



*Excellence in Lighting*

# 38<sup>th</sup> ANNUAL REPORT 2014-15

**MPG**  
MP GUPTA GROUP

**AUTOLITE (INDIA) LIMITED**

# MANUFACTURING & TESTING FACILITIES





## CORPORATE INFORMATION

### Board of Directors

Shri Mahipal Gupta – Chairman & Managing Director  
Shri Amit Mahipal Gupta – Whole-time Director  
Shri Adarsh Mahipal Gupta – Whole-time Director  
Shri Rajendra Singh Mehta – Director  
Shri Gouri Shankar Das – Director  
Shri Sooraj Prakash Batra- Director  
Shri Kuldeep Kumar Gupta- Director  
Smt. Madhu Choudhary- Additional Director

### Company Secretary

Shri Vishal Agarwal

### Statutory Auditors

M/s H.C Garg & Co.,  
Chartered Accountants  
3, Gangwal Park  
Jaipur- 302004

### Secretarial Auditor

JPS & Associates  
Company Secretaries  
'R-20' Shree Dham  
Yudhishter Marg  
C-Scheme,  
Jaipur

### Internal Auditor

Madhukar Garg & Company  
Chartered Accountants  
2<sup>nd</sup> Floor, Raj Apartments  
Keshav Path, Ashok Marg  
C-Scheme  
Jaipur

### Registrars and Share Transfer Agents

M/s MCS Share Transfer Agent Limited  
F- 65, Okhla Industrial Area,  
Phase-I, New Delhi- 110020

### Registered Office

D-469, Road No. 9A, Vishwakarma Industrial  
Area, Jaipur, 302013  
Phone: 0141- 2333994  
Email: investors@autopal.com

### Works

D-469, Road No. 9A, Vishwakarma Industrial  
Area, Jaipur, 302013

E-527-529, RIICO Industrial Area,  
Sitapura, Jaipur

### Bankers

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

Andhra Bank  
C-Scheme, Ashok Marg,  
Near Telephone Exchange,  
Jaipur

# Autolite (India) Limited

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## DIRECTORS' REPORT

To,  
The Members,  
Autolite (India) Limited,  
Jaipur.

Your directors have pleasure in presenting the 38<sup>th</sup> Annual Report together with the Audited statement of Accounts of Autolite (India) Limited for the year ended March 31, 2015.

### 1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	For the year ended on 31st March, 2015	For the year ended on 31st March, 2014
Net Sales including Excise Duty	12834.48	12167.63
Total income after Excise Duty	12274.85	11524.79
Total Expense other than Interest, Depreciation & Tax	11518.14	10794.19
Profit for the year (Before Interest., Tax , Depreciation ) [PBIDT]	756.71	730.60
Financial Expenses	500.20	304.60
Cash Profit/(Loss)	256.51	426.00
Depreciation	203.76	345.51
Net Profit/Loss before TAX and Extra Ordinary Items	52.75	80.49
Provisions for TAX	17.42	17.35
Extra Ordinary Gains/(Expenses)	0.00	0.00
<b>Net Profit/(Loss) After Extra Ordinary Items</b>	<b>35.33</b>	<b>63.14</b>

### 2. BUSINESS PERFORMANCE

Recognizing the need for greater penetration of Indian Automobile Segment, FY 2014-15 was a challenging year. The Company reported gross annual turnover which increased from Rs. 12167.63 Lacs in the previous year to Rs. 12834.48 Lacs in the current fiscal year.

Looking further in Automobile Segment, your directors foresee enough opportunities in this segment and especially in domestic economy as a whole, all of which being on an expansion spree.

### 3. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed Report on Management Discussion and Analysis is annexed with this *Director's Report*.  
[Refer-Annexure-1]

### 4. DIVIDEND

In order to conserve and plough back the resources, your directors have not recommended any dividend for the year on equity shares of the company.

# Autolite (India) Limited

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## 5. DIRECTORS AND KEY MANAGERIAL PERSONNELS

### Key Managerial Personnel

Sh. Mahipal Gupta, Chairman and Managing Director (DIN: 00057619) was designated as the Key Managerial Personnel of the Company in terms of Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014, at the Meeting of Board of Directors held on 29.09.2014.

Sh. Inder Bhan Soni, Chief General Manager (Legal & Finance) was appointed as the Chief Financial Officer (CFO) Key Managerial Personnel of the Company in terms of Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014, at the Meeting of Board of Directors held on 29.09.2014.

Sh. Vishal Agarwal, Company Secretary was designated as the Key Managerial Personnel of the Company in terms of Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014, at the Meeting of Board of Directors held on 29.09.2014.

### Appointments & Re-appointments

Smt. Madhu Choudhary (DIN: 01768000) was appointed as an Additional Non Executive Director of the Company at its board meeting held on 14.02.2015. Her tenure as an Additional Director is expiring on the ensuing Annual General Meeting. Thus, the Board has received a notice from its members in writing in terms of Section 160 of the Companies Act, 2013 proposing her candidature as director of the Company. Hence, the re- appointment is subjected to the approval of the shareholders at the Annual General Meeting through passing of an ordinary resolution in this regard.

At the 37<sup>th</sup> Annual General Meeting of the Company held on 29<sup>th</sup> day of September, 2014, the Shareholders appointed Sh. Gauri Shankar Das (DIN: 01185570), Sh. Sooraj Praksh Batra (DIN: 01216047), and Sh. Rajendra Singh Mehta (DIN: 01183922) as an Non executive Independent Director of the Company for the term of (5) five consecutive years, commencing from the conclusion of 37<sup>th</sup> Annual General Meeting to 42<sup>nd</sup> Annual General Meeting.

At the ensuing Annual General Meeting, Sh. Kuldeep Kumar Gupta (01591373) is retiring by rotation and being eligible have offered himself for re-appointment.

### **Declaration of Independence**

Your Company has received declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as prescribed under Section 149(6) of Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Clause 49 of the Listing Agreement.

## 6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Sub-Section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as [*Annexure 2*] to the *Director's Report*. A Statement depicting details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto.

## 7. CORPORATE GOVERNANCE

Corporate governance is an ethically driven business process that is committed to values aimed

at enhancing an organization's brand and reputation. This is ensured by taking an ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. At Autolite, it is imperative that our company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders.

We comply with the Securities and Exchange Board of India (SEBI)'s guidelines on Corporate Governance. We have documented our internal policies on corporate governance. Our *Corporate Governance Report* for fiscal 2015 is appended in the [Annexure- 5] of the *Director's Report*.

## 8. AUDITORS AND THEIR REPORT

### Statutory Auditor

At the 37<sup>th</sup> Annual General Meeting of he Company held on 29<sup>th</sup> day of September, 2014, M/s. H.C. Garg & Co., Chartered Accountants, Jaipur, (Firm Registration No. 000152C) have been appointed as Statutory Auditors of the Company to hold office for a term of (3) three years from the conclusion of 37<sup>th</sup> Annual General Meeting till the conclusion of 40<sup>th</sup> Annual General Meeting of the Company (subject to ratification by shareholders at every Annual General Meeting).

The Company has received consent from M/s. H.C. Garg & Co., Chartered Accountants, Jaipur, (Firm Registration No. 000152C), Auditors of the Company and confirmation regarding their eligibility to continue as Statutory Auditor of the Company.

Your Directors request the shareholders to ratify the appointment of M/s. H.C. Garg & Co., Chartered Accountants, Jaipur, (Firm Registration No. 000152C) as Statutory Auditors of the Company at the ensuing 38<sup>th</sup> Annual General Meeting of the Company and to authorize the Board to fix the remuneration.

## REPLY TO AUDITOR'S QUALIFICATIONS

Reply to the Auditor's Qualifications are given as follows:-

1. Regarding the observations made by Auditors for the Accounting Standard AS-2 (Accounting for Taxes on Income), we comment that the Company is paying its tax liability calculated as per the provisions of MAT under Section 115JB of Income Tax Act, 1961. The deferred tax assets and liabilities arises on account of timing difference of some of the items which has been mentioned in the Income Tax Act and are notional items which do not have any bearing on the profitability of the Company. Therefore, its impact is taken in the books of accounts it will not have any bearing on any profitability of the Company. Further, there is no convincing evidence of virtual certainty of realization of deferred tax asset arising out of timing difference.
2. The Company has recognized export incentive receivable on accrual basis as per prevailing provisions of the export incentive schemes announced by the Government of India for export promotion. The Company has availed export claim in the year 2014-15 pertaining to earlier years from the Government. For balance amount claim of Rs. 308.68 Lacs, Company is in process of providing various documents, clarifications and explanations as and when required by Government Authorities and Company hopes to get remaining claims settled with the Government Authorities very soon.
3. With regard to the advance made to a company which is registered with Board for Industrial and Financial Reconstruction (BIFR) against which no provision was made, we wish to state that the Company is doing job work exclusively for Autolite (India)

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Limited on regular basis for last many years and the manufacturing facilities are exclusively dedicated for the job work of Autolite (India) Limited. As Hon'ble BIFR has not passed the order, the management is unable to quantify the sacrifice which the Company may have to make. The Company will recover the amount as per the scheme as and when sanctioned by Hon'ble BIFR and remaining amount will be written off in due course.

4. Regarding the observations made by Auditors for claim receivable of Rs. 90 Lacs, we comment that Company has lodged claims of development cost and also the supplies against Pal Peugeot Limited, Mumbai with receiver/ Official Liquidator attached to Bombay High Court. The Claim is under process and the Company hopes to get the amount of claims on final decision of Bombay High Court in respect of settlement of claims against Pal Peugeot Limited. Further, company has filed criminal suit in the court against Megha Enterprises for loss of duty free license benefit and hopes to recover the same. Based on the legal opinion, Management is of the view that Company shall be able to recover the amount in near future and as such it was recognized as claims receivable.
5. Regarding the observations made by Auditors for the Accounting Standard AS-26 (Intangible Assets), we comment that the Company had treated new export development expenses through participation in Foreign Trade Fairs, New product development and technical know how as deferred revenue expenses whose benefit shall accrue to the Company over a period of time. Hence, management had treated these

expenses as deferred revenue expenses which are to be amortized in subsequent five years. Now, due to change in Accounting Standard on Deferred Revenue Expenditure issued by The Institute of Chartered Accountants of India, the Deferred Revenue Expenditure are to be booked in full in the year of its incurrence of the expenditure without any carry forward for future period. Deferment of DRE is now not allowed as per change in Accounting Standard. During the year, the Company has not booked any expenditure on DRE account and also proportionately writing off the earlier years DRE in the books of accounts. However, balance of earlier years DRE for writing off remained Rs. 199.40 Lacs which Company shall write off in the financial year 2015-16.

6. Due to liquidity constraints, there has been delay in depositing TDS, PF and ESI dues with the appropriate authorities during the period under review. However, the delay was not for the period exceeding six months.
7. With regard to recovery of loans from parties covered under Section 189 of the Companies Act, 2013, the Company is under the process of recovery of the amount of advances and Management is confident to recover the said amount in phased manner from the respective parties in future.

It is pertinent to mention that on the basis of decision of Securities and Exchange Board of India, the Company had preferred an appeal before Securities and Appellate Tribunal (SAT) in the matter of re-instatement of financial results for the Financial Year 2012-13 with regard to Auditors qualifications mentioned in Point No. (1) to (4).

Further, the Company has received intimation from National Stock Exchange (NSE) that SEBI had informed the NSE that on the basis of

deliberation at QARC, the qualifications made by the Auditors on the Balance sheet for the Financial Year 2013-14 were referred to Financial Reporting Review Board (FRRB) of Institute of Chartered Accountants of India. The company had not received any communication from FRRB thereafter.

#### **Secretarial Auditor**

Pursuant to the provision of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s JPS & Associates., Company Secretaries in Practice, (C.P. No.5161) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is appended as [Annexure 4] of the *Director's Report*.

#### **Cost Auditor**

Pursuant to the provision of Section 148 of the Companies Act, 2013 M/s PRJ & Associates, Cost Accountants, (Firm Registration Number: 101998) was appointed as the Cost Auditors of the Company to carry out an audit of Cost Accounting Records of the Company for the financial year 2014 -15. The due date for filing the Cost Audit Report for the financial year 2014-15 with the Ministry of Corporate Affairs (MCA) is 180 days from the end of Company's financial year i.e. 27<sup>th</sup> September, 2015.

Further, the Board of Directors has appointed M/s PRJ & Associates, Cost Accountants, Jaipur as Cost Auditors of the Company for the financial year 2015 -16. Your directors have proposed the ratification of remuneration by the members payable to PRJ & Associates, Cost Accountants (Firm Registration Number: 101998).

### **9. LOANS, GUARANTEES OR INVESTMENTS**

The particulars of Loans, Guarantees or

investment made under the provision of Section 186 of the Companies Act, 2013 are given in the Financial Statements provided in the Annual Report.

### **10. RESERVE**

The Company has not transferred any amount out of profits to the Reserve of the Company. The detailed amount of Reserve and Surplus is forming part of the Audited Balance Sheet of the Company in Note no. 4 of the Notes of the Financial Statement for the year ended on March 31, 2015.

### **11. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments, which is affecting the financial position of the Company which have occurred between April 01, 2015 and the date on which this Report has been signed.

### **12. BUSINESS RISK MANAGEMENT**

The Company has been addressing various risks impacting the Company and the policy of the Company on risk management is provided in Management Discussion and Analysis forming part of this Annual Report.

### **13. ANNUAL EVALUATION FOR BOARD'S PERFORMANCE**

Pursuant to the provisions of companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholder committee. The manner in which the evaluation has been carried out has been explained in Corporate Governance Report.

The performance of individual directors was evaluated on parameters, such as, number of

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meetings attended, contribution in the growth and formulating the strategy of the Company, independence of judgment, safeguarding the interest of the Company and minority shareholders, time devoted apart from attending the meeting of the Company etc. The directors expressed their satisfaction with the evaluation process.

## **14. PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company upto the date of the ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

## **15. NUMBER OF MEETINGS OF THE BOARD**

The Board met (8) Eight times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

## **16. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION**

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separating its functions of governance and management. As on March 31, 2015, the Board consists of Eight (8) members, (1) One of whom is a Chairman and the

Managing Director, (2) two Executive or Whole-time Directors, (4) four are Independent Directors and (1) one Non-executive Non-independent Director. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub Section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is appended as to the Corporate Governance Report. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

## **17. BOARD EVALUATION**

Clause 49 of the Listing Agreement mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and Individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated. The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board.

The evaluation process has been explained in the *Corporate Governance Report* Section in this Annual Report. The Board approved the evaluation results as collated by the Nomination and Remuneration Committee.

## **18. COMMITTEES OF THE BOARD**

Currently, the Board has (3) three committees: the Audit Committee, Nomination and Remuneration