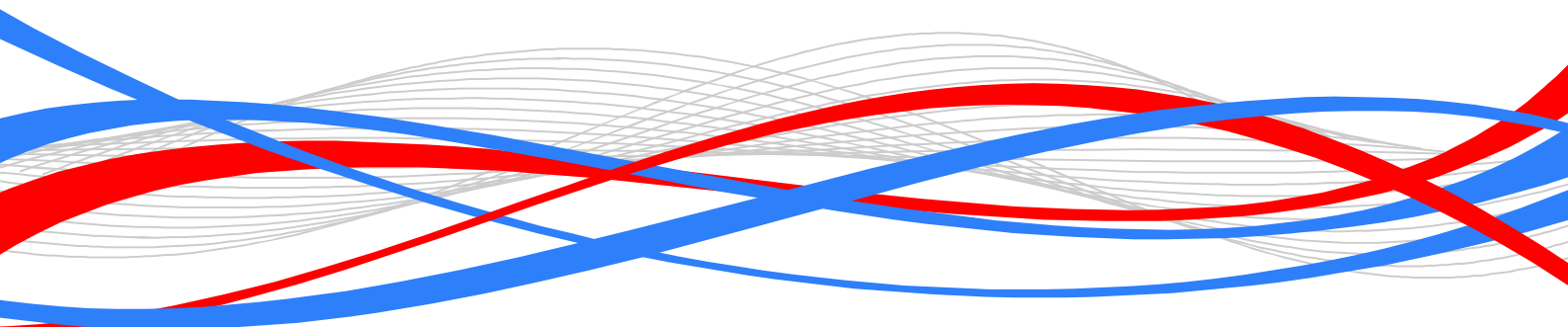




41st Annual Report

2017-18



Autolite (India) Limited



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. Kuldeep Kumar Gupta

Non-Executive Director (DIN: 01591373)

Mrs. Madhu Choudhary

Independent Director (DIN: 01768000)

Mr. Rajendra Singh Mehta

Independent Director (DIN: 01183922)

Mr. Rajeev Maheshwari

Additional Director (DIN: 03057607)

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,

Brij Anukampa Building,
Ashok Marg, C-Scheme,
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- 41406149-52
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 41st Annual Report together with the Audited statement of accounts of Autolite (India) Limited for the year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS:

(Rs. in Lakhs)

Particulars	Consolidated		Standalone	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Net Sales including Excise Duty	12781.74	12337.99	12759.95	12298.03
Total income after Excise Duty	12628.46	11489.00	12606.67	11449.04
Total Expense other than Interest, Depreciation & Tax	11939.62	11473.72	11914.37	11433.08
Profit for the year [PBITD] (Before Interest, Tax, Depreciation)	842.11	864.27	845.58	864.95
Financial Expenses	484.18	503.15	484.16	503.08
Cash Profit/(Loss)	357.93	361.12	361.42	361.87
Depreciation	320.93	294.92	320.93	294.92
Net Profit/Loss before Tax and Extra Ordinary Items	37.00	66.20	40.49	66.95
Provisions for Tax and Deferred Tax	8.18	5.94	8.18	5.94
Extra Ordinary Gains/(Expenses)	0.00	0.00	0.00	0.00
Net Profit/(Loss) After Extra Ordinary Items	45.18	60.26	48.67	61.01
Other Comprehensive Income	27.93	(0.83)	27.93	(0.83)
Net Profit/ (Loss) after Comprehensive Income	73.11	59.43	76.60	60.18

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. 12781.74 Lakhs as against Rs. 12337.99 Lakhs in financial year 2016-17 thus registering a marginal growth of 1.04%. However, export sales had been dipped from Rs. 2754.39 Lakh to Rs. 2100.91 Lakhs due to political unrest in many countries resulting in the decline in export sales. Further, there was growth in the Consolidated Net Profit of Rs. 73.11 Lakhs in the year 2017-18 as against Rs. 59.43 Lakhs earned in the year 2016-17 due to the impact of other comprehensive income.

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:

Mr. Suraj Prakash Batra (DIN: 07513320) Independent Director and Chairman of Audit Committee ceased to be the Director in view of the applicability of Section 164(2)(a) of the Companies Act, 2013 on him as he is a director in a Company that has failed to file financial

Autolite (India) Limited

statements or annual return for any continuous period of three financial years. The Directors took note of the same and filed necessary form with Registrar of Companies.

Apart from the above, there was no change in composition of Board of Directors and Key Managerial Personnel during the year under review.

The continuation of appointment of Mr. Mahipal Gupta was approved by shareholders for remaining tenure by way of special resolution through postal ballot who has attained 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 was also approved by making them Directors liable to retire by rotation.

At the 41st Annual General Meeting, Mr. Amit Mahipal Gupta, Executive director is liable to retire by rotation and being eligible, offer himself for re-appointment.

During current financial year, the Board has appointed Mr. Rajeev Maheshwari (DIN: 03057607) as Additional Director w.e.f. August 14, 2018 to hold office upto the date of Annual General Meeting. The Company has received notice from member proposing his candidature for the office of Director. Further, he will be Independent director on the Board and his appointment as Independent Director is proposed for the period of five years w.e.f. August 14, 2018.

Mr. Gauri Shankar Das (DIN: 01185570) has tendered his resignation due to personal reasons as director of the Board and members and Chairman of various committees. The Board took note of the same in its meeting held on September 1, 2018. The Board appreciated the valuable contributions made by him during his tenure as director.

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 meets 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, 2018 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 –**

At the 40th Annual General Meeting held on 29th September, 2017, the shareholders approved the ratification of appointment of M/s Madhukar Garg & Co, Chartered Accountants (*Firm Registration No. 000866C*) as the Statutory Auditor till the conclusion of 41st Annual General Meeting.

Further it is again proposed to ratify the appointment of M/s Madhukar Garg & Co. Chartered Accountants (Firm Registration No. 000866C) from the conclusion of 41st Annual General Meeting till the conclusion of 42nd Annual 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: (i)

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 Ind AS – 12 (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.

Auditor qualification no: (ii)

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 31.03.2018 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 2017-18 pertaining to the same year from the Government. For balance amount claim of Rs. 308.68 Lakhs which is relating to financial year 1998-99 and 2006-08, 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: (iii)

The Company has not provided against Non-Recoverable/Unadjusted Advances and Trade Receivables for Rs. 313.64 Lakhs. These advances and Trade receivables 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 and Trade receivables amounting to Rs. 313.64 Lakhs as mentioned above. The Company is in process of recovering the advance given and also trade receivables. 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 2018-19 for recovery /adjustment.

Auditor qualification no: (iv)

No impact of expected credit loss has been taken in books of the Company as required in Ind AS – 109

Autolite (India) Limited

Management reply to Auditor's Qualification:

Management perceives insignificant credit loss and as such no financial impact is considered in books of accounts of the Company.

Auditor qualification no: (v) Emphasis of Matter

The Company is in process to prepare Return and reconciliation for goods and service tax for the financial year 2017-18. In the absence of sufficient details and information, we are unable to determine the correct liabilities of tax, interest and penalty, accordingly we are unable to comment on the impact of related liability included in these standalone Ind AS financial statements.

Management reply to Auditor's Qualification:

The Company is in process of reconciliation of GST liabilities provided in the books of accounts.

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 May 30, 2017 for the Financial Year 2017-18. 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:

There has been delay in depositing statutory dues with appropriate authorities during the period under review due to liquidity problems. In view of the late deposition of statutory dues, there was delay in filing returns with appropriate authorities.

Secretarial Auditor qualification no: 3

Non compliance of Secretarial standards at various occasions

Management reply to Secretarial Auditor's Qualification No 3

The Company has complied with Secretarial Standards on regular basis. However, on some occasions, there were instances of lapse which will be taken care of in future.

Secretarial Auditor qualification no: 4

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

Management reply to Secretarial Auditor's Qualification No 4:

The recovery process is under progress from the parties covered under Section 185 of the Companies Act, 2013 and the parties are in regular business with the Company and as such management is confident to recover the amount in due course of time.

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 2017-18. The due date for filing the Cost Audit Report for the financial year 2017-18 with the Ministry of Corporate Affairs (MCA) is 180 days from the end of Company's financial year i.e. 27th September, 2018. Further, the Board of Directors has appointed M/s PRJ & Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2018-19. 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 for the financial year 2017-18 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 Eight (8) times, 15-05-2017, 30-05-2017, 14-06-2017, 29-08-2017, 14-09-2017, 14-12-2017, 14-02-2018, 19-03-2018 during the Financial Year 2017-18, 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 the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors have delegated their powers in compliance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the following committees of the Board.

- i. Audit Committee
- ii. Nomination & Remuneration Committee.
- iii. Stakeholders' Relationship Committee.
- iv. Share Transfer Committee.

The details of the abovementioned committees are given in the Corporate Governance Report annexed in [Annexure-4] that forms part of this **Board Report**.

11. RESERVES & SURPLUS:

Inter-alia with the provisions of Section 134(3)(j) of the Companies Act, 2013, the Company has not transferred any amount out of the profits to the Reserves of the Company. The detailed bifurcation of the Reserve & Surplus account is mentioned in [Note- 4] of the Notes of the Financial Statement that forms part of this **Annual Report**.

12. LOAN, GUARANTEE OR INVESTMENT:

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 that forms part of this **Annual Report**.

13. RELATED PARTY TRANSACTIONS:

The Audit Committee reviews the policy from time to time and also reviews all the Related Party Transactions, to ensure that the same are in line with the provisions of Law and Policy. The Committee approves the Related Party Transactions and wherever it is not possible to estimate the value, approves limit for financial year, based on best estimates. None of the transactions approved in the financial year breached Arm's length and ordinary course criteria and those are within materiality threshold.

All the Related Party Transactions entered during the year were in ordinary course of the Business and done on Arm's Length basis.

Autolite (India) Limited

No Material Related Party Transactions were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

In conformity with the requirements of the Companies Act, 2013 read with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the policy to deal with Related Party Transactions was formulated which is also available on Company's website at www.autopal.com.

14. FRAUDS REPORTED BY AUDITORS:

No frauds are reported by Auditors which falls under the purview of sub Section (12) of Section 143 during the year under review.

15. POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION:

In terms of sub Section (3) of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Securities and Exchange Board of India (Listing Obligation and Disclosures Requirement), Regulations, 2015, the policy pertaining to Director's Appointment and Remuneration is enumerated by the Company and the details are given in the Corporate Governance Report annexed in *[Annexure- 4]* that forms part of this **Board Report**.

16. ANNUAL EVALUATION OF THE BOARD'S PERFORMANCE:

In terms of clause (p) of sub Section (3) of Section 134 of the Companies Act, 2013 and as per the policy framed and approved by the Board of Directors of the Company in line with the terms of Regulation 19 of the SEBI (Listing Obligation and Disclosures Requirement) Regulations, 2015, the annual evaluation of the Independent Director's, Board of Director's and its Committees are given in the Corporate Governance Report annexed in *[Annexure- 4]* that forms part of this **Board Report**.

17. CORPORATE SOCIAL RESPONSIBILITY:

In terms of clause (o) of sub Section (3) of Section 134 of the Companies Act, 2013 every Company is required to detail the expenditure made as Corporate Social Responsibility, but as per Section 135 of the Companies Act, 2013 the provisions mentioned thereto doesn't apply on the Company.

18. CHANGE IN THE NATURE OF BUSINESS;

The Company is engaged in Production of Automotive Head Lamps and Halogen Bulbs. The Company has started commercial production of E-vehicles during the year under review.

19. BUSINESS RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROL:

The main identified risks at the Company are commercial risks, legal & regulatory risk. Your Company has established a comprehensive risk management policy to ensure that risk to the Company's continued existence as a going concern and to its development are identified and addressed on timely basis. Risk management strategy as approved by the Board of Directors is implemented by the Company management.

Your Company maintains an adequate and effective Internal Control System commensurate with its size and complexity. Internal control systems provide, among other things, a reasonable assurance that transactions are executed with Management authorisation and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of your Company are adequately safe-guarded against significant misuse or loss. An independent Internal Audit function is an important element of your Company's internal control system. The internal control system is supplemented through an extensive internal audit programme and periodic review by Management and Audit Committee.

The Company has in place adequate Internal Financial Controls with reference to Financial Statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.