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MPG
MP GUPTA GROUP



Leaders in Automotive Lighting



40TH ANNUAL REPORT 2016-17

MANUFACTURING & TESTING FACILITIES



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C O R P O R A T E I N F O R M A T I O N

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 Madhukar Garg & Co.,

Chartered Accountants
2nd Floor, Raj Apartments, Keshav Path,
Ashok Marg, C-Scheme, Jaipur- 302001

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- 0110020
CIN: U67120WB2011PLC165872
Telephone: 011-41406149
Website: www.mcsregistrars.com
Email: admin@mcsregistrars.com

Autolite (India) Limited

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BOARD REPORT

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

Your directors have pleasure in presenting the 40th Annual Report together with the Audited statement of accounts of Autolite (India) Limited for the year ended March 31, 2017.

1.FINANCIAL HIGHLIGHTS:

(Rs. In Lakhs)

Particulars	Consolidated		Standalone	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Net Sales including Excise Duty	12281.49	13502.70	12241.56	13476.48
Total income after Excise Duty	11457.60	12875.04	11417.64	12848.82
Total Expense other than Interest, Depreciation & Tax	10600.22	11860.70	10559.57	11834.59
Profit for the year [PBIDT] (Before Interest, Tax, Depreciation)	857.38	1014.34	858.07	1014.23
Financial Expenses	524.78	636.25	524.71	636.16
Cash Profit/(Loss)	332.60	378.09	333.36	378.07
Depreciation	273.12	234.10	273.12	234.10
Net Profit/Loss before Tax and Extra Ordinary Items	59.48	143.99	60.24	143.97
Provisions for Tax	12.75	83.40	12.75	83.00
Extra Ordinary Gains/(Expenses)	0.00	0.00	0.00	0.00
Net Profit/(Loss) After Extra Ordinary Items	46.73	60.59	47.49	60.97

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

During the year under review, the Company reported Consolidated Gross Annual Turnover of Rs. 12281.49 Lakhs as against Rs. 13502.70 Lakhs in financial year 2015-16 as a result of political unrest in many countries resulting in the decline in export sales and the effect of demotaisation has also affected the decline in domestic sales. Further, there was decline in the Consolidated Net Profit of Rs. 46.73 Lakhs in the year 2016-17 as against Rs. 60.59 Lakhs earned in the year 2015-16.

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:

There was no change in composition of Board of Directors and Key Managerial Personnel during the year under review.

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The continuation of appointment of Mr. Mahipal Gupta is to be approved by shareholders for remaining tenure by way of special resolution who will attain the age of 70 years on September 13, 2017.

Further, the variation in terms of appointment of Mr. Amit Mahipal Gupta and Mr. Adarsh Mahipal Gupta is proposed by making them Directors liable to retire by rotation.

At the 40th Annual General Meeting, Mr. Kuldeep Kumar Gupta, Non executive director is liable to retire by rotation and being eligible, offer himself for re-appointment.

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, 2017 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 -

During the year under review, M/s H.C. Garg and Company, Chartered Accountants (*Firm Registration No. 000152C*) had 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.

At the 39th Annual General Meeting held on 30th September, 2016, the shareholders approved 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 subject to ratification at every subsequent Annual General Meeting.

It is now proposed to ratify the appointment of M/s Madhukar Garg & Co. Chartered Accountants (Firm Registration No. 000866C) from the conclusion of 40th Annual General Meeting till the conclusion of 41st Annual General Meeting at such remuneration as may be decided mutually by the Auditors and the Board of directors.

The Audit Report given by M/s Madhukar 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

No impact was taken in the books for deferred tax assets/liabilities

Management reply to Auditor's Qualification:

Regarding the observations made by Auditors for the Accounting Standard AS-22 (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 if 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.

Auditor qualification no: 2

The Company has credited Rs.308.68 Lakhs in earlier years for export incentives in Profit & Loss Account on estimated basis. The concerned department is examining the claim filed by the Company. The Company is in the process to provide desired information. Further, no payment has been received upto 31.03.2017 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 2016-17 pertaining to the same year from the Government. For balance amount claim of Rs. 308.68 Lakhs, necessary hearing is held and the Company is in process of providing various documents, clarifications and explanations as required by Government Authorities and Company hopes to get the above claim settled with the Government Authorities very soon.

Auditor qualification no: 3

No Provision for doubtful advance against job work for Rs. 656.13 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.

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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 till last year, the Company was doing job work exclusively for Autolite (India) Limited on regular basis for last many years and the manufacturing facilities were exclusively dedicated for the job work of Autolite (India) Limited. The Company was hopeful to recover the dues from Anusika Industries Limited out of job work carried out by Anusika Industries Limited.

However, the balance was increasing year after year. Now, the management has decided to discontinue the job work which was undertaken by Anusika Industries Limited.

Further, in the absence of any order from Hon'ble BIFR, 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: 4

(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 in 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.

Auditor qualification no: 5

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 over a period of time. 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. However, balance of earlier years DRE for writing off remained Rs. 199.40 Lakhs which Company shall write off in the financial year 2017-18.

Auditor qualification no: 6

The Company has not provided against Non-Recoverable/Unadjusted Advances for Rs. 119.89 Lakhs. These advances are recoverable in cash or kind or value to be received. However, no adjustment has been made in books of accounts.

Management reply to Auditor's Qualification:

The advances were given to some of the parties

against the supplies of goods or services amounting to Rs. 119.89 Lakhs as mentioned above. The Company is in process of recovering the advance given. However, due to some dispute and account reconciliation, the same could not be recovered/adjusted in the current year in the books of accounts of the Company. Company hopes to settle the account in the financial year 2017-18 for recovery/adjustment.

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 June 2, 2016 for the Financial Year 2016-17. 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 of various forms and returns under various enactments

Management reply to Secretarial Auditor's Qualification No 1 & 2:

Due to liquidity constraints, there has been delay in depositing statutory dues with appropriate authorities during the period under review. In view of the late deposition of

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statutory dues, there was delay in filing returns with appropriate authorities.

Secretarial Auditor qualification no: 3

Non- Compliance u/s 185 of the Companies Act, 2013

Management reply to Secretarial Auditor's Qualification No 3:

The Company is under the process of recovering the amount of advances made to the parties covered under Section 185 of the Companies Act, 2013. The parties are in regular business process as such management is confident to recover the amount in due course of time.

Secretarial Auditor qualification no: 4

Non-filing of Cost Audit report for financial year 2015-16

Management reply to Secretarial Auditor's Qualification No 4

The Company is in process of filing the same at the earliest.

Secretarial Auditor qualification no: 5

The Company has not applied for approval of Central Government for re-appointment of Managing Director and Whole-time directors as per the provisions of Section 196, 197 and Schedule V of the Companies Act, 2013

Management reply to Secretarial Auditor's Qualification No 5:

The Company is under the process of applying to the Central Government for re-appointment of Managing Director and Whole-time directors as per the provisions of Section 196, 197 and Schedule V of the Companies Act, 2013. Necessary facts, figures and documents are being compiled for the

above said purpose.

iii. 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 2016-17. The due date for filing the Cost Audit Report for the financial year 2016-17 with the Ministry of Corporate Affairs (MCA) is 180 days from the end of Company's financial year i.e. 27th September, 2017.

Further, the Board of Directors has appointed M/s PRJ & Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2017-18. Your directors have proposed the ratification of remuneration by the members payable to PRJ & Associates, Cost Accountants (Firm Registration Number: 101998).

9. EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT-9 as per Provisions of Section 92 (3) Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed in [Annexure-3] forming part of the **Board Report**.

10. BOARD AND COMMITTEE:

The Board of Directors met Six (6) times during the Financial Year 2016-17, the details of which are given in the Corporate Governance Report annexed in [Annexure-4] that forms part of this **Board Report**. The intervening gap between the meetings were within the period prescribed under