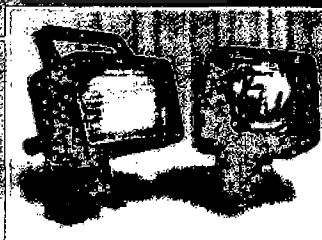
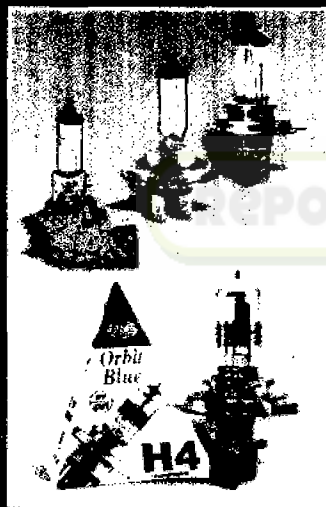




Excellence in Lighting



**31st
ANNUAL REPORT
2007-08**

AUTOLITE (INDIA) LIMITED



Excellence in Lighting



AUTOLITE (INDIA) LIMITED (Corporate Office)



AUTOLITE (INDIA) LIMITED (Technical Center)



AUTOLITE (INDIA) LIMITED (A 100% EOU)



Autolite (India) Limited

31st Annual Report 2007-08

MEMBERS OF BOARD OF DIRECTORS

| | |
|------------------------------|------------------------------|
| 1. Shri Dharam Pal Gupta | Chairman & Managing Director |
| 2. Shri Yash Pal Gupta | Whole-time Director |
| 3. Shri Jai Pal Gupta | Whole-time Director |
| 4. Shri Mahi Pal Gupta | Whole-time Director |
| 5. Shri Raj Pal Gupta | Whole-time Director |
| 6. Shri Gauri Shankar Das | Independent Director |
| 7. Shri Rajendra Singh Mehta | Independent Director |
| 8. Shri Snehil Kumar | Independent Director |
| 9. Shri Suraj Prakash Batra | Independent Director |
| 10. Shri Kuldeep Kumar Gupta | Additional Director |

INVESTORS' SERVICE CELL

Shri Vishal Agarwal, Company Secretary

BANKERS

1. HDFC Bank Limited
2. ICICI Bank Limited
3. Kotak Mahindra Bank Limited
4. State Bank of Bikaner & Jaipur
5. Syndicate Bank

Auditors

M/s H.C. Garg & Co.
Chartered Accountants,
3, Gangwal Park, Jaipur - 302 003

REGISTRAR & SHARE TRANSFER AGENT

MCS Limited
C/o Sri Venkatesh Bhawan,
W - 40, Okhla Industrial Area Phase II
New Delhi - 110020

REGISTERED OFFICE

D-469, Road No. 9A,
V.K.I. Area,
Jaipur - 302013

WORKS

1. D-469, Road No. 9A, V.K.I. Area, Jaipur
2. E-526-530, RIICO Industrial Area, Sitapura, Jaipur
3. Parvati Nagar, Kusturba Nagar, Kings Road, Ajmer Road, Jaipur
4. E-195(A), RIICO Industrial Area, Sanganer, Jaipur

Autolite (India) Limited

| INDEX | Page No. |
|--|-----------------|
| Director's Profiles | 1-4 |
| Management Discussion & Analysis | 5-8 |
| Corporate Governance | 9-21 |
| Directors' Report | 22-27 |
| Auditors' Report | 28-31 |
| Balance Sheet | 32 |
| Profit & Loss Account | 33 |
| Schedules | 34-55 |
| Cash Flow Statement | 56 |
| Balance Sheet Abstract & Profile | 57 |
| Auditors' Report & Annual Accounts of Autopal Inc. (Subsidiary Company) | 58 |



Directors' Profile

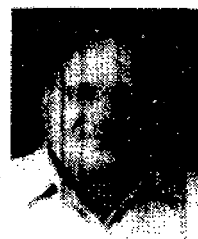
Shri Dharam Pal Gupta (Chairman & Managing Director)

Shri.D.P.Gupta, aged 70 years, is the main promoter of the project with 51 years of rich and vast experience. During his studies only, he started showing keen interest in his ancestral business of Oil Mills, Mechanized Farming, Foundry etc. At the age of 19, he started own industry of sheet metals way back in 1956 with a different process technology which was very low cost and engaged in the manufacturing of Ghamla (Basin), Parathi etc. In 1964 he developed for the first time in India, Automobile Head Lamps and Sealed Beams and a year after Tractor Lighting Kit for M/s Massy Ferguson. In 1968 he started M/s Rajasthan Implements and developed Tractor Driven Implements for Ferguson Tractor. In 1989 Developed Halogen Bulbs first time in India. His achievement to develop lamps with Free Form Technology first time in India by own R&D awarded him the prestigious ACMA Technology Award for the Company. He has earned 25 awards in total out of which 8 awards are under individual capacity and other 17 at Group Company level. Under his able guidance and vision, company established its Marketing Network in 75 countries under the Trade Mark "AUTOPAL". Supply to General Motors, USA as an OEM just in time is one of his biggest achievements. He has made more than 65 overseas visits out of which 2 times around the world. He has visited 28 countries, participated in more than 60 trade fairs, 100 seminars of National and International Level and has visited more than 100 plants around the world including GM, Chrysler, Ford, BMW, Volks Wagon, Peugeot etc. He is holding membership in many Governmental & Non-Governmental Associations like EEPIC, FIEO, ACMA etc. apart from being a permanent member of Rajasthan Government's High Level Export Promotion Council. Out of 29 suggestions given by Mr Gupta, 22 were accepted by the Government of Rajasthan 7 years ago which have resulted in the rapid growth of exports from the State. Under his guidance, Government established Inland Container Depot at Jaipur and the First container stuffed from ICD was of Autolite (India) Limited. He is also a member in the advisory committee of Malavia Regional Engineering College and a permanent member of Rajasthan Government's Industrial Advisory Committee. He has participated 5 times in different high power delegations of Government of India to Latin America, Europe etc. He believes in continuous learning through out the life and he has attended many training programmes at different levels. Some of the important Training programmes he attended are Lean Management, QCDD, World Class Manufacturing, World's biggest technology, Best shop floor practices, Modular concept in manufacturing, etc. He developed many programmes for QCDD (He learn from UK), '0' PPM at shop floor level to reduce cost etc. He predicted 20 years ago that "CHINA WOULD BE THE BIGGEST THREAT FOR INDIA" and to overcome China, designed the "FIVE FINGER STRATEGY" which still exists as a strong guideline for the company and it is being appreciated by International Scholars. For service to society, Mr Gupta has also shown very keen interest in establishing YOGA for disease-free nation. After lot of research work along with three doctors, he has introduced a document "Eat Water & Drink Food, You never get ill". By following the same, any body can live for a very long life.



Shri Yash Pal Gupta (Director)

Shri Yash Pal Gupta, aged 68 years has rich and varied experience of around 45 years in marketing of automobile products and has made invaluable contribution in establishing and making popular company's products. He is one of the Promoters of the company and has thorough knowledge of Automobile Industry. In the past, he was sole distributor for a no. of automobile components in the State of Rajasthan, had agency of companies based in the US & the UK, and had partnership business in Delhi. Also, he was associated as a Sales Development Officer with M/s Rajasthan Iron & Steel Works, Jaipur way back in 1963-64.



Autolite (India) Limited

Credit of establishing wide distribution network for Autolite products all across the country goes to him.

Shri Jai Pal Gupta (Director)

Shri Jai Pal Gupta, aged 65 years, is one of the Promoters of the company. He has vast and varied experience of over 42 years especially in the areas of Sales and marketing of Auto Bulbs, Head Lamps and allied products, Market Research, Customer Relationship building etc. He also looked after manufacturing of Automotive Head Lamps & Bulbs for more than 10 years.



Shri Mahi Pal Gupta (Director)

Shri Mahi Pal Gupta, aged 60 years has Diploma in Mechanical Engineering and is one of the main Promoters of the company. He has rich and vast experience of over 40 years especially in the areas of Product Development, R & D, Value Engineering, Finance & Administration etc. Under his guidance, the company developed High Intensity Forward Discharge Lamp especially for the US market and more than 120 other types of Head Lamps. He has also been instrumental in setting up an in-house R & D center equipped with some of the most sophisticated and advance equipments. He has also participated in a number of Trade Fairs and visited all major markets world over. Shri Mahipal Gupta is a senior member of Association of Electronics Manufacturing, Machining Technology Association, Forming Technology Association, Finishing Processes, Computer and Automated Systems Association of SME, USA, a member of ASM International, USA, IESNA, USA and the US National Committee of the IEC.



He has Developed First time in India the high energy saving, high tech product Compact Fluorescent lamps, Energy Saving Lamps, Electronic Transformers, Ballasts & Fixtures.

Shri Raj Pal Gupta (Director)

Shri Raj Pal Gupta, aged 58 years is a post graduate and has over 38 years of vast experience especially in the areas of purchase (both Imports & local), Cost Reduction, Value Engineering & Value Analysis, Manufacturing, OE Marketing, Finance etc.. Apart from participating in international trade fairs, seminars & fairs, he has developed business with developed nations like the US. In connection with business promotion, he has visited several countries such as the US, Korea, Holland, Germany, Dubai, France, Nepal etc. He is also a member of Rajasthan Business Club, Rotary Club and Golf Club, Rambagh.





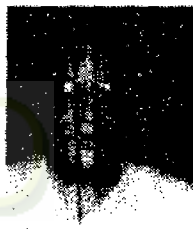
Shri Gauri Shankar Das (Director)

Shri Gauri Shankar Das, aged 70 years, is an M.Sc. & CAIIB had a brilliant academic record through out. Having joined as a Probationary Officer in 1963, he held senior management positions in nationalized banks till his retirement as General Manager (Operations) of State Bank of Bikaner & Jaipur. He has rich and vast experience of over 35 years in the areas of Credit, Financial Management, Behavioral Output, General Administration, Advanced Management Techniques etc.. He was also deputed for training outside the country on a number of occasions under the aegis of Asian Development Bank, World Bank etc. He was also a Nominee Director of SBBJ on the Boards of NITCON & RAJCON and also a member representing the coordinating Bank i.e. SBBJ on the Board of Banking Service Recruitment Board, Jaipur. He is a member of the Audit Committee, Remuneration Committee and Investors' Grievance Committee of the Board of Directors of the company also.



Shri R.S. Mehta

Shri Rajendra Singh Mehta, an M.B.A. from the Indian Institute of Management, Ahmedabad, also has Post Graduate Diploma in Foreign Trade. He was awarded Tata Exports Merit Scholarship also. He has undertaken numerous studies in the area of HRD and other organizational studies in the corporate sector and participated in numerous Management Development Programmes/seminars & conferences at national & international levels.



Shri Rajendra Singh Mehta has over 40 years of work experience in reputed organizations in senior managerial positions, the last one being the Vice President (HR) with Aditya Birla Group. His areas of specialization include HRD (with special emphasis on Training and Development), Personnel Management, Industrial Relations, General Administration etc.. He is a member of the Remuneration Committee and Investors' Grievance Committee of the Board of Directors of the company.

Shri S.P. Batra (Director)

Shri S.P. Batra, aged 70 years, is a B.E. (Mech.) and a Fellow of Institution of Engineers (India), MIMA MIIE. He has also done professional courses in Total Quality Management for Top Management from BITS/UNIDO, Sweden, Advance Management Programme (AMP) from the Indian Institute of Management, Ahmedabad, Special course on Production Control and Management from University of Rorkee etc.. He also participated in World Quality Congress thrice. He worked for organizations like Railway Board, Director General Ordnance Factories, Burn Standar Co. (Addl. GM), A.K.S. Bearings Ltd. (Production Chief), Kamal Enterprises (ED) and Cycle Corporation of India (CMD). Currently, he is Director (Training & Development) at the Indian Institute of Rural Management. He has also been making regular contribution to the Technical Journals & other publications.

He is a member of the Audit Committee of the Board of Directors of the company.



Autolite (India) Limited

Shri. Snehil Kumar (Director)

Snehil Kumar is a TQM counselor based in Jaipur. He is an engineer with 10 years of experience as practicing manager in Tata Steel and 11 years of counseling with organizations as part of CII and as an independent counselor. He has counseled over 100 companies to steer them towards organizational excellence including Deming award winning organizations. He is a JIPM TPM trained consultant, trained in TQM from Japanese Union of Scientists and Engineers (JUSE). He has been trained in TOC by Goldratt Institute, in Lean methodology by Lean Enterprise institute, USA and SPC techniques from Indian Statistical Institute. He worked as TQM counselor with TQM Division of CII and as TPM counselor with TPM Club of India for a span of seven years. His field of activities includes counseling on creating Daily Management infrastructure and assist implementation of Lean and TPM principles in the organizations. He has been assisting companies on their Deming Journey.

He has also been actively involved in working with governmental organizations for improving services. He is a visiting faculty at Lal Bahadur Shastri National Academy of Administration, Mussorie. He is recipient of LEAD fellowship for the year 2008-09.

He has co founded a counseling network called 'Partners-in-Change' to provide hands-on assistance to companies on their turnaround initiatives. He is president of 'EKJUT', an NGO providing social health services in districts of Jharkhand and Orissa. He is an independent director in the board of AUTOLITE India Ltd., an automobile headlight manufacturing company. His current assignments include companies like SRF, Jubilant Organosss, CEAT, DCM Engineering, DCM Textiles, Minda Corp. etc.

He is a member of the Remuneration Committee of the Board of Directors of the company.



Shri Kuldeep Kumar Gupta (Additional Director)

Shri Kuldeep Kumar Gupta is a Chartered Accountant, Cost Accountant and Company Secretary. He is having 23 years experience in financial sector in different companies. He is having his own practice of Chartered Accountancy since last 17 years and is associated with loan syndication with banks/financial institutions.

He is a member of the Audit Committee of the Board of Directors of the company.



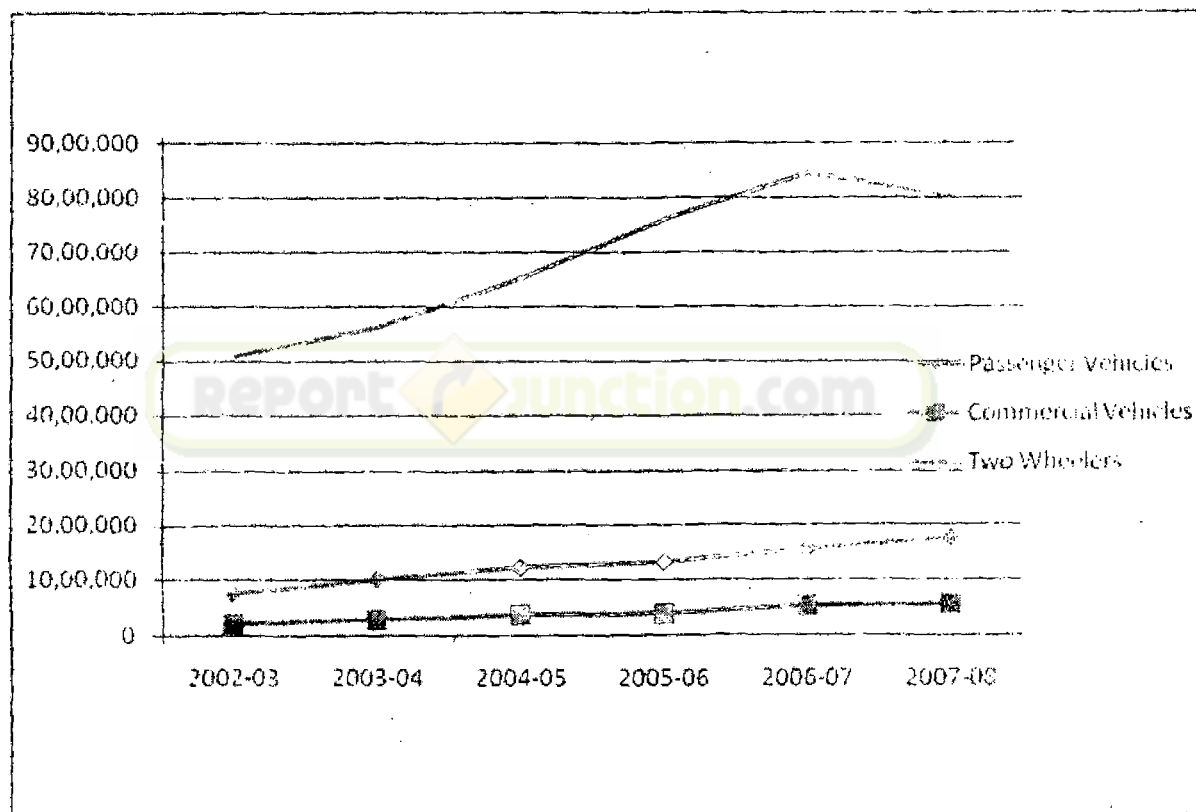


MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure, Developments & Outlook

The Automotive Industry growth has shown a slight negative growth figure after 8 years. The total vehicles produced have declined to 1.08 Crore in this fiscal from 1.10 Crore in 2006-07. This is a marginal 3 % decline due

to drop of sales in 2 & 3 wheeler industry which amounts to 80% of the Indian vehicle sales. But The sales of the Passenger cars have risen by 14% and commercial vehicles have increased by 5% which is the main target segment of your company. There is also a considerable increase of 22.44% in Vehicle Exports from the country.



The Indian Auto Component Industry is emerging Global Outsourcing destinations for corporations across the world. The Indian Auto Component Industry is estimated at approximately USD 18 Billion with CAGR of 27%. Exports are estimated at 3.61 Billion with 29% CAGR.

Opportunities, threats

Many Global & Indian Vehicle manufacturers are increasing their production capacities in India. It is expected that this capacity is of about 2 million cars per annum. Some of these companies are Maruti Suzuki, Tata Motors, Hyundai, Ashok

Autolite (India) Limited

Leyland, Toyota, Bajaj Auto, Volkswagen, Nissan & Honda.

Apart from this many International Purchase Offices of Global Auto Makers and Component Manufacturers have been setup in India for their World wide sourcing of auto components from India.

1. High Inflation & High Interest Cost may slow down the Industrial Growth Scenario. This may affect

the volume as well as the profit of the auto component industry.

2. Increasing Prices Raw Material & volatility of the currency may impact the profitability of the company.
3. Another challenge faced by the auto component industry today is the presence of the counterfeit products in the market.
4. There is a lot of pressure from the OEM's to reduce the prices of the components due to high competition

Segment-wise performance

The company operates mainly in three business segments i.e. Head Lamps, Halogen Bulbs and Trading. Segment-wise performance is summarized below:

| Particulars | 2007-08 | 2006-07 | % change |
|---|---------|---------|----------|
| A. Head Lamps (including Reflectors, Sealed Beams, Bulb Components & other Misc. items) | | | |
| Production (No.) | 4731744 | 4249237 | 11.36% |
| Sales (No.) | 4818281 | 4184853 | 15.14% |
| Sales (Rs. Lacs.) | 5530.69 | 5261.14 | 5.12% |
| Average price realization (Rs./Pc) | 114.79 | 125.72 | |
| B. Halogen Bulbs | | | |
| Production (No.) | 8343467 | 6794261 | 22.80% |
| Sales (No.) | 8500965 | 6773832 | 25.50% |
| Sales (Rs. Lacs) | 1651.21 | 1368.51 | 20.66% |
| Average price realization (Rs./Pc) | 19.40 | 20.20 | |
| C. Trading | | | |
| Purchase (No.) | 2788240 | 1104748 | 152.39% |
| Sales (No.) | 2788240 | 1104748 | 152.39% |
| Sales (Rs. Lacs) | 1208.04 | 257.72 | 368.74% |
| Average price realization (Rs./pc) | 43.33 | 23.33 | |

Quality & Systems (ISO-14001 & OHSAS - 18001)

Autolite has always been a pioneer in terms of Quality in the eyes of all its customers. Customer Delight has always been the core of all the functions at Autolite. The major achievements in the field of Quality & Systems during the year under review are as under:

- * Company is not only focused on the **Quality Management System** but also on the **Environment Health and Safety Management System**.

- * Autolite is again **recertified with TS 16949**. Now, Autolite is also **certified with the ISO 14001 Environment Management System** and **OHSAS 18001 (Occupational Health and Safety Management System)** by DQS Germany. These certifications are on both Head Lamp & Halogen Lamp Units.

- * Autolite successfully completed a **Surveillance Audit** of all the certificates.

- * Autolite is doing the following tasks regularly to show its responsibility towards the Environment and Society :