



Excellence in Lighting



**19th
Annual Report
2004-05**

Autopal Industries Limited



Autopal Industries Limited

19th Annual Report 2004-05

BOARD OF DIRECTORS :

Shri I. B. Soni

(Chairman & Managing Director)

Shri R. L. Rawat

(Director)

Shri Ashok Gupta

(Director)

CONTENTS Page No.

Notice	1-2
Management Discussion & Analysis	3-4
Corporate Governance	5-10
Directors' Report	11-13
Auditors' Report	14-17
Balance Sheet	18
Profit & Loss Account	19
Schedules	20-30
Cash Flow Statement	31
Balance Sheet Abstract & Profile	32

Bankers

State Bank of Bikaner & Jaipur

(C&I Division)

S.M.S. Highway, Jaipur – 302 003

State Bank of Patiala

M.I. Road, Jaipur

Auditors

M/s Kalani & Associates

Chartered Accountants,

O-12, Parijat, First Floor,

Keshav Path, Ashok Marg,

Jaipur – 302 003

Registered Office & Works

E-195(A), RIICO Industrial Area,

Sanganer, Jaipur – 303 902

(Rajasthan)



NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the members of AUTOPAL INDUSTRIES LIMITED will be held at the registered office of the Company i.e. E-195 (A), RIICO Industrial Area, Sanganer, Jaipur-303902 (Rajasthan) on Friday, September 30, 2005 at 12.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance-sheet as at March 31, 2005 and Profit and Loss Account for the financial year ended on that date and the reports of the Directors and Auditors thereon;
2. To appoint a Director in place of Shri Ashok Gupta who retires by rotation and offers himself for re-appointment;
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:
"RESOLVED THAT approval be and is hereby granted to the Board of Directors to apply for de-listing of equity shares of the company from any one or more Stock Exchange(s) i.e. i) Jaipur Stock Exchange Limited ii) The Stock Exchange, Mumbai, iii) Calcutta Stock Exchange Association Limited. iv) The Delhi Stock Exchange Association Ltd., subject to the compliance of the provisions of the Listing Agreement and any other conditions prescribed by the respective Stock Exchanges, SEBI and any other authorities notified by the Government in this regard."
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT subject to the previous

approval of Central Government, if required, and provisions of Section 269 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, consent of members be and is hereby granted for the re-appointment of Shri I.B. Soni as Managing Director for a period of 3 (Three) years with effect from December 8, 2005, whose term of office as Managing Director expires on December 7, 2005, without any remuneration in view of negligible level of business activities.

RESOLVED FURTHER THAT during currency of his second term as the Managing Director w.e.f. December 08, 2005, if the financial position of the company improves, the members may review payment of remuneration to him in terms of provisions of Schedule XIII of the Companies Act, 1956 and further subject to approval of the Central Government, if required as per the prevailing legal provisions.

By order of the Board

Sd/-

(I.B. Soni)

Place: Jaipur

Date: 31.08.2005 Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
4. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the registered office of the company during office hours on all working days between

Autopal Industries Limited

10.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

5. The Register of Members and Share Transfer Books of the company shall remain closed from Friday, September 23, 2005 to Friday, September 30, 2005 (both days inclusive).
6. Members requiring information on the accounts are requested to write to the company at least seven days before the date of the meeting to enable the company to furnish the information.
7. Members are requested to bring their copies of Annual Report at the Meeting.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 2

Shri Ashok Gupta, aged 39 years, is a Post Graduate in Commerce and has over fifteen years of varied experience in the areas of finance, banking, accounts, plant management, inventory management etc.. He retires by rotation at the 19th Annual General Meeting of the Company and offers himself for re-appointment. In terms of section 274 (1)(g) of the Companies Act, 1956, all directors of the company are ineligible to be appointed/reappointed as directors in any public limited company. On his re-appointment as a director in the ensuing AGM, the company will obtain Central Government approval in this regard, if required, under the Companies Act, 1956.

None of the Directors, except Shri Ashok Gupta

Place: Jaipur
Date: 31.08.2005

himself, is interested in the above item of business.

ITEM NO. 4

Your company's shares are presently listed on four Stock Exchanges i.e. at Jaipur (Regional), Mumbai, Delhi and Calcutta. Since majority of transactions in securities are now done on-line and with a view to reduce cost, it is advisable that the company gets its securities de-listed from one or more of the Stock Exchange(s). SEBI has issued revised guidelines in this regard in the month of February 2003. The resolution set out at Item no. 4 is meant to authorize the Board of Directors to proceed in this regard.

None of the Directors is interested in the above item of business.

ITEM NO. 5

Shri I.B. Soni was appointed as Managing Director of the Company w.e.f. December 8, 2000 for the period of five years. Hence, the term of office of Shri I.B. Soni will expire on December 7, 2005. Keeping in view the contributions made by Shri I.B. Soni, your directors propose his re-appointment, subject to the approval of Central Government for another term of five years. In terms of section 274 (1)(g) of the Companies Act, 1956, all directors of the company are ineligible to be appointed/reappointed as directors in any public limited company hence his re-appointment shall be subject to the prior approval of the Central Government.

None of the Directors, except Shri I.B. Soni is concerned or interested in the above business.

By order of the Board

Sd/-

(I.B. Soni)

Chairman & Managing Director



MANAGEMENT'S DISCUSSION AND ANALYSIS

Industry Structure and Developments

As research has proved time and again, highly energy efficient products like Compact Fluorescent Bulbs (CFL) have tremendous growth potential given the fact that electricity cost has been witnessing steep increase over past few years. It has been fast replacing the traditional incandescent bulbs in households, industries & offices alike. There is still a lot to be done to educate people, especially in the semi-urban and rural areas, of the benefits in terms of cost saving as well as better quality output that may be achieved by going in for technically superior products.

Opportunities & Threats

Compact Florescent Lamps (CFL) have become one of the key energy saving products in India. This fact is well accepted by public. There is a great potential for CFL in India as well as in world market. However, the import of CFL from China, Sri Lanka, etc. at a ridiculously low price poses a big threat to the Indian industry.

Due to high energy saving and cost effectiveness, CFL has vast scope and the demand has been increasing many fold year after year and as such the CFL manufacturing industries will show substantial growth in the near future.

Outlook

CFL is high energy saving product and is in the reach of even low-income group with its different varieties. It has the benefit of long life, high luminous and energy saving in comparison to ordinary incandescent bulbs.

In India, most public still use the ordinary bulbs especially in remote areas due to lack of knowledge. CFL in future will become the main lighting product due to its various benefits as electricity rates have been showing upward trend and are soon going to reach to an unaffordable level for the general public. This offers

tremendous growth potential for CFL industry.

Quality, Product Development and R & D

Besides the requisite infra-structure for production as well as technical know-how, company also has the best quality testing equipments, R & D Lab and product development facilities. Your company is thus well equipped to make quality products comparable with the best in the industry.

However, efforts in this direction are severely affected due to liquidity constraints.

Exports

Since the company is not in a position to ensure timely delivery due to absence of working capital support from the banking system, Autopal is currently not exporting its products.

Risks & Concerns

Despite inferior quality, Chinese products are regularly dumped in the Indian market from time to time. The Indian Industry thus faces major threat from China due to its advantages of economies of scale, low financial cost and other industry friendly Government policies.

The Board for Industrial & Financial Reconstruction has, vide its order dated August 25, 2005, declared Autopal Industries Limited as a sick industrial company on the basis of financials for the year ended March 31, 2001. IFCI has been appointed as the Operating Agency (OA) to prepare a revival scheme.

Internal Control Systems

The company has adequate internal control systems commensurate with the size and activities of the organization.

Autopal Industries Limited

FINANCIAL REVIEW AND ANALYSIS

(Rs. in Lacs)

	2004-05	2003-04	% Change
Net Income	6.22	25.49	-76%
PBIDT	(4.71)	(4.74)	1%
Financial Expenses	295.13	250.11	-18%
Depreciation & Misc. expenses written off	45.06	45.08	0%
Net Profit/(Loss) before Extra-ordinary items	(344.90)	(299.93)	-15%
Extra-ordinary items/ Prior period items	0.01	7.57	100%
Provision of earlier years written back	1.29	0.00	
Net Profit / (Loss) for the year	(343.62)	(307.50)	-12%
Profit brought forward from previous year	(3611.13)	(3303.63)	
Surplus/(deficit) carried to Balance-sheet	(3954.74)	(3611.13)	

Analysis of Financial Results

During the financial year ended on March 31, 2005, net income at Rs. 6.22 Lacs was 76% lower as compared to Rs. 25.49 Lacs in the corresponding previous year. Loss before interest, non-cash expenses and extra-ordinary items has come down from Rs. 4.74 Lacs to Rs. 4.71 Lacs. Net loss for the year under review before extra-ordinary items has gone up by 15% to Rs. 344.90 Lacs as compared to Rs. 299.93 Lacs during the

corresponding previous financial year.

Non-availability of working capital continues to severely affect operations of the company.

Human Resources Policy

Presently there is no activity in the Company. HR policy shall be reworked as and when Company's activity resumes to normal level.



CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance:

It has been the endeavour of the company to follow high standards of disclosure and corporate governance within the financial constraints.

Clause 49 of the Listing Agreement stipulates norms and disclosure standards to be followed on the corporate governance by listed companies. Due to negligible level of operations and considering the fact that Autopal has been declared sick by BIFR, it has not been possible to have adequate representation of the qualified, professional, non-executive and independent directors. The following information constitutes compliance report of Autopal with clause 49:

Board of Directors

Board Procedure

In terms of the Listing Agreement, meetings of Board of Directors are held at least four times a year with a maximum time gap of four months between any two meetings. All information as required to be made available to the Board is provided to the members of the Board well in time for discussions in the Board Meetings for taking corrective action, if any.

Composition of the Board

As of March 31, 2005, the Autopal Board consisted of three Directors, one of whom i.e. the Managing Director is in the whole-time employment. The remaining two are non-executive Directors with none of them being the independent director. The composition as well as category of Directors is given hereunder:

Sl. No.	Name of Director	Category	Attendance at Board & AGM		Outside Directorships & Committee positions (as on 31.03.2005)			
			Board meetings attended	Last AGM	Directorships		Committee Positions	
					Member	Chairman	Member	Chairman
1	Shri I.B. Soni	Chairman and Managing Director	8	Yes	1	Nil	1	Nil
2	Shri R.L. Rawat	Non Executive Director	8	Yes	1	Nil	2	2
3	Shri Ashok Gupta	Non Executive Director	8	Yes	Nil	Nil	1	Nil

Autopal Industries Limited

Board Meetings

During the financial year 2004-05, the Board of Directors met eight times. The maximum time gap between any two meetings was 61 days.

The details of the Board Meetings held during the financial year 2004-05 are given hereunder:

Date of Meeting	Total Members	Members Attended
30/04/2004	3	3
31/05/2004	3	3
31/07/2004	3	3
31/08/2004	3	3
30/10/2004	3	3
30/11/2004	3	3
31/01/2005	3	3
28/02/2005	3	3

Audit Committee

The Board constituted its Audit Committee w. e. f. July 30, 2002. However, due to inadequate number of non-executive directors, the Committee was constituted with only two directors. The requisite details are as follows:

Name	Terms of reference
Shri R.L. Rawat (Chairman) Shri Ashok Gupta (Member)	<ul style="list-style-type: none"> -Oversight of financial reporting system of the company; -Recommending appointment/removal of auditors, fixing the fee & approval of payment for other services -Reviewing with management annual financial statements before submission to the board including qualifications in draft auditors' report; -Reviewing with management, external & internal auditors the adequacy of internal control system; -Reviewing the adequacy of internal audit function; -Reviewing findings of any internal investigations into suspected fraud, irregularity or failure of internal control system.

The Audit Committee met thrice during the FY 2004-05 on July 29, 2004, October 27, 2004 and January 29, 2005. As and when one or more non-executive director is inducted on the Board of Directors, the Board shall reconstitute the Audit Committee also.

Investors' Grievance Committee

The company has set up an Investors' Grievance Committee to look into the complaints relating to non-receipt of dividend warrants, annual report, transfer/transmission of shares etc. as required in terms of clause 49 of the Listing Agreement. The details of members of the Committee as well as status of investor complaints received during the year 2004-05 are as follows:

Name of Members	No. of complaints			
	Pending at beginning	Received	Resolved	Pending at the end
Shri R.L. Rawat (Chairman)	1	39	40	NIL
Shri I.B. Soni (Member)				

The Board of Directors set up investors' Grievance Committee on 30th July, 2002. There were two meetings of Investors' Grievance Committee during the financial year 2004-05 on July 26, 2004 and January 28, 2005. Both the members attended the meetings of Investors' Grievance Committee.

Remuneration Committee (non-mandatory)

The company has so far not constituted the Remuneration Committee. Hence, all matters relating to finalization of remuneration of Executive Directors are taken-up in the meeting of Board of Directors.

During the year 2004-05, Company paid total sum of Rs. 60,000/- in the form of salary to the Managing Director Shri I.B. Soni. Due to ongoing financial crunch in the Company, it doesn't pay anything to the non-executive directors for attending the Board Meetings.



General Body Meetings

The details of last three Annual General Meetings of the company are given hereunder:

Year	Location	Date	Time
2001-2002	D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur-302013	September 30,2002	5.00 P.M.
2002-2003	D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur-302013	September 30, 2003	3.00 P.M.
2003-04	D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur-302013	September 30, 2004	2.00 P.M.

Resolution regarding business suggested for decision by postal ballot under clause 49 of the Listing Agreement (Non-mandatory)

-No postal ballots were conducted for voting during the year 2004-05.

-At the forthcoming Annual General Meeting also, the company does not propose to pass any resolution through postal ballot.

Disclosures

There are no related party transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries etc. that may have potential conflict with the interests of company at large.

Means of Communication

Whether half yearly results sent to each household of shareholders	No
Quarterly results normally published in which newspapers	'The Statesman' (English) 'Samachar Jagat' (Hindi)
Any web site where displayed	No
Whether it also displays official news releases	N.A.
Presentations made to institutional investors or analysts	N.A.
Whether MD & A is a part of annual report	Yes

SHAREHOLDER INFORMATION

Annual General Meeting

The Nineteenth Annual General Meeting of the company will be held on Friday, September 30, 2005 at 12.30 p.m. at the Registered office of the company i.e. E-195(A), RIICO Industrial Area, Sanganer. Jaipur – 303 902.

Autopal Industries Limited

Financial Calendar for the year 2005-06 (Tentative)

Sl. No.	Activity	Time schedule
1	Results for the first quarter ending June 30,2005	By end of July'05
2	Results for the second quarter ending September30, 2005	By end of October'05
3	Results for the third quarter ending December 31,2005	By end of January'06
4	Results for the fourth quarter ending March 31,2006	By end of April'06

Date of Book Closure

The Register of Members and Share Transfer Books of the company will remain closed from Friday, September 23, 2005 to Friday, September 30, 2005 (both days inclusive) for the purpose of Annual General Meeting.

Dividend

The Directors have not recommended any dividend for the financial year 2004-05.

Listing Details

Company's equity shares are listed on the Stock Exchanges as detailed below:

Sl. No.	Name of Stock Exchange (s)	Address	Listing fee Paid up to	Stock Code
1.	Jaipur Stock Exchange Ltd.	Stock Exchange Building, JLN Marg, Malviya Nagar, Jaipur-302 017	1992-93	29
2.	The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 023	2000-01	517286
3.	Calcutta Stock Exchange Association Limited	7, Lyons Range, Calcutta - 700 001	1996-97	
4.	The Delhi Stock Exchange Association Ltd.	DSE House, 3/1, Asaf Ali Road, New Delhi-110 002	1995-96	6241

The Company is not in a position to pay the Annual Listing Fee due to negligible level of operations and the resultant liquidity crunch