



Annual Report
1998-99

AUTOLITE (INDIA) LIMITED

**Autolite (India) Limited**

22ND ANNUAL REPORT 1998-99

BOARD OF DIRECTORS :

Shri Dharam Pal Gupta
(Chairman & Managing Director)

Shri Yash Pal Gupta
Shri Jai Pal Gupta
Shri Mahi Pal Gupta
Shri Raj Pal Gupta
Shri Shadilal Gupta
Shri Naval Choudhary

Bankers :

State Bank of Bikaner & Jaipur
International Banking Branch
Choura Rasta, Jaipur - 302 003.

State Bank of India

Commercial Branch,
Church Road, Jaipur - 302 001.

Auditors :

M/s H.C. Garg & Co.,
Chartered Accountants,
3, Gangwal Park,
Jaipur - 302 003

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Registered Office & Works

D-469, Road No. 9A,
Vishwakarma Industrial Area,
Jaipur - 302 013 (Rajasthan)

Halogen Lamp Unit (100% EOU)

E-526 to 530,
RIICO Industrial Area,
Sitapura, Tonk Road,
Jaipur (Rajasthan).

Autolite (India) Limited**NOTICE**

NOTICE is hereby given that the 22nd Annual General Meeting of the members of M/S AUTOLITE (INDIA) LIMITED will be held at its registered office at D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur - 302 013 (Rajasthan) on Thursday, the 30th December, 1999 at 10.30 AM to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the audited Profit and Loss Account for the year ended on 31st March, 1999 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Yash Pal Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M. P. Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from conclusion of this Annual General Meeting till conclusion of next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Shri Ramesh Maheshwari, whose term of the office as an Additional Director of the Company expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Shri Ramesh Maheshwari for the office of director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

RESOLVED THAT in accordance with the provisions of section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Financial Institutions (FIs), Securities & Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to issue/offer equity share and/or preference share capital redeemable or otherwise and/or convertible debentures (fully or partly), and/or non-convertible debentures, all or any of the aforesaid with or without detachable or non-detachable warrants, and/or warrants of any nature, and/or secured premium notes, and /or Floating Rate Notes/Bonds and/or any other financial instruments (hereinafter referred to as "Securities") as the Board at its sole discretion may at any time or times hereafter decide whether in one or more tranches, by an



amount not exceeding Rs. 50.00 Lacs (Rupees fifty lacs only) to the Promoter, Directors/their friends/relatives and associates, through rights issue, private placement, conversion of loans or otherwise and for general corporate purposes including working capital requirements, as the Board may deem fit in one or more tranches, as may be permitted under the prevailing laws, at such terms and conditions and in such manner as the Board or Committee thereof may in its absolute discretion think fit, in consultation with the lead managers, underwriters, advisors and such other persons, and on such terms and conditions which Board of Directors may deem fit & are not inconsistent to the prevailing laws and rules in this regard.

RESOLVED FURTHER THAT offer of equity shares, either arising on conversion of securities or arising on exercising of rights attached to warrants or otherwise to Promoter Director may be at such offer price as may be agreed upon by the Board of Directors and as may be permissible under the relevant rules, regulations, guidelines being in force at that time.

RESOLVED FURTHER THAT such of these securities to be issued, as are not subscribed, may be disposed of by the Board/Committee thereof, of such persons and in such manner and on such terms as the Board or Committee may in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors, Promoters and their associates or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide.

By Order of the Board

Place : JAIPUR

M.P. Gupta

Dated : 30.11.99

Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Explanatory Statement setting out the material facts in respect of the business under Item No (s) 5 to 6 are enclosed.
4. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days between 10.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting.
5. Members / Proxies should bring the Attendance Slip duly filled-in for attending the Meeting.
6. The Register of Members and Share Transfer Books of the Company shall remain closed from 16th December, 1999 to 30th December, 1999 (both days inclusive).
7. Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the Annual General Meeting so as to enable the management to keep the information ready.

Autolite (India) Limited

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

ITEM NO. 5 :

Shri Ramesh Maheshwari was appointed as Additional Director by the Board in its Meeting held on 1st September, 1999. Under the provisions of Section 260 of the Companies Act, 1956, Shri Ramesh Maheshwari will hold the office as such till the conclusion of this Annual General Meeting. The company has received notice from a member proposing the candidature of Shri Ramesh Maheshwari for the office of Director. Shri Ramesh Maheshwari is a qualified person and during his 50 years' long career worked with reputed organisations at top level positions. Keeping in view the ambitious expansion/diversification plans of the Company and looking to the experience and qualification of Shri Ramesh Maheshwari, the Board of Directors recommends his appointment as Director liable to retire by rotation.

None of the Directors except Shri Ramesh Maheshwari himself is interested in the proposed resolution at item No. 5

ITEM NO. 6 :

The members are aware that activities of the Company are expanding very fast. Also for the general purpose, including capital expenditure, working capital requirements, strategic investments the company is in the need to have the requisite finances made available. For this purpose the Company had applied to consortium of bankers i.e. State Bank of Bikaner & Jaipur, International Banking Branch, Jaipur and State Bank of India, Commercial Branch, Jaipur for enhancement of working capital limits and sanction of corporate loan.

While sanctioning the above facilities the bankers have put a condition that the Promoter Directors will also bring funds to the tune of Rs. 50.00 Lacs in the company. Against the above investment the Board of Directors has decided to allot equity shares on preferential basis to the Promoter directors so that the funds can be retained in the company on permanent basis.

Section 81 of the Companies Act, 1956 provides, inter-alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered in the manner laid down in Section 81 unless the shareholders in Extraordinary General Meeting decide otherwise.

Accordingly, consent of the shareholders is being sought pursuant to the provisions of section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing agreements executed by the Company with the various Stock Exchanges in India where the Company's Securities are listed.

Directors recommend the resolution for approval of the Shareholders for the proposed private placement issue of securities to Promoters of the Company on preferential basis as per guidelines of the Securities & Exchange Board of India.

The Directors of the company be deemed to be interested in the proposed resolution to the extent of entitlement to receive the offer of preferential allotment of equity shares.

Place : *JAIPUR*
Dated : 30-11-99

By Order of the Board
M. P. Gupta
Director



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting 22nd Annual Report and audited accounts for the financial year ended on 31st March, 1999.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1998-99	1997-98
Gross Sales	2722.96	3930.55
Profit before tax & Depreciation	24.65	399.86
Less: Depreciation	306.83	236.39
Provision for Taxation	Nil	8.00
Net Profit for the year	(-) 282.18	155.47
Add: Profit brought forward from previous year	1034.01	866.21
Add: Excess Provision for dividend written back	0.32	27.83
Surplus available for appropriation	752.16	1049.51
Appropriations :		
Transfer to Capital Redemption Reserve	8.33	Nil
General Reserve	Nil	10.00
Transfer to Debenture Redemption Reserve	2.00	Nil
Dividend	Nil	5.50
Earlier years' D.R. Exp. Written- off	253.64	Nil
Surplus carried to B/S	488.19	1034.01

OPERATIONS

During the year under review, Company achieved gross turnover of Rs. 2722.96 lacs as against Rs. 3930.55 lacs for corresponding previous year. The main reason of short-fall in turnover in the present year under review was due to recessionary trends prevalent in the automotive sector resulting in net loss. Profitability was further strained due to delay in implementation of Glass Lens Project and GMX Project as well as on account of higher depreciation charges. However, inspite of above adverse circumstances the Company earned cash profit of Rs. 24.65 lacs.

DIVIDEND

In absence of profits, your Directors regret their inability to propose any dividend.

AUDITORS

The Auditors of the Company, M/S H. C. Garg & Co., Chartered Accountants, Jaipur, retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect that the proposed re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

DIRECTORS

Shri B.C. Bhandari who was a Director of the Company, resigned from Directorship. Resignation of Shri B.C. Bhandari was accepted by the Board of Directors in their meeting dt. 30.11.99.

Shri Ramesh Maheshwari, who was appointed as an Additional Director by the Board on 01.09.99 retires at the 22nd Annual General Meeting and being eligible offers himself for appointment as Director of the Company.

Shri Y.P. Gupta and Shri M.P. Gupta, who retire by rotation and being eligible, offer themselves for re-appointment.

ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

The Company's operations involve low energy consumption. The Company equipped its own Research & Development Department, with modern instruments and well qualified personnel. Research is carried out regularly. The Company has developed head-lamps and bulbs to meet the stringent quality requirements of international standards.

Your Company was given Technology award by Automotive Components Manufacturers' Association of India. The award was given for development of lamps for General Motors, USA, and use of Free Form Technology in manufacturing of reflectors.

Apart from being an ISO 9000 Company, your Directors feel pleasure to bring it on record that the Company has been coveted with the prestigious QS 9000 award, which is most stringent quality standard in the world.

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure forming part of this report.

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FIXED DEPOSITS

Total deposit amount of Public and Shareholders as on 31st March, 1999 amounted to Rs. 297.06 Lacs (1528 depositors). Out of which deposits of Rs. 265.38 Lacs (1448 deposits) were overdue. Since then overdue deposits of Rs. 35.12 Lacs (434 depositors) have been paid as on 30.11.99.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 regarding foreign exchange earnings and outgo is given in the Annexure forming part of this report.

AUDITORS QUALIFICATIONS

Diminution in the value of investment is temporary in nature due to fluctuations in stock market indices and therefore has not been provided for the books of accounts. Regarding treatment of administrative & financial overhead as cost of moulds it may be stated that the Cost of Capital and Employed forms the part of total cost of that job and therefore these expenditure considered as part of total cost. So far allocation of revenue expenses on Glass Project & capital work in progress of Halogen Plant is concerned, note no. 26 of schedule V is self-explanatory. Regarding provision for interest on Fixed Deposit it is stated that the Company Law Board had not passed any order by 31.3.99 for payment of delayed interest and therefore no provision made for financial year 1998-99. Payment, if made, will be debited to the expenses in the year of payment only.

The realization from overseas debtors especially South East Asian Countries have been delayed due to currency crisis in those countries, but as per expectations of the management the same are realizable and hence no provision made.

SUBSIDIARY COMPANY

Pursuant to Section 212 of the Companies Act, 1956 the Annual Account for the year ended October 31, 1998 as also the Auditors' Reports of the Subsidiary Companies are attached to the Accounts of the

Company. Statement pursuant to Section 212 of the Companies Act, 1956 in relation to the Subsidiary Companies is attached to the Accounts.

PERSONNEL

During the year under review, industrial relations remained quite cordial in all the divisions of the Company.

Information in accordance with section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is set out in the Annexure forming part of this Report.

Y2K COMPLIANCE

The company has fully assessed the requirement of Y2K compliance well within time. Hardware and software to be updated has been identified and order placed. The cost of compliance is not significant. No material adverse effect is expected on this count.

FUTURE PROSPECTS

During the current financial year the overall sentiments are changing for the better. The turnover has increased tremendously and so the profitability. During first half year ended as on 30.09.99, company achieved turnover of Rs. 1786 lacs registering growth of 63% in the turnover in the corresponding period of the previous year.

ACKNOWLEDGMENT

Your Directors wish to place on record their sincere gratitude for the continued co-operation and support extended to the Company by the Central Government, Government of Rajasthan, IDBI, Exim Bank, SBBJ, SBI, FD Holders, Shareholders, Dealers, Customers, Suppliers and Agents.

Your Directors also wish to place on record their deep and sincere appreciation of the dedicated services rendered by the Workmen, Staff and Executives of the Company, which have contributed to the efficient and successful Management of the Company at all times.

For and on behalf of the Board of Directors

Place : Jaipur

D.P. GUPTA

Dated : 30.11.99 Chairman & Managing Director

**ANNEXURE - I TO DIRECTORE'S REPORT :****FORM B****(See Rule 2)**

Form for disclosure of particulars with respect to Absorption

RESEARCH AND DEVELOPMENT (R & D)**1. Specific areas in which R&D carried out by the Company :**

- (a) Development and absorption of technology in relation to Halogen bulbs H7, 9007, Xenon gas technology based Halogen bulb.
- (b) Development of Free-form technology for Head Lamps and Auxiliary lamps.
- (c) Development of technology for Projector lamps.
- (d) Improvement in lamp specifications w.r.t. OEM customers' requirements of higher intensity of light output pattern.
- (e) Development of hard coating on plastic Lenses.

2. Benefit derived as a result of the above R&D:

- (a) Growth in Bulbs marketing projected due to approval of same with several OEM manufacturers in India and abroad.
- (b) Addition of new product line and new customers for various lamp fixtures.
- (c) Development of new process based on R&D technology development.

3. Future Plan of action:

- (a) Extension of developed technology in other existing range of products for light source as well as light fixtures.
- (b) Development of head lamp fixtures based on High intensity forward Discharge Lamps.

4. Expenditure on R&D :

- | | | |
|---|-----|--------------|
| (a) Capital | Rs. | 5,14,573.00 |
| (b) Recurring | Rs. | 70,69,582.00 |
| (c) Total | Rs. | 75,84,155.00 |
| (d) Total R&D expenditure as a percentage of total turnover 3%. | | |

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :
 - a. Developed technology is planned to be absorbed by in-house manufacture of products.
 - b. Adaptation of technology into other existing products/processes.
2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc :
 - a. Benefits are due to additional export market of new products and improvement of quality of existing products.
 - b. Higher business growth.
 - c. Better customer confidence.
 - d. More lamps approved for European International Standards for enhancing sale of those lamps in Europe.
 - e. New American headlamps in Metal Back Sealed Beam developed and also developed snow Mobile Plough Lamps and Mining Lamps to cater orders from American Market.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :-

(a) Technology imported	Not Applicable
(b) Year of Import	Not Applicable
(c) Has technology been fully absorbed	Not Applicable
(d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.	Not Applicable

Autolite (India) Limited**ANNEXURE - II TO DIRECTORS' REPORT****1. FOREIGN EXCHANGE EARNING AND OUTGO :**

	(Rs. in Lacs)
(A) EARNINGS (Exports)	1893.78
(B) OUTGO	
Import of Raw Material	441.16
Import of Capital Goods	Nil
Travelling Expenses	10.34
Commission	40.90
Other Expenses	12.18

ANNEXURE - III TO DIRECTORS' REPORT :

Particulars of Employees as per Section 217(2A) of the Companies Act, 1956 as amended by Companies (Amendment) Act, 1988 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1999.

Name of Employee	Designation	Gross Remuneration* (Rs.)	Qualification	Exp- erience (Years)	Age	Date of Appointment	Last Employ- ment Design- ation & Period
Shri M.P.Gupta	Whole-time Director	7,71,679/-	Diploma in Mech. Engg.	31	51	30.06.1977	-
Shri R.P. Gupta	Whole-time Director	7,80,588/-	M.A.	30	49	09.09.1985	-
Shri J.P. Gupta	Whole-time Director	7,67,847/-	Inter	36	56	12.01.1988	-
Shri Y.P. Gupta	Whole-time Director	7,65,114/-	Inter	33	58	30.12.1996	-

*Remuneration includes Salary, House Rent Allowance, Medical reimbursement, Bonus and Employer's Contribution to Provident Fund.