0 3 / 2 0 0 7

Capital Raised during the year (Amount in Rs Thousands)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	1 4 0 5 0
Issuance of Convertible Share Warrants	N I L		

Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)

Total Liabilities	1 2 2 9 9 1 8	Total Assets	1 2 2 9 9 1 8

Sources of Funds

Paid-up Capital	1 1 3 3 5 0	Reserve & Surplus	5 5 6 4 0 8
Convertible Share Warrants	4 2 5 6	Unsecured Loans	2 7 1 7
Secured Loans	5 4 3 4 6 7	Deferred Tax Liabilities	9 7 2 0

Application of Funds

Net Fixed Assets	2 6 6 0 8 4	Capital Work in Progress	8 2 6 1 7
Investments	5 6 2 5 0	Net Current Assets	7 9 8 7 9 1
Misc. Expenditure	2 6 1 7 6	Accumulated Losses	N I L

Performance of the Company (Amount in Rs Thousands)

Turnover	1 1 4 5 4 0 7	Total Expenditure	8 8 6 4 9 5
+/– Profit/Loss before Tax	+ 2 5 8 9 1 2	+/– Profit/Loss after Tax	+ 2 3 0 1 0 5
Earning per Share in Rs (Basic)	2 0 . 3	Dividend Rate %	2 0 %

Generic Names of Three Principal Products / Services of Company (As per monetary terms)

ITC Code	Product description
8 7 0 8 . 0 0	Automotive Components
7 2 0 4 . 0 0	Ferrous Waste & Scraps
7 3 2 6 9 0 1 5 0	Finished / Semi Finished Steels

SECTION 212

Statement Pursuant To Section 212 Of Companies Act, 1956

1. Name of the Subsidiary Company	ANG Autotech (P) Ltd.
2. Financial Year of the Subsidiary Company ended on	31st March 2007
3. Numbers of shares in the subsidiary company held by ANG Auto Ltd at above date.	56,25,000
Extent of the holdings	75%
4. Net aggregate amount of profits/(losses) of subsidiary's company so far it concerns the members of ANG Auto Limited	Rs Thousands
a) Not dealt with in the accounts of ANG Auto Limited i) For the subsidiary's financial year ended March 31,2007 ii) For the previous financial years of subsidiary since it became subsidiary of ANG Auto Limited	Since the Subsidiary has not started its commercial production there is no profit / Loss in subsidiary company
b) Dealt with in the accounts of ANG Auto Limited i) For the subsidiary's financial year ended March 31,2007 ii) For the previous financial years of subsidiary since it became subsidiary of ANG Auto Limited	Same as above
Changes in the interest of ANG Auto Ltd between the end of the subsidiary's Financial Year ended on 31st March 2007	N.A
Nos Of Shares acquired	N.A
Material changes between the end of the subsidiary's financial year ended on 31st March 2007	
I) Fixed asset	NIL
II) Investments	Nil
III) Moneys lent by the subsidiary	Nil
IV) Moneys borrowed by the subsidiary company other then for meeting current liabilities	Nil

Premjit Singh
Managing Director

Arun Jain
CFO

Manoj Gupta
Director

Place : New Delhi
Date : 27th August, 2007

Sanjay Garg
Director

O. P. Sharma
Director

Rajiv Malik
Company Secretary

DIRECTOR'S REPORT

The Members,

ANG AUTO TECH PRIVATE LIMITED

Yours Director have the pleasure in presenting the Second Annual Report of your Company together with the audited statement of accounts of the Company for the year ended on March 31, 2007.

Operations

During the year under review, Company set up a plant at A-197 Eldeco, Sidcul Industrial Park, Sitarganj, Uttaranchal. The commercial production has been started on 2nd April, 2007.

The Company has entered into an agreement for the manufacture of trailers with M/s Ashok Leyland Ltd. and the entire production at Sitarganj, Uttaranchal, was booked for Ashok Leyland for the next five years.

Merger of ANG Auto Tech (P) Ltd.. with ANG Auto Ltd. During the year under review, the Board of Directors of ANG Auto Tech (P) Ltd. and ANG Auto Limited have approved the scheme of merger of your company with ANG Auto Ltd..

Accordingly, the petitions for above merger have been filed before the Hon'ble High Court of Delhi. As per the order of Hon'ble Delhi High Court of Delhi dated 23.07.2007, meetings of Shareholders, Secured Creditors and Unsecured Creditors of ANG Auto Ltd. and Secured Creditors and Unsecured Creditors were convened on August 25, 2007 to approve the scheme of Merger, which was approved by them, subject to the final approval of Delhi High Court.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(i) In the preparation of annual accounts for the financial year ended March 31, 2007, the applicable accounting standards were followed.

(ii) The Directors selected such accounting policies and applied them consistently and made judgements and estimates that were 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 and loss of the Company for the year under review.

(iii) The Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) The Directors prepared the annual accounts on a going concern basis.

Public Deposits

Since Company is a private Limited Company, your Company did not invite or accept any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

During the year under review there was no operation activity since the commercial production started on 2nd April, 2007.

Personnel

None of the employees of the Company was in receipt of the prescribed remuneration and as such the list of employees as required under Section 217 (2A) of the Companies Act, 1956 is not enclosed. The management's relationship with employees was cordial during the year under review.

Industrial Relations

Industrial relations remained cordial throughout the year. Your Directors wish to place on record their deep sense of appreciation for the services rendered by the executives, officers, staff and workers of the Company across all hierarchies.

The Company is committed to 4 guaranteeing industrial safety and environmental protection and these processes are followed in right earnest at the Company's plant and facilities.

Statutory Auditor

As per the provisions of the Companies Act, 1956, M/s Sandesh Jain & Co, Chartered Accountants, hold office as statutory Auditors of your Company till the Conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Your Company received a certificate from M/s Sandesh Jain & Co, Chartered Accountants, as required under Section 224 (1B) of the Companies Act, 1956, to the effect that their re-appointment, if made, will be within the limits as prescribed under the provisions thereof. Yours Directors recommends their re-appointment as the Auditors of the Company for the financial year 2007-08.

The notes to accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

Directorate

During the year under report Mr. S.K. Gupta, Director resign from the post of the directorship. The Company appreciate the service provided by Mr. S.K. Gupta during his tenure as director of the Company.

During the year, Mr. O.P. Sharma was appointed as an Additional Director of the Company with effect from 14/2/2007 to hold the office till the date of the Annual General Meeting.

Share Capital

Authorised Share Capital

During the year under review the Authorised Share Capital of the Company has increased from Rs. 1 Crore to Rs 7.50 Crores during this year.

Paid up Share Capital

During the year under review, your Company issued 74,90,000 equity shares to Promoter, Persons acting in concert and strategic Investors / Other with them.

Acknowledgement

The Board of Directors takes this opportunity to express this appreciation for the support, co-operation and loyalty extended by every employee of the Company. They wish to acknowledge the continued support extended by ANG Auto Limited. The Directors also greatly appreciate the excellent support the Company received from Shareholders, Auditors, Bankers and suppliers and Customers.

For and on behalf of the Board

Place: New Delhi
Date: 27th August, 2007

Premjit Singh
Director

AUDITOR'S REPORT

The Members,

ANG AUTO TECH PRIVATE LIMITED

1. We have audited the attached Balance Sheet of ANG AUTO TECH PRIVATE LIMITED as at 31st March, 2007 and also Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :

   (i) We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books;

   iii) The Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the Books of Accounts maintained at all the units.

   iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

      a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2007

      b. As the Company has not started its commercial operations, no Profit and Loss Account is being made for the year; and

      c. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

5. On the basis of written representations received from the Directors, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For Sandesh Jain & Co.
Chartered Accountants

(Sandesh Jain)
Proprietor
Membership No. 87316

Place : New Delhi
Date : 27th August, 2007

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts of ANG AUTO TECH PRIVATE LIMITED for the year ended 31st March, 2007

In terms of the information and explanations given to us and on the basis of the books and records examined by us in the normal course of audit and to the best of our knowledge and belief we state that :-

1. In respect of its Fixed Assets:
   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets on the basis of available information.
   b) As per explanation given to us, the Fixed Assets were physically verified by the management at reasonable intervals having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
   c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its Inventories :
   a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
   b) In our opinion and according to the information and explanations provided to us, the procedures of physical verification of inventories followed by the Company were reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. a) According to the information and explanations given to us during the year Company has not granted any unsecured loans to the Company, firms or other parties to be covered in the register maintained under Section 301 of the Companies Act, 1956.
   b) According to the information and explanations given to us during the year Company has taken unsecured loans of Rs. 7,58,88,745/- from its parent company and Rs. 1,61,000/- from its director i.e Company , firms or other parties to be covered in the register maintained under Section 301 of the Companies Act, 1956.
   c) In our opinion, the rate of interest and other terms and conditions of the loan taken is prima facie not prejudicial to the interest of the Company ,and loan was not repaid by the Company prior to the close of the year .
   d) No interest has been paid by the Company on the unsecured loan taken from the director .
4. According to the information and explanations given to us, there are adequate internal control procedures commensurate with size of the Company and the nature of its business for the purchase of inventory and fixed assets and the sale of goods. During the course of our Audit, no major weakness has been noticed in the internal control.
5. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 during the year:
   a) To the best of our knowledge and belief and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register have been so entered.
   b) The Company has received unsecured loan of Rs. 7.58,88,745/- from its parent company.
   c) In our opinion and according to the information and explanations furnished to us, the transactions exceeding the value of Rs. Five lacs in respect of any party during the year have been made at prices which are prima facie, reasonable, having regard to the prevailing market prices at the relevant time, where such prices are available.
6. According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Companies Act, 1956 during the year. Therefore the provisions of clause 4(vi) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
7. In our opinion, the internal audit system of the Company is commensurate with the size and nature of its business.

ANNEXURE TO THE AUDITORS' REPORT (CONTD.)

8. The Company`s management has informed us that the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any product of the Company.
9. According to the records of the Company and the information and explanations given to us in respect of statutory and other dues:
   a) The Company was generally regular in depositing statutory dues with the appropriate authorities and there were no arrears outstanding for a period of more than 6 months as at 31st March, 2007.
   b) The Company has been regular in making payment of its income tax, wealth tax, sales tax and customs duty dues during the year. There were no undisputed amounts payable in respect of income tax, wealth tax, sales tax and customs duty that were outstanding, as on 31st March, 2007 for a period of more than six months from the date they became payable.
10. The commercial production of the Company has not been started till 31st March, 2007 and all the expenses incurred by company during are transferred to pre-operative expenses, which will be written off in five years from the period, company start its commercial activities, thus there is no accumulated losses in the Company.
11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks or debentures during the year.
12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or nidhi/ mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. According to the information and explanations given to us, and the records examined by us, the Company is not dealing or trading in securities, debentures and other investments.
15. In our opinion and according to the information and explanation given to us, the term and conditions of the corporate guarantees given by the Company for various credit facilities availed by its subsidiary from Banks are not prima facie prejudicial to the interest of the Company.
16. To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, term loans availed by the Company were, prima facie , applied by the Company during the year for the purpose for which the loan were obtained.
17. According to the cash flow statement and other records examined by us and according to the information and explanations given to us, on an overall basis, funds raised on short-term basis have prima facie, not been used during the year for long-term investment (fixed assets etc. and vice versa), other than temporary deployment pending application.
18. The Company has allotted 42,18,750 equity shares to the Company covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Sandesh Jain & Co.
Chartered Accountants

(Sandesh Jain)
Proprietor
Membership No. 87316

Place : New Delhi
Date : 27th August, 2007

BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

	Schedules	31.03.2007		31.03.2006	
SOURCES OF FUNDS					
Share Holder's Fund					
Share Capital	A		7,50,00,000		1,00,000
Share Application Money			–		2,02,25,000
Secured Loans	B		11,02,19,176		–
Unsecured Loans	C		8,19,45,180		1,61,000
Total			26,71,64,356		2,04,86,000
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	I	23,56,40,717		3,08,44,096	
Less: Depreciation		–		–	
Net Fixed Assets			23,56,40,717		3,08,44,096
Capital Work-in-Progress			15,13,301		–
Current Assets, Loans & Advances					
Inventories	D	3,22,67,059		–	
Cash & Bank Balance	E	72,97,881		74,77,556	
Loans & Advances	F	1,83,35,525		1,56,565	
		5,79,00,465		76,34,121	
Less: Current Liabilities & Provisions	G	4,39,55,613		1,91,30,163	
			1,39,44,852		(1,14,96,042)
Misc. Expenditure	H		1,60,65,487		11,37,946
(To the extent not written off or adjusted)					
Significant Accounting Policies	J				
Notes To Accounts	K				
Total			26,71,64,356		2,04,86,000

For **Sandesh Jain & Co.**
Chartered Accountants

Sandesh Jain	Premjit Singh	Manoj Gupta
Proprietor	*Director*	*Director*

Membership No. 87316
Place : New Delhi
Date : 27th August, 2007

STATEMENT OF PREOPERATIVE EXPENSES For the period 01.04.2006 to 31.03.2007

	Schedules	Amount
Expenses during the pre-operative period		
Administrative Expenses	1	9,427,867
Personnel Expenses	2	5,060,069
Repair & Maintenance	3	77,713
Auditor's Remuneration		33,708
Total		14,599,357
Less: Income earned during pre operative period		
Interest received on margin money		108,316
Total		108,316
Exp. to be transferred to pre- operative expenses		14,491,041
Add: Opening balance		1,036,946
Amount to be transferred to Misc. expenditure		15,527,987

For **Sandesh Jain & Co.**
Chartered Accountants

Sandesh Jain	Premjit Singh	Manoj Gupta
Proprietor	*Director*	*Director*

Membership No. 87316
Place : New Delhi
Date : 27th August, 2007

SCHEDULES FORMING PART OF THE ACCOUNTS As at 31st March, 2007

(Amount in Rs.)

	31.03.2007	31.03.2006
A SHARE CAPITAL		
Authorised Share Capital		
7500000 Equity Shares of Rs. 10/- each	7,50,00,000	7,50,00,000
Issued & Subscribed and Paid up Capital		
7500000 Equity Shares of Rs. 10/- each	7,50,00,000	1,00,000
	7,50,00,000	1,00,000

	31.03.2007	31.03.2006
B SECURED LOAN		
State Bank of India		
SBI Term Loan	10,25,89,299	–
SBI Bank Overdraft	57,00,916	–
Vehicle Loan	19,28,961	–
Total	11,02,19,176	–

Notes:

1) Securities offered to State Bank of India, Overseas Branch, Tolstoy Marg, New Delhi to secure Term Loan:-

- First charge on fixed assets of the Company financed by the Bank
- First charge on company's land & building situated at A-197, Eldeco SIDCUL Industrial Park, Sitarganj, Uttarakhand.
- Corporate Guarantee of M/s. ANG Auto Ltd.

2) Securities offered to State Bank of India, Overseas Branch, Tolstoy Marg, New Delhi to secure working capital facilities under sole banking arrangement:-

a) Hypothecation of inventories viz raw material, stock in process, finished goods, stores and spares etc. including the stock in transit, stocks lying with processors & in third party godown consisting of automotive parts, receivables and other current assets, both present and future, except vehicles exclusively hypothecated to banks.

b) Extension of Charge on Fixed Assets of the Company.

c) Corporate Guarantee of M/S ANG Auto Ltd.

3) All Vehicle Loans are secured by Hypothecation of vehicles financed.

	31.03.2007	31.03.2006
C UNSECURED LOAN		
ANG Auto Ltd.	7,70,43,180	–
Loan from Directors & Others	49,02,000	1,61,000
Total	8,19,45,180	1,61,000

I FIXED ASSETS

PARTICULARS	GROSS BLOCK						DEPRECIATION BLOCK			WDV BLOCK
	Op. Bal. as on 01.04.06	Addition	Sold	Clo. Bal. as on 31.03.07	Rate of Dep.	Days	As on 01.04.06	Dep. for the period	As on 31.03.07	W.D.V as on 31.03.07
Land	3,08,44,096	2,10,16,800	–	5,18,60,896	0.00%	–	–	–	–	5,18,60,896
Building	–	6,66,89,656	–	6,66,89,656	3.34%	–	–	–	–	6,66,89,656
Plant & Machinery	–	10,89,54,813	–	10,89,54,812	4.75%	–	–	–	–	10,89,54,813
Electrical Equipment	–	48,84,592	–	48,84,592	7.07%	–	–	–	–	48,84,592
Furniture & Fixture	–	4,99,542	–	4,99,542	6.33%	–	–	–	–	4,99,542
Computer & Accessaries	–	83,346	–	83,346	16.21%	–	–	–	–	83,346
Vehicle	–	26,67,872	–	26,67,872	9.50%	–	–	–	–	26,67,872
Total	3,08,44,096	20,47,96,622	–	23,56,40,717		–	–	–	–	23,56,40,717

No depreciation has been provided as commercial operations has not been started till 31-03-2007

SCHEDULES FORMING PART OF THE ACCOUNTS As at 31st March, 2007

(Amount in Rs.)

	31.03.2007	31.03.2006
D INVENTORIES		
(As taken valued and certified by management)	3,22,67,059	–
	3,22,67,059	–

	31.03.2007	31.03.2006
E CASH & BANK BALANCES		
Cash in hand	56,84,350	1,00,000
Cash at Bank with schedule bank in current account	16,13,531	73,77,556
Total	72,97,881	74,77,556

	31.03.2007	31.03.2006
F LOANS & ADVANCE, SECURITIES & DEPOSITS		
Loans & Advance	13,89,536	1,56,565
Advance Others	60,94,910	–
Margin Money	21,87,936	–
Advance for Fixed Assets	68,89,340	–
Advance to suppliers (Raw Material)	16,41,178	–
TDS Receivable	25,843	–
Advance for Exp.	55,668	–
VAT Receivable	51,114	–
Total	1,83,35,525	1,56,565

	31.03.2007	31.03.2006
G CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
Creditors for Others	13,03,410	1,89,30,163
Creditors for Fixed Assets	57,18,597	–
Creditors for Raw Material	3,45,46,920	–
Salary & Wages Payable	9,37,249	1,00,000
Electricity Payable	94,118	–
Rent Payable	5,361	–
TDS Payable	11,84,774	1,00,000
Fringe benefit Tax Payable	1,65,184	–
Total	4,39,55,613	1,91,30,163

	31.03.2007	31.03.2006
H MISCELLANEOUS EXPENDITURE		
Pre Operative Expense	1,55,27,987	10,61,946
Preliminary Expenses	5,37,5007	76,000
Total	1,60,65,487	11,37,946

SCHEDULES FORMING PART OF THE PREOPERATIVE EXPENSES

	Amount
1 ADMINISTRATIVE EXPENSES	
Fringe Benefit Tax	208,584
Sales Promotion Expenses	190,466
Auto Expenses	25,000
Advertisement Expenses	688,041
Business Promotion	527,727
Recruitment Expenses	293,642
Conveyance	234,954
Development Charges	238,000
Diwali Expenses	42,000
Freight & Cartage	528,201
Staff Welfare	47,261
Bank Charges & Interest	394,574
Guest House Expenses	158,438
Labour Charges	30,150
Lease Rent	309,525
Legal & Professional Charges	1,587,631
Vehicle Running & Maintenance	105,155
Miscellaneous Expenses	22,932
Pollution Control Expenses	123,260
Printing & Stationery	6,828
Rates & Taxes	500,000
Guest House Rent	274,800
Insurance Charges	41,772
Telephone Expenses	109,025
Tour & Travel	
Foreign Travelling Expenses	1,131,450
Travelling In India	1,608,451
Total	9,427,867

2 PERSONAL EXPENSES	
Salary & Wages	4,532,369
Ex-Gratia & Bonus	87,700
Other Allowance	440,000
Total	5,060,069

3 REPAIR AND MAINTENANCE	
D.G.Set	6,578
Others	66,685
Guest House	4,450
Total	77,713

SCHEDULES FORMING PART OF ACCOUNTS

J SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Concepts
   The accounts are prepared under historical cost convention, on accrual basis of accounting, in accordance with generally accepted accounting principles in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Fixed Assets
   Fixed assets are stated at historical cost of acquisition or construction and include all other incidental expenses related to acquisition and any attributable cost of bringing the asset to its working conditions for its intended use.

3. Depreciation
   As the Company has not commenced its production, no Depreciation has been provided on Fixed Assets during the year.

4. Borrowing Costs
   Borrowing cost attributable to the acquisition, construction or production of an assets for the period prior to commencement of commercial operations in the plant, are capitalised as part of the cost of that asset.

5. Valuation of Inventories
   – Raw Materials, Stores and Packaging Materials are valued at lower of cost or net realisable value.
   – Work in Progress has been valued at Cost of Raw Materials plus 50% of cost of Production., but during the concerned year during is no work in progress .
   – Finished Goods are valued at sale price less selling and distribution expenses & profits, but no commercial production has been starts till 31st March 2007.

6. Preliminary & Pre operative Expenses
   Since the Company has not commenced production, all expenses incurred during the year are transferred to pre-operative expenses and not amortised during the year. These will be amortised over a period of five year when production will be commenced.

7. Foreign Currency Transaction
   Transaction in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. However there is no foreign exchange transaction during the year.

8. Tax on Income
   As the Company has not commenced production, no timing difference arise during the year so AS-22 issued by Institute of Chartered Accountants Of India is not applicable on the Company during the year.

K NOTES TO THE ACCOUNTS

a. Contingencies and commitments

i. Bank Guarantee is	Rs. 2,00,000/-
ii. Estimated amount of contract remaining to be executed on capital account and not provided (net of advances Rs 4,03,19,022. /-)	Rs. 85,55,319/-

b. Debit and Credit Balances appearing under the head current liabilities, sundry debtors and loans and advances are subject to confirmation / reconciliation.

c. In the opinion of the Management, the value on realization of current assets, loan and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.

d. Share Capital
   During the year the Company issued 74,90,000 Equity shares to Promoters / Promoter Group, Holding company including persons acting in concert with them (PAC) and Strategic Investors / Others.

e. The stock has been taken as per inventories valued and certified by the Management of the Company.

f. The Company is manufacturing Trailors for Automobiles. This constitutes a single segment, based on the guiding principles given in Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India. Hence,

SCHEDULES FORMING PART OF ACCOUNTS

K NOTES TO THE ACCOUNTS (Contd.)

segment reporting is not applicable.

g. **Expenditure in Foreign Currency:**

Foreign Tour	Rs 11,31,450/-

h. **Payment to Auditors**

Audit Fees	Rs. 33,708/-

i. **List of related parties (As certified by the management)**

Investing party in respect of which the reporting enterprises is an associate.

ANG Automotive Industries (P) Ltd.
ANG Auto Ltd.
ANG Forgings (P) Ltd.

Individual having significant influence over the Company	Mr. Premjit Singh
Key Management Personnel (ANG Auto tech)	Mr. Premjit Singh, Director & CEO
	Mr. Manoj Gupta-Director

j. **Related Party Transaction:**

During the period, the Company has entered into transaction with following related parties. The balances of these related parties as on March 31st, 2007 and the aggregate of transactions for the period then ended are presented herein below:

Name of related Party	Transaction	Amount
ANG Automotive Industries (P) Ltd.	Issue of Share Capital	49,62,500
ANG Auto Ltd. (Parent company)	Share capital	3,65,25,000
	Purchase of Raw material	3,33,52,104
	Loans And Advance	7,58,88,745
	Transfer of Capital goods & other services	6,27,92,743

Managerial Remuneration	NIL

k. Accounting Standard-22 relating to "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, is not applicable on the Company during the year as there are not any timing difference.

m. **Value of Raw Material consumed including consumables:**

Raw Material & consumables	
a. Imported	Nil
b. Indigenous	Nil

For **Sandesh Jain & Co.**
Chartered Accountants

Sandesh Jain — *Proprietor*
Membership No. 87316
Place : New Delhi
Date : 27th August, 2007

Premjit Singh — *Director*

Manoj Gupta — *Director*

CASH FLOW STATEMENT For the year ended 31st March, 2007

(Amount in Rs.)

	31.03.2007		31.03.2006	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary item		–		–
Operating profit before working capital changes		–		–
Adjustment for working capital changes				
Decrease / (Increase) in Inventories	(3,22,67,059)		–	
Decrease / (Increase) in Debtors	–		–	
Decrease / (Increase) in Loans & Advances	(1,81,78,960)		(156,565)	
(Decrease) / Increase in Current Liabilities (net of Provisions of tax, Proposes dividend, Prov. for dividend Tax	2,48,08,450		19,130,163	
Cash from Operations		(2,56,37,569)		1,89,73,598
Less: Income tax, Fringe benefit tax, other tax paid				
Net Cash from Operations Activities		**(2,56,37,569)**		**1,89,73,598**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Addition to fixed Assets & capital	(20,47,96,621)		(30,844,096)	
Work in Progress	(15,13,301)		–	
Share Capital Issued	5,46,75,000		100,000	
Share Application money			20,225,000	
Preoperative Expenses Pending Allocation	(1,49,10,541)		(1,137,946)	
Net Cash from Investing Activities		**(16,65,45,462)**		**(1,16,57,042)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Borrowings	11,02,19,176		–	
Proceeds from Unsecured Loans	8,17,84,180		161,000	
Net Cash from Financing Activities		**19,20,03,356**		**1,61,000**
Total increase / (decrease) in Cash and cash equivalent				
Cash equivalents during the year (A+B+C)		**(1,79,675)**		**74,77,556**
Cash & Cash equivalents at the beginning of the year		74,77,556		–
Cash & Cash equivalents at the end of the year (31.03.2007)		**72,97,881**		**74,77,556**

For **Sandesh Jain & Co.**
Chartered Accountants

Sandesh Jain — *Proprietor*
Membership No. 87316
Place : New Delhi
Date : 27th August, 2007

Premjit Singh — *Director*

Manoj Gupta — *Director*

BALANCE SHEET ABSTRACT

Balance Sheet Abstract and Company General Business Profile

Registration No. U00371DL2005PTC138991 State Code

	Date	Months	Year
Balance Sheet Date	3 1	0 3	2 0 0 7

Capital Raised during the year (Amount in Rs. Thousands)

Public Issue: NIL	Rights Issue: NIL
Bonus Issue: NIL	Private Placement: 74900
Issuance of Convertible Share Warrants: NIL	

Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities: 267164	Total Assets: 267164

Sources of Funds

Paid-up Capital: 75000	Reserve & Surplus: NIL
Convertible Share Warrants: NIL	Unsecured Loans: 81945
Secured Loans: 110219	Deferred Tax Liabilities: NIL

Application of Funds

Net Fixed Assets: 235641	Capital Work in Progress: 1513
Investments: NIL	Net Current Assets: 13945
Misc. Expenditure: 16065	Accumulated Losses: NIL

Performance of the Company (Amount in Rs. Thousands)

Turnover: NIL	Total Expenditure: NIL
+/– Profit/Loss before Tax: + NIL	+/– Profit/Loss after Tax: + NIL
Earning per Share in Rs. (Basic): NIL	Dividend Rate %: NIL

Generic Names of Three Principal Products / Services of the Company (As per monetary terms)

ITC Code	Product description
87169010	Trailers & Other Components

For **Sandesh Jain & Co.**
Chartered Accountants

Sandesh Jain	**Premjit Singh**	**Manoj Gupta**
Proprietor	*Director*	*Director*

Membership No. 87316
Place : New Delhi
Date : 27th August, 2007

CONSOLIDATED AUDITOR'S REPORT

To the Board of Directors of,
ANG AUTO LIMITED

1. We have audited the attached Consolidated Balance Sheet of ANG AUTO LIMITED ('the Company') and its subsidiaries (together constituting 'the Group') as at 31st March, 2007 and the related Consolidated Profit & Loss Account and also the consolidated Cash Flow Statement of the Company for the year ended on that date annexed thereto (all together referred to as the 'financial statement'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard-21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India except in case of AS15 for gratuity accounted for on cash basis :
   a. In the case of consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2007
   b. In the case of consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
   c. In the case of consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For Sandesh Jain & Co.
Chartered Accountants

(Sandesh Jain)
Proprietor
Membership No. 87316

Place : New Delhi
Date : 27th August, 2007

CONSOLIDATED BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

	Schedules	31.03.2007	
SOURCES OF FUNDS			
Share Holders Fund			
Share Capital	A		11,76,06,250
Reserve & Surplus	B		55,10,38,830
Minority Interest			1,87,50,000
Secured Loans	C		65,36,86,509
Unsecured Loans	D		76,18,604
Deferred Tax Liability			97,19,690
			1,35,84,19,883
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	54,61,63,612	
Less : Depreciation		4,44,39,013	
Net Fixed Assets			50,17,24,599
Capital Work-in-Progress			8,41,29,881
Investment	F		–
Current Assets, Loans & Advances			
Inventories	G	34,57,85,282	
Sundry Debtors	H	35,28,63,408	
Cash & Bank Balance	I	10,09,79,510	
Loans & Advances	J	18,29,57,338	
		98,30,43,140	
Less: Current Liabilities & Provisions	K	25,22,62,020	
			73,03,23,518
Misc. Expenditure (To the extent not written off or adjusted)	L		4,22,41,886
			1,35,84,19,883

This is the Consolidated Balance Sheet referred to report in our even date attached
For **Sandesh Jain & Co.**
Chartered Accountants

Sandesh Jain	**Premjit Singh**	**Arun Jain**	**Manoj Gupta**
Proprietor	*Managing Director*	*CFO*	*Director*
Membership No.: 87316			
Place : New Delhi	**Sanjay Garg**	**O. P. Sharma**	**Rajiv Malik**
Date : 27th August, 2007	*Director*	*Director*	*Company Secretary*

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2007

(Amount in Rs.)

Particulars	Schedules	Year ended 31.03.2007
INCOME		
Sales & Other Incomes	M	1,14,54,07,544
		1,14,54,07,544
EXPENDITURE		
Material consumed	N	59,77,41,026
Manufacturing Expenses	O	15,82,13,901
Selling & Distributive Expenses	P	4,77,66,639
Administrative Expenses	Q	2,67,04,483
Financial Expenses	R	3,39,57,907
Depreciation	E	1,53,08,896
Misc. Expenditure Written off	S	68,02,381
		88,64,95,233
Profit Before Taxes		**25,89,12,312**
Stock Reserve		53,69,570
Less: Provision for Income Tax		2,35,48,040
Fringe Benefit Tax		7,07,949
Less: Provision for Deferred Tax		45,51,686
Profit After Taxes		**22,47,35,067**
Less: Amount transfer to General Reserve		2,29,67,837
Less: Proposed Dividend		2,38,05,000
Less: Provision for Dividend Tax		40,90,175
		17,38,72,055
Balance Brought Forward From Last Year		6,99,06,909
Add: Short & Excess Provision of Tax for Previous Year		47,917
Balance carried to Balance Sheet		**24,38,26,881**

This is the Consolidated Profit and Loss Account referred to report in our even date attached
For **Sandesh Jain & Co.**
Chartered Accountants

Sandesh Jain	**Premjit Singh**	**Arun Jain**	**Manoj Gupta**
Proprietor	*Managing Director*	*CFO*	*Director*
Membership No.: 87316			
Place : New Delhi	**Sanjay Garg**	**O. P. Sharma**	**Rajiv Malik**
Date : 27th August, 2007	*Director*	*Director*	*Company Secretary*

CONSOLIDATED SCHEDULES FORMING PART OF BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

		31.03.2007
A SHARE CAPITAL		
Authorised Share Capital		
1,50,00,000 Equity Shares of Rs 10/- each		15,00,00,000
1,13,35,000 Equity Shares of Rs 10/- each		11,33,50,000
Convertible Share Warrants		42,56,250
5,67,500 Convertible Share warrant @ Rs 75 /- each paid up @ 7.5 each		
		11,76,06,250

B RESERVE & SURPLUS		
A) General Reserve		
Balance as Per Last account	1,90,64,406	
Addition during the year	2,29,67,837	4,20,32,243
B) Share Premium A/c		
On 3985000 shares @ Rs 65/- each		25,90,25,000
C) Profit & Loss A/C		24,38,26,881
(Balance as per Profit & Loss Account)		
D) Revaluation Reserve		61,54,707
		55,10,38,830

C SECURED LOAN	
A) Development Credit Bank	
Foreign Bill Discounting	4,80,02,618
Export Packing Credit/ PCFC	1,49,89,000
Cash Credit limit	32,42,543
B) Bank of Baroda	
Export Packing Credit/ PCFC	3,00,00,000
Term Loan I (Repayable within one year Rs 47,64,000)	94,69,630
Term Loan II (Repayable within one year Rs 24,96,000)	47,70,895
Bill Discounting Limit	9,07,93,119
Cash Credit limit	3,18,36,811
C) State Bank of India	
Foreign Bill discounting	5,31,85,123
Export Packing Credit	3,00,68,124
Term Loan	10,25,89,299
Cash Credit Limit	9,23,61,309
D) YES Bank	
Term Loan I (Repayable within one year Rs 1,13,33,335)	2,73,88,888
Term Loan II (Repayable within one year Rs 1,28,88,889)	4,60,00,000
Foreign Bill discounting	1,78,61,244
Cash Credit Limit	1,99,17,877
Export Packing Credit	86,26,515

CONSOLIDATED SCHEDULES FORMING PART OF BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

	31.03.2007
C SECURED LOAN (Contd.)	
E) Vehicle Loan	
Bank of Punjab	33,07,014
HDFC Car Loan	37,464
ICICI BANK	85,39,659
Shehab Properties Ltd.	3,10,196
F) Amer Auto Corp (USA) Inc	
Tooling Advance	85,73,863
Other Advance	–
G) Greater Noida Industrial Development Authority	18,15,318
	65,36,86,509

D UNSECURED LOAN	
From Directors, Shareholders & Others (Interest Free)	76,18,604
	76,18,604

E FIXED ASSETS

		GROSS VALUE				DEPRECIATION			W D V	
S. No.	Name of Asset	Cost as on 01.04.2006	Additional During the year	Sale During the year	Total Value as on 31.03.2007	Balance as on 01.04.2006	Depreciation During the year	Total as on 31.03.2007	As on 01.04.2006	As on 31.03.2007
1	Land	3,82,94,649	2,10,16,800	–	5,93,11,449	–	–	–	3,82,94,649	5,93,11,449
2	Building	2,05,68,978	8,34,02,370	–	10,39,71,348	30,69,174	10,32,940	41,02,115	1,74,99,804	9,98,69,233
3	Furniture	28,41,103	29,06,948	–	57,48,051	2,99,400	2,64,835	5,64,235	25,41,703	51,83,816
4	Vehicle	1,50,28,247	1,09,14,697	–	2,59,42,944	36,21,513	19,96,443	56,17,956	1,14,06,734	2,03,24,988
5	Commercial Vehicle	20,91,546	5,20,152	3,50,597	22,61,101	3,95,553	2,80,706	6,76,259	16,95,993	15,84,842
6	Electrical Equipments	3,49,059	57,30,447	–	60,79,506	26,735	65,887	92,622	3,22,324	59,86,884
7	ETP Plant	75,000	7,72,200	–	8,47,200	15,359	25,443	40,802	59,641	8,06,398
8	Plant & Machinery	12,51,37,079	20,62,95,295	2,72,388	33,11,59,986	2,00,34,612	1,09,22,283	3,09,56,896	10,51,02,467	30,02,03,090
9	Office Equipment	24,00,057	3,84,208	–	27,84,265	5,25,416	1,31,143	6,56,560	18,74,641	21,27,705
10	Computer & Accessories	34,87,217	33,68,084	–	68,55,301	7,15,391	9,09,794	16,25,184	27,71,826	52,30,117
11	Water cooler	23,900	–	–	23,900	885	1,139	2,024	23,015	21,876
12	Mobile	1,69,074	4,90,947	–	6,60,021	65,154	39,206	1,04,360	1,03,920	5,55,661
13	Patent Right Expenses	–	5,18,539	–	5,18,539	–	–	–	–	5,18,539
	Total	21,04,65,909	33,63,20,687	6,22,905	54,61,63,611	2,87,69,193	1,56,69,820	4,44,39,013	18,16,96,716	5017,24,599

Depreciation During the year	15,669,820
Adjustment for the Depreciation on Revalued Assets	3,60,924
Depreciation as Per Profit & Loss Account	1,53,08,896

(Amount in Rs.)

	31.03.2007
F INVESTMENTS	
Investments	–
	–

CONSOLIDATED SCHEDULES FORMING PART OF BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

		31.03.2007
G INVENTORIES		
(As taken valued and certified by management)		
Raw Material	14,02,25,920	
Work in Progress	14,79,97,622	
Finished Goods	5,75,61,740	34,57,85,282

H SUNDRY DEBTORS		
(Unsecured, considered good, unless stated otherwise)		
Over Six months	5,26,76,008	
Others	30,01,87,400	35,28,63,408

I CASH & BANK BALANCES	
Balances With Schedule Bank in Current Accounts	93,65,766
Yes Bank (Unpaid Dividend)	8,05,788
Cash In hand	1,07,80,099
Balances With bank in Fixed Deposit Account	
Fixed Deposit with BOB	72,00,000
Fixed deposit (CITI Bank)	48,13,112
Fixed deposit (ICICI)	6,70,14,544
Fixed deposit (Yes Bank)	10,00,200
	10,09,79,510

J LOANS & ADVANCE, SECURITIES & DEPOSITS	
Security Deposits	79,34,768
Advance to Suppliers	1,54,69,627
Staff & Other Advances Loan	93,52,299
Advances for Capital Goods	2,35,18,204
Claim Receivable	68,98,279
Advance for land at Bhiwadi	1,65,38,882
Other Advances	2,75,19,322
Accrued interest on FDR's	16,80,444
Margin Money for L/C	24,47,936
Interest receivable	11,52,715
Advance Income Tax 2007-08	50,00,000
Excise Duty & Service Tax (Cenvat receivable)	4,02,36,429
TDS Receivables	28,02,163
Export Incentive Receivable	1,87,77,374
Prepaid Expenses	26,18,533
Vat receivable	10,10,365
	18,29,57,338

CONSOLIDATED SCHEDULES FORMING PART OF BALANCE SHEET As at 31st March, 2007

(Amount in Rs.)

	31.03.2007
K CURRENT LIABILITIES & PROVISIONS	
Current Liabilities	
Sundry Creditors	
Creditors for Consumables	2,39,92,708
Creditors for Others	1,09,18,161
Creditors for Raw Material	10,39,69,030
Creditors for Capital Goods	1,70,02,967
Creditors For Expenses	2,05,35,768
Advance from Customer	
Advance From Customers	25,59,864
Unpaid Dividend	8,05,788
Provisions	
Salary & Wages Payable	42,83,128
ESI Payable	1,40,194
EPF Payable	3,77,663
Expenses Payable	35,48,888
Proposed Dividend	2,38,05,000
Provision for Dividend Tax	40,90,175
Provision for Income Tax	2,35,82,784
Fringe Benefit Tax Payable	8,73,133
TDS Payable	20,62,758
Custom Duty / Service Tax	51,86,617
Sales Tax Payable	45,27,395
	25,22,62,020

L MISCELLANEOUS EXPENDITURE	
Pre Operative Expense	2,31,92,742
Preliminary Expenses	10,66,173
Issue Expenses	7,18,891
Research & Development	1,72,64,080
	4,22,41,886

CONSOLIDATED SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT For the year ended 31st March, 2007

(Amount in Rs.)

	Year ended 31.03.2007
M SALES & OTHER INCOME	
Exports Sale & Incentives	65,24,32,122
Domestic Sale & other income	48,22,45,999
Interest received (TDS on interest received Rs 18,35,089/-)	89,39,154
Miscellaneous Income	10,77,917
Profit on sale of Share	95,278
Foreign Exchange Fluctuation	6,17,075
	1,14,54,07,544

CONSOLIDATED SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT For the year ended 31st March, 2007

(Amount in Rs.)

		Year ended 31.03.2007
N MATERIAL CONSUMED		
Raw Material		
Opening Stock	4,89,88,011	
Purchase of Raw Material	70,11,67,673	
	75,01,55,684	
Less: Closing Stock	14,02,25,921	
Material Consumed during the Year		60,99,29,763
Work-in Progress		
Opening Stock	9,83,45,871	
Less: Closing Stock	14,79,97,622	
Increase /Decreases in WIP		(4,96,51,751)
Finished Goods		
Opening Stock	2,80,02,179	
Less: Closing Stock	5,75,61,740	
Increase /Decreases in Finished Goods		(2,95,59,561)
Consumable Goods		6,70,22,574
		59,77,41,026

O MANUFACTURING EXPENSES	
Power & Electricity	3,18,44,597
Factory Rent	51,20,448
personnel Expenditure	4,79,10,826
Repair & Maintenance Machinery	39,80,212
Freight & Cartage	1,98,44,335
Processing & Job work charges	4,54,70,469
Rent on Genset	35,30,003
Water Charges	5,13,010
	15,82,13,901

P SELLING & DISTRIBUTIVE EXPENSES	
Freight Outward	3,40,70,566
Travelling Expenses	
– Domestic	17,00,266
– Foreign	8,93,388
ECGC Premium	33,25,313
Business Promotion Expenses	13,04,487
Commission & Brokerage	11,03,766
Advertisement Expenses	3,52,700
Foreign Consultancy Charges	50,16,153
	4,77,66,639

CONSOLIDATED SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT For the year ended 31st March, 2007

(Amount in Rs.)

	Year ended 31.03.2007
Q ADMINISTRATIVE EXPENSES	
Annual General Meeting	1,71,503
Audit Fees	3,69,307
Conveyance	22,43,671
Donation	51,501
Gratuity & Compensation Paid	60,400
Listing / Filing Fees	3,31,639
Membership Fees/subscription/registration	1,16,339
Miscellaneous Expenses	3,12,528
News Papers & Periodicals	46,111
Office Expenses	3,22,835
Loss on sale of fixed assets	1,78,992
Office Rent	6,21,921
Postage & Courier	4,92,896
Printing & Stationery	22,98,703
Sales Tax Demand Exp	61,500
Bank Comm & Chgs.	46,75,450
Service Tax on Freight	10,04,566
Remuneration to Director	5,40,000
Rates & Taxes	12,30,294
Repair & Maintenance	19,94,641
Festival expenses	4,86,328
Insurance Charges	33,72,038
Medical Expenses	1,54,666
Pollution Control Exp.	2,27,635
Legal, Professional & consultancy charges	9,42,298
Recruitment Exp	1,68,912
Security Charges	4,30,990
Short & Excess Charges	56,184
Staff Welfare	8,86,154
Telephone Exp.	28,54,479
	2,67,04,483

R FINANCIAL EXPENSES	
Interest on Term Loan	1,57,83,165
Interest & Other Charges	1,81,74,742
	3,39,57,907

S MISC. EXPENDITURE WRITTEN OFF	
Preliminary expenses written off	1,80,965
Issue Expenses Written off	3,59,442
Pre-operative Expenses written off	16,16,967
Business Promotion expenses written off	3,15,352
Research & Development Cost written off	43,29,655
	68,02,381

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31st March, 2007

(Amount in Rs.)

		31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary item		25,28,34,793
Adjustments		
Depreciation Provision	1,53,08,896	
Miscellaneous expenditure written off	68,02,381	
Loss on sale of assets	1,78,992	
Profit on sale of share	(95,278)	
Operating profit before working capital changes		27,50,29,784
Adjustment for working capital changes		
Decrease / (Increase) in Inventories	(17,04,49,222)	
Decrease / (Increase) in Debtors	(6,56,09,675)	
Decrease / (Increase) in Loans & Advances	(5,57,85,855)	
(Decrease) / Increase in Current Liabilities (net of Provisions of tax, Proposes dividend, Prov. For dividend Tax)	1,71,79,210	
Cash from Operations		3,64,242
Less: Income tax, Fringe benefit tax, other tax paid		(2,10,41,259)
Net Cash from Operations Activities		(2,06,77,017)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition to fixed Assets & capital	(33,63,20,928)	
Work in Progress	(7,33,90,694)	
Assets written off during th year	4,44,233	
Sale of Investments	1,08,000	
Receipts from share warrants	9,48,37,500	
Share Capital Issued	1,81,50,000	
Preoperative Expenses Pending Allocation	(3,58,00,617)	
Net Cash from Investing Activities		(33,19,72,505)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	32,53,65,625	
Proceeds from Unsecured Loans	57,76,151	
Payment of Dividend including Dividend Tax	(2,38,62,632)	
Net Cash from Financing Activities		30,72,79,144
Total increase / (decrease) in Cash and cash equivalent		
Cash equivalents during the year (A+B+C)		(4,53,70,378)
Cash & Cash equivalents at the beginning of the year		14,63,49,888
Cash & Cash equivalents at the end of the year (31.03.2007)		10,09,79,510

This is the Consolidated Cash Flow Statement to referred to report in our even date attached

For **Sandesh Jain & Co.**

Chartered Accountants

Sandesh Jain	**Premjit Singh**	**Arun Jain**	**Manoj Gupta**
Proprietor	*Managing Director*	*CFO*	*Director*
Membership No.: 87316			
Place : New Delhi	**Sanjay Garg**	**O. P. Sharma**	**Rajiv Malik**
Date : 27th August, 2007	*Director*	*Director*	*Company Secretary*