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**37<sup>th</sup> ANNUAL  
REPORT 2013-14**

**AUTOLITE (INDIA) LIMITED**

# MANUFACTURING & TESTING FACILITIES





# 37<sup>th</sup> Annual Report 2013-2014

## BOARD OF DIRECTORS

Shri Mahipal 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

### 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. 9-A,  
V.K.I. Area, Jaipur
2. E-527-529, RIICO Industrial  
Area, Sitapura, Jaipur
3. Parvati Nagar, Kings Road,

### Registrar & Share Transfer Agent MCS Share Transfer Agent 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

# Autolite (India) Limited

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## MANAGEMENT'S DISCUSSION & ANALYSIS

### Industry Structure, Developments & Outlook

The Indian automobile segment went through a prolonged downturn since 2011-12 which witnessed growth slowdown in the year 2013-14 as slowing demand due to various factors affecting overall sales of automobiles. Increase in cost of fuel, interest rates, weak consumer sentiments and overall slowdown in the global economy are the factors which affect the turnover of automobile sector. During financial year 2012-13, the turnover of auto component industry was recorded at USD 39.7 billion and for the financial year 2013-14, it is estimated at USD 37.7 billion which shows declining trend in auto component sector. Overall Indian auto component industry has shown growth of 4.7% in financial year 2013-14 in Rupee terms in comparison to financial year 2012-13.

The trend is likely to improve in 2014-15 as the formation of new Government at Centre with clear mandate has raised the expectations in economic growth of the country. The positive sentiments and optimistic outlook of the market could help in increasing economic growth and with this it is expected that long term perspective of Auto Industry will remain bright, growth will be driven mainly by healthy economic growth, better investment climate and increased spending on infrastructure development.

### Opportunities, threats

#### a) Opportunities

The recent elections in India and the formation of new Government at Centre with clear majority has given high hope for the growth and development of Indian automobile industry which is full of opportunities and ample scope in this segment. With the improvement in consumer sentiments on positive note, we foresee overall growth in Indian Auto component industry which will benefit your Company's business growth as well.

The Company is having huge order base of OEMs. The Company has changed its marketing setup in Indian Replacement Market to tap new areas for

the growth of Company's business and cost reduction.

In addition to the above, Company is benefited by export sales on account of high revenue generation due to rise in dollar price as Company export sales is more than 30% of total turnover.

#### b) Threat

Rise in prices of raw material and 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 economy, change in Government policies poses threat for the Automotive sector which may affect the overall performance of the Company.

### Risk & Concerns

The Company is manufacturing automotive component and its growth is mainly dependent on the performance / overall growth of Original Equipment Manufacturers. The demand of OEMs derives from the demand from the consumers.

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, liquidity crisis and rise in prices of raw material are some of the risks which may affect on the growth of the business of the Company. 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 the global economy continues to be under stress which may impact on export sales.

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

Autolite (India) Limited is highly regarded in automotive industry for its System, Quality and work culture. The Company gives highest priority to achieve Customer Delight, working beyond the customer expectations. The major achievements in the field of Quality & Systems

# Autolite (India) Limited

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during the year are 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 16949:2009, 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 VDA audit by one of the renowned customer without any non-conformance. Experts of customers have audited and appreciated the Company for its system adherence approach.
4. Company is continuously working on World Class Manufacturing practices by running In-house shop floor projects to increase quality of the product, productivity and Total Employee Involvement.
5. Company is regularly approaching its valued customers for taking their feedback for customer satisfaction for quality, delivery, response & cost.

## Exports

During financial year 2013-14, Company achieved its export business of Rs. 36.71 Crores in comparison to the Rs. 37.81 Crores for the financial year 2012-13 despite of global slowdown in the automobile sector.

The Company has bagged export excellence award of Engineering Export Promotion Council (EEPC) for consecutive four financial years i.e. for the year 2008-09, 2009-10, 2010-11 and 2011-12.

The Company is regularly participating in Auto show globally as well as in India. The Company is participating in Automechanica Show at Frankfurt, Germany in September, 2014. Company has received encouraging business response from various countries across Globe and Company hopes in growth of its export business.

## 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 and disposition. It also ensures that transactions are authorised, recorded and reported correctly.

The Company's internal audit system which is headed by an experienced Chartered Accountant in addition to a firm of Chartered Accountants entrusted with the task of conducting internal audit on regular basis. All non-conformities and deficiencies are reported to top management and corrective actions are taken.

## Human Resource

The Company is committed for the overall growth and development of its employees. Company values the people and the contributions they made to the success of the Company. Company provides encouraging work environment, imparts training for taking collective responsibility in achieving the Company's goals and to scale the new heights. It has always been our endeavor to motivate our people for taking initiatives and leadership quality.

The main objective of such program is inducing Brand Value amongst the employees and meets the objectives listed below:

- To establish goals, measure results, implement improvement plan.
- To motivate the employees through tools like reward & recognition through various activities conducted regularly by HR within the organization.
- To provide healthy environment at work place.
- To organize training programs for skill enhancement at various level.
- To review employee's performance and level of comfort with the team & superior.

## 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 (India) Limited is always committed to adopt 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 the Company 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.

As on March 31, 2014, the Board of Autolite (India) Limited 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, 2014 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	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, 2014, the Board of Directors met eight times. The maximum time gap

between any two meetings during the financial year was 77 days.

The details of the Board Meetings held during the year ended on March 31, 2014 are May 30, 2013, August 14, 2013, September 28, 2013, October 16, 2013, November 14, 2013, January 02, 2014, February 13, 2014 and March 15, 2014.

The composition of the Board of Directors as on March 31, 2014, number of meetings attended and Directorships / Committee Memberships in other

# Autolite (India) Limited

companies are as follows:

Sr. no.	Name of Director	Category	Attendance at Board & AGM		Outside Directorships & Committee positions (as on 31.03.14)			
			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	N.A.	Nil	N.A.
2.	Shri Amit Mahipal Gupta	Promoter & Whole-time Director	8	Yes	1	Nil	Nil	N.A.
3.	Shri Adarsh Mahipal Gupta	Promoter & Whole-time Director	7	Yes	1	Nil	Nil	N.A.
4.	Shri S.P. Batra	Independent & Non-executive Director	8	Yes	Nil	N.A.	1	1
5.	Shri G.S. Das	Independent & Non-executive Director	7	No	Nil	N.A.	3	1
6.	Shri K.K. Gupta	Independent & Non-executive Director	7	No	2	Nil	2	Nil
7.	Shri R.S. Mehta	Independent & Non-executive Director	8	Yes	Nil	N.A.	2	1

*Alternate directorship, directorship in private limited companies are included*

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

None of the director on the Board is member of more than 10 Committees or Chairman of more than 5 committees across the companies in which he is a director. All the directors have made requisite disclosure regarding directorship/ Committee position occupied by them in other companies.

**Code of Conduct:**

The Company has laid down a "Autolite - Code of Conduct" for the members of the Board of Directors and the Senior Management. All the Board members and Senior Management personnel have affirmed compliance with the code for the year 2013-2014. A declaration to this effect signed by the CEO is given in this report. Annual affirmation of compliance with the Code have been made by the directors and senior management of the Company. The CEO & Whole-time Director have certified the Financial Statement and other matters as required in Clause 49 of the listing agreement.

**Prohibition of Insider Trading Policy:**

The Company has in place the Code of Conduct for

The requisite details are as follows:

Name	Terms of reference
Shri S.P. Batra (Chairman)	<ul style="list-style-type: none"> <li>- Oversight of financial reporting system of the company;</li> <li>- Recommending appointment/removal of auditors, fixing the fee &amp; approval of payment for other services</li> <li>- Reviewing with management annual financial statements before submission to the board including qualifications in draft auditors' report;</li> <li>- Reviewing with management, external &amp; internal auditors the adequacy of internal control system; reviewing the adequacy of internal audit function;</li> <li>- Reviewing findings of any internal investigations into suspected fraud, irregularity or failure of internal control system.</li> <li>- Other items as per Clause 49 of Listing Agreement, as amended from time to time.</li> </ul>
Shri G.S. Das (Member)	
Shri K.K. Gupta (Member)	
Shri Vishal Agarwal (Secretary)	

Five meetings of the Audit Committee took place during the accounting year ended on March 31, 2014, i.e. on May 30, 2013, August 14, 2013, September 14, 2013, November 14, 2013, and February 13, 2014. Shri S.P. Batra and Shri G.S. Das were present at all the five meetings whereas Shri K.K. Gupta was present at four meetings of the Audit Committee during the year under review. The Statutory Auditors and Internal Auditors were invited to attend and participate at the

Prevention of Insider Trading to comply with relevant regulations laid down by SEBI. Accordingly the Company announces closure of Trading Windows, free period, declaration of prohibited period etc. The Company has designed a reporting system to prevent insider trading by designated employees and takes quarterly and annual disclosure from the designated employees as mentioned in the Insider Trading Policy.

**3. Audit Committee**

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

meetings of the Committee.

The role of the Audit Committee is to monitor and provide effective supervision of the Company's financial reporting process with a view to ensure that the financial statements are accurate, sufficient and credible.

The Company is having 100% subsidiary company incorporated in United States of America viz. Autopal Inc.

# Autolite (India) Limited

A statement in summary form of transactions along with details of material transactions with related parties were placed before the Audit Committee at regular intervals.

The Company affirms that it had adopted Whistle blower Policy and further that no personnel has been denied access to the audit committee.

## 4. Remuneration Committee

The Company has already constituted Remuneration Committee. The broad terms of reference of the Remuneration Committee are as follows:

- To recommend the Board for remuneration to be paid to the Managing Director and Whole-time Directors.
- To review and grant annual increments to Managing Directors and Whole-time Director
- To suitably suggest changes based on changes in Schedule XIII of the Companies Act, 1956 and/ or any amendment/modifications that may be made by the Central Government from time to time.
- To do all such acts, deeds, things and execute all such documents, instruments and writings

as may be considered necessary, expedient or desirable on the subject.

The remuneration policy of the Company is to remain competitive in the industry and to attract and retain talent and appropriately reward them on their contribution. The annual package of employees is decided on the basis of performance of the Company and also the individual performance measured against the Key performance Indicators, which are in align to the Company's overall objectives.

Remuneration Committee comprises of the following directors:

Name of Members	Designation	Category
Shri R.S. Mehta	Chairman	Independent, Non-Executive
Shri G.S. Das	Member	Independent, Non-Executive
Shri K. K. Gupta	Member	Independent, Non-Executive

Shri Vishal Agarwal, Company Secretary is acting as Secretary of the Committee.

The details of remuneration paid to the Directors in the whole-time employment with the company during the financial year ended on March 31, 2014 are given hereunder:

(Rs. in Lacs)

Particulars	Mahipal Gupta	Amit Mahipal Gupta	Adarsh Mahipal Gupta
	Chairman & Managing Director	Whole-Time Directors	
Salary	30.00	30.00	0.00
Benefits:			
Allowances & Perquisites	1.62	0.12	0.00
Bonus	0.00	0.00	0.00
Pension	0.00	0.00	0.00