

## BOARD'S REPORT

Dear Members,

Your Directors with immense pleasure present the 40<sup>th</sup> Annual Report of Lumax Auto Technologies Limited ("Company") on the business and operations together with Audited Balance Sheet and Statement of Profit & Loss of your Company for the year ended March 31, 2021.

We have established our position in the industry as one of the prominent leaders and are the preferred supplier for all major OEMs. We have a diverse basket of products offering. The below mentioned performance itself speaks volumes of the initiatives, the Company has taken to strengthen the profitability.

The Key highlights of Financial Performance of your Company for the year along with last year figures are as follows:

### I. STANDALONE & CONSOLIDATED

(₹ in Lakhs)

|                                                                                          | Standalone                           |                                      | Consolidated                         |                                      |
|------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                                                                                          | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
| Revenue from Operations                                                                  | 90,294.89                            | 94,236.07                            | 110,792.85                           | 1,14,091.38                          |
| Other Income                                                                             | 2,206.43                             | 2,717.95                             | 1,818.47                             | 1,810.15                             |
| <b>Total Income</b>                                                                      | <b>92,501.32</b>                     | <b>96,954.02</b>                     | <b>112,611.32</b>                    | <b>1,15,901.53</b>                   |
| <b>Total Expenses</b>                                                                    | <b>86,934.50</b>                     | <b>90,828.97</b>                     | <b>105,388.78</b>                    | <b>1,09,403.15</b>                   |
| <b>Profit before tax, share in net profit/(loss) of associates and exceptional items</b> | <b>5,566.82</b>                      | <b>6,125.05</b>                      | <b>7,222.64</b>                      | <b>6,498.38</b>                      |
| Share of (loss) of associates                                                            | -                                    | -                                    | (9.33)                               | (30.10)                              |
| <b>Profit before exceptional items and tax</b>                                           | <b>5,566.82</b>                      | <b>6,125.05</b>                      | <b>7,213.21</b>                      | <b>6,468.28</b>                      |
| Exceptional items                                                                        | -                                    | -                                    | (63.00)                              | -                                    |
| <b>Profit before Tax</b>                                                                 | <b>5,566.82</b>                      | <b>6,125.05</b>                      | <b>7,150.21</b>                      | <b>6,468.28</b>                      |
| Tax Expenses                                                                             | 1,358.09                             | 997.67                               | 2,034.80                             | 1,367.84                             |
| <b>Profit for the year from continuing operations</b>                                    | <b>4,208.73</b>                      | <b>5,127.38</b>                      | <b>5,115.41</b>                      | <b>5,100.44</b>                      |
| Profit before tax for the year from Discontinued operations                              | -                                    | 948.58                               | -                                    | 948.58                               |
| Tax expense of Discontinued operations                                                   | -                                    | 123.29                               | -                                    | 123.29                               |
| <b>Profit for the year from Discontinued operations</b>                                  | <b>-</b>                             | <b>825.29</b>                        | <b>-</b>                             | <b>825.29</b>                        |
| <b>Profit for the year</b>                                                               | <b>4,208.73</b>                      | <b>5,952.67</b>                      | <b>5,115.41</b>                      | <b>5,925.73</b>                      |
| <b>Profit for the year attributable to -</b>                                             |                                      |                                      |                                      |                                      |
| a) Owners of Lumax Auto Technologies Limited                                             | 4,208.73                             | 5,952.67                             | 4,712.96                             | 5,803.89                             |
| b) Non- controlling interests                                                            | -                                    | -                                    | 402.45                               | 121.84                               |
| <b>Other Comprehensive Income</b>                                                        | <b>3,854.32</b>                      | <b>(5,105.30)</b>                    | <b>3,853.11</b>                      | <b>(5,086.53)</b>                    |
| <b>Other Comprehensive Income attributable to -</b>                                      |                                      |                                      |                                      |                                      |
| a) Owners of Lumax Auto Technologies Limited                                             | 3,854.32                             | (5,105.30)                           | 3,858.23                             | (5,093.40)                           |
| b) Non- controlling interests                                                            | -                                    | -                                    | (5.12)                               | 6.87                                 |
| <b>Total Comprehensive Income for the year</b>                                           | <b>8,063.05</b>                      | <b>847.37</b>                        | <b>8,968.52</b>                      | <b>839.20</b>                        |
| <b>Total Comprehensive Income for the year attributable to -</b>                         |                                      |                                      |                                      |                                      |
| a) Owners of Lumax Auto Technologies Limited                                             | 8,063.05                             | 847.37                               | 8,571.19                             | 710.49                               |
| b) Non- controlling interests                                                            | -                                    | -                                    | 397.33                               | 128.71                               |
| <b>Paid-up Equity Share Capital (Equity shares of ₹ 2 each)</b>                          | <b>1,363.15</b>                      | <b>1,363.15</b>                      | <b>1,363.15</b>                      | <b>1,363.15</b>                      |
| <b>Earnings Per Share Basic &amp; Diluted EPS (in ₹)</b>                                 | <b>6.17</b>                          | <b>8.73</b>                          | <b>6.91</b>                          | <b>8.52</b>                          |

## Board's Report (Contd.)

### A. COMPANY PERFORMANCE

#### STANDALONE:

On Standalone basis, the Company achieved Revenue of ₹ 90,294.89 Lakhs for the FY 2020-21 as compared to ₹ 94,236.07 Lakhs in FY 2019-20, a decline of 4.18%. The Profit before Tax (PBT) from continuing operations stood at ₹ 5,566.82 Lakhs as against ₹ 6,125.05 Lakhs. Similarly, the Profit after Tax (PAT) was recorded at ₹ 4,208.73 Lakhs as against ₹ 5,127.38 Lakhs in last year.

#### CONSOLIDATED:

On Consolidated basis, the Company achieved Revenue of ₹ 1,10,792.85 Lakhs for the FY 2020-21 as compared to ₹ 1,14,091.38 Lakhs in FY 2019-20, a decline of 2.89%. The Profit before Tax (PBT) and exceptional items from continuing operations stood at ₹ 7,213.21 Lakhs as against ₹ 6,468.28 Lakhs. The Profit after Tax (PAT) and before minority interest was recorded at ₹ 5,115.41 Lakhs as against ₹ 5,100.44 Lakhs in last year.

#### DIVIDEND

The Board of Directors (herein referred to as "the Board") have recommended a dividend of ₹ 3/- per equity share (i.e 150%) of face value of ₹ 2/- each for the FY 2020-21 subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM").

The proposed Final Dividend for FY 2020-21, would result in appropriation of ₹ 2,044.73 Lakhs as against ₹ 2,285.58 Lakhs (including dividend distribution tax of Rs. 240.85 Lakhs) in last FY 2019-20. The Dividend pay-out ratio works out to 48.58%.

The dividend, if declared, will be taxable in the hands of the shareholders subject to tax deduction at source at the applicable rates. For details, shareholders are requested to refer to the Notice of AGM.

The Register of Members and Share Transfer Books shall remain closed from Tuesday, the August 24, 2021 to Tuesday, the August 31, 2021 (both days inclusive). The Dividend as recommended by the Board, if approved by the shareholders at the ensuing AGM shall be paid to the eligible shareholders, whose names appear in the Register of Members as on Monday, the August 23, 2021 within the stipulated time period.

#### AMOUNT TRANSFER TO RESERVES

The Board of the Company do not propose to transfer any amount to reserve other than transfer of undistributed profits to surplus in statement of Profit & Loss.

### B. SUBSIDIARIES AND ASSOCIATE COMPANIES & CONSOLIDATED FINANCIAL STATEMENTS

As per Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations"), applicable provisions of the Companies Act, 2013 (herein referred to as "the Act") and Ind AS 110, the Audited Consolidated Financial Statements are provided in the Annual Report of the Company.

As on March 31, 2021, the Company has ten (10) Subsidiaries (including 2 step down subsidiaries) and two (2) Associate Companies. The performance highlights of these Companies are follows:

#### SUBSIDIARIES:

##### Lumax Management Services Private Limited (LMS)

LMS, a 100% subsidiary of the Company is a full-time service provider in form of Corporate Services to its Group Companies. The Revenue of LMS stood at ₹ 2,313.89 Lakhs for the FY 2020-21.

##### Lumax Integrated Ventures Private Limited (LIVE)

LIVE, a 100% subsidiary of the Company was established for manufacturing of Non-Automotive Parts. LIVE has two (2) Subsidiaries Lumax Energy Solutions Private Limited and Velomax Mobility Private Limited. The Consolidated turnover of the LIVE for the FY 2020-21 was ₹ NIL.

##### Lumax Mannoh Allied Technologies Limited (LMAT)

LMAT, a 55% subsidiary, formed in collaboration with Mannoh Industrial Co., Limited, Japan. The entity manufactures gear shifters and enjoys a market leadership position in India. The Revenue of LMAT stood at ₹ 12,299.39 Lakhs for the FY 2020-21.

##### Lumax Cornaglia Auto Technologies Private Limited (LCAT)

LCAT, a 50% subsidiary, formed in collaboration with Cornaglia S.p.A. Italy. The entity manufactures air intake systems, urea tank & injection blow moulded parts. The revenue of LCAT stood at ₹ 7,262.42 Lakhs for the FY 2020-21. The Pantnagar Plant has started commercial production during the year.

##### Lumax Mettals Private Limited (LMPL) (formerly: Lumax Gill-Austem Auto Technologies Private limited)

During the financial Year, LMPL became a 100% subsidiary, consequent upon acquisition of 50% Shareholding from Gill Austem LLC, USA, the JV Partner. Thereafter the name was changed to Lumax Mettals

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Private Limited. The revenue of LMPL stood at ₹ 1,309.89 Lakhs for the FY 2020-21.

### **Lumax FAE Technologies Private Limited (LFAE)**

LFAE, a 51% subsidiary, formed in collaboration with FAE, Spain. The entity manufactures Oxygen Sensors. During the Financial Year, LFAE started commercial production from its facility at Gurugram, Haryana. The revenue stood at ₹ 141.99 Lakhs for the FY 2020-21.

### **Lumax Jopp Allied Technologies Private Limited (LJAT)**

LJAT, a 50% subsidiary, formed in collaboration with JOPP, Germany. The entity manufactures Gear Shift Towers, AMT Kits & AGS. The Revenue of LJAT stood at ₹ 135.80 Lakhs for the FY 2020-21.

### **Lumax Yokowo Technologies Private Limited (LYTL)**

LYTL is a 50:50 Joint Venture between the Company and Yokowo, Japan to manufacture Antennas & other Vehicle Communication Products. It was incorporated on February 20, 2020. During the year, LYTL has generated business enquiries from OEMs for manufacturing of Antennas & other Vehicle Communication Products.

### **ASSOCIATES:**

#### **Lumax Ituran Telematics Private Limited (LITPL)**

LITPL is a 50:50 Joint Venture between the Company and Ituran Location and Control Limited, Israel. During the year, LITPL has secured order from one of the major global OEM.

#### **Sipal Engineering Private Limited (SEPL)**

SEPL is an Associate Company of Lumax Integrated Ventures Private Limited (LIVE). LIVE holds 45% equity in SEPL.

In accordance with the provisions of Section 129(3) of the Act, a report on performance and financial position of Subsidiaries, Associate Companies is presented in this Annual Report in the prescribed Form AOC-1 as a part of Financial Statements.

Further, in accordance with the provisions of Section 136(1) of the Act, the Audited Financial Statements, including the Consolidated Financial Statements and related information and audited accounts of subsidiaries and associates are available on the website of the Company i.e. [www.lumaxworld.in/lumaxautotech](http://www.lumaxworld.in/lumaxautotech) and the same shall also be made available for inspection at Registered Office of the Company during the working hours.

## **II. STATE OF COMPANY'S AFFAIRS**

FY 2020-21 was a tough year for the automotive sector as a whole. According to Society of Indian Automobile Manufacturers (SIAM) report, the industry produced a total 2,26,52,108 vehicles including Passenger Vehicles, Commercial Vehicles, Three wheelers, Two wheelers and Quadricycle during the FY 2020-21 as against 2,63,53,293 produced during last FY 2019-20 showing a degrowth of 14%. The more severely hit segments were the Commercial Vehicle Segment showing a decline of 17% and 3 Wheeler segment the worst impacted showing a decline of 46%. The automotive sector saw both ups and down during this period, witnessing the longest sustained downfall in automotive industry. During this turbulent and unprecedented time, the Company with its strong order book and products in development, remained the market leader and a preferred supplier for all the Original Equipment Manufacturers (OEMs) in India.

It has been a pretty successful year for the Company. It has been able to add new customers in its portfolio coupled with the new businesses from existing customers to improve top line.

To succeed in the digital era, where technologies are changing the ground rules in every industry, the Company undertook several new initiatives for enhancement of its existing Information Technology (IT) systems to meet the regulatory and other organizational requirements. The Company's focus was on automation. The Company implemented following new initiatives:

- Software for virtual meetings to facilitate management for smooth functioning. This resulted in better collaboration between management and employees and a lot of cost saving particularly in travel and other overheads during this period.
- Daily Operations Monitoring Reports and Dashboard to the users directly from SAP.
- Digitisation of champions of cost cutting (CCC), project registration and approval process resulting in quick decision, paperless office and escalation in case of any delay.
- In its endeavour to stay connected with the retail partners, despite the physical distancing and travel restrictions, the Lumax aftermarket launched "Lumax Retail World" an android app for the trade. The retailers, post registration, can access the complete range of Lumax aftermarket catalogue and also place orders online with their respective distributors. Information and notifications on New products are shared real-time and details of the latest offers/schemes etc. can also be explored by the retailers.

## Board's Report (Contd.)

The Company continues to uphold the highest standards of Corporate Governance, treating its various stakeholders as an ethical requisite rather than a regulatory necessity and continue to base all its actions on the principles of fairness, trust and transparency, standing by its core values of Respect, Integrity, Passion and Excellence.

All in all, the Company made good progress in all areas in FY 2020-21, and the management is quite confident that going forward the Company will continue to deliver value to all its customers and stakeholders. The long-term outlook for the Company remains positive and it is poised to outperform the industry.

Having said the above, your directors would like to put a word of caution with respect to spread of pandemic COVID-19 and repetitive countrywide lockdown during March, 2020 and first quarter of the current financial year which has severely hit the industry in general and automotive sector in particular. On account of this, the financial performance of the Company during the FY 2020-21 is affected. Though, the management of the Company has taken various initiatives to optimize costs in order to reduce the impact of COVID-19.

### A. CHANGE IN CAPITAL STRUCTURE

There was no change in the Share Capital of the Company during the year. As on March 31, 2021, the issued and paid-up share capital of the Company was ₹ 13,63,15,410 divided into 6,81,57,705 equity shares of ₹ 2/- each.

- a) Your Company has not issued shares with differential voting rights, not granted employee stock options, sweat equity or bonus shares. The Company does not have any Debentures, Preferential Shares as on March 31, 2021.
- b) Your Company has not made any provisions of money for purchase of its own shares by employees or by trustees for the benefit of employees during the year under review.

### B. CAPACITY & FACILITY EXPANSION

During Financial Year 2020-21, the Company has upgraded its manufacturing facilities as per customer requirement.

### C. QUALITY INITIATIVES

Your Company strives to be a supplier of choice across all its customers and is always committed to develop and design new products, in line with its strategy towards delivering competitive advantage to the

customers. In the said perspective, Total Productive Maintenance (TPM) has been successfully implemented across all plants of the Company to create a culture and environment which continuously improves quality, cost and delivery parameters.

In addition, the various plants of the Company have received awards for Quality initiatives in various forums of Quality Circle Forum of India (QCFI) and BAVA KAIZEN Competition, ACMA Kaizen Competition etc. Quality Control Circle (QCC) is an integral part for ensuring quality across all processes. By implementing these various initiatives, improvement of Quality is willingly carried out by employees in true spirit, resulting in minimizing rejection and cost.

### D. MANAGEMENT DISCUSSION & ANALYSIS REPORT

Pursuant to the provisions of Regulation 34 of the Listing Regulations, Management Discussion & Analysis Report is annexed as part of this report separately as an **Annexure - A** and provides details on overall Industry Structure and Developments, financial and operational performance and other material developments during Financial Year under review.

### E. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the Financial Year ended March 31, 2021, there was no change in the nature of business of the Company.

## III. GOVERNANCE AND ETHICS

### A. CORPORATE GOVERNANCE

The report on Corporate Governance together with the Auditor's Certificate regarding the Compliance of conditions of Corporate Governance as stipulated in Regulation 34 of the Listing Regulations is annexed and forms part of this Annual Report as an **Annexure - B**.

### B. DIRECTORS & KEY MANAGERIAL PERSONNEL INCLUDING THOSE WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

#### DIRECTORS

The Composition of Board is in conformity with the applicable provisions of Act and Listing Regulations.

During the year under review, Mr. Kanchan Kumar Gandhi (DIN: 08165876) resigned from the position of the "Non-Executive Independent Director" of the Company with effect from February 1, 2021. His resignation was accepted and taken on record by the Board in its meeting held on February 12, 2021.

The Board places on record its deep gratitude and appreciation for the valuable contribution and services

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rendered by Mr. Kanchan Kumar Gandhi during his tenure as independent director of the company.

### KEY MANAGERIAL PERSONNEL

As on March 31, 2021, Mr D.K. Jain, Chairman, Mr Anmol Jain, Managing Director, Mr Vikas Marwah, Chief Executive Officer, Mr Ashish Dubey, Chief Financial Officer and Mr Anil Tyagi, Company Secretary are regarded as Key Managerial Personnel (KMPs) as per the provisions of the Act.

### RETIREMENT BY ROTATION AND SUBSEQUENT RE-APPOINTMENT

In accordance with the Articles of Association of the Company and Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Mr. Sanjay Mehta, Director (DIN: 06434661) is due to retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

A brief profile of Mr. Sanjay Mehta is provided in the Notice of the ensuing AGM of the Company.

### C. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS

As stipulated under the provisions of Section 149 (6) of Act and Regulation 25 of Listing Regulations, the requisite declarations have been received from the Independent Directors regarding meeting the criteria of Independence as laid down under those provisions. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties.

The Board took on record the declaration and confirmation submitted by the independent directors regarding their meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same as required under Regulation 25 of the Listing Regulations.

### D. NUMBER OF BOARD MEETINGS AND COMMITTEES OF BOARD

During the FY 2020-21, the Board met Five (5) times viz. May 02, 2020, June 17, 2020, August 13, 2020, November 10, 2020 and February 12, 2021. It is confirmed that the gap between two consecutive meetings was not more than one hundred and twenty days as provided in Section 173 of the Act.

Pursuant to the requirements of Para VII (f) of Schedule IV of the Act and the Listing Regulations, a separate Meeting of Independent Directors was also conducted on February 25, 2021, without the presence of Non-Independent Directors and Members of the management to review the performance of Non Independent Directors and the Board as a whole, the performance of the Chairperson of the Company, taking into account the views of Executive Directors, Non Executive, Non-Independent Directors and also to assess the quality, quantity and timeliness of flow of information between the Company Management and the Board. The details on attendance during the Board Meetings and other Committee Meetings of Board of Directors are provided in Corporate Governance Report which forms part of the Boards' Report.

### E. BOARD DIVERSITY AND POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Company believes that building a diverse and inclusive culture is integral to its success. A diverse Board will be able to leverage different skills qualifications and professional experiences perspectives and backgrounds which is necessary for achieving sustainable and balanced development. The Board has adopted a policy on Nomination, Remuneration and Board Diversity which sets out the criteria for determining qualifications, positive attributes and independence of a Director.

The main features of the Policy are as follows:

1. Objectives
2. Role and Responsibility of Nomination & Remuneration Committee
3. Matters relating to appointment and remuneration of Directors
4. Remuneration to Independent Directors
5. Remuneration to other Employees
6. Term & Tenure

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters is enclosed to this Boards' Report as an **Annexure - C**.

### F. PERFORMANCE EVALUATION OF BOARD, COMMITTEE AND DIRECTORS

In accordance with applicable provisions of the Companies Act, 2013 and Listing Regulations, 2015 the evaluation of the Board as a whole, committees and all the Directors was conducted, as per the internally designed

## Board's Report (Contd.)

evaluation process approved by the Nomination and Remuneration Committee. The evaluation tested key areas of the Board's work including strategy, business performance, risk and governance processes. The evaluation considers the balance of skills, experience, independence and knowledge of the management and the Board, its overall diversity, and analysis of the Board and its Directors' functioning.

### EVALUATION TECHNIQUE

- The evaluation methodology involves completion of questionnaires consisting of certain parameters such as Evaluation factor, Ratings and Comments, if any.
- The performance of entire Board is evaluated by all the Directors based on Board composition and quality, Board meetings and procedures, Board development, Board strategy and risk management etc.
- The performance of the Managing Director and Executive Directors is evaluated by all the Board Members based on factors such as leadership, strategy formulation, strategy execution, external relations etc.
- The performance of Non- Executive Director and Independent Directors is evaluated by other Board Members based on criteria like managing relationship, knowledge and skill, personal attributes etc.
- It also involves self-assessment by all the Directors and evaluation of Committees of Board based on knowledge, diligence and participation, leadership team and management relations, committee meetings and procedures respectively.
- Further, the assessment of Chairman's performance is done by each Board Members on similar qualitative parameters.

### EVALUATION OUTCOME

The feedback of the evaluation exercise and inputs of Directors were collated and presented to the Board and an action plan to further improve the effectiveness and efficiency of the Board and Committees is put in place.

The Board as a whole together with each of its Committees were working effectively in performance of its key functions- Providing strategic guidance to the Company, reviewing and guiding business plans, ensuring effective monitoring of the management and overseeing risk management function. The Board is kept well informed at all times through regular communication

and meets once per quarter and more often as and when the need arises. Comprehensive agendas are sent to all the Board Members well in advance to help them prepare and ensure the meetings are productive. The Company makes consistent efforts to familiarize the Board with the overall business performance covering all Business verticals, by way of presenting specific performance of each Plant, Product Category and Corporate Function from time to time.

The performance of the Chairman was evaluated satisfactory in the effective and efficient discharge of his role and responsibilities for the day to day management of the business, with reference to the strategy and long term objectives.

The Executive Directors and Non-Executive Directors provided entrepreneurial leadership to the Company within a framework of prudent and effective controls, with a balanced focus on policy formulation and development of operational procedures. It was acknowledged that the management accorded sufficient insight to the Board in keeping it up-to-date with key business developments which was essential for each of the individual Directors to maintain and enhance their effectiveness.

### G. RELATED PARTY TRANSACTION AND POLICY

All contracts/arrangements/transactions entered by the Company with related parties were in ordinary course of business and at arm's length basis.

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on Related Party Transactions formulated by the Company. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the provisions of the Act and Listing Regulations.

The details of the related party transactions as per IND AS - 24 are set out in Notes to the Financial Statements of the Company. The Company has formulated a policy on Related Party Transactions, which is available on the Company's website at <http://www.lumaxworld.in/lumaxautotech/relatedparty-transaction-policy.pdf>.

There were no materially significant related party transactions entered into, by the Company with Promoters, Directors or Key Managerial Personnel, which may have a potential conflict of interest for the Company at large.

Form AOC - 2 pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the **Annexure - D** of this report.

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Further, the Shareholder approval on Material Related Party Transactions have been taken by way of Postal Ballot Notice dated November 10, 2020 for which the results were declared by the Company on January 15, 2021.

### H. COMPLIANCE MANAGEMENT FRAMEWORK

The Company has a robust and effective framework for monitoring compliances with applicable laws. The Company has installed a Software namely AVACOM for Compliance Management and through this Software the Company is able to get the structured control over applicable compliances by each of the units of the Company.

A separate Corporate Compliance Management Team periodically reviews and monitors compliances by units and supports in effective implementation of same in a time bound manner. The Board and Audit Committee along-with Compliance team periodically monitors status of compliances with applicable laws based on quarterly certification provided by Senior Management.

### I. VIGIL MECHANISM-WHISTLE BLOWER POLICY

The Company has established a vigil mechanism named Whistle Blower Policy, for Directors, employees and business associates to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics, in accordance with the provisions of Section 177 (10) of the Act and Regulation 22 of the Listing Regulations. This mechanism provides for adequate safeguards against unfair treatment of whistle blower who wishes to raise a concern and also provides for direct access to the Chairman of the Audit committee in appropriate/ exceptional cases.

The Whistle Blower Policy is uploaded on the Company website [www.lumaxworld.in/lumaxautotech](http://www.lumaxworld.in/lumaxautotech). To further strengthen this mechanism, the Company has launched an Employee App which is available for both android and iOS users to report any instances of financial irregularities, breach of Code of Conduct, abuse of authority, unethical / unfair actions concerning Company vendors /suppliers, malafide manipulation of Company records, discrimination among employees in an anonymous manner to provide protection to the employees and who report such unethical practices and irregularities.

Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy.

During the year under review, no incidence under above mechanism was reported.

### J. SECRETARIAL STANDARDS

The Board state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

### K. DIRECTORS RESPONSIBILITY STATEMENT

In terms of section 134 (3) (c) & 134 (5) of the Act and to the best of their knowledge and belief, and based on the information and explanations provided, your Directors hereby make the following statements:

- (i) that in the preparation of the Annual Accounts for the Financial Year ended March 31, 2021, the applicable Accounting Standards have been followed along with proper explanation relating to material departures in the Auditor Report and Notes to Accounts;
- (ii) that 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 and of the profit and loss of the Company for that period;
- (iii) that the Directors have 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) that the Directors have prepared the Annual Accounts on a "going concern" basis;
- (v) that 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) that 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.

### L. PARTICULARS OF EMPLOYEES

Information on Employees as required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms an integral part of this Report as an **Annexure - E**.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014,

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a statement showing the names of the top ten employees in terms of remuneration drawn and names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules which form part of the Directors' Report, will be made available to any shareholder on request, as per provisions of section 136(1) of the said Act.

### M. AUDIT COMMITTEE & COMPOSITION

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Act read with the Rules framed thereunder and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and having experience of Financial Management.

The Audit Committee comprises of Mr Arun Kumar Malhotra as Chairman, Mr Roop Salotra, Mr Milap Jain, Mr Avinash Parkash Gandhi and Mr Anmol Jain as Members.

Mr Anil Tyagi acts as Secretary to the Audit Committee.

The Audit Committee of the Company reviews the reports to be submitted to the Board of Directors with respect to auditing and accounting matters. It also supervises the Company's internal control processes financial reporting and vigil mechanism.

All the recommendations made by the Audit Committee were accepted by the Board of the Company.

## IV. INTERNAL FINANCIAL CONTROLS AND ADEQUACY

### A. ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO INTERNAL FINANCIAL STATEMENT

The Company has a robust and well embedded system of internal controls in place to ensure reliability of financial reporting, orderly and efficient conduct of business, compliance with policies, procedures, safeguarding of assets and economical and efficient use of resources. Appropriate review and control mechanisms are put in place to ensure that such control systems are adequate and operate effectively.

Periodical programs of Internal Audits are planned and conducted which are also aligned with business objectives of the Company. The meetings with Internal Auditors are conducted wherein the status of audits and management reviews are informed to the Board.

The Company periodically conducts physical verification of its inventory, fixed assets and Cash on hands and matches it with the books of accounts. Explanations

are sought for any variance noticed from the respective functional heads.

The Company has adopted accounting policies which are in line with the Indian Accounting Standards notified under Section 133 of the Act read together with the Companies (Indian Accounting Standard) Rules, 2014.

The Company gets its Standalone and Consolidated Financial Statements reviewed every quarter by its Statutory Auditors.

The Company uses an established ERP 'SAP S/4HANA' Systems to record day to day transactions for accounting and financial reporting. The SAP system is configured to ensure that all transactions are integrated seamlessly with the underline books of accounts, which helps in obtaining accurate and complete accounting records and timely preparation of reliable financial disclosures.

### B. RISK MANAGEMENT POLICY

The Company has adopted an enterprise risk management policy and established a risk management framework with an objective of timely identification, mitigation and control of the risks, which may threaten the existence of the Company, in accordance with the provisions of Companies Act, 2013 and Listing Regulations. The Company has also constituted an internal Risk Management Committee to review the risk trend, exposure, potential impact and their mitigation plans, and periodically the key risks are also discussed at the Audit Committee.

### C. CODE OF CONDUCT

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has adopted a Code of Conduct to regulate, monitor and report trading by Designated Persons [Pursuant to Regulation 9 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]. This Code of Conduct is intended to prevent misuse of Unpublished Price Sensitive Information ("UPSI") by designated persons.

The said Code lays down guidelines, which advise Designated Persons on the procedures to be followed and disclosures to be made in dealing with the shares of the Company and cautions them on consequences of non-compliances. Your Company has also updated its Code of practices and procedures of fair disclosures of unpublished price sensitive information by including a policy for determination of legitimate purposes. Further,



## Board's Report (Contd.)

your Company has put in place adequate & effective system of internal controls and standard processes have been set to ensure compliance with the requirements given in these regulations to prevent insider trading.

### D. AUDITORS

#### STATUTORY AUDITORS

The shareholders have approved the re-appointment of M/s S.R. Batliboi & Co. LLP (Firm Registration No. 301003E/E300005), Chartered Accountants as Statutory Auditors of the Company in the 38<sup>th</sup> Annual General Meeting held on August 23, 2019 to hold office till the conclusion of the 43<sup>rd</sup> Annual General Meeting of the Company to be held in the year 2024.

S.R. Batliboi & Co. LLP, Chartered Accountants have furnished a certificate confirming that they are not disqualified from continuing as Auditors of the Company. The Report given by the Statutory Auditors on the Financial Statements of the Company is part of this Annual Report. The Auditor Report does not contain any qualification, reservation, adverse remark or disclaimer.

#### COST AUDITORS

The Board on recommendation of Audit Committee has re-appointed M/s Jitender, Navneet & Co., (Firm Registration No. 000119) as the Cost Auditors of the Company in accordance with Section 148 and other applicable provisions, if any, of the Act for the audit of the cost accounts of the Company for the FY 2021-22.

The remuneration proposed to be paid to the Cost Auditor requires ratification by the shareholders of the Company. In view of this, your approval for payment of remuneration to Cost Auditors is being sought at the ensuing AGM. Accordingly, a resolution, seeking approval by members for the Ratification of the remuneration to be paid to Cost Auditors amounting to ₹ 1.50 Lakhs (Rupees One Lakh Fifty Thousand only) excluding taxes and out of pocket expenses, if any payable to M/s Jitender Navneet & Co., is included in the Notice convening 40<sup>th</sup> AGM of the Company.

The Cost Audit Report for the FY 2019-20 has been filed with the Central Government on October 10, 2020.

#### DISCLOSURE ON MAINTENANCE OF COST RECORDS AS SPECIFIED BY CENTRAL GOVERNMENT UNDER SUB SECTION (1) OF SECTION 148

The Company is maintaining cost records as stipulated under law.

#### SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Maneesh Gupta (Membership No. 4982), Practising Company Secretary as the Secretarial Auditor of the Company to undertake the Secretarial Audit for the FY 2021-22.

The Company has received consent from Mr Maneesh Gupta to act as the auditor for conducting audit of the secretarial records for the Financial Year ending March 31, 2022.

#### ANNUAL SECRETARIAL AUDIT REPORT & ANNUAL SECRETARIAL COMPLIANCE REPORT

The Secretarial Audit Report of the Company and the Secretarial Audit Report of Lumax Manno Allied Technologies Limited (Material Subsidiary of the Company) for the FY 2020-21 in the prescribed Form MR-3 is annexed herewith as an **Annexure - F**. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

Pursuant to Circular No. CIR/CFD/CMD1/27/2019 issued by Securities and Exchange Board of India dated February 8, 2019 read with Regulation 24(A) of Listing Regulations, all listed entities on annual basis are required to get a check done by Practising Company Secretary (PCS) on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder and get an Annual Secretarial Compliance Report issued by a PCS in this regard which is further required to be submitted to the Stock Exchanges within 60 days of the end of the Financial Year. Annual Secretarial Compliance Report was submitted to Stock Exchanges on May 18, 2021.

The Company has engaged the services of Mr Maneesh Gupta (FCS No. 4982), PCS and Secretarial Auditor of the Company for providing this certification.

Accordingly, the Company has complied with the above said provisions and an Annual Secretarial Compliance Report has been issued to the Company.

#### INTERNAL AUDITORS

In compliance with the provisions of Section 138 of the Act, read with the Companies (Accounts) Rules, 2014, the Internal Audit, of various units of Company, for the FY 2020-21 was done by M/s Deloitte Touche Tohmatsu India LLP (Firm Registration No. AAE 8458). Further, the Board in their meeting held on June 12, 2021 has appointed M/s Deloitte Touche Tohmatsu India LLP as Internal Auditors for the FY 2021-22.

## Board's Report (Contd.)

### E. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OF THE ACT OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT:

During the year under review, no frauds were reported by Statutory Auditor and Secretarial Auditor against the Company which would need to be mentioned in this Board's Report.

### V. BUSINESS RESPONSIBILITY REPORT

As stipulated under the Listing Regulations, the Business Responsibility Report ('BRR') has been prepared and forms part of the Annual Report as **Annexure - G**. The Report provides a detailed overview of initiatives taken by your Company from environmental, social and governance perspectives.

### VI. CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY AND INITIATIVES

Your Company is committed to grow and operate in a socially sustainable manner and continue to give back to society. A well-outlined CSR program creates social and environmental value thus impacting and improving the lives of communities. The key focus areas of your Company have been Education and Healthcare for disadvantaged sections of the society. The Company's focus areas are largely covered under Schedule VII of the Act. During the year, the Company continued its support to the existing schools by way of support on career counselling, integrating students in schools providing books and learning aids, meals enhancing holistic education opportunities. Under its healthcare initiatives, the Company is focusing on preventive healthcare by continuously organising health check-up camps, lending financial support to hospitals for juvenile diabetes, cataract operations.

The Company has constituted a CSR Committee of the Board and also developed & implemented a CSR Policy in accordance with the provisions of Act. The Committee monitors and oversees various CSR initiatives and activities of the Company.

#### CONSTITUTION OF CSR COMMITTEE

The CSR Committee of the Board comprises of Mr Roop Salotra as Chairman, Mr D.K. Jain and Mr Deepak Jain as Members. Further, the Board have also adopted the CSR Policy of the Company as approved by the Corporate Social Responsibility Committee which is also available on the website of the Company at [www.lumaxworld.in/lumaxautotech](http://www.lumaxworld.in/lumaxautotech).

The contents of the said policy are as below:

1. CSR Philosophy
2. Constitution of CSR Committee
3. Role of CSR Committee
4. Implementation of CSR Projects, Programs and Activities
5. Allocation of Budget
6. Lumax domains of engagement in accordance with Schedule VII
7. Monitoring and Review Mechanism
8. Management Commitment

The disclosures as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as an **Annexure - H** to this Report in the prescribed format.

### VII. OTHER STATUTORY DISCLOSURES AS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT, 2013

#### Names of Companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate Companies during the Year.

During the financial Year, Lumax Gill-Austem Auto Technologies Private Limited became a 100% subsidiary, consequent upon acquisition of 50% Shareholding from Gill Austem LLC, USA, the JV Partner. Thereafter the name of the Subsidiary was changed to Lumax Metallics Private Limited.

#### A. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3) (a) of the Act, the Annual Return as on March 31, 2021 is available on the Company's website on [www.lumaxworld.in/lumaxautotech/annual-return.html](http://www.lumaxworld.in/lumaxautotech/annual-return.html).

#### INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

##### Transfer of Unpaid Dividend

Pursuant to the provisions of Section 124(5) of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven (7) years from the date of transfer to Unclaimed/Unpaid Dividend Account of the Company. Consequently, your Company has transferred ₹ 99,978/- during the year to the IEPF, lying with it for a period of seven years pertaining to the FY 2012-13.

## Board's Report (Contd.)

### Transfer of Shares underlying Unpaid Dividend

Pursuant to the provisions of Section 124(6) of the Act read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') the shares in respect of which Dividend has not been claimed or unpaid by the Shareholders for seven (7) consecutive years or more shall also be transferred to the Demat account of IEPF Authority. During the year, your Company had transferred 5 shares to the Demat Account of the IEPF Authority on December 18, 2020 as per the requirement of IEPF Rules.

It may be noted that the due date for transfer into IEPF of the Unpaid/Unclaimed Dividend lying in the Unpaid Dividend Account of the Company for the FY 2013-14 along with the underlying Equity Shares is August 27, 2021. Accordingly, concerned Shareholders are requested to kindly claim the Unpaid/unclaimed Dividend along with the underlying Shares. The Notice as stipulated pursuant to the provisions of Section 124 of the Act read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 has been published in the newspapers on May 22, 2021 viz. the Financial Express (English- All Edition) and Jansatta (Hindi-Delhi), titled- "TRANSFER OF UNPAID DIVIDEND AND THE UNDERLYING SHARES TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)" inviting the attention of the Shareholders to claim their Dividends along with the underlying Equity Shares and in this regard, the Company had also sent the Individual notices to the concerned Shareholders.

### B. FIXED DEPOSITS

During the year under review, the Company has neither accepted nor renewed any Deposit under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

### C. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the Notes to Financial Statements.

### D. MATERIAL CHANGES AND COMMITMENTS

During the financial Year, Lumax Gill-Austem Auto Technologies Private Limited became a 100% subsidiary, consequent upon acquisition of 50% Shareholding from Gill Austem LLC, USA, the JV Partner. Thereafter the name of the Subsidiary was changed to Lumax Metallics Private Limited.

### E. INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

One of the several commitments that continued to remain in force throughout the Financial Year was developing business along with improvement in environmental performance to maintain a reliable and sustainable future.

During the course of the year, the manufacturing units of the Company have continued their efforts to reduce energy consumption in all areas of its operations. These manufacturing units are constantly encouraged to improve operational activities and maximising production volumes and minimizing consumption of natural resources. Systems and processes have been put in place for utilization of alternate sources of energy and monitoring of energy consumption for all the units.

Disclosure of information regarding Conservation of Energy, Research & Development, Technology Absorption and Foreign Exchange Earning and Outgo etc. under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014, is annexed as **Annexure - I** to this Report.

### F. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed by the Regulators / Courts / Tribunals, which would impact the going concern status of the Company and its future operations.

### G. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As per MCA notification dated July 31, 2018, a "Statement that the Company has complied with the provisions related to Constitution of Internal Complaints Committee (ICC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)" has to be included in the Board's Report.

In accordance with the above-mentioned provisions of POSH, Company is in compliance with and has adopted the "Policy on Prevention of Sexual Harassment of Women at Workplace". The constitution of ICC is as per the provisions of POSH and includes external Members from NGO or those individuals having relevant experience.

In accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has adopted the "Prevention of Sexual Harassment at Workplace Policy"

## Board's Report (Contd.)

and constituted ICC for Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the related aspects.

The Committee meets as and when required, however minimum one meeting is ensured during the Financial Year to discuss strengthening safety of employees at workplace and also to resolve/ address related issues, if any reported during the year.

During the year under Review i.e. FY 2020-21, 20 (twenty) Meetings of ICC across all plant locations were held. Further, as per the applicable provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company continues to submit Annual Report to the District Officer consisting of details as stipulated under the said Act.

### H. ENVIRONMENT HEALTH & SAFETY

The Company focus on "Safety Culture Building" by maintaining the "Safety Management System" to reduce the risk of incident and Injuries. This system includes safety rules, safety procedures, safety training, hazard identification, correction, Near miss incident Capturing and investigation, Safety Management System contribute, not only to improve the workplace Safety, but it also influence the organization Safety Culture.

Apart from the above, your Company has also performed below activities in FY 2020-21 sincerely:

1. Hazards identification and Risk assessment of Machine
2. Safety Gemba Audit and monitoring all critical Points
3. Regional Safety Meeting at all regions
4. KYT - Kiken Yochi Training (Identifying hazard and taking corrective measures with the help of actual users)
5. Hazards specific Safety training (Fire Fighting, First Aid, Electrical Safety, Chemical & Machine Safety & Evacuation Drill )
6. Prepared Safety manual for Standard Operating Procedures
7. Identified probable emergency and prepared Emergency Response Manual
8. Prepared standard KYT Manual
9. Comprehensive review / surveillance audit done as per ISO 14001:2015 (Environment Management System) and IS 45001 (Occupational Health & Management system)

From the last three years, the Company also commenced the Fire Risk Assessment Audit for Tier-2 (53 Nos) Suppliers to reduce the fire related incident and achieved significant OK result, and also started the Safety Audit from last year for Tier-2 (9 Nos) suppliers to reduce the human injury and also monitoring the injury status, Delivered the awareness program to the suppliers related to Fire, Electrical and Fire Mock drill.

By ensuring all the above, zero accident level is maintained for last three years. Induction programme & regular training of employees and the introduction of formal safety management system help the Company to mitigate future incidents.

### I. CONTRIBUTION TO EXCHEQUER

The Company is a regular payer of taxes and other duties to the Government. During the year under review, the Company paid all its statutory dues & presently no dues are outstanding more than six months. The Company ensures payment of all dues to exchequer well within timeline as applicable.

### ACKNOWLEDGEMENT

It is our belief that we have a leadership team with the right experience and skills to take us into the next decade of growth. We continue to build our skills and add appropriate resources, which will help the Company deliver solid results in the years to come. Your Directors place on record their sincere gratitude and appreciation for the continued co-operation and support extended to the Company by its highly valued customers, Joint Venture Partners, all the shareholders, financial institutions & Banks, various Government Agencies.

Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of vendors, dealers, business associates and employees in ensuring an excellent all around operational performance.

For and on behalf of the Board of Directors of  
**Lumax Auto Technologies Limited**

**D.K. Jain**

Chairman

DIN: 00085848

Place: New Delhi

Dated: June 12, 2021