



*Excellence in Lighting*

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**33<sup>RD</sup> ANNUAL REPORT**  
**2009-2010**

**AUTOLITE (INDIA) LIMITED**



Excellence in Lighting



Mahindra



Ashok Leyland



BEML

CATERPILLAR®

SWARAJ  
MAZDA

TAFE

JCBL  
GROUP COMPANY

TEREX



## Certifications

- All Trademarks belong to their respective owners only.
- Autolite (India) Limited Jaipur "A Company registered in India" under the Companies Act, 1956. The Products are sold under 'Autopal' Trademark, which is owned by the company.



# Autolite (India) Limited

## 33<sup>rd</sup> Annual Report 2009-2010

### BOARD OF DIRECTORS

Shri Dharam Pal Gupta	Chairman
Shri Mahi Pal Gupta	Managing Director
Shri Amit Mahipal Gupta	Whole-Time Director
Shri Adarsh Mahipal Gupta	Whole-Time Director
Shri Gauri Shankar Das	Director
Shri Suraj Prakash Batra	Director
Shri Kuldeep Kumar Gupta	Director
Shri Snehil Kumar	Director
Shri Rajendra Singh Mehta	Director

### INVESTORS' SERVICE CELL

Shri Vishal Agarwal, Company Secretary

#### Bankers

Kotak Mahindra Bank Ltd.  
Sardar Patel Marg  
C-Scheme, Jaipur - 302 001

#### Registered Office

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

#### Auditors

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

#### Works

1. D-469, Road No. 9A,  
V.K.I. Area, Jaipur
2. E-526-530, RIICO Industrial  
Area, Sitapura, Jaipur
3. Parvati Nagar, Kings Road,  
Ajmer Road, Jaipur

#### Registrar & Share Transfer Agent MCS Limited

C/o Sri Venkatesh Bhawan,  
F-65, Okhla Industrial Area  
Phase-I, New Delhi-110020

# **Autolite (India) Limited**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### *Industry Structure, Developments & Outlook*

Indian Automobile industry witnessed recovery from global slowdown which was on account of recession and slump in the US economy. Though, the European economy witnessed sharp decline during the year 2009-10, but Indian and other Asian economies recovered substantially during the year 2009-10.

The Automotive component industry in India is emerging as hub which is catering to the requirements of all the major auto industry players. It is supplying entire range of auto components which serves to the requirement of Automobile Industry. India is preferred destination for major Auto manufacturers due to cost competitiveness and Government support for the industry.

The Automobile Industry comprises of Heavy Commercial Vehicles, Medium Commercial Vehicles, Light Commercial Vehicles, passenger cars, two wheelers, tractors, etc. Industry players are introducing new model of vehicles in order to sustain in the market every now and then and Auto component industry has to cater to their requirements as their existence largely depends on the growth and development of Automobile Industry.

### *Opportunities, Threat*

#### **Opportunities**

Due to recent global crisis, major auto players shifted their operations to those places which are cost effective to them. As India has good potential of cost effectiveness and also labour is quite cheap as compared to other nations, it will open new growth opportunities for Indian Automotive Industry and consequently the Auto Component Industry.

The Company has entered into plastic lamp segment in the recent past. It sees ample opportunity for the growth in lamps & lighting segment. In halogen lamps, the Company had done major expansion to increase the capacity of halogen lamps to cater to the requirements of users of halogen lamps. The Company is having sound background of research and development and in house technology which is very cost effective.

#### **Threat**

The company foresees the China to be the biggest threat for Indian Automotive Industry. China offers various incentives to its manufacturers in form of lower taxation, higher duty drawback on exports and other benefits. Further, stiff competition and continuous pressure from domestic OEM for reduction of price of Auto components and also the presence of alternate components in the market which affects the profitability of the company.

As the company is the exporter of auto components and importer of raw material, the foreign exchange fluctuation will also be the threat for the company.

#### **Risk & Concerns**

The Company's operations are effected by External and internal risks and it in turn affects the operations and profitability of the Company. As the company is auto ancillary unit, the business growth of the company is largely depends upon the performance of automotive sector viz. Indian Original Equipment Manufacturer (OEM) and Global Economic conditions. During the year under review, the performance of auto sector has improved considerably after global melt down witnessed during 2008-09. The company is exposed to various types of internal and external risks. Internal risks comprises shortage of working capital, lack of funds for capital expenditure and adoption of latest technology, etc.

External risks includes inflationary conditions, interest rates on the overall performance of automotive sector, condition of global economy, government policy, foreign exchange rates, raw material prices, competition, etc. However, Company focuses its activities towards replacement market and domestic OEM and venture into plastic lights segments which will add towards the growth in revenue of the company.

# Autolite (India) Limited

## Product-wise performance

The company operates mainly in three Automotive Components comprising of Head Lamps, Halogen Bulbs and Trading. Product-wise performance is summarized below:

Particulars	2009-10	2008-09	% change
<b>A. Head Lamps</b> (including Reflectors, Sealed Beams, Bulb Components & other Misc. Items)			
Production (No.)	3537339	3515868	0.61
Sales (No.)	3583384	3468755	3.30
Sales (Rs. Lacs.)	5250.33	4534.75	15.78
Average price realization (Rs./Pc)	146.52	130.73	
<b>B. Halogen Bulbs</b>			
Production (No.)	6587879	5882270	12.00
Sales (No.)	6558480	5933813	10.53
Sales (Rs. Lacs)	1349.21	1278.15	5.56
Average price realization (Rs./Pc)	20.57	21.54	
<b>C. Trading</b>			
Purchase (No.)	6467957	2677854	141.54
Sales (No.)	6502145	2674910	143.08
Sales (Rs. Lacs)	2253.38	1302.68	72.98
Average price realization (Rs./pc)	34.66	46.20	
<b>D. Others</b>			
Sales (Rs. Lacs)	171.93	243.77	-29.47

## Systems & Quality (ISO 9001, TS 16949, ISO 14001 & OHSAS 18001)

Autolite is a benchmark name in the field of System and Quality. While the other companies are working on Customer satisfaction, the aim of Autolite is to achieve Customer Delight, working beyond the customer expectations. The major achievements in the field of Quality & Systems during the year under review are as under :

- Company is working with the world wide standards for Quality Management System and Environment, Health & Safety Management Systems.
- Company is certified with ISO 9001, TS 16949, ISO 14001 & OHSAS 18001; which proves its commitment towards Quality, Environment & Society. These certifications are audited and certified by AFNOR, France.

Company is cross audited by external team for the upgraded standards and the Company is proud to say that it is certified with the latest versions of all the standards

- Company has successfully completed its surveillance audit and there is no NCR's in the scope of audit.
- Company has successfully undergone the Customer audit by M/s Tata Motors and got the approval for continuous supplies to M/s Tata Motors.
- Company has successfully undergone the customer audit by M/s. Mahindra & Mahindra and got the approval for continuous supplies to M/s Mahindra & Mahindra.
- Quality circles activities are conducted in the company and your company will participate in 23<sup>rd</sup> Quality Circle Competition organised by



CII in Jaipur in Sept'10.

- Company has revised its Company Quality Objectives with reference to new versions of ISO 9001 (i.e. 2008), TS 16949 (i.e. 2009) and OHSAS 18001 (i.e. 2007).
- Company has carried out the Mock Drill in the plant on regular intervals and installed fire hydrant system in the plant.
- Company implements the Environment Management System & Occupational Health & Safety Management System in practical aspects. Company has reviewed the organisation objectives with regard to ISO 14001 & OHSAS 18001
- Company introduced the vision to treat employees as internal customers; so activities related to Total Employee Involvement is continued. A suggestion committee is established to review and implement the suggestions.

## Exports

Indian Automotive Industry is dependent upon Global economic conditions and Autolite is not an exception to it. The products manufactured by Indian Automotive Industry has high standard of Quality, cost effective, timely delivery, etc. to cater to Global demand of Automotive components.

Global recession still continues and your company has been able to maintain the Exports Turnover of Rs. 24.78Crores. The Company has the trusted customers having long business relationship which helps the company to get sustained export business..

Your company continues to have strong presence in International market through a well-knit marketing network spread across 55 Countries in Europe, North & South America, Africa and Asia Pacific Countries

Company has recently launched some New European Car Head Lamps and LED range of Work Lamps and Tail Lamps for the Exports market. It will substantially add in the growth of Exports business.

Your Company has participated in Major International Automotive shows viz. AAPEX Show at Las Vegas (USA) and Auto Expo, 2010 at New Delhi during the financial year under review. Company has received encouraging business response from various parties and Company hopes to retain market share of Business with the support of customers.

Other Global Leading Manufacturers have also shown interest in sourcing Halogen Bulbs from your Company. Your Company has installed New Manufacturing and Testing facilities at their Halogen Bulbs Plant as per Global standards. The manufacturing and quality systems have been upgraded as per the requirements of international clients. This will help in securing substantial business for the company.

## Other Marketing Division

In OEM segment, your Company is a leading supplier to Commercial Vehicles Manufacturers in India. Company has been able to achieve good share of business for the products manufactured by the Company, inspite of stiff competition from Indian Automotive components manufacturers.

The Company is having nation wide network to cater Indian market having more than 500 dealers and distributors all over the country.

## Internal Control System

The Company has adequate and proper system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. It also ensures that transactions are authorized, recorded and reported correctly.

The Company has a separate internal audit division headed by an experienced professional apart from a firm of Chartered Accountant entrusted with the task of conducting internal audit on regular basis. All material transactions are subject to pre-audit. All non-conformities and deficiencies are reported to the top level and also the corrective actions are taken.

# Autolite (India) Limited

## Human Resource

Autolite has introduced a Performance Appraisal System in which Management set objectives for the employee, periodically evaluate the performance, and reward according to the result. System focuses on what must be achieved (goals) rather than how it is to be achieved (methods).

Management believes in continual growth of the Employees. The organization has a vision of developing itself into a world class organization, excelling in the field of Lamps & lighting and the Company is poised to achieve this through a team of well trained, self motivated and delighted employees.

Company's HR vision is to create a highly competent, people centered and professional organization and at the same time preserving the very values of the organization such as Honesty, Integrity, Fairness, Team work and positive attitude.

Human Resource Department has a firm commitment to performance evaluation of Autolite (India) Ltd Employees, whatever their category and level, through the medium of a formalized system. The primary purpose of such evaluation is to assist Employees in their professional development and in achieving the company's goals. The procedures outlined in this document apply to every employee.

Objective of Key Result Area (KRA) are:

- Specific,
- Measurable,
- Achievable,
- Relevant, and
- Time-Specific.

It is based on the assumption that the individual (employee) knows more than anyone else about his own capabilities, needs, strengths, weaknesses and goals.

A further advantage of Appraisal is that the emphasis is on the future rather than on the past. Appraisal thus becomes a means to a constructive end.

The formal performance evaluation system is

designed to:

- A. Maintain or improve each employee's job satisfaction and morale by letting him know that the supervisor is interested in his job progress and personal development.
- B. Serve as a systematic guide for supervisors in planning each employee's further training.
- C. Assure considered opinion of an employee's performance and focus maximum attention on achievement of assigned duties.
- D. Assist in determining and recording special talents, skills, and capabilities that might otherwise not be noticed or recognized.
- E. Assist in planning personnel moves and placements that will best utilize each employee's capabilities.
- F. Provide an opportunity for each employee to discuss job problems and interests with his supervisor.
- G. Assemble substantiating data for such purposes as salary adjustments, promotions, disciplinary action, and termination.

Head of the Human Resource Department has the overall responsibility for the administration of the Performance Evaluation Program and will ensure the fairness and efficiency of its execution:

This program of performance evaluation can prove to be a valuable tool regarding individual career advancement, and result in increased productivity throughout all areas of the Company.

## Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's expectations or predictions may be 'forward looking' within the meaning of applicable laws or regulations. Actual results may differ materially from those expressed or implied.

## CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance:

Autolite stands committed to adopting high standards of disclosure and corporate governance and protecting rights of the stakeholders. The company also believes in conducting its business in transparent and ethical manner.

Clause 49 of the Listing Agreement stipulates norms and disclosure standards to be followed on the corporate governance by listed companies. The Board of Directors of Autolite has adequate representation of the qualified, professional, non-executive and independent directors. For speedy and efficient disposal of matters requiring special attention, Committees of Directors have been constituted. The following information constitutes compliance report of Autolite with Clause 49:

### 2. Board of Directors

The Board of Directors is the apex body which

monitors the overall functioning of the Company. It defines the Company's policies and oversees its implementation. The Board has constituted various committees to facilitate the decision making process in an informed and efficient manner.

During the year 2009-10, Shri Dharam Pal Gupta vacated the office of Managing Director. Shri Yash Pal Gupta, Shri Jai Pal Gupta & Shri Raj Pal Gupta also vacated the office of Whole-time Director and have also resigned from directorship. Shri Amit Mahipal Gupta and Shri Adarsh Mahipal Gupta were inducted as Whole-time Director as second generation directors during the year.

As on March 31, 2010, the Autolite Board consisted of nine Directors, three of whom including Managing Director were executive Directors. The remaining six were non-executive Directors, of whom five being independent. The Board Composition as on March 31, 2010 is given hereunder:

#### Board Composition

Particulars	Composition of the Board		Minimum Requirement as per Clause 49
	No. of Directors	% of Total Directors	
Non-Executive Directors	6	67	50%
Executive Directors	3	33	-
Total	9	100	-

#### Board Meetings

In terms of the Listing Agreement, meetings of Board of Directors are held at least four times in a year with a maximum time gap of three months between any two meetings. All information as required to be made available to the Board is provided to the members of the Board well in time for discussions in the Board Meetings for taking corrective action, if any.

During the year ended on March 31, 2010, the Board of Directors met eight times. The maximum

time gap between any two meetings was 90 days.

The details of the Board Meetings held during the year ended on March 31, 2010 are June 29, 2009, July 31, 2009, August 29, 2009, October 31, 2009, November 26, 2009, January 07, 2010, January 30, 2010 and February 27, 2010.

The composition as on date, the change during the year under review, number of meetings attended and Directorships / Committee Memberships in other companies are as follows :

# Autolite (India) Limited

Sr. No.	Name of Director	Category	Attendance at Board & AGM		Outside Directorships & Committee Positions (as on 31.3.2010)			
			Board Meetings attended	Last AGM	Directorships		Committee Positions	
					Member	Chairman	Member	Chairman
1	Shri D. P. Gupta *	Promoter and Director	6	Yes	0	N.A.	Nil	N.A.
2	Shri Y. P. Gupta **	Promoter and Whole-time Director	2	Yes	0	N.A.	Nil	N.A.
3	Shri J. P. Gupta **	Promoter and Whole-time Director	4	Yes	0	N.A.	Nil	N.A.
4	Shri M. P. Gupta ***	Promoter and Managing Director	8	Yes	2	N.A.	Nil	N.A.
5	Shri R. P. Gupta **	Promoter and Whole-time Director	4	Yes	0	N.A.	Nil	N.A.
6	Shri S. P. Batra	Independent & Non-Executive Director	7	Yes	Nil	N.A.	1	1
7	Shri G. S. Das	Independent & Non-Executive Director	8	Yes	Nil	N.A.	3	1
8	Shri K. K. Gupta	Independent & Non-Executive Director	6	No	4	N.A.	1	Nil
9	Shri R. S. Mehta	Independent & Non-Executive Director	8	Yes	Nil	N.A.	2	1
10	Shri Snehil Kumar	Independent & Non-Executive Director	2	No	Nil	N.A.	1	Nil
11	Shri Amit Mahipal Gupta****	Promoter and Whole-time Director	3	Yes	1	N.A.	N.A.	N.A.
12	Shri Adarsh Mahipal Gupta****	Promoter and Whole-time Director	3	Yes	2	1	N.A.	N.A.