



Excellence in Lighting



**35th ANNUAL
REPORT 2011-12**

AUTOLITE (INDIA) LIMITED



Excellence in Lighting

Manufacturing & Testing Facilities



Certification & Our Customer

• ISO/TS-16949 • ISO - 14001 • OHSAS-18001





35th Annual Report 2011-2012

BOARD OF DIRECTORS

Shri Mahi Pal Gupta	Chairman & 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 Rajendra Singh Mehta	Director

INVESTORS' SERVICE CELL

Shri Vishal Agarwal, Company Secretary
Mobile No. : 93144 82795

Bankers

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

Auditors

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

Registrar & Share Transfer Agent MCS Limited

C/o Sri Venkatesh Bhawan,
F-65, Okhla Industrial Area
Phase-I, New Delhi-110020
E-mail: admin@mcsdel.com
Tel. No.: 011-41406149

Registered Office

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

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

Autolite (India) Limited

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Industry Structure, Developments & Outlook

The automobile segment of any country is an important factor for the health of Country's economy. By this virtue, the Indian economy is very much in a good shape as the country's automobile industry has marked impressive growth in the last fiscal. The overall Indian automobile industry grew by 12.12 per cent in 2011-12 by selling 17.3 million units, majorly driven by demand for two-wheelers and light trucks. Further, the sector witnessed sales growth of 12.46 per cent for the period between April 2011 and February 2012. The industry has undergone numerous developments and investments recently that have substantially impacted the market dynamics

De-licensing in 1991 put the Indian automobile industry on a new growth trajectory, which attracted foreign auto giants to set up their production facilities in the country to take advantage of various benefits it offers. Almost all the global majors have set up their facilities in India taking the next level of production of vehicles from 2 million in 1991 to 110+ million in 2011. Large middle class population, growing earning power and strong technological capability have been boosting automobile demand for past few years. Despite economic slowdown, the Indian automobile sector is expected to see high growth in coming years, especially in passenger cars segment. It produces a wide variety of vehicles viz. passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, two wheelers such as scooters, motor-cycles and mopeds, three wheelers, tractors and other agricultural equipments etc. In fact, in the last ten years, the volumes, exports and turnover have increased by 3.8, 19.6 and 6 times respectively. With a CAGR of over of 15% during the last 5-7 years, the automotive sector is aptly described as the next sunrise sector of the Indian economy.

Indian auto component industry, which is currently valued at USD 30 billion, is expected to grow at USD 100 billion in the current decade on a robust domestic demand even as rising inflation and interest rates continue to be major challenges. The Government of India recognizes the significance of the automotive industry, and is actively involved in promoting its growth. The government's Automotive Mission Plan 2016 envisages the industry to grow to a size of USD 145 billion by 2016, so as to contribute 10 percent of GDP Rs. 1,600 billion Indian auto component industry derives its growth impetus from the growth in automobile industry. As per industry estimates, Indian auto component industry derives 60% of its turnover from sales to domestic original equipment manufacturers (OEMs), 25% from sales to the domestic replacement market and around 15% from exports.

The Automotive Industry is globally one of the largest industries and a key sector of the economy. Owing to its deep forward and backward linkages, it has a strong multiplier effect and acts as one of the important drivers of economic growth. The National Manufacturing Plan which seeks to change the growth pattern of India's manufacturing sector, calls for focusing on a number of areas and has identified auto sector as having the competitive advantage and potential to fuel rapid growth of manufacturing. With the gradual liberalization of the automotive sector in India since 1991, the number of manufacturing facilities has grown progressively. It produces a wide variety of vehicles: passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, two wheelers such as scooters, motor-cycles and mopeds, three wheelers, tractors and other agricultural equipments etc. In fact, in the last ten years, the volumes, exports and turnover have increased by 3.8, 19.6 and 6 times respectively.

Autolite (India) Limited

Opportunities, threats

a) Opportunities

The Company is having ample opportunities as it has orders of over Rs. 120 Crores in hand. The Company has diversified marketing set up. The Company is doing exports and serves the International After Market and in Indian market, the Company is supplying to Original Equipment Market (OEMs), Replacement Market and also doing branding for major customers of Automotive sectors.

Besides the above, India has several advantages making it an attractive destination for investment in the automobile sector like Low-cost, high-skill manpower with an abundance

of engineering talent which will add substantially in the business growth of the company.

b) Threat

The recent slow down in Indian OEM and also in export market in automotive sector poses a threat for the Automotive Sector as the Company's overall performance is dependent upon the performance of Automotive sector. Inflation, increase in fuel prices, etc put pressure on the bottom line of the Company. Further, the external factors i.e. fluctuations in foreign exchange rates, slowdown of world economies, change in Government policies may affect the revenues of the Company.

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	2011-12	2010-11	% change
A. Head Lamps (including Reflectors, Sealed Beams, Bulb Components & other Misc. Items)			
Production (No.)	4212355	4116487	2.33
Sales (No.)	4162942	4126615	0.88
Sales (Rs. Lacs.)	6702.60	6226.94	5.16
Average price realization (Rs./Pc)	161.00	150.90	
B. Halogen Bulbs			
Production (No.)	9544979	6632345	43.92
Sales (No.)	8740933	6859474	27.43
Sales (Rs. Lacs)	2071.60	1478.58	40.11
Average price realization (Rs./Pc)	23.70	21.56	
C. Trading			
Sales (No.)	7565480	7137784	6.00
Sales (Rs. Lacs)	3113.21	2786.05	11.74
Average price realization (Rs./pc)	41.15	39.03	
D . Others			
Sales (Rs. Lacs)	101.28	192.13	(47.29)

Risk & Concerns

The operational performance of the Company is exposed to External and internal risks associated with the business. Frequent changes in foreign exchange rate, Government policies, interest cost, inflation and rise in prices of raw material are some of the risks which may affect on the growth of the business of the Company. Competition from low cost supplier like China is also a barrier for the overall economy of the Country. Further, the business of the company is dependent upon the overall growth and business plans of Original Equipment Manufacturers. The Company has presence not only in domestic market but also in export market and this helps in shifting the pattern of sales in the time of crisis i.e. when there is slow down in world economy, Company stresses upon the domestic sales and when there is crisis in OEM, Company stresses its activities more towards exports.

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

Autolite (India) Limited is the renowned name in the field of System and Quality. The aim of the Company is to achieve Customer Delight, working beyond the customer expectations. The major achievements in the field of Quality & Systems during the year as follows:

1. Company is working with the world wide standards for Quality Management System and Environment, Health & Safety Management Systems.
2. Company is certified with ISO 9001, TS 16949, EMS 14001 & OHSAS 18001; which proves its commitment towards Quality, Environment & Safety. These certifications are audited and certified by SAI Global Limited, Australia. Company is cross audited by external team for the upgraded standards and is proud to say that it is certified with the latest versions of all the standards.
3. Company has successfully completed its surveillance audit and there was no NCR observed in the scope of audit.
4. Company has successfully undergone Customer audit by M/s Tata Motors & M/s Mahindra & Mahindra and got the approval for continuous

supplies from both the customers.

5. Quality circles activities are conducted in the company and the Company is going to participate in 25th Quality Circle Competition organised by CII in Sept' 12.
6. Company has revised its Company Quality Objectives with reference to new versions of ISO 9001 (2008), TS 16949 (2009) and OHSAS 18001 (2007).
7. Company implements the Environment Management System & Occupational Health & Safety Management System in practical aspects. Company has reviewed the organisation objectives with regard to EMS 14001 & OHSAS 18001.
8. Company has introduced the vision to treat employees as internal customers; so the activities related to Total Employee Involvement is continued. A suggestion committee has been constituted to review and implement these suggestions.

Exports

Your Company has achieved growth 20% in Exports Business. Exports during the current financial year stood at Rs. 36.12 Crores.

Company has been honoured with “Star Export House” status by Ministry of Commerce, Government of India. The Company has also received “**EEPC India Regional (NR) Award**” for the year 2010 -11 for outstanding performance in exports.

The Company has also exported its Halogen Bulbs to Multi National Companies in Europe and plans to expand its export Business in China & Asian Countries as well. 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

The Company has participated in Auto Expo Delhi & AAPEX Show at Las Vegas (USA) during the current financial year. Company has received encouraging business response from various parties and Company hopes to enhance its market share of Business with the support of customers.

Autolite (India) Limited

OEM Marketing Division

The company has recorded sales of Rs.33.00 Crores in OEM segments. The existing customers of the Company have shown great confidence in your Company and have given greater S.O.B (Share of Business) to the Company. Company has entered into business deals with Leading Bi-wheeler Manufacturers for the supply of its products.

Company has Launched Multi Surface Clear Lens MSR Lights in the Commercial Vehicles OEM segment, which will give significant growth in the business.

Indian After Market

Your company has launched Head Lamps for Cars in the Indian after market. Company's Autopal brand enjoys great reputation in Indian after market with a net work of over 500 Dealers and Distributors. Company has introduced New Tail Lamps, LED Lights in Indian after market.

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.

Human Resource

HR functioning is changing with time and with this change, the relationship between the training function and other management activity is also changing. The training and development activities are now equally important with that of other HR functions. Training is an investment because the departments such as, marketing & sales, HR, production, finance, R&D, TQM depends on training for its survival. If training is not considered as a priority or not seen as a vital part in the organization, then it is difficult to accept that

company has effectively carried out HRM. Training actually provides the opportunity to raise the profile development activities in the organization.

To increase the commitment level of employees and growth the Product Quality Company Management is now increasing the role of training. Such concepts of HRM require careful planning as well as greater emphasis on employee development and long term education. Training is now the important tool of Human Resource Management to control the attrition rate because it helps in motivating employees, achieving their professional and personal goals, increasing the level of job satisfaction. As a result training is given on a variety of skill development

It helps the individual handle future responsibilities, with less emphasis on present job duties.

Role of HR in Training

1. Active involvement in employee education
2. Rewards for improvement in performance
3. Rewards to be associated with self esteem and self worth
4. Providing pre-employment market oriented skill development education and post employment support for advanced education and training

For the positive work environment, Company regularly emphasized the involvement of its one of the most valuable assets, viz. the Employees.

The Company is regularly following the principles of **Employee Involvement Program** to achieve the mission and vision of the Company and continual growth of the Employees. The Company has a vision of establishing itself into one of the best 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

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.



REPORT ON 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:

Board Composition

Particulars	Composition of the Board		Minimum Requirement as per Clause 49
	No. of Directors	% of Total Directors	
Non-Executive Directors	4	57.14%	50%
Executive Directors	3	42.86%	-
Total	7	100.00%	-

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, 2012, the Board of Directors met seven times. The

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.

As on March 31, 2012, the Autolite Board consisted of seven Directors, three of whom including the Managing Director were executive Directors. The remaining four were non-executive Directors of whom all being independent. The Board Composition as on March 31, 2012 is given hereunder :

maximum time gap between any two meetings during the financial year was 73 days.

The details of the Board Meetings held during the year ended on March 31, 2012 are May 30, 2011, August 11, 2011, September 29, 2011, October 25, 2011, November 14, 2011, January 03, 2012, February 08, 2012 and March 31, 2012.

The composition as on date, the changes 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 31.3.2012)			
			Board Meetings attended	Last AGM	Directorships		Committee Positions	
					Member	Chairman	Member	Chairman
1	Shri M. P. Gupta	Promoter and Chairman and Managing Director	8	Yes	Nil	Yes	Nil	N.A.
2	Shri Amit Mahipal Gupta	Promoter and Whole-time Director	7	Yes	1	N.A.	Nil	N.A.
3	Shri Adarsh Mahipal Gupta	Promoter and Whole-time Director	8	Yes	1	N.A.	Nil	N.A.
4	Shri S. P. Batra	Independent & Non-Executive Director	5	Yes	Nil	N.A.	1	1
5	Shri G. S. Das	Independent & Non-Executive Director	6	Yes	Nil	N.A.	3	1
6	Shri K. K. Gupta	Independent & Non-Executive Director	2	Yes	5	N.A.	2	Nil
7	Shri R. S. Mehta	Independent & Non-Executive Director	6	Yes	Nil	N.A.	2	1
8	Shri Snehil Kumar	Independent & Non-Executive Director	0	No	Nil	N.A.	1	Nil

* Shri Snehil Kumar had resigned from the post of Director on March 31, 2012

Alternate directorship, directorship in private limited companies are included

Only membership in Audit Committee, Remuneration Committee and Shareholders' Grievance Committee included