



Excellence in Lighting

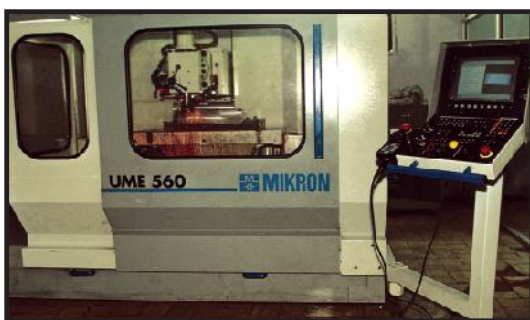
39th ANNUAL REPORT 2015-16



MPG
MP GUPTA GROUP

AUTOLITE (INDIA) LIMITED

MANUFACTURING & TESTING FACILITIES





Excellence in Lighting

CORPORATE INFORMATION

Board of Directors:

Mr. Mahi Pal Gupta

Chairman & Managing Director (DIN: 00057619)

Mr. Amit Mahipal Gupta

Joint Managing Director (DIN: 00058701)

Mr. Adarsh Mahipal Gupta

Whole-time Director (DIN: 00855511)

Mr. Gauri Shankar Das

Independent Director (DIN: 01185570)

Mr. Kuldeep Kumar Gupta

Non-Executive Director (DIN: 01591373)

Mrs. Madhu Choudhary

Independent Director (DIN: 01768000)

Mr. Rajendra Singh Mehta

Independent Director (DIN: 01183922)

Mr. Sooraj Prakash Batra

Independent Director (DIN: 07513320)

Company Secretary

Mr. Vishal Agarwal

Statutory Auditor:

M/s H.C Garg & Co.,

Chartered Accountants

3, Gangwal Park, Jaipur- 302004

Cost Auditor:

M/s PRJ & Associates

Cost Accountants

12 D K Nagar, Khatipura Road,

Jhotwara, Jaipur-302012

Secretarial Auditor:

M/s JPS & Associates

Company Secretaries

'R-20' Shree Dham, Yudhishter Marg,

C-Scheme, Jaipur-302001

Company's Banker:

Andhra Bank,

C-Scheme, Ashok Marg,

Near Telephone Exchange,

Jaipur - 302001

Registered Office:

D-469, Road No. 9A,

Vishwakarma Industrial Area,

Jaipur-302013

CIN: L31506RJ1977PLC001738

Telephone: 0141-2333994

Website: www.autopal.com

Email: investors@autopal.com

Works:

D-469, Road no 9A,

Vishwakarma Industrial Area,

Jaipur-302013

E-527-529, RIICO Industrial Area,

Sitapura, Jaipur

Registrar & Share Transfer Agent:

M/s MCS Share Transfer Agent Limited

F- 65, Okhla Industrial Area,

Phase-I, New Delhi- 110020

CIN: U67120WB2011PLC165872

Telephone: 011 - 41406149

Website: www.mcsregistrars.com

Email: admin@mcsregistrars.com

AUTOLITE (INDIA) LIMITED

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B O A R D R E P O R T

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

Your directors have pleasure in presenting the 39th Annual Report together with the Audited statement of accounts of Autolite (India) Limited for the year ended March 31, 2016.

1. FINANCIAL HIGHLIGHTS:

(Rs. In Lakhs)

Particulars	Consolidated		Standalone	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Net Sales including Excise Duty	13502.70	12874.10	13476.48	12834.48
Total income after Excise Duty	12875.04	12313.18	12848.82	12274.85
Total Expense other than Interest, Depreciation & Tax	11860.70	11555.53	11834.59	11518.14
Profit for the year [PBIDT] (Before Interest, Tax, Depreciation)	1014.34	757.65	1014.23	756.71
Financial Expenses	636.25	500.20	636.16	500.20
Cash Profit/(Loss)	378.09	257.45	378.07	256.51
Depreciation	234.10	203.76	234.10	203.76
Net Profit/Loss before Tax and Extra Ordinary Items	143.99	53.69	143.97	52.75
Provisions for Tax	83.40	17.80	83.00	17.42
Extra Ordinary Gains/(Expenses)	0.00	0.00	0.00	0.00
Net Profit/(Loss) After Extra Ordinary Items	60.59	35.89	60.97	35.33

NOTE: The consolidate figures comprises of Autolite (India) Limited, Jaipur and Autopal Inc. USA which is Wholly Owned Foreign Subsidiary Company.

2. STATE OF COMPANY'S AFFAIRS:

In the year 2015-16, Indian Automotive Component Industry had witnessed marginal growth but it is expected enough opportunities in the financial year 2016-17 as economic survey for 2016-17 gives a bright picture of Indian economy. The economic survey indicates India's highest economic growth in the world. During the year under review, the Company reported

Consolidated Gross Annual Turnover of Rs. 13502.70 Lakhs as against Rs. 12874.10 Lakhs in financial year 2014-15 and earned Consolidated Net Profit of Rs. 60.59 Lakhs in the year 2015-16 as against Rs. 35.89 Lakhs earned in the year 2014-15. With the expected growth in Automobile Industry, your Directors foresee substantial growth in Automotive domestic market and OEMs which will push the growth of Automotive

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Component industry.

3. RECOMMENDATION OF 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.

4. DIRECTORS' AND KEY MANAGERIAL PERSONNEL:

Mrs. Madhu Choudhary (DIN: 01768000) was appointed as an Additional Director by the Board of Directors in their meeting held on February 14, 2015. According to the agreed terms of her appointment inter alia as per the provisions of the Companies Act, 2013, her tenure expired at the 38th Annual General Meeting of the Company held on September 29, 2015. Further, with the proposal of her candidature for the appointment as Director of the Company made by the member of the Company and she was appointed as the Independent Director of the Company in the 38th Annual General Meeting of the Company for a term of five (5) consecutive years.

At the 38th Annual General Meeting of the Company, Mr. Mahi Pal Gupta Chairman & Managing Director, Mr. Amit Mahipal Gupta Whole-time Director and Mr. Adarsh Mahipal Gupta Whole-time Director were also re-appointed for a fixed term of five (5) years.

5. DECLARATION GIVEN BY INDEPENDENT DIRECTORS:

In line with the provision of Section 149 (7) of the Companies Act, 2013, the Board has received the declarations from the Independent Directors of the Company that they meet the criteria of Independence as prescribed under Section 149 (6) of the Companies Act, 2013 read with the Rules made thereunder.

6. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3) (c) of the Companies Act, 2013, the Directors confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on March 31, 2016 and of the profit of the Company for that period;
- iii. the Directors had taken proper and sufficient care for the

maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. the Directors had prepared the annual accounts on a going concern basis.
- v. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A detailed Report on Management Discussion and Analysis is annexed in [Annexure- 1] that forms part of this Board Report.

8. AUDITORS AND THEIR QUALIFICATION:

i. Statutory Auditors –

M/s H.C. Garg and Company, Chartered Accountants (*Firm Registration No. 000152C*) were

appointed as the Statutory Auditor of the Company for the consecutive term of three (3) years viz., from the conclusion of 37th Annual General Meeting of the Company till the conclusion of 40th Annual General Meeting of the Company, subject to ratification by the members of the Company at every Annual General meeting of the Company.

The members of the Company ratified the appointment of M/s H.C. Garg and Company, Chartered Accountants (*Firm Registration No. 000152C*) to hold its office till the conclusion of 39th Annual General Meeting of the Company in its meeting held on September 29, 2015, but due to some pre-occupancy M/s H.C. Garg and Company, Chartered Accountants (*Firm Registration No. 000152C*), resigned from the office of Statutory Auditor vide resignation letter dated August 24, 2016. The Board after discussion accepted the resignation placed by the Statutory Auditor in their meeting held on August 31, 2016.

To fill the casual vacancy of the Auditor the Board of Directors of the Company has appointed M/s Madhukar Garg and Co., Chartered Accountants (*Firm Registration No. 000866C*) as the Statutory Auditor of the Company in its

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meeting held on August 31, 2016 till the conclusion of 39th Annual General Meeting of the Company.

Further, the Board recommends to the shareholders for the appointment of M/s Madhukar Garg & Co, Chartered Accountants (*Firm Registration No. 000866C*) as the Statutory Auditor of the Company for a term of five (5) consecutive years commencing from the conclusion of 39th Annual General Meeting till the conclusion of 44th Annual General Meeting of the Company.

The Audit Report given by M/s H.C. Garg and Company, Chartered Accountants hereunder is forming part of the Annual Report.

Explanation by the Board on qualifications made by Statutory Auditor:

Auditor qualification no: 1

The Company has credited Rs.308.68 Lakhs in earlier years for export incentives in Profit & Loss Account on estimated basis. The concerned department has not accepted the claim. The Company is in the process to provide desired information. Further, no payment has been received upto 31.03.2016 against export incentives so credited.

Management reply to Auditor's Qualification :

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 2015-16 pertaining to earlier years from the Government. For balance amount claim of Rs. 308.68 Lakhs, 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.

Auditor qualification no: 2

No Provision for doubtful advance against job work for Rs. 606.72 Lakhs, to a company which is registered as sick unit with Board for Industrial and Financial Reconstruction has been made in Profit and Loss Account.

Management reply to Auditor's Qualification:

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) 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.

Auditor qualification no: 3

(i) The Company has lodged claims for development cost for Rs. 252.00 Lakhs and for dues against supplies for Rs. 3.16 Lakhs on Pal Peugeot Limited, Mumbai, before Receiver, High Court of Mumbai on 03.06.2004 under suit No. 3636 CR 1999 and further the claim was also filed before Official Liquidator, Mumbai on 23.09.2006.

As per the information received the land of Pal Peugeot Limited is disposed-off by the Receiver/Official Liquidator and amount realized is Rs.726.00 Crore and settlement of claim process will start soon.

(ii) The Company has lodged criminal suit for loss on account of Debit of Duty Free Licenses and clearing charged for Rs.62.00 Lakhs on M/s. Megha Enterprises, Mumbai.

To recover the above amount the Company has lodged an FIR before the authorities.

In view of the above the Management on the basis of legal opinion, is of the view that Rs.90.00 Lakhs (which has been credited in earlier years) is expected to be recovered from both the parties and accordingly considered as claim receivable, but no amount has been recovered till date.

Management reply to Auditor's Qualification:

Regarding the observations made by Auditors for claim receivable of Rs. 90 Lakhs, 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.

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Auditor qualification no: 4

The Company has treated Deferred Revenue Expenditure for Rs199.40 Lakhs as an asset in Balance Sheet. These expenditure are related to years upto 31.03.2013. The accounting policy adopted by the Company is contrary to the treatment prescribed in AS-26 (Intangible Assets) which require such expenditure to be written off in Profit & Loss Statement in the year of incurring expenditure.

Management reply to Auditor's Qualification:

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 incurrance 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. However, balance of earlier years DRE for writing off remained Rs. 199.40 Lakhs which Company shall write off in the financial year 2016-17.

ii. Secretarial Auditor

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s JPS & Associates, Company Secretaries (C.P. No.5161) as the Secretarial Auditor of the Company in its meeting held on August 26, 2015 for the Financial Year 2015-16. The Secretarial Audit Report is annexed in [Annexure-2] forming part of the Board Report.

Explanation by the Board on qualifications made by Secretarial Auditor:

Secretarial Auditor qualification no: 1 & 2

- 1 There were instances of late deposit of statutory dues under various statutes.
2. There were instances of late filing