

Boards' Report

Dear Members,

Your Directors with immense pleasure present the 39th 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, 2020.

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 Company has taken to strengthen the profitability.

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

I. FINANCIAL PERFORMANCE

	Standalone		Consolidated	
	For the year ended	For the year ended	For the year ended	For the year ended
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue from Operations	94,236.07	95,764.60	1,14,091.38	1,18,697.87
Other Income	2,717.95	2,317.35	1,810.15	1,395.34
Total Income	96,954.02	98,081.95	1,15,901.53	1,20,093.21
Total Expenses	90,828.97	90,889.51	1,09,403.15	1,10,705.87
Profit before tax, share in net profit/(loss) of associates, exceptional items	6,125.05	7,192.44	6,498.38	9,387.34
Profit / (loss) of associates	-	-	(30.10)	(25.44)
Profit before exceptional items and tax	6,125.05	7,192.44	6,468.28	9,361.90
Exceptional items	-	-	-	(603.11)
Profit before Tax	6,125.05	7,192.44	6,468.28	8,758.79
Tax Expenses	997.67	2,500.97	1,367.84	3,135.74
Profit for the year (Before discontinued operations)	5,127.38	4,691.47	5,100.44	5,623.05
Discontinued operations (PCB Business)				
Profit before tax for the period / year from Discontinued operations	948.58	1,758.42	948.58	1,758.42
Tax expense of Discontinued operations	123.29	492.42	123.29	492.42
Profit for the period / year from Discontinued operations	825.29	1,266.00	825.29	1,266.00
Profit for the year	5,952.67	5,957.47	5,925.73	6,889.05
Profit for the year attributable to -				
a) Owners of Lumax Auto Technologies Limited	5,952.67	5,957.47	5,803.89	6,588.78
b) Non- controlling interests	-	-	121.84	300.27
Other Comprehensive Income	(5,105.30)	(1,743.88)	(5,086.53)	(1,729.89)
Other Comprehensive Income attributable to -				
a) Owners of Lumax Auto Technologies Limited	(5,105.30)	(1,743.88)	(5,093.40)	(1,734.82)
b) Non- controlling interests	-	-	6.87	4.93
Total Comprehensive Income for the year	847.37	4,213.59	839.20	5,159.16
Total Comprehensive Income for the year attributable to -				
a) Owners of Lumax Auto Technologies Limited	847.37	4,213.59	710.49	4,853.96
b) Non- controlling interests	-	-	128.71	305.20
Paid-up Equity Share Capital (Equity shares of ₹ 2 each)	1,363.15	1,363.15	1,363.15	1,363.15
Earnings Per Share Basic & Diluted EPS (in ₹)	8.73	8.74	8.52	9.67

Boards' Report (Contd.)

A. COMPANY PERFORMANCE

STANDALONE:

On Standalone Basis, the Company achieved Revenue of ₹ 94,236.07 Lakhs for the Financial Year 2019-20 as compared to ₹ 95,764.60 Lakhs (from continued operations) in Financial Year 2018-19, a decline of 2%. The Profit before Tax (PBT) from continued operations stood at ₹ 6,125.05 Lakhs as against ₹ 7,192.44 Lakhs. Similarly, the Profit after Tax (PAT) was recorded at ₹ 5,127.38 Lakhs as against ₹ 4,691.47 Lakhs in previous year.

During the year Lumax DK Auto Industries Limited, a 100% subsidiary of the Company has been merged with the Company with effect from November 9, 2019 pursuant to the order of the Hon'ble National Company Law Tribunal, Principal Bench, New Delhi dated October 30, 2019 with appointed date April 1, 2018.

CONSOLIDATED:

On Consolidated Basis, the Company achieved Revenue of ₹ 1,14,091.38 Lakhs for the Financial Year 2019-20 as compared to ₹ 1,18,697.87 Lakhs (from continued operations) in Financial Year 2018-19, a decline of 4%. The Profit before Tax (PBT) and exceptional items from continued operations stood at ₹ 6,468.28 Lakhs as against ₹ 9,361.90 Lakhs. The Profit after Tax (PAT) and minority interest was recorded at ₹ 4,978.60 Lakhs as against ₹ 5,322.78 Lakhs in previous year.

DIVIDEND

During the year under review and based on the Company's performance, the Board of Directors at their meeting held on February 19, 2020, declared and paid an interim dividend of ₹ 2 per equity share (i.e. 100%) of face value of ₹ 2/- each and the same is being confirmed at the Annual General Meeting. Further, your Board of Directors have now recommended a Final Dividend @ ₹ 1 per equity share (i.e. 50%) of face value of ₹ 2/- each for the Financial Year 2019-20 which was considered by the Board in its meeting held on June 17, 2020 for the approval of shareholders in the ensuing Annual General Meeting ("AGM").

The Interim Dividend and proposed Final Dividend for Financial Year 2019-20, would result in appropriation of ₹ 2,285.58 Lakhs (including Corporate Dividend Tax of ₹ 240.85 Lakhs) as against ₹ 2,406.00 Lakhs (including Corporate Dividend Tax of ₹ 361.27 Lakhs) in previous Financial Year 2018-19.

The Register of Members and Share Transfer Books shall remain closed from Friday, the August 21, 2020 to Friday, the August 28, 2020 (both days inclusive). The Final Dividend as recommended by the Board of Directors, 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 Thursday, the August 20, 2020 within the stipulated time period. The Dividend pay-out ratio comes to 44.58 %.

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 and Ind AS 110, the Audited Consolidated Financial Statements are provided in the Annual Report of the Company.

As on March 31, 2020, 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 the Company stood at ₹ 2,589.15 Lakhs for the Financial Year 2019-20.

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 Financial Year 2019-20 stands for ₹ 33.20 Lakhs.

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 the Company stood at ₹ 12,510.20 Lakhs for the Financial Year 2019-20.

Boards' Report (Contd.)

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 as well as other plastics injection blow moulded parts. The revenue of the Company stood at ₹ 4,716.35 Lakhs for the Financial Year 2019-20. The Pune Plant has started commercial production of urea tank in Q1 FY-2021 & Pantnagar plant is in process of commissioning.

Lumax Gill – Austem Auto Technologies Private Limited (LGAT)

LGAT, 50% subsidiary formed in collaboration with Gill-Austem LLP, USA, for manufacturing of seat structures. The current year revenue stood at ₹ 2,546.01 Lakhs. The Board of Directors in its meeting held on February 11, 2020 has approved for the termination of the Joint Venture Agreement with Gill Austem, LLP, USA. Accordingly, the Company is negotiating with Gill Austem, LLP, USA for acquiring balance stake in LGAT.

Lumax FAE Technologies Private Limited (Lumax FAE)

Lumax FAE, a 51% subsidiary between Lumax Auto Technologies Limited and FAE, Spain to manufacture Oxygen Sensors. The plant is under commissioning and the revised plan for start commercial production is expected in Q3 FY-2021.

Lumax Jopp Allied Technologies Private Limited (Lumax Jopp)

Lumax Jopp, a 50% subsidiary between Lumax Auto Technologies Limited and JOPP, Germany to manufacture Gear Shift Towers, AMT Kits & AGS. The Company has started the commercial production in Q4 FY-2020.

Lumax Yokowo Technologies Private Limited (Lumax Yokowo)

Lumax Yokowo is a 50:50 Joint Venture between Lumax Auto Technologies Limited and YOKOWO, Japan to manufacture Antennas & other Vehicle Communication Products. The Company was incorporated during the Financial Year as 100% subsidiary. During the year, the Company has generated business enquiries from OEM's for manufacturing of Antennas & other Vehicle Communication Products.

ASSOCIATES:

Lumax Ituran Telematics Private Limited (Lumax Ituran)

Lumax Ituran is a 50:50 Joint Venture between Lumax Auto Technologies Limited and Ituran Location and Control Limited, Israel. During the year, the Company has generated business enquiries from OEM's to implement track & trace devices with additional features for future models.

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 Companies Act, 2013 a report on performance and financial position of Subsidiaries, Associate Companies is presented in this Annual Report in the prescribed format Form AOC-1 as a part of Financial Statements.

Further, in accordance with the provisions of Section 136(1) of the Companies Act, 2013, 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 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

During the year under review, the Company underwent a series of important developments and changes influencing its operations, business activities, corporate governance practices etc. However, it continued to reinforce its position in the market and derived sustainable benefit due to its strong foundation and its deeper integration with its subsidiaries and joint ventures.

The COVID-19 has impacted the normal business operations of the Group by way of interruption in production, supply chain disruption, unavailability of personnel, closure of production facilities etc. during the lock-down period which started from March 23, 2020. However, production and supply of goods has commenced during the month of April and May 2020

Boards' Report (Contd.)

on various dates at all the manufacturing locations of the Company. The Company is taking utmost care of its staff and work force by undertaking various precautionary measures to smoothly manage the operations, which also include work from home facility.

The Company has made detailed assessment of its liquidity position and it does not foresee any challenges in meeting its financial obligations. As the business situation is very dynamic, the Company is closely monitoring the same and taking required measures.

A. CHANGE IN CAPITAL STRUCTURE

During the Financial Year 2019-20, the Authorised Share Capital was increased from 7,50,00,000 equity shares of ₹ 2/- each to 18,05,00,000 equity shares of ₹ 2/- each due to merger of Lumax DK Auto Industries Limited with the Company. As on March 31, 2020, 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, 2020.
- 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 2019-20, 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.

The Bengaluru Plant of the Company has won the prestigious TPM Award for excellence in Category

A from Japan Institute of Plant Maintenance (JIPM). 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 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 cutting.

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**.

E. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no change in business.

F. ACQUISITIONS

The Board of Directors of the Company at their meeting held on February 24, 2020 have approved the acquisition of roto moulded plastic Auto Component Business of OK Play Group.

Due to unprecedented pandemic situation and extended lockdowns disrupting business continuity, the proposed acquisition is being put on hold pending further review and appropriate decision in future.

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

KEY MANAGERIAL PERSONNEL

As on March 31, 2020, Mr. D.K. Jain, Executive Chairman, Mr. Anmol Jain, Managing Director, Mr. Ashish Dubey, Chief Financial Officer and Mr. Anil Tyagi, Company Secretary are regarded as Key Managerial Personnel

Boards' Report (Contd.)

(KMPs) as per the provisions of the Companies Act, 2013. Further, Mr. Vikas Marwah was appointed as Chief Executive Officer of the Company w.e.f. May 02, 2020 designated as KMP.

APPOINTMENTS

On recommendation of the Nomination and Remuneration Committee and Board of Directors, Mr. Avinash Parkash Gandhi (DIN: 00161107) have been appointed as a Non- Executive Independent Director by the shareholders of the Company during the year.

On recommendation of the Nomination and Remuneration Committee, the Company in its Board Meeting held on May 18, 2019 has appointed Mr. Anil Tyagi (Membership No. A16825) as Company Secretary and Compliance Officer of the Company.

On recommendation of the Nomination and Remuneration Committee, the Company in its Board Meeting held on May 02, 2020 has appointed Mr. Vikas Marwah as Chief Executive Officer of the Company.

RE - APPOINTMENTS

On recommendation of the Nomination and Remuneration Committee and Board of Directors, Mr. Milap Jain (DIN: 06738071) have been re-appointed as a Non-Executive Independent Director by the shareholders of the Company for the period of 5 years during the year.

On recommendation of the Nomination and Remuneration Committee and Board of Directors, Mr. Roop Salotra (DIN: 06650145) have been re-appointed as a Non-Executive Independent Director by the shareholders of the Company for the period of 5 years during the year.

In accordance with the Articles of Association of the Company and Section 152 of the Companies Act, 2013, Mr. Deepak Jain (DIN: 00004972), Director of the Company will retire by rotation at the ensuing AGM and being eligible has offered himself for re-appointment. The Nomination and Remuneration Committee and Board of Directors recommends his reappointment.

C. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS

In compliance with the provisions of Section 149(6) of the Companies Act, 2013 requisite declarations have been

received from the Independent Directors regarding meeting the criteria of Independence.

D. NUMBER OF BOARD MEETINGS AND COMMITTEES OF BOARD

The Board of Directors met six (6) times during the Financial Year under review viz. May 18, 2019, August 10, 2019, November 12, 2019, February 11, 2020, February 19, 2020 and February 24, 2020. The maximum gap between any 2 meetings did not exceed 120 days.

A separate Meeting of Independent Directors was also conducted on February 19, 2020, without the presence of Non-Independent Directors and Management. The details on Attendance during the Board Meetings and other Committee Meetings of the 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, 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. Purpose
2. Objectives
3. Applicability & Accountability
4. Responsibility of Nomination & Remuneration Committee
5. Matters relating to appointment and remuneration of Directors
6. Remuneration to Independent Directors
7. Remuneration to other Employees
8. Term & Tenure

The Company's Policy relating to appointment of Directors, payment of managerial remuneration, Directors' qualifications, positive attributes,

Boards' Report (Contd.)

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 Act and Listing Regulations, the evaluation of the Board as a whole, committees and all the Directors was conducted, as per the internally designed evaluation process approved by the Board. 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 was 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 keep the meetings 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

Boards' Report (Contd.)

Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the provisions of the Companies Act, 2013 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 Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the **Annexure - D** of Boards' report.

H. COMPLIANCE MANAGEMENT FRAMEWORK

For monitoring and ensuring compliance with applicable laws by the Company and for establishing adequate management control over the compliances of all acts, laws, rules, regulations and regulatory requirements, the Company has adopted comprehensive Compliance Manual for structured control over applicable compliances by each of the units of the Company.

The Company has a practice of obtaining a Statutory Compliance Report on a monthly basis from various functional heads of respective units for compliance with laws applicable to the respective function. A consolidated report on compliance with applicable laws is presented to the Board every quarter. To take care of the continuously evolving compliance scenario, the Company is constantly striving to strengthen the reporting system.

A separate corporate compliance management team periodically reviews and monitors compliances by units and supports effective implementation of the 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 policy, in accordance with the provisions of the Companies Act, 2013 and Listing Regulations. The 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 website of the Company. To further strengthen this mechanism, the Company has launched an Employee App which is available for both android and iOS users to facilitate easy expression of their opinions/ suggestions/ complaints.

J. SECRETARIAL STANDARDS

The Board of Directors 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

As required under Section 134(5) of the Companies Act, 2013, the Directors state:

- (i) that in the preparation of the Annual Accounts for the Financial Year ended March 31, 2020, 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 Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

Boards' Report (Contd.)

- (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 Particulars of Employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms an integral part of this report as **Annexure – E**. The information required pursuant to Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of your Company is available for inspection by the members at the registered office of the Company during business hours on working days up to the date of ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

M. AUDIT COMMITTEE & COMPOSITION

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 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 acted as Secretary to the Audit Committee w.e.f. May 18, 2019.

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 Directors 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 comprehensive internal control system to provide reasonable assurance about the achievement of its objective, reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources. Appropriate review and control mechanisms are built in place to ensure that such control systems are adequate and are operating effectively.

The monitoring and reporting of financial transactions is supported by a web-based system SAP Hana which helps in obtaining accurate and complete accounting records and timely preparation of reliable financial disclosures at all levels of the organization.

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) Regulations, 2015 ('the PIT Regulations') on prevention of insider trading, your Company has revised its Code of Conduct to Regulate, Monitor and Report Trading 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

Boards' Report (Contd.)

Code of practices and procedures of fair disclosures of unpublished price sensitive information by including a policy for determination of legitimate purposes. Further, 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 38th Annual General Meeting held on August 23, 2019 to hold office till the conclusion of the 43rd Annual General Meeting of the Company to be held in the year 2024.

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 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 Companies Act, 2013, for the audit of the cost accounts of the Company for the Financial Year 2020-21.

The Cost Audit Report for the Financial Year 2018-19 has been filed with the Central Government on September 11, 2019.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Maneesh Gupta (Membership No. 4982), Practicing Company Secretary as the Secretarial Auditor of the Company to undertake the Secretarial Audit for the Financial Year.

The Secretarial Audit Report of the Company and the Secretarial Auditor Report of Lumax Manno Allied Technologies Limited (Material Subsidiary of the Company) for the Financial Year 2019-20 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 8th February, 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. Due to the COVID 19 Pandemic Outbreak, SEBI vide its Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated 19th March, 2020, had extended the said timeline by one month i.e. Annual Secretarial Compliance Report to be submitted to Stock Exchanges by 30th June, 2020.

Accordingly, the Company has complied with the above said provisions

INTERNAL AUDITORS

In compliance with the provisions of Section 138 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, your Company has appointed M/s Deloitte Touche Tohmatsu India LLP (Firm Registration No. AAE 8458) as Internal Auditors for the Financial Year 2019-20.

E. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OF THE COMPANIES ACT, 2013 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

There were no frauds which were reported by Auditors for the year under review.

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

Boards' Report (Contd.)

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 Companies Act, 2013. 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 Companies Act, 2013. The Committee monitors and oversees various CSR initiatives and activities of the Company.

CONSTITUTION OF CSR COMMITTEE

The CSR Committee of the Board of Directors comprises of Mr. Roop Salotra as Chairman, Mr. D.K. Jain and Mr. Deepak Jain as Members. Further, the Board of Directors 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.

The contents of the said policy are as below:

1. Purpose
2. Policy Guidelines
3. Scope
4. Areas Covered
5. CSR Committee & Responsibility
6. Board Responsibility
7. Budget
8. Implementation
9. 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 Financial Year 2019-20, Lumax DK Auto Industries Limited, subsidiary of the Company has been Merged with the Company in terms of the Hon'ble National Company Law Tribunal, Principal Bench order dated October 31, 2019.

Lumax Jopp Allied Technologies Private Limited has been incorporated w.e.f. June 25, 2019 and it is a 50% subsidiary of the Company as per the Joint Venture Agreement (50:50) signed between the Company and Jopp, Germany to manufacture Gear Shift Towers, AMT Kits & AGS.

Lumax Yokowo Technologies Private Limited has been incorporated w.e.f. February 20, 2020, and it is a 50% subsidiary of the Company as per the Joint Venture Agreement (50:50) signed between the Company and Yokowo, Japan to manufacture Antennas & other Vehicle Communication Products.

A. EXTRACT OF ANNUAL RETURN

In accordance with the requirement of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the annual return in Form MGT - 9 is annexed as an **Annexure - I**.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Transfer of Unpaid Dividend

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, 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. Consequently, your Company has transferred ₹ 1,25,508/- during the year to the Investor Education and Protection Fund, lying with it for a period of seven years pertaining to the year 2011-12.

Boards' Report (Contd.)

Transfer of Shares underlying Unpaid Dividend

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013, the shares in respect of which Dividend has not been paid or claimed 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 1,230 shares to the Demat Account of the IEPF Authority on November 28, 2019 as per the requirement of IEPF Rules.

It may be noted that Unclaimed Dividend/Underlying shares for the Financial Year 2012-13 can be claimed by the Members by September 26, 2020. The Notice as stipulated pursuant to the provisions of Section 124 of the Companies Act, 2013 read with IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 will be published in the Newspaper inviting the attention of the Shareholders to claim their Dividends.

B. FIXED DEPOSITS

During the year under review, the Company has not accepted any Deposit under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

It is further stated that the Company does not have any deposits.

C. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to Financial Statements.

D. MATERIAL CHANGES AND COMMITMENTS

During the Financial Year under review, there was no material changes and commitments except Merger of Lumax DK Auto Industries Limited with the Company.

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

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 Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is annexed as **Annexure - J**.

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

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" and constituted an Internal Complaints Committee (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. 2019-20, Fifteen (15) 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, incident reporting and investigation, capturing near miss accidents, safety communications and safety suggestions.

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 Financial Year 2019-20 sincerely:

1. ST/ Duct cleaning for locations where paint material & chemicals are being used

Boards' Report (Contd.)

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, Risk Assessment & 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. Performed Comprehensive Inspection of all chemical storage areas according to the check point and necessary display system
10. Comprehensive review / surveillance audit done as per ISO 14001 (Environment Management System) and ISO 18001 (Occupational Health & Management system)

From the last two years, the Company also commenced the Fire Risk Assessment Audit for Tier-2 Suppliers to reduce the fire related incident and achieved significant OK result, this year also started the Safety Audit for Tier-2 suppliers to reduce the human injury and also monitoring the injury status. Delivered the awareness program to the suppliers related to Fire and Safety.

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 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 17, 2020