

**LUMAX**

AUTOMOTIVE PARTS

Lumax Industries Limited

# annual report 2009-10



synergising  
**Strengths**



Sh. SAGAR CHAND JAIN  
18-11-1920 to 31-12-2009

With profound grief and sorrow we wish to inform the sad demise of our Chairman  
Emeritus

**SHRI SAGAR CHAND JAIN**  
who left for his heavenly abode on 31st December 2009.

Shri Jain started his business career in 1945 by forming a trading company. Over decades his vision and dedication has made Lumax a household name in India. Shri Jain was a very simple man and always worked for the betterment of society and upliftment of his family. He was a man of few words but believed in action. His passion for new technology and total focus on quality has gone a long way in making Lumax a market leader in the Indian Automotive lighting arena. Shri Jain was a very approachable man and would entertain any worker or supplier who came to meet him for his advice. He had a big heart and believed in forgiveness. The whole Lumax family prays for his kind soul and pledges to take forward the great legacy laid down by him to achieve greater heights in future.



# Chairman's Message

## Dear Shareholders,

With a heavy heart, I wish to inform you about the said demise of our chairman Emeritus, my father Shri Sagar Chand Jain who left for his heavenly abode on 31st December, 2009.

Through humble beginnings to a corporate entity of Rs.1000 crore, has been a journey of more than 6 decades which was the vision of Shri S.C. Jain. He was instrumental in laying a strong foundation for growth and a brighter future for the group. His principals of honesty, hard work, dedication and customer focus have made the group grow leaps and bounds and attain a respectable name throughout our customer base. November the 18th, the birthday of Shri S.C. Jain is marked as the founder's day in the whole group. This is the day when we pledge to walk on the path shown by our Chairman Emeritus with Integrity, Loyalty, Passion and Commitment, to make our group an entity which India takes pride in.

Shri S.C. Jain's loss is a big loss not only to me personally but to the whole group. I request you to join me in praying for his holy soul.

Constantly working on the path shown by our founder, in the last 6 decades the group has established 5 companies with 13 manufacturing plants across the country.

The country and auto industry weathered the storm of the worst financial crisis with a lot of courage, determination and sound government policies. The stage now looks set for bigger and better things in the coming decade, and more.

In line with the country's economic growth of 7.40%, the Indian Automobile sector showed a remarkable recovery in the year ended March 31, 2010 and it registered a growth of 25.76 percent this year, which is the highest growth rate in the last seven years.

Your company also registered a remarkable growth of 21.23% in line with Industry growth trend for the year ended March 31st 2010. The EBDITA margins were recorded at Rs.517.56 Million for this year as against Rs.278.27 million in the previous year - an increase of 86% as compared to the previous year.

With the Indian Economy on a growth path, we are all poised to be a part of this growth. However, I would like to urge that we should constantly monitor our expenses and should ensure best utilization of our resources. In the past one year, we have taken lot of measures to face recession, we must not forget these initiatives in times of growth.

I would like to thank all the employees of Lumax for their unconditional support, especially in hard times and to you for being with us through thick and thin. We remain committed towards enhancing our shareholders value.

**D.K. Jain**  
Group Chairman





AUTOMOTIVE PARTS

## BOARD OF DIRECTORS

|                         |                                |                   |
|-------------------------|--------------------------------|-------------------|
| Mr. D.K. Jain           | (Chairman & Managing Director) |                   |
| Mr. Deepak Jain         | (Senior Executive Director)    |                   |
| Mr. Anmol Jain          | (Senior Executive Director)    |                   |
| Mr. Ikuo Abe            | (Senior Executive Director)    | - Stanley Nominee |
| Mr. Atsushi Ishii       | (Executive Director)           | - Stanley Nominee |
| Mr. Makio Natsusaka     | (Non- Executive Director)      | - Stanley Nominee |
| Mr. A.P. Gandhi         | (Independent Director)         |                   |
| Mr. Rattan Kapur        | (Independent Director)         |                   |
| Mr. Gursaran Singh      | (Independent Director)         |                   |
| Mr. Suman Jyoti Khaitan | (Independent Director)         |                   |
| Mr. M.C. Gupta          | (Independent Director)         |                   |
| Mr. Dhiraj Dhar Gupta   | (Independent Director)         |                   |

## GROUP FINANCE HEAD

Mr. Naval Khanna

## VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Mr. B.S. Bhadauriya

## REGISTRAR & SHARE TRANSFER AGENT

M/s Karvy Computershare Pvt. Ltd.  
Plot No.17-24,Vittal Rao Nagar  
Madhapur,Hyderabad-500081  
E-mail : [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

## AUDITORS

M/s S.R. Batliboi & Associates  
Chartered Accountants,  
Gurgaon.

## REGISTERED & CORPORATE OFFICE

B-85-86, Mayapuri Industrial Area,  
Phase – I,  
New Delhi – 110064

E-mail : [lumaxshare@lumaxmail.com](mailto:lumaxshare@lumaxmail.com)

## PRINCIPAL BANKERS

Syndicate Bank  
Citi Bank. NA  
IDBI Bank Ltd.  
Central Bank of India  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
State Bank of India  
Punjab National Bank  
The Royal Bank of Scotland NV

## WORKS

- 1) Plot No.16, Sector-18, Maruti Complex, Gurgaon , Haryana.
- 2) Plot No.6, Industrial Area, Dharuhera, District Rewari, Haryana.
- 3) D2-43/2, M.I.D.C. Industrial Area, Chinchwad, Pune, Maharashtra.
- 4) 608-609, Chakan Talegaon Road, Mahalunge Ingle, Chakan, District Pune, Maharashtra.
- 5) Plot No. 51, Tata Vendor Park, Industrial Estate, Pant Nagar Uttarakhand.
- 6) Plot No. 5, Industrial Park – II, Village Salempur, Mehdood, Haridwar, Uttarakhand.
- 7) Warehouse at Plot No.E-38, Site-IV, Surajpur Greater Noida, District Gautam Budh Nagar, Uttar Pradesh.

# Lumax Industries Limited

29<sup>th</sup>

## Annual Report

2009-2010

| CONTENTS  | PAGE NO. |
|---|----------|
| Directors' Report & Annexures .....             | 4-29     |
| Auditors' Report on Accounts.....               | 30-32    |
| Balance Sheet.....                              | 33       |
| Profit & Loss Account.....                      | 34       |
| Cash Flow Statement.....                        | 35       |
| Schedules to Balance Sheet and P&L Account..... | 36-58    |
| Balance Sheet Abstract.....                     | 59       |

ANNUAL GENERAL MEETING ON THURSDAY, JULY 22, 2010

## DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are pleased to present the 29<sup>th</sup> Annual Report on the business and operations together with Audited Balance Sheet and Profit & Loss Account of your Company for the year ended 31<sup>st</sup> March, 2010.

## FINANCIAL RESULTS

Your Company's performance during the year as compared with the previous year is summarized below :

| Particulars                                     | Rupees in Million |          |
|---|-------------------|----------|
|   | 2009-10           | 2008-09  |
| Net Sales                                       | <b>6,341.54</b>   | 5,230.82 |
| <b>Profit before Interest and Depreciation</b>  | <b>517.56</b>     | 278.27   |
| (-) : Financial Expenses                        | <b>113.20</b>     | 92.46    |
| (-) : Depreciation/Amortisation/Impairment Loss | <b>340.54</b>     | 222.25   |
| <b>Profit Before Tax (PBT)</b>                  | <b>63.82</b>      | (36.44)  |
| (-) : Provision for Tax                         | <b>4.55</b>       | (20.25)  |
| <b>Profit After Tax (PAT)</b>                   | <b>59.27</b>      | (16.19)  |
| (+) : Balance of Profit brought forward         | <b>28.37</b>      | 55.50    |
| <b>Balance Available for Appropriation</b>      | <b>87.64</b>      | 39.31    |
| <b>Appropriations</b>                           |                   |          |
| Dividend  | <b>28.04</b>      | 9.35     |
| Corporate Dividend Tax                          | <b>4.66</b>       | 1.59     |
| Transfer to General Reserve                     | <b>6.00</b>       | -        |
| Balance Carried to Balance Sheet                | <b>48.94</b>      | 28.37    |
| Dividend (%)                                    | <b>30</b>         | 10       |
| Basic and Diluted Earning Per Share (EPS)(Rs.)  | <b>6.34</b>       | (1.73)   |

## DIVIDEND

Keeping in view of the philosophy of the Company to reward its shareholders and to continue the tradition of recommending dividend for the last 25 years, your Directors are pleased to recommend a Dividend of 30% (Rs.3/- per Equity Share) for the Financial Year 2009-2010 as against 10% for the corresponding last year. The total amount of Dividend proposed to be distributed and tax thereon aggregates to Rs. 32.70 Million (including Dividend Tax) as against Rs.10.94 Million.

A sum of Rs. 6.00 million have been transferred to the General Reserve of the Company. This reaffirms the inherent financial strength of your Company.

## BUSINESS PERFORMANCE

The global financial crises in the auto industry, which began during the latter half of 2008, was also aggravated by the substantially more expensive auto fuels linked to the 2003-08 oil crises . The related credit crunch put a lot of pressure on raw material prices, and their availability. But once again, India came up triumphant. The country and auto industry weathered the storm of the worst financial crisis with a lot of courage, determination and sound government policies. The stage now looks set for bigger and better things in the coming decade, and more.

During the year 2009-10, the recovery in the automobile sector in India was remarkably, quick and sharp. It was aided by a fairly diverse set of factors, including fiscal stimulus. The recovery in the automobile sales has been phenomenal in several aspects. It has been broad based, with all segments recovering, including heavy commercial vehicles, which was affected the most and was the last to see sales pick up. The recovery has also been quick and sharp with sales taking less than a year to revert to the trend line. This has been unprecedented in comparison to the previous downturns, where the trough in sales lasted for a few years. The same is evident from the fact that the Automobile Production has increased from 11.17 million vehicles to 14.04 million vehicles during the year 2009-10, registering an increase of 25.75% as compared to previous year and the Automobile Domestic Sales increased from 9.72 million vehicles to 12.29 million vehicles during the year 2009-10, registering an increase of 26.41% as compared to previous year. (Source: SIAM)

As your Company's business is directly dependent on the Original Equipment Manufacturer(s) of Automobiles (OEMs), consequently, in this background, during the year under review your Company has achieved a 21.23 percent growth in the Annual Sales by clocking the sales of Rs.6,341.54 million as compared to Rs. 5,230.82 million in the previous year ended March 31, 2009.

Your Company posted Earnings Before Depreciation, Interest and Tax (EBDITA) of Rs.517.56 Million for the year ended March 31<sup>st</sup> 2010 as against Rs.278.27 million in the previous year an increase of 86% as compared to the previous year.

Your Directors are pleased to inform you that as compared to Loss of Rs. 16.19 million during the previous year, your company has posted a Profit After Tax of Rs. 59.27 million. The improvement on margins was accomplished through better sales realizations, effective cost rationalization measures which included better control over the material cost and overheads cost, apart from the sharp focus on operational efficiencies.

# Lumax Industries Limited

Further, pursuant to completion of negotiations with customer in relation with the company's investment in a plant in Singur, West Bengal and after giving consideration to its alternative plans, your Company has assessed the carrying value of its assets and made adequate provisions as considered necessary.

A detailed discussion on the business performance and future outlook is provided in the Chapter on Management Discussion & Analysis Report (MDA).

## RECOGNITION AND AWARDS

Your Company's commitment on continuous improvement in quality and TQM practices is being recognized and appreciated by the Customers, as a result of which the Company has received the following awards and recognitions from Customers and other Agencies during the year under review :

- ❖ Silver Trophy for "Manufacturing Excellence" from ACMA.
- ❖ "Tier – 2 Upgradation" Award by Maruti Suzuki India Ltd.
- ❖ Best Product Development Award by Mahindra & Mahindra.
- ❖ Dharuhera Unit got 85% marks in Annual Vendor System Audit by Maruti Suzuki India Ltd in 2009-10 against 81% marks in the last year.
- ❖ Vendor performance Award by Maruti Suzuki India Ltd.
- ❖ "Golden Leaf Award for ECO Profit" by Society for enhancing sustainability and value of organisation.
- ❖ Quality Award for Zero PPM from Toyota Kirloskar.
- ❖ Participation Award from Hero Honda Motors Ltd for implementation of Green Vendor Development Programme.

## DIRECTORS

In accordance with the Articles of Association of the Company and the Companies Act, 1956, Mr. Deepak Jain, Mr. Gursaran Singh, Mr. Suman Jyoti Khaitan and Mr. D.D. Gupta, Directors are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Deep Kapuria, Independent Director on the Board of the Company since, July 2002 has resigned from the position of Independent Director due to his other commitments and his resignation was accepted by the Board in its meeting held on May 22, 2010.

The Board places on record its sincere appreciation and gratitude for the valuable guidance received from Mr. Deep Kapuria during his tenure as Independent Director on the Board of your company.

The Board of Directors has appointed Mr. Rattan Kapur, as an Additional Director on the Board of the Company, who is an Independent Director, at their meeting held on May 22, 2010. He has done his Graduation in Commerce from Delhi University and started his professional career as an Entrepreneur in the year 1977 by establishing a auto component manufacturing unit. In the year 1993, Mr. Rattan Kapur promoted Mark Exhaust Systems Limited (MESL) in Joint Venture with Maruti Suzuki India Limited.

Mark Exhaust Systems Ltd. is one of the major OEM suppliers of Exhaust Systems, Catalytic Converter and Door Assemblies.

Mr. Rattan Kapur has also held the position of the President of the Honda SIEL Suppliers Club from the year April 2003 to March 2004 and Deputy Chairman of the Automotive Component Manufacturers Association (ACMA) Northern Region (2009-2010). Presently, he is the Managing Director of Mark Exhaust Systems Ltd.

In accordance with the Articles of Association of the Company and the Companies Act, 1956, Mr. Rattan Kapur will hold office till the ensuing Annual General Meeting. The Company has received a Notice in respect of Mr. Rattan Kapur, from a member under Section 257 of the Companies Act, 1956 proposing his appointment as Director of the Company liable to retire by rotation. The Board recommends his appointment for the approval of members in the ensuing Annual General Meeting.

Your Directors recommend the re-appointment and appointment of the above Directors at the ensuing Annual General Meeting.

## DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act 1956, the Directors state:

- (i) That in the preparation of the Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2010, 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 or 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, 1956 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.





AUTOMOTIVE PARTS

## **FIXED DEPOSITS**

During the year under review the company has not accepted any Deposit under Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

## **AUDITORS**

M/s S.R. Batliboi & Associates, Chartered Accountants are proposed for re-appointment as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. They have given their consent to act as Auditors of the Company and have further confirmed that their appointment would be in conformity of the provision of Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment for the approval of members in the ensuing Annual General Meeting.

The explanations of your Board of Directors on the Auditor's observations as contained in their report, read with the relevant notes to accounts are as follows.

- (I) With reference to the observation in Para (v)(b) to the Annexure of their Report in respect of transactions exceeding Rs. 5 Lacs in which comparable prices are not available, it is explained that the nature of these transactions covers under two categories viz. (a) Designing and Development of Tools, Moulds and (b) Specialized Nature of Raw Material, Semi Finished and Finished Products.

**(a) Designing and Development of Tools, Moulds**

The Tools and Moulds etc are of specialized nature of products which needs to be designed and developed with specialized knowledge and skill as per the Customer specifications and requirements. The specifications provided by Customer for designing and development of Tools are of a Confidential Nature and having immense Intellectual Property Value. Therefore, the Company arranges the Designing and development of Tools with the Technical Support and Guidance from its Collaborator Stanley Electric Co., Ltd. and its associates. In some cases, the Tool designing and its development is also undertaken by Vendors which transactions are not in pursuance of such contracts and arrangements as referred to in Para (v)(b) to the Annexure of the Audit Report.

In all these cases the Company need to share the Technical Specification and Other Information of Customer which is of immense Intellectual Property Value with the Vendor which can only be done after entering into Legally binding Contracts which includes Confidentiality Agreements also, with the respective Vendor. These Vendors are Finalised after due Financial and Technical Assessment of their capability to execute the job. In view of this background, it is not possible for the Company to share the Customers Information/Specifications with alternate vendors only for the purpose of arranging comparable quotes/prices.

**(b) Raw Material, Semi Finished and Finished Products**

In most of these cases, the Company procures the raw material and components from the Vendors after supplying, Tools, Moulds, Jigs Dies for its manufacturing and some of the items purchased are of a specialized and unique nature for which no alternate sources of supply available to enable comparison of prices. As these raw material and components are of specialized and unique nature and its comparable market prices are not available.

- (II) With reference to the observations of the Auditor in Para (ix) (a) to the Annexure of their Report regarding slight delay in deposit of Statutory Dues, it is informed that the said dues have since been paid.

During the year, all the recommendations of the Audit Committee were accepted by the Board. Hence there is no need for disclosure of the same in this Report.

## **MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments affecting the Financial position of the Company have occurred between April 1, 2010 and the date on which this Report has been signed.

## **CORPORATE SOCIAL RESPONSIBILITY**

Behaving responsibly and contributing to the communities in which we operate is an essential part of our heritage. The Corporate Social Responsibility (CSR) programs is an integral part of the way the Company conducts its business.

Your Company has adopted the concept of "Nanhi Chhaan" across all facilities around August 2009, promoted by Confederation of Indian Industry (CII) for promoting the girl child amongst general population, reinforcing the sentiment of cherishing and being proud of parenting a girl and to promote community's involvement in afforestation drive, thereby impacting the environment through extended green coverage with people participation.

Under the campaign "Nanhi Chhaan" your Company has designated an area in each of the facilities and shall be used for this purpose. A banner shall be put to highlight the area with the message of "LUMAX KI NANHI CHHAAN". Whenever a girl child is born in the Lumax family, a plant sapling shall be planted in her name by the respective parent of the child together with the Plant Head of that facility. The sapling shall further have a plate bearing the name of the child, the parents name and the date of birth. Outside the area there shall be a board having the "Lumax Ki Nanhi Chhaan count till date \_\_\_\_", which will help any person to gauge the number of saplings planted till date.

Further, a Free Charitable Dispensary has been organized up by the Company for providing Free Checkup and medication, a doctor has been appointed and available for check ups. A Free eye check – up and Cataract Operation Camp are also being organized under these programs.



# Lumax Industries Limited

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

Pursuant to the provisions of Clause 49 of the Listing Agreement, Management Discussion & Analysis is annexed as part of this report separately as **Annexure-A**.

## OTHER INFORMATION

Disclosure of information regarding Conservation of Energy, Research & Development, Technology Absorption and Foreign Exchange Earning and Outgo etc. under Section 217(1)(e) of the Companies Act, 1956 is annexed separately as **Annexure-B**.

## GROUP

Pursuant to the intimation from the Promoters, the names of the Promoters and entities comprising 'Group' are disclosed in the Annual Report as **Annexure C**, for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

## CORPORATE GOVERNANCE

The report on Corporate Governance together with the Auditor's Certificate regarding the Compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed and forms part of this Annual Report as **Annexure-D**.

## PARTICULARS OF EMPLOYEES

Information of Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms an integral part of this report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders of the Company excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of such statement may write to the Vice President (Legal) and Company Secretary at the registered office of the Company and the same is also available for inspection in accordance with the provision of Section 219(1)(b)(iv) of the Companies Act, 1956.

## ACKNOWLEDGEMENT

It is our strong belief that caring for our business constituents has endured our success in the past and will do so in future. Your Directors wish to place on record their sincere thanks to all its highly valued customers, its Technical and Financial Collaborator- M/s Stanley Electric Co. Ltd., Japan, all other business partners, all the Shareholders, Financial Institutions, Banks, Vendors and various Government agencies for their continued support and patronage.

The Board would also like to acknowledge the co-operation & commitment rendered by all the associates & employees of the Company for their unstinted support shown during these challenging times.

**For and on behalf of the Board of Directors**

Place : Gurgaon  
Dated : June 22, 2010

**D.K. JAIN**  
Chairman & Managing Director

**MANAGEMENT DISCUSSION & ANALYSIS**

**a). INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK**

**ECONOMIC ENVIRONMENT**

The fiscal year 2009-10 began as a difficult one. There was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis that began in the industrialized nations in 2007 and spread to the real economy across the world. The growth rate of the Gross Domestic Product (GDP) in 2008-09 was 6.7 per cent, with growth in the last two quarters hovering around 6 per cent. There was apprehension that this trend would persist for some time, as the full impact of the economic slowdown in the developed world worked through the system. It was also a year of reckoning for the policy makers, who had taken a calculated risk in providing substantial fiscal expansion to counter the negative fallout of the global slowdown.

The continued recession in the developed world, for the better part of 2009-10, meant a sluggish export recovery and a slowdown in financial flows into the economy. Yet, over the span of the year, the economy posted a remarkable recovery, not only in terms of overall growth figures but, more importantly, in terms of certain fundamentals, which justify optimism for the Indian economy in the medium to long term. The real turnaround came in the second quarter of 2009-10 when the economy grew by 7.9 per cent, thereafter 8.60% in the fourth quarter and 7.40% for the full year. [Source : *Economic Survey 2009-10*]

The fast-paced recovery of the economy underscores the effectiveness of the policy response of the Government in the wake of the financial crisis. Moreover, the broad-based nature of the recovery creates scope for a gradual rollback, in due course, of some of the measures undertaken over the last fifteen to eighteen months, as part of the policy response to the global slowdown, so as to put the economy back on to the growth path of 9 per cent per annum.

**AUTO AND AUTO COMPONENT INDUSTRY OUTLOOK**

On the canvas of the Indian economy, automotive industry occupies a prominent place. Due to its deep forward and backward linkages with several key segments of the economy, automotive industry has a strong multiplier effect and is capable of being the driver of economic growth. A sound transportation system plays a pivotal role in the country's rapid economic and industrial development. The well-developed Indian automotive industry fulfils this catalytic role by producing a wide variety of vehicles viz passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, scooters, motorcycles, mopeds, three wheelers, tractors etc.

Automotive Industry comprises of automobile and auto component sectors and is one of the key drivers of the national economy as it provides large-scale employment, having a strong multiplier effect. Being one of the largest industries in India, this industry has been witnessing impressive growth during the last two decades. It has been able to restructure itself, absorb newer technology, align itself to the global developments and realize its potential. This has significantly increased automotive industry's contribution to overall industrial growth in the country.

The Indian Automobile sector showed a remarkable recovery in the year ended March 31, 2010 and it registered a growth of 25.76 percent this year, which is the highest growth rate in the last seven years.

Passenger vehicle production crossed two million units, of which Maruti itself produced one million cars, while two – wheeler production crossed 10 million – unit mark.

Passenger vehicle sales during 2009-10 grew at 25.57 percent, utility vehicles up by 20.88 percent and MPV's growing by 40.94% in this period. The overall Commercial Vehicle segment was up by 38.31 percent during April 2009-10 as compared to the same period the previous fiscal. Two – Wheeler sales were up by 26% and overall exports during April 2009-2010 were up by 17.90%.

[Source : *Auto Car Professional and SIAM*].

The Automobile Production and Domestic Sales trends of last seven years are as follows:

| AUTOMOBILE PRODUCTION TRENDS  |              |              |              |               |               | (Vehicles/Lacs) |               |
|-------------------------------|--------------|--------------|--------------|---------------|---------------|-----------------|---------------|
| Category                      | 2003-04      | 2004-05      | 2005-06      | 2006-07       | 2007-08       | 2008-09         | 2009-10       |
| Passenger Vehicles            | 9.90         | 12.10        | 13.09        | 15.45         | 17.78         | 18.39           | 23.51         |
| Commercial Vehicles           | 2.75         | 3.54         | 3.91         | 5.20          | 5.49          | 4.17            | 5.67          |
| Three Wheelers                | 3.56         | 3.74         | 4.34         | 5.56          | 5.01          | 4.97            | 6.19          |
| Two Wheelers                  | 56.23        | 65.30        | 76.09        | 84.67         | 80.27         | 84.20           | 105.13        |
| <b>Grand Total</b>            | <b>72.44</b> | <b>84.68</b> | <b>97.44</b> | <b>110.88</b> | <b>108.54</b> | <b>111.72</b>   | <b>140.50</b> |
| <b>% Increase/(Decrease )</b> |              | 16.90        | 15.06        | 13.80         | (2.11)        | 2.93            | 25.76         |

[Source : *SIAM*]

# Lumax Industries Limited

| AUTOMOBILE DOMESTIC SALES TRENDS |              |              |              |               |              |              | (Vehicles/Lacs) |
|----------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|-----------------|
| Category                         | 2003-04      | 2004-05      | 2005-06      | 2006-07       | 2007-08      | 2008-09      | 2009-10         |
| Passenger Vehicles               | 9.02         | 10.62        | 11.43        | 13.80         | 15.50        | 15.53        | 19.50           |
| Commercial Vehicles              | 2.60         | 3.18         | 3.51         | 4.68          | 4.90         | 3.84         | 5.31            |
| Three Wheelers                   | 2.84         | 3.08         | 3.60         | 4.04          | 3.65         | 3.50         | 4.40            |
| Two Wheelers                     | 53.64        | 62.10        | 70.52        | 78.72         | 72.49        | 74.38        | 93.71           |
| <b>Grand Total</b>               | <b>68.11</b> | <b>78.98</b> | <b>89.06</b> | <b>101.24</b> | <b>96.54</b> | <b>97.24</b> | <b>122.93</b>   |
| <b>% Increase/(Decrease )</b>    |              | 15.96        | 12.77        | 13.67         | (4.64)       | 0.72         | 26.41           |

[Source : SIAM]

## AUTO COMPONENT INDUSTRY

Surge in Automobile Industry since the nineties has led to robust growth of the auto component sector in the country. In tandem with the industry trends, the Indian component sector has shown great advances in recent years in terms of growth, spread, absorption of new technologies and flexibility. Indian auto component industry has seen major growth with the arrival of world vehicle manufacturers from Japan, Korea, US and Europe. Today, India is emerging as one of the key auto components center in Asia and is expected to play a significant role in the global automotive supply chain in the near future. The auto component industry is also expected to drive the growth of the engineering sector in view of its strong downstream and upstream linkages with many other segments of the engineering sector like raw materials, capital goods, intermediate products etc. Auto component industry supports industries like automobiles, machine tools, steel, aluminum, rubber, plastics, electrical, electronics, forgings and machining. India has also emerged as an outsourcing hub for auto parts for international companies such as Ford, General Motors, Daimler Chrysler, Fiat, Volkswagen, and Toyota.

The India's Automotive Component Industry manufactures the entire range of parts required by the Automobile Industry. It is conversant in all Global Automotive Standards, has appropriate investment in Research and Development, and possess the flexibility for Small Batch production to cater the OE requirements.

## b). OPPORTUNITIES & THREATS

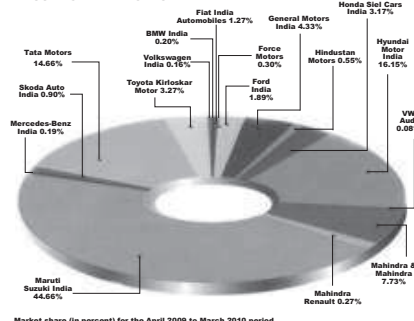
In order to face the ongoing challenges your Company has been continuously making efforts to widen its customer base, pulling in new accounts from OEM's such as Maruti Suzuki India Limited, Hero Honda, Mahindra & Mahindra (M&M), Tata Motors, Honda Motorcycle and Scooter India (HMSI), Honda Sael Cars, Ashok Leyland, Toyota and General Motors India for their upcoming products and International OEM Customers for Exports.

In Passenger vehicle segment the main customers of your Company includes Maruti Suzuki, Tata Motors, Mahindra & Mahindra and Honda Sael which covers 70.22 % of the total market share of the passenger vehicle segment and in Commercial Vehicle Segment the main customers of your Company are Tata Motors, Mahindra & Mahindra and Ashok Leyland which covers almost 87.78 % of the total market share of the Commercial Vehicle segment. Further, in case of Two Wheeler segment, the list of customers of your Company includes Hero Honda Motors, Honda Motorcycle & Scooter, India Yamaha Motors which covers 63.15 % of the market share of Two Wheeler segment. The Company wise market share of major OEMs' for April 2009 to March 2010 period is given here.

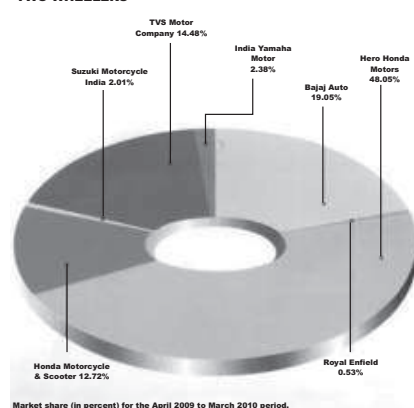
Further, the Company will focus on expanding manufacturing capacities, enhancing Research and Development by creating design and development cell and improving its human resources and industrial relations policies. The design development Cell will have engineers from its Joint Venture Partner, Stanley Electric Co. Ltd, Japan, on site to support new product development. This will help the company to not only develop new products faster but also provide solutions to its customer.

Since lighting plays a vital role in aesthetics and ergonomics in addition to functionality, the in-house design capabilities will support the growing demand for the Company's products. As part of this initiative, the Company plans to enhance its testing capabilities which will transform the Company from a component manufacturer to a full service provider.

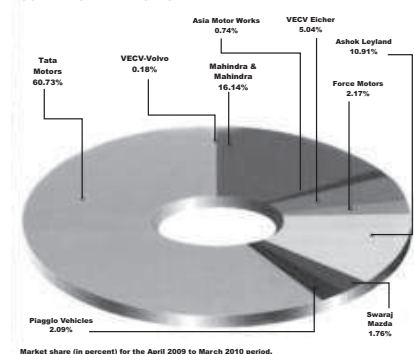
### PASSENGER VEHICLES



### TWO-WHEELERS



### COMMERCIAL VEHICLES



[Source : Auto Car Professional]

Further, according to CARE Research, a division of Credit Analysis and Research Limited (CARE) the domestic passenger vehicle sales to accelerate at a compounded annual growth rate (CAGR) of 13.90 percent from 1.55 million units in F.Y 2008-09 to 2.98 Million units in FY 2013-14.

Further, the domestic passenger car sales would be fuelled by small car (mini and compact sub segments) the sales of which are likely to grow at a CAGR of 15.80 percent from 0.94 million units in FY 2008-09 to 1.95 million units in FY 13-14.

Furthermore, around 70 percent of the households affording a car can actually afford to buy a small car only. This is the reason for small cars accounting for more than three – fourth of the Passenger Cars sold in India and also makes the presence in the small car sub segment one of the key success factors for a Passenger Vehicle manufacturer to be amongst the significant players in India.

### INDIA LIKELY TO TAKE THE CENTRE STAGE IN SMALL CAR PRODUCTION

Original Equipment Manufacturers (OEMs) have also taken into cognizance the humungous opportunity in small car sub segment. Four out of the six launches in 2009 falls in small car sub – segment, which includes Tata Nano, Maruti Ritz, Fiat Punto and Honda Jazz. Only Tata Manza and Chevrolet Cruze fall in the mid size sub segment and eight more launches are expected in the small car sub segment in the next 15-18 months.

Global Auto majors have acknowledged India as the potential hub for the small car production, given the advantage of abundant low-cost labour, local availability of steel, aluminium and natural rubber as well as strong ancillary industry in addition to the 100 percent Foreign Direct Investment allowed in the Sector. Volkswagen, General Motors and Ford have big plans for India, specially in the small car sub segment NISSAN, the seventh - largest Passenger Vehicle manufacturer will be the latest entrant into Indian market.

Additionally, the Foreign Auto majors have either invested or are investing in setting up Research and Development (R&D) centres in India to support their manufacturing activities. While Maruti Suzuki, General Motors, Hyundai and Mercedes – Benz already have R&D centres in India, Fiat and Volkswagen are planning to set up ones here. This indicates the seriousness of their plans to make India as the epicenter to manufacture small cars. This in fact carves out a long term path towards placing India at the Centre stage of the Global Passenger Vehicle Industry.

The focus of the global auto majors on India as their small car hub corroborated with domestic players like Tata Motors and Maruti Suzuki enhancing their small car capacities would drive Passenger Vehicle exports. According to CARE Research Passenger Vehicle exports to augment at a strong CAGR of 22 percent from 335,739 units in FY- 2008-09 to 909,000 in FY 2013-14. [Source : Excerpt from the Report prepared by CARE Research as published in Auto Monitor.]

Your Company is well placed with having five existing plants with huge manufacturing capacities and adding up three more facilities – (i) One in Haridwar - (already commenced production in March 2010), (ii) Second in Sanand, Gujarat and (iii) Third in Bidadi, Bangalore to cater the growing demand in the automotive sector.

The growing opportunity in the Indian Auto Industry with the emergence of foreign auto majors, the Indian Auto Component Industry has also to face challenges in the form of increasing insistence and demand from these Customers for Warranty Claims and Product Liability commitments. However, the Indian Component Industry is accepting the challenges of these commitments and at the same time focusing on delivery of excellent quality products to its customers. The other challenges being faced by the Auto Component Industry are presence of counterfeit components, pressure from OEMs to reduce prices, volatile environment, volatile interest rate movements, talent crunch and competition.

Your Company propose to convert the opportunities into growth of the Company by focusing on Product Quality, Design, cost reduction measures, appropriate automation leading to economic production costs and consistent quality product, strengthening I.T capability for Design, Development and Simulation, process improvements, quality up-gradations, increase market share by diversifying existing customer base with the addition of new strategic customers and enhancing the existing relationship.

### c). PRODUCT WISE PERFORMANCE

The Company is engaged only in one segment of products viz. manufacture of Auto Components, mainly Automotive Lighting Systems. The Product wise performance during the year are as follows:

| (Rs. in Million)                          |                 |
|---|-----------------|
| Products                                  | Turnover        |
| Head Lamp Assembly                        | 3,645.13        |
| Tail Lamp Assembly/Rear Combination Lamps | 1,140.37        |
| Tools                                     | 345.74          |
| Miscellaneous Items                       | 1,210.30        |
| <b>Total</b>                              | <b>6,341.54</b> |

### d). INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a comprehensive system of Internal Controls to safeguard the Company's Assets against loss from unauthorized use and ensure proper authorisation of Financial Transactions. The Company maintains a system of internal controls designed to provide a high degree of assurance regarding effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations. The Company has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

# Lumax Industries Limited

The Legal & Secretarial Department headed by the Vice- President (Legal) & Company Secretary plays a key role in ensuring the compliances with applicable statutory and regulatory requirements across the plants and also monitors the Internal Control System and their adequacy.

Recognizing the important role of Internal Controls, the Company has appointed an Independent firm of Internal Auditors for Northern Region and Western Region Operations of the Company. The Internal Auditors are responsible to examine the Internal Control Systems and Procedures of the Company. Continuous Internal Audit of the systems enables various business groups to plug any shortcomings sooner rather than later. In addition, the top management and the Audit Committee of the Board review the findings and recommendations of the Internal Auditors on regular basis.

## e) **RISK AND CONCERN**

The Company is exposed to external and internal risks associated with the business. The operations of the Company are directly dependent on the Automobile manufacturer's (OEMs) growth and business plans. General economic conditions impact the automotive industry, and in turn, the operations as well. To counter these risks, your company continues to broaden the product portfolio, increase customer profile and geographic reach. The Company is exposed to strong competitive pressures both domestic and overseas. Your company's established reputation, close customer relationships, ability to provide higher level of engineering, design support and relentless drive for improvement gives it a competitive edge. The Company is also exposed to financial risk from changes in interest rates, foreign exchange rates and commodity prices. In order to address these risks the company has implementing adequate risk management approach.

## f). **DISCUSSION ON FINANCIAL PERFORMANCE WITH REFERENCE TO OPERATIONAL PERFORMANCE**

The Indian Automotive Industry registered a remarkable growth in nearly all segments during the financial year ended March 31, 2010. The production of Automobiles in this financial year has grown 25.76% in the year ended March 31, 2010 as compared to the last year ended in March 31, 2009.

### **REVENUE**

Your company's business is directly dependent on the Original Equipment Manufacturer(s) of Automobiles (OEM's). Your company has achieved Net Sales of Rs. 6,341.54 Millions for the year ended March 31, 2010 as compared to Rs. 5,230.82 Million in the previous year, a remarkable growth of 21.23% in line with Industry growth trend.

### **PROFITS**

Your Company has recorded a Profit Before Tax (PBT) of Rs. 63.82 Million for the year ended March 31, 2010 as compared to Loss (Before Tax Adjustments) of Rs. (36.44) Million in the previous year.

### **DIVIDEND**

The Company has been declaring dividend for the last 25 years continuously. Therefore, keeping in view of the philosophy of the Company to reward its shareholders and to continue the tradition of recommending dividend for the last 25 years, your Directors are pleased to recommend a Dividend of 30% (Rs.3/- per Equity Share) for the Financial Year 2009-10 as compared to 10% (Re. 1/-per Equity share) in the previous year.

The total amount of Dividend proposed to be distributed is Rs. 32.70 million (including Dividend Tax).

## g). **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

At Lumax, our people have always been our most valuable resources. Your Company continuous to develop the skill and knowledge of its employees from time to time so as to meet the technological and other changes in the auto component sector. Further the improvement activities through Kaizen, Quality Circles, Total Quality Management, 5-S are being done throughout the Company to enhance the productivity and efficiency of the employees. The Company has started a Training school at its Chakan Plant with the aim of providing on-job training/skills up-gradation of the operators. The concept of the same is known as "Dexterity School" where every operator is given requisite training before moving to the shop floor. Further, Dharuhera Plant of your Company has set target to win the prestigious Deming Award (Highest Quality Award) by 2011. This award is the highest award in the world for TQM. This will go a long way by inculcating a quality culture and strong shop floor focus within the organisation.

The Directors acknowledge and appreciate the contribution of all employees towards the performance of the Company.

During the year under review the Company employed 1352 number of employees.

### **CAUTIONARY STATEMENT**

*The above mentioned statements are only "forward looking statements" based on certain assumptions/expectations. The Company's actual performance could differ materially from those expressed/projected depending upon changes in various factors. The Company does not assume any responsibility to any change(s) in "forward looking statements", on the basis of subsequent development, information or events etc.*

## ANNEXURE - B

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, and forming part of Directors' Report for the year ended 31<sup>st</sup> March 2010.

### A. CONSERVATION OF ENERGY :

Though the Company does not come under the category of power intensive unit, adequate measures have been taken for energy conservation and thereby to reduce energy cost.

#### (a) *Energy Conservation Measures taken and their impact.*

During the year under review the Company has taken following measures to conserve the energy.

##### 1) **Introduction of "Invertor" attached with the New Machines.**

During the year under review, the Company has introduced an Instrument called "Invertor" with the new machines. This instrument reduces the consumption of the Electricity by 30% when the machine is in idle mode, as this instrument slows the speed of the machine which reduces the electricity consumption.

##### 2) **Introduction of "Alternative Current Frequency Drive" instruments with the Existing Machines.**

The Company has also introduced "Alternative Current Frequency Drive" instruments with the existing machines. The instrument also slow the speed of the Machine when it is in Idle mode and saving electricity consumption by 30%.

##### 3) **Use of "LED" based Street Lights at New Plant set up at Haridwar.**

The Company has introduced at its Haridwar Plant the energy efficient "LED" Lights. The Company will achieve saving in electricity consumption in a long run as it will be using 90 Watt LED based Light in place of 250 Watt.

#### (b) *Additional Investments and Proposals being implemented for reduction of Consumption of Energy.*

The Company is evaluating the proposal of using Gas as Fuel instead of Furnance Oil or Diesel in the existing Power Plants for supply of Power to the Plants. Further, the Company is also evaluating to introduce "Variable Pumps" in the machines for conservation of energy.

#### (c) *Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of Goods.*

It is difficult to quantify the impact of individual energy reduction measures on the Cost of Production of Goods. The above measures of energy reduction will reduce overall cost of energy.

#### (d) **Total Energy Consumption and Energy Consumption per Unit of production.**

Being not applicable to Auto Components Sector, the Form A is not furnished.

### B. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

As a result of ongoing continual improvements the company has been absorbing and localizing the latest technology in production and process with the help of its technical and financial collaborator M/s Stanley Electric Co. Ltd., Japan.

#### *Technology, Absorption, Adaptation and Innovation*

##### 1. *Efforts, in brief, made towards technology absorption, adaptation and innovation.*

- In effort toward Energy conservation, LEDs in Front lighting for 2-wheeler, interior and exterior lightings in 4 wheelers will be introduced in the 2010-11 for the first time in Indian market
- Continual absorbing the technique of effective maturation of Design, Tooling and Product.
- To get more accuracy during reflector aiming at assembly line joint efforts were carried out with our technology partner and introduced.
- Cameras were implemented at assembly line stations to check and take immediate action for different beam patterns (LHD, RHD, US patterns).

##### 2. *Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.*



# Lumax Industries Limited

- a. Based on the Technology absorbed during various design reviews in collaboration with the collaborator Stanley Electric Co. Ltd, Japan and support from various technology partners your Company was able to propose energy saving, cost reduction ways, and improve styling's to customers.
  - b. With the LED based technology as introduced in Tail Lamps for 2-wheelers the know-how will be customized and adopted as for replacement of bulb solutions toward energy saving.
  - c. Following the various activities of Maturation we are able to offer "First-Time-Right" Product to our esteemed customers.
  - d. With various Design of Experiments being conducted at stages of product development, we are now able to support customer on efficient and better products.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

|    |  |   |  |
|----|--|---|--|
| a. | Technology Imported  | : | Multi color 3 Stage Molding Technique. |
| b. | Year of Import   | : | 2007-2008                              |
| c. | Has Technology been fully absorbed   | : | Yes                                    |
| d. | If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action. | : | N.A.                                   |

## RESEARCH & DEVELOPMENT

Research and Development (R&D), Technology Development and Innovation continues to be an integral part of Company's agenda for achieving growth, business profitability, sustainability. The Ministry of Science and Technology, Department of Scientific and Industrial Research Technology has granted the recognition of In-House Research & Development Unit at Gurgaon, in September 2008. The Company is enhancing its manufacturing capacities, enhancing R&D by creating Design and Development Cell with the support of its Technical Collaborator Stanley Electric. Co. Ltd, Japan to support new product development.

- a) Specific Areas in which R&D carried out by the Company:
  - ❖ Complete Tail Lamp designing with proto development.
  - ❖ Complete in-house designing of Headlamp with Corner Lamp and development for a Tractor.
  - ❖ Complete designing of Revolving light for Emergency vehicles with Helical Gear as mechanism of rotation.
- b) Benefits derived as a result of the above R&D:
  - ❖ Reinforced the knowledge and technology involving SMD (surface mount devices) based Lamps Technology, especially for High Mount Stop Lamps and Interior Lamps.
  - ❖ Increase in Customer Confidence in Company's Research and Development Activities.
  - ❖ Design and Material Databases are continuously improved and enhanced.
  - ❖ Confidence Built up amongst R&D personnel for multiple design activity, multiple usage of the testing equipment and exposure towards new technology.
- c) Future Plan of Action:
  - ❖ To upgrade our existing design and development infrastructure and make Lumax Design standard.
  - ❖ Prepare a training program of Design engineers as to educate them toward new generation lamp technology
- d) Expenditure on Research & Development for the year 2009-10

(Rs. in Million)

|       |  |              |
|-------|--|--------------|
| (i)   | Capital  | 5.77         |
| (ii)  | Recurring  | 71.34        |
| (iii) | <b>Total</b>   | <b>77.11</b> |
| (iv)  | Total R & D Expenditure as a percentage of Total Turnover(%) | 1.22         |



**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans :

Your Company has been continuously striving for growth in business in existing export market. During the year under review the following export development and promotion measures were taken.

- ❖ One of the major German auto maker approved our capability in design and development of LED High Mount Stop Lamp and nominated the Company as the first Indian supplier in automotive lighting business in forward sourcing programs for manufacture and export to that Customer.
- ❖ One of the major German Car manufacturer in India has audited our manufacturing facilities in Chakan and approved us for manufacturing all kind of small lamps for its operations in India.
- ❖ Another International famous Luxury Car maker, has awarded your Company for development of 100% LED base High Mount Stop Lamp with overlay injection concept for export to United Kingdom.

- b) Total Foreign Exchange used and earned:

- (i) This information is given in Notes on Accounts (Schedule 24) at Sl.No. 15 (c) to (f).

# Lumax Industries Limited

## ANNEXURE - C

### Group Coming within the definition of 'Group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969.

The following persons constitute the Group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), which exercises or is established to be in a position to exercise control directly or indirectly, over the Company.

| S.No | Name of the Entities forming Group         |
|------|--|
| 1    | Mr. Dhanesh Kumar Jain                     |
| 2    | Mrs. Usha Jain                             |
| 3    | Mr. Deepak Jain.                           |
| 4    | Mrs. Poysha Goyal Jain                     |
| 5    | Mr. Anmol Jain                             |
| 6    | Mrs. Shivani Jain                          |
| 7    | Sheela Finance Pvt. Ltd                    |
| 8    | D & A Enterprises                          |
| 9    | Mahavir Udyog                              |
| 10   | Tecno Enterprises                          |
| 11   | Nytex Auto                                 |
| 12   | Bharat Enterprises                         |
| 13   | D.K Jain Family Trust                      |
| 14   | Deepak Auto Ltd.                           |
| 15   | Lumax Auto Technologies Ltd                |
| 16   | D & A Enterprises Pvt. Ltd                 |
| 17   | Lumax DK Auto Industries Ltd.              |
| 18   | Lumax Auto Parts Trading Pvt. Ltd          |
| 19   | Lumax Cornaglia Auto Technologies Pvt. Ltd |
| 20   | Lumax Tours & Travels Limited.             |
| 21   | Backcountry Estates Pvt. Ltd               |

**CORPORATE GOVERNANCE REPORT**

The Securities and Exchange Board of India (SEBI) regulates Corporate Governance Practices of Companies Listed on the Indian Stock Exchanges. These regulations are notified under Clause 49 of the Listing Agreement of all the Stock Exchanges. This clause specifies the standards that Indian Companies have to meet and the disclosures that they have to make with regards to Corporate Governance. Your Company has established systems and procedures to comply with the amended provisions of the Code of Corporate Governance and is complying with the same in its letter and spirit.

**1. COMPANY'S PHILOSOPHY:**

Lumax Industries Limited remains committed to high standards of Corporate Governance. The Company believes that Corporate Governance is based on the principle of integrity, fairness, equity, transparency, accountability and commitment to values. Good Governance Practices stem from the culture and mindset of the organisation.

We believe that sound Corporate Governance is critical to enhance and retain investors trust. Accordingly, we always seek to ensure that, we attain our performance rules with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. We also endeavor to enhance long term shareholder value and respect minority rights in all our business decisions.

**Our Corporate Governance philosophy is based on the following principles:**

- Satisfy the spirit of the law and not just the letter of the law.
- Corporate Governance standards should go beyond the law.
- Be transparent and maintain a high degree of disclosure levels.
- Have a simple and transparent corporate structure driven solely by business needs.
- Management is the trustee of the shareholders' capital and not the owner.

**2. BOARD OF DIRECTORS , MEETINGS OF THE BOARD, PROCESS AND PROCEDURES AT THE MEETING:**

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served.

The Company's Board of Directors consisted of twelve (12) Directors. Out of these twelve (12) Directors, Five (5) Directors, including the Chairman and Managing Director are Executive Director(s), one (1) is Non Executive Director and Six (6) are Non Executive Independent Director(s). The Chairman and Managing Director is assisted by three Senior Executive Directors, one Executive Director and Senior Managerial Personnel in overseeing the functional matters of the Company. The Board of Directors have met six times during the year. The Company follows the following process and procedures for the Board Meetings.

**A. Scheduling and Selection of Agenda Items for Board Meetings**

- (i) Minimum four pre-scheduled Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- (ii) The meetings are usually held at the Company's office at Plot No. 16, Sector-18, Maruti Complex, Gurgaon Haryana-122001.
- (iii) All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion / approval / decision at the Board meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board meetings.
- (iv) The Board is given presentations by the Statutory Auditors, Internal Auditors and Head Finance covering Finance, Sales, major business segments and operations of the Company, all business areas of the Company including business opportunities, business strategy and the risk management practices and Internal Audit issues before taking on record the quarterly / annual financial results of the Company.
- (v) The information required to be placed before the Board includes :
  - General Notices of Interest of Directors.
  - Minutes of Meetings of Audit Committee and other Committees of the Board, as also resolutions passed by circulation.

# Lumax Industries Limited

- Annual Operating Plans of Businesses, Capital Budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Dividend declaration.
- Quarterly summary of all Long-Term Borrowings made, Bank Guarantees issued, Loans and Investments made.
- Sale of material nature, of Investments, Subsidiaries, Assets, which is not in normal course of business, if any.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Internal Audit findings and Statutory Auditor Reports (through the Audit Committee).
- Details of any Joint Venture, Acquisitions of Companies or Collaboration Agreement, if any.
- Status of Business Risk Exposures, its management and related action plans.
- Making of Loans and Investment of surplus funds.
- Non-Compliance of any Regulatory, Statutory or Listing requirements and shareholders service such as Non-Payment of Dividend, delay in share transfer (if any), etc.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or Serious Accidents, Dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like implementation of Voluntary Retirement Scheme etc.
- Transactions that involve substantial payment towards Goodwill, Brand Equity or Intellectual Property.
- Brief on statutory developments, changes in Government policies etc. with impact thereof, directors' responsibilities arising out of any such developments.

(vi) The Chairman of the Board and the Company Secretary in consultation with other concerned members of the Senior Management and Nominees of Technical and Financial Collaborator, finalise the agenda papers for the Board meetings.

## **B. Detailed Agenda Papers Provided to Board at the Meeting**

Detailed Agenda and Notes on Agenda are provided to the Directors, at the Board Meeting in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted.

## **C. Recording Minutes of proceedings at Board Meetings**

The Company Secretary records the Minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments. The final minutes are entered in the Minutes Book within 30 days from conclusion of the meeting.

## **D. Post Meeting Follow-up Mechanism**

The Guidelines for Board meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board. The important decisions taken at the Board meetings are communicated to the departments / divisions concerned promptly. Action taken report on the decisions/minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board for noting by the Board.

## **E. Role of the Company Secretary in Overall Governance Process**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. He ensures that all relevant information, details and documents are made available to the Board and Senior Management for effective decision making. The Company Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued there under and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

**F. Composition, Category and Attendance of Directors at Board Meetings, Last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/Memberships of Committees of each Director in various Companies as on 31-03-2010.**

| S. No. | Name of the Directors   | Category of Directorship                 | No. of Board Meetings attended | No. of Directorships in other Public Companies <sup>1</sup> | No. of Committee Positions held in other Public Companies <sup>2</sup> |        | Last AGM Attended | Relationship Interse   |
|--------|-------------------------|--|--------------------------------|---|--|--------|-------------------|--|
|        |                         |  |                                |   | Chairman   | Member |                   |  |
| 1      | Mr. D.K. Jain           | Chairman and Managing Director           | 6                              | 3   | 1  | 1      | Yes               | Related as Father to Mr. Deepak Jain and Mr. Anmol Jain        |
| 2      | Mr. Deepak Jain         | Sr. Executive Director                   | 6                              | 1   | -  | -      | Yes               | Related as Son to Mr. D.K Jain & as Brother to Mr. Anmol Jain  |
| 3      | Mr. Anmol Jain          | Sr. Executive Director                   | 6                              | 2   | -  | -      | Yes               | Related as Son to Mr. D.K Jain & as Brother to Mr. Deepak Jain |
| 4      | Mr. Ikuo Abe            | Sr. Executive Director (Stanley Nominee) | 5                              | -   | -  | -      | Yes               | Related as Nominee Directors of Stanley                        |
| 5      | Mr. Atsushi Ishii       | Executive Director (Stanley Nominee)     | 6                              | -   | -  | -      | Yes               | Related as Nominee Directors of Stanley                        |
| 6      | Mr. Makio Natsusaka     | Non-Executive Director (Stanley Nominee) | -                              | -   | -  | -      | No                | Related as Nominee Directors of Stanley                        |
| 7      | Mr. A. P. Gandhi        | Non-Executive Independent Director       | 4                              | 9   | 2  | 5      | Yes               | Not related to any Director.                                   |
| 8      | Mr. Deep Kapuria #      | Non-Executive Independent Director       | 6                              | 3   | 2  | 2      | Yes               | Not related to any Director.                                   |
| 9      | Mr. Gursaran Singh      | Non-Executive Independent Director       | 4                              | 4   | -  | -      | No                | Not related to any Director.                                   |
| 10     | Mr. Suman Jyoti Khaitan | Non-Executive Independent Director       | 3                              | 4   | 1  | 5      | No                | Not related to any Director.                                   |
| 11     | Mr. M. C. Gupta         | Non-Executive Independent Director       | 6                              | 2   | 2  | 3      | No                | Not related to any Director.                                   |
| 12     | Mr. Dhiraj Dhar Gupta   | Non-Executive Independent Director       | 5                              | 4   | -  | -      | No                | Not related to any Director.                                   |

**Note :**

[Stanley Electric Co. Ltd, Japan has withdrawn the nomination of Mr. Akihiro Nakamura, as Director and nominated Mr. Makio Natsusaka as Director who was appointed in the Board Meeting held on 30-06-2009 and thereafter in Annual General Meeting.

# Mr. Deep Kapuria has resigned from the Board and his resignation was accepted by the Board of Directors in its meeting held on 22-05-2010.

<sup>1</sup> Excludes Directorship in Foreign Companies.

<sup>2</sup> As per amended guidelines, Committee here means Audit Committee and Shareholders/Investors Grievance Committee, and excluding the Committee positions in Lumax Industries Limited.

# Lumax Industries Limited

The Board of Directors has appointed Mr. Rattan Kapur as Additional Director in its Meeting held on 22-05-2010.

For the purpose of membership of Committees, if a Director is categorized as Chairman in the Committee, his position is also considered in calculating the membership in Committee position.]

Directors who relinquished office during the year ended 31st March, 2010.

| S.No. | Name of the Directors | Category of Directors                       | No. of Board Meetings attended | No. of other Director - ships | Committee Member - ships | Committee Chairman - ship | Last AGM Attended |
|-------|-----------------------|---|--------------------------------|-------------------------------|--------------------------|---------------------------|-------------------|
| 1.    | Mr. Akihiro Nakamura  | Non-Executive Director (Nominee of Stanley) | 0                              | -                             | Nil                      | Nil                       | No                |

## G. Number of Board Meetings held and the dates on which held

The Board of Directors met Six times during the financial year ended 31st March, 2010. The intervening period between two Board Meetings was well within the maximum time gap of 4 months, as prescribed under Code of Corporate Governance. The details of Board Meetings held during the year are as under:-

| S.No. | Date of Board Meeting | Board's Strength | No. of Directors present |
|-------|-----------------------|------------------|--------------------------|
| 1.    | 28-04-2009            | 12               | 10                       |
| 2.    | 30-06-2009            | 11               | 10                       |
| 3.    | 29-07-2009            | 12               | 07                       |
| 4.    | 30-10-2009            | 12               | 09                       |
| 5.    | 30-01-2010            | 12               | 10                       |
| 6.    | 29-03-2010            | 12               | 11                       |

(As Mr. Nakamura resigned on 30-06-2009, the total strength of the Board reduced from 12 Directors to 11 Directors on 30-06-2009 and one Director was appointed in the Board Meeting of 30-06-2009, accordingly in the next Board Meeting(s) the strength of the Board increased to twelve Directors).

## 3 COMMITTEES OF THE BOARD

Currently, the Board has three Committees: the Audit Committee, the Remuneration Committee, the Investors Grievance and Share Transfer Committee. The Company's process and procedure related to the Board Meetings are also applicable and followed in the Committee Meetings. The brief details of the various committees of the Board and their constitution and functions are as under:

### A. Audit Committee

#### a) Composition and Attendance

The Audit Committee comprises of Five Non-Executive Independent Directors and Two Executive Directors. The Composition of the Audit Committee during the financial year April 2009 to March 2010 was as follows :

| S.No. | Name               | Status     | Category of Membership             |
|-------|--------------------|------------|------------------------------------|
| 1.    | Mr. Deep Kapuria   | Chairman # | Non-Executive Independent Director |
| 2.    | Mr. A.P. Gandhi    | Member #   | Non-Executive Independent Director |
| 3.    | Mr. Gursaran Singh | Member     | Non-Executive Independent Director |
| 4.    | Mr. M.C. Gupta     | Member     | Non-Executive Independent Director |
| 5.    | Mr. D.D. Gupta **  | Member     | Non-Executive Independent Director |
| 6.    | Mr. Deepak Jain ** | Member     | Senior Executive Director          |
| 7.    | Mr. Ikuo Abe **    | Member     | Senior Executive Director          |

\*\* In order to broad base the Audit Committee, Board of Directors in their meeting held on June 30, 2009 have appointed Mr. D.D. Gupta, Independent Director, Mr. Deepak Jain and Mr. Ikuo Abe Senior Executive Directors as members of the Audit Committee.

# Pursuant to the resignation of Mr. Deep Kapuria, Chairman of the Audit Committee, which was accepted by the Board in its meeting held on May 22, 2010, the Audit Committee members has elected Mr. A.P.Gandhi, as Chairman in its meeting held on 22-05-2010 and the Board of Directors has nominated Mr. Rattan Kapur, as member of the Audit Committee.

The Audit Committee had met Five times during the Financial Year April 1, 2009 to March 31, 2010. The attendance of the meetings are as under :

| S.No. | Directors          | No. of Meetings attended |
|-------|--------------------|--------------------------|
| 1.    | Mr. Deep Kapuria   | 5                        |
| 2.    | Mr. A.P. Gandhi    | 3                        |
| 3.    | Mr. Gursaran Singh | 3                        |
| 4.    | Mr. M. C. Gupta    | 5                        |
| 5.    | Mr. D.D.Gupta      | 2                        |
| 6.    | Mr. Deepak Jain    | 3                        |
| 7.    | Mr. Ikuo Abe       | 2                        |

Statutory Auditors, Internal Auditors and Finance Head are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Audit Committee.

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement. The Audit Committee of the Company, inter-alia, provides assurance to the Board on the existence and adequacy of an effective Internal Control systems that ensures:-

- Efficiency and effectiveness of operations.
- Safeguarding of assets and adequacy of provisions for all liabilities.
- Reliability of all financial and other management information and adequacy of disclosures.
- Compliance with all relevant statutes.

The Committee has powers as envisaged under Clause 49(II) of the Listing Agreement and as specified by the Board of Directors of the Company and includes the following terms of references:-

**b) Powers of Audit Committee**

Audit Committee shall have following Powers:-

- 1.) To investigate any activity within its terms of reference;
- 2.) To seek any information from any employee.
- 3.) To obtain outside legal or other professional advice.
- 4.) To secure attendance of outsiders with relevant expertise, if considered necessary.

**c) Role of Audit Committee**

- 1.) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2.) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- 3.) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- 4.) Reviewing, with management, the annual financial statements before submission to the Board for approval with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgement by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with Listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in draft Audit Report.



# Lumax Industries Limited

- 5.) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- 6.) Reviewing, with the management, if any, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 7.) Reviewing with the management, performance of the Statutory and Internal Auditors, adequacy of Internal Control systems.
- 8.) Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 9.) Discussion with Internal Auditors on any significant findings and follow-up thereon.
- 10.) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 11.) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 12.) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- 13.) To Review the functioning of Whistle Blower mechanism, in case the same is existing.
- 14.) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- 15.) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## d) Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:-

- 1.) Management discussion and analysis of financial conditions and results of operations;
- 2.) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- 3.) Management letters/ letters of internal control weakness, if any, issued by the Statutory Auditors;
- 4.) Internal Audit Reports relating to internal control weakness; and
- 5.) The appointment, removal and terms of remuneration of the Chief Internal Auditors shall be subject to review by the Audit Committee.

## e) Any other matter with the specific permission of the Board.

## B. Remuneration Committee

The Remuneration Committee consists of Independent and Non-Executive Directors to review and recommend payment of annual salaries, commission, service agreements and other employment conditions of the Executive Directors of the Company. The committee fixes the remuneration after taking into consideration remuneration practices followed by Companies of similar size and standing in the Industry.

The Remuneration Committee comprises of three Directors as its members. All the members of the Committee are non-executive Director and have sound knowledge of management practices. The Chairman of the Committee is a Non-Executive Independent Director nominated by the Board. The power and role of the Remuneration Committee is as per guidelines set out in the listing agreement.

The constitution of the Remuneration Committee during the financial year April 2009 to March 2010 was as follows :

| S.No. | Name of Directors       | Status   | Category of Membership             |
|-------|-------------------------|----------|------------------------------------|
| 1.    | Mr. A.P. Gandhi #       | Chairman | Non-Executive Independent Director |
| 2.    | Mr. Deep Kapuria #      | Member   | Non-Executive Independent Director |
| 3.    | Mr. Suman Jyoti Khaitan | Member   | Non-Executive Independent Director |

# Mr. Deep Kapuria has resigned from the Board and his resignation was accepted by the Board of Directors in its meeting held on 22-05-2010.

# The Board of Directors in its meeting held on 22-05-2010 nominated Mr. Rattan Kapur as member of the Remuneration Committee and also recommended his name as Chairman of the Committee in place of Mr. A.P.Gandhi.

No Remuneration Committee Meeting is held during the Financial Year.

**a) Remuneration Policy:**

The Remuneration Committee fixes the remuneration of the Executive Directors after considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company, etc. The remuneration structure comprises Basic Salary, Commission, Perquisites and Allowances, contribution to Provident Fund etc. The remuneration policy for Executive Directors is directed towards rewarding performance, based on review of achievements of Executive Directors.

The Non-Executive Directors have not drawn any remuneration from the Company, except sitting fees for attending meetings of the Board and Committees.

**The details of Remuneration paid to Whole Time Directors during the financial year ended 31st March, 2010.**

| S.No. | Name of the Directors | Salary (Rs.) | Perquisites and other benefits (Rs.) | Commission (Rs.) | Total (Rs.) |
|-------|-----------------------|--------------|--------------------------------------|------------------|-------------|
| 1.    | Mr. D.K. Jain         | 4,020,000    | 2,850,532                            | -                | 6,870,532   |
| 2.    | Mr. Deepak Jain       | 3,420,000    | 2,814,966                            | -                | 6,234,966   |
| 3.    | Mr. Anmol Jain        | 3,120,000    | 2,585,573                            | -                | 5,705,573   |
| 4     | Mr. Ikuo Abe          | 288,000      | 12,480,199                           | -                | 12,768,199  |
| 5     | Mr. Atsushi Ishii     | 288,000      | 11,034,218                           | -                | 11,322,218  |

(The remuneration of Mr. Ikuo Abe and Mr. Atsushi Ishii includes the amount of "Absence Fees" and the amount of Perquisites and other benefits includes contribution towards Provident Fund and other Statutory Payment. Further, the above remuneration is paid as per the approval of the Central Government.)

None of the Non-Executive Directors held shares in the Company

There are no Security/Instrument of the Company pending for conversion into Equity Shares.

**C. Shareholders/Investors Grievance & Share Transfer Committee**

The Company has a Shareholders/Investors Grievance & Share Transfer Committee to oversee Investors grievances and redressal mechanism and recommends measures to improve the level of Investors' services and to look into and decide matters pertaining to share, transfers, duplicate share certificates and related matters. The Committee comprises four Directors with three of them being Executive Directors. The present composition of this Committee during the year April 2009 to March 2010 was as under :

| S.No. | Name of Directors | Status     | Category of Membership                            |
|-------|-------------------|------------|---|
| 1.    | Mr. Deep Kapuria  | Chairman # | Non-Executive Independent Director                |
| 2.    | Mr. D.K. Jain     | Member     | Chairman & Managing Director (Executive Chairman) |
| 3.    | Mr. Deepak Jain   | Member     | Senior Executive Director                         |
| 4.    | Mr. Ikuo Abe*     | Member     | Senior Executive Director                         |

\* In order to broad base the Shareholders/Investors Grievance & Share Transfer Committee, Board of Directors in their meeting held on June 30, 2009 has appointed Mr. Ikuo Abe, Senior Executive Director as member of the Committee.

# Pursuant to the resignation of Mr. Deep Kapuria, Chairman of the Committee, the Board of Directors has nominated Mr. D.D.Gupta as Member and Chairman of the Committee in its meeting held on 22-05-2010.

The functioning and terms of reference of the Committee are, as prescribed under the Listing Agreement entered with the Stock Exchanges, with particular reference to transfer, dematerialization and complaints of Shareholders etc.

The Quorum for the functioning of the Committee is any two Members present. The Share Transfer formalities are attended by the Committee once in a fortnight.

The total complaints received and replied to the shareholders during the year ended 31st March, 2010 were 261. There were no complaints which were not solved to the satisfaction of the shareholders and pending during the year.

# Lumax Industries Limited

During the year 5 meetings of Committee were held. The following is the attendance record at the Committee during the year:

## Shareholders/Investors Grievance & Share Transfer Committee Attendance

| S.No. | Name of Directors  | No. of Meetings attended |
|-------|--------------------|--------------------------|
| 1.    | Mr. Deep Kapuria # | 5                        |
| 2.    | Mr. D.K. Jain      | 5                        |
| 3.    | Mr. Deepak Jain    | 4                        |
| 4     | Mr. Ikuo Abe       | 4                        |

# Mr. Deep Kapuria has since resigned.

## 4. COMPLIANCE OFFICER OF THE COMPANY :

Mr. B.S.Bhadauriya, Vice President (Legal) & Company Secretary is the Compliance Officer of the Company. He is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters.

## 5. GENERAL BODY MEETING

The details of Annual General Meeting (AGMs) held in the last three years are as follows:

| Financial Year | Date       | Time       | Location                    |
|----------------|------------|------------|-----------------------------|
| 2006-07        | 23-07-2007 | 11.00 A.M. | FICCI Auditorium, New Delhi |
| 2007-08        | 01-09-2008 | 10.30 A.M. | FICCI Auditorium, New Delhi |
| 2008-09        | 18-08-2009 | 10.30 A.M  | FICCI Auditorium, New Delhi |

Special Resolutions passed in previous three Annual General Meetings (AGM).

(i). AGM held on 23-07-2007:

- 1.) Revised Payment of Remuneration to Mr. D.K. Jain, Chairman and Managing Director.
- 2.) Revised Payment of Remuneration to Mr. Deepak Jain, Executive Director.
- 3.) Revised Payment of Remuneration to Mr. Anmol Jain, Executive Director.

(ii). AGM held on 01-09 - 2008 :

- 1.) Re-appointment of Mr. D. K. Jain, as Chairman & Managing Director for a further period of 3 years.
- 2.) Revision in Remuneration to Mr. Deepak Jain and re-designating him as Senior Executive Director.
- 3.) Re-appointment of Mr. Anmol Jain as Senior Executive Director for a further period of 3 years.
- 4.) Appointment of Mr. Ikuo Abe, as Director and also as a Senior Executive Director.
- 5.) Appointment of Mr. Atsushi Ishii, as Director and also as Executive Director.

(iii). There were no Ordinary or Special Resolution that needed to be passed through Postal Ballot mechanism during the year 2009-2010.

## 6. CODE OF CONDUCT

The Company has adopted a Code of Conduct for all Board Members and Senior Employees of the Company. The Code of Conduct has already been posted on the website of Company for general viewing. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct on annual basis. The Annual Report contains a declaration to this effect signed by the Chairman & Managing Director.

## 7. DISCLOSURES

a.) During 2009-10, other than the transactions entered in the normal course of business and reported as the related party transactions in the annual accounts, the Company had not entered any materially significant related party transactions i.e. transaction of the Company of material nature with its Promoters/ Director/Senior Employees or relatives etc., which could have a potential conflict with the interest of Company at large.

b.) The Audit Committee is briefed with all related party transaction undertaken by the Company.

- c.) The Senior Employees have made disclosures to Board that they did not have personal interest in any material financial and commercial transactions that could result in a conflict with the interest of the Company at large.
- d.) The Company has a Code of Conduct for its Board and Senior Employees (as per Corporate Governance Code) and the same is available at the Company's website. The Company has obtained a compliance certificate from all concerned.
- e.) There has been no Non-Compliance penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.
- f.) The Company follows the Accounting Standards laid down by the Institute of Chartered Accountants of India, and there has been no deviation in the accounting treatment during the year.
- g.) The Company do not have any Whistle Blower Policy. However, the Company promotes a favorable environment for employees to have an open access to the respective functional Heads, Executive Directors and Chairman and Managing Director, so as to ensure ethical and fair conduct of the business of the Company.
- h.) The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement.
- i.) The Company has not issued shares pursuant to the public issue or any other issue which are unclaimed and lying in the escrow account, accordingly the requirement of disclosure in the Annual Report as per Clause 5A of the Listing Agreement is not applicable.
- j.) The Company has formulated a Code of Conduct for prevention of Insider Trading in the Shares of the Company in accordance with the SEBI (Prohibition of Insider Trading) Regulation, 1992.

## 8. MEANS OF COMMUNICATION

The quarterly/yearly results of the Company are published in leading and widely circulated English dailies viz. 'The Financial Express and Jansatta as per the requirements of the Listing Agreement with the Stock Exchanges. The results are also faxed to the Stock Exchanges where the Equity Shares of the Company are listed, in accordance with the provisions of the Listing Agreement.

The Company's financial results and official news releases are also displayed on the Company's website at [www.lumaxindustries.com](http://www.lumaxindustries.com).

Pursuant to Clause 52 of the Listing Agreement, all data related to quarterly as well as annual financial results, shareholding pattern etc. are updated at the Electronic Data Information Filing And Retrieval (EDIFAR) website maintained by SEBI namely [www.sebidifar.nic.in](http://www.sebidifar.nic.in). till the quarter ended December, 2009 and thereafter on the Corporate Filing and Dissemination System website [www.corpfiling.co.in](http://www.corpfiling.co.in).

## 9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMS PART OF THE DIRECTORS REPORT.

## 10. GENERAL SHAREHOLDERS INFORMATION

- a.) **Annual General Meeting** : The 29th Annual General Meeting is Scheduled as under :
  - Date : 22nd July 2010
  - Time : 10.30AM
  - Venue : FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi -110001
- b.) **Date of Book Closure** : 12th July, 2010 to 22nd July, 2010(both days inclusive)
- c.) **Registered Office** : Lumax Industries Limited  
B-85-86, Mayapuri Industrial Area,  
Phase-I,  
New Delhi - 110064
- d.) **Financial Year** : 1st April to 31st March

# Lumax Industries Limited

**e) For the year ended March 31, 2010 results were announced on :**

| S.No. | Adoption of Quarterly Results Ended        | In the Month of  |
|-------|--|------------------|
| 1.    | 30th June, 2009                            | July 29, 2009    |
| 2.    | 30th September, 2009                       | October 30, 2009 |
| 3.    | 31st December, 2009                        | January 30, 2010 |
| 4.    | 31st March, 2010 (Audited Annual Accounts) | May 22, 2010     |

**f) Financial Calendar for 2010-11 (Provisional) :**

| S. No. | Adoption of Quarterly Results Ended        | In the Month of #         |
|--------|--|---------------------------|
| 1.     | 30th June, 2010                            | 2nd week of August 2010   |
| 2.     | 30th September, 2010                       | 2nd week of November 2010 |
| 3.     | 31st December, 2010                        | 2nd week of February 2011 |
| 4.     | 31st March, 2011 (Audited Annual Accounts) | 4th week of May 2011      |

# Within 45 days of the end of the Quarter as per latest clause 41 of the Listing Agreement.

**g) Dividend & Dividend Payment Date:**

A dividend of Rs.3 /- per share (30%) has been recommended by the Board of Directors for the Financial Year 2009-10 which is subject to the approval of the shareholders at the ensuing Annual General Meeting. For Demat shareholders and Physical shareholders who have opted for ECS, Dividend Amount of Rs.3/- per share will be credited directly to their respective bank accounts through ECS, wherever such facilities are available, soon after the declaration of dividend in the AGM. For others, Dividend Warrants will be posted by August 16, 2010 (tentative).

**h) Unclaimed Dividends :**

Unclaimed Dividend for the year 2002-2003 shall become transferable to the Investor Education & Protection Fund by the end of November, 2010. The Company has been writing periodical reminders to all the shareholders as a part of sending Notice of Annual General Meeting, whose Dividends are lying unpaid in the Unpaid Dividend Account.

**i) Share Transfer System :**

All work related to Share Registry, both in physical form and electronic form, is handled by the Company's Registrar and Transfer Agent. The Company has appointed M/s Karvy Computer Share Pvt Ltd as the Registrar & Share Transfer Agent.

The Share transfers in the physical form are approved by the Chairman & Managing Director and Company Secretary on fortnightly basis and the same were approved and ratified by the Shareholders / Investors Grievance & Share Transfer Committee.

The total number of shares transferred during the financial year 2009-10 were 3308, which were registered and returned to the respective transferees within a period ranging from two to three weeks, provided the documents lodged with the Registrars/Company are clear in all respects.

**j) Registrars and Share Transfer Agent (For Physical as well as for Demat Segment) :**

Address : M/s Karvy Computershare Pvt. Ltd.  
Unit: Lumax Industries Limited, Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081  
Tel : 040-44655000 Fax : 040-23420814  
Toll Free No : 1800-3454-001  
E-mail : einward.ris@karvy.com  
Website : www.karvycomputershare.com

**k) Investors Correspondence :**

All queries of investors regarding the Company's shares in Physical / Demat form may be sent either to the Registrar & Share Transfer Agent or to the Secretarial & Corporate Affairs Department of the Company at the following address :

Address : Lumax Industries Limited  
B-85-86, Mayapuri Industrial Area, Phase – I, New Delhi- 110064  
Tel : 011-28111777, 28116990 Fax : 011-28115779  
E-mail : bsbhadauriya@lumaxmail.com  
Website : www.lumaxindustries.com

**l) Listing on Stock Exchanges :**

| Stock Exchange                        | Scrip Code |
|---------------------------------------|------------|
| Bombay Stock Exchange Limited         | 517206     |
| National Stock Exchange of India Ltd. | LUMAXIND   |

**m) ISIN No. - INE162B01018 :**

Listing Fee for the year 2009-10 has been paid to The Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

**n) Outstanding GDR's/ADR's/Warrants or any convertible Instrument, Conversion Date and Likely impact on Equity :**

There are no convertible instrument which could result in increasing the equity capital of the Company and the Company has not issued any GDR/ADR/FCCB etc.

**o) Shareholding Pattern of the Company as on 31st March, 2010 :**

| S. No.    | Category   | No. of shares held | %age of shareholding |
|-----------|--|--------------------|----------------------|
| <b>A.</b> | <b>Promoters' holding</b>  |                    |                      |
| <b>1.</b> | <b>Promoters</b>   |                    |                      |
|           | Indian Promoters   | 2,985,123          | 31.93                |
|           | Foreign Promoters  | 3,902,257          | 41.75                |
| <b>2.</b> | <b>Persons acting in concert</b>   | -                  | -                    |
|           | <b>SUB -TOTAL (A)</b>  | <b>6,887,380</b>   | <b>73.68</b>         |
| <b>B.</b> | <b>Non-Promoters Holding</b>   |                    |                      |
| <b>3.</b> | <b>Institutional Investors</b>   | -                  | -                    |
| a         | Mutual Funds and UTI   | 9,638              | 0.11                 |
| b         | Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions/ Non-Government Institutions. | 400                | 0.00                 |
| c         | FII's  | 220                | 0.00                 |
|           | <b>SUB -TOTAL (B3)</b>   | <b>10,258</b>      | <b>0.11</b>          |
| <b>4.</b> | <b>Others:-</b>  |                    |                      |
| a         | Private Corporate bodies   | 765,328            | 8.19                 |
| b         | Indian Public  | 1,678,828          | 17.96                |
| c         | NRIs (Including Foreign Company)   | 5,938              | 0.06                 |
| d         | Any other  | -                  | -                    |
|           | <b>SUB -TOTAL (B4)</b>   | <b>2,450,094</b>   | <b>26.21</b>         |
|           | <b>SUB -TOTAL (B)(3+4)</b>   | <b>2,460,352</b>   | <b>26.32</b>         |
|           | <b>GRAND TOTAL (A+B)</b>   | <b>9,347,732</b>   | <b>100.00</b>        |

**p) Distribution of Shareholding as on 31st March, 2010 :**

| No. of Shares held |         | No. of Share-holders | % of Share-holders | No. of Shares held | % of Share-holding |
|--------------------|---------|----------------------|--------------------|--------------------|--------------------|
| 1                  | 500     | 17,355               | 97.77              | 873,368            | 9.34               |
| 501                | 1000    | 181                  | 1.02               | 137,689            | 1.47               |
| 1001               | 2000    | 102                  | 0.57               | 139,993            | 1.50               |
| 2001               | 3000    | 30                   | 0.17               | 75,057             | 0.80               |
| 3001               | 4000    | 11                   | 0.06               | 39,564             | 0.43               |
| 4001               | 5000    | 12                   | 0.07               | 53,557             | 0.57               |
| 5001               | 10000   | 24                   | 0.14               | 182,478            | 1.95               |
| 10001              | & above | 36                   | 0.20               | 7,846,026          | 83.94              |
| Total              |         | 17,751               | 100.00             | 9,347,732          | 100.00             |

# Lumax Industries Limited

## q) Dematerialisation of Shares :

As per notifications issued by the Securities and Exchange Board of India (SEBI), the trading in Company's shares is permitted only in dematerialised form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

## r) Status of Dematerialisation & Liquidity as on March 31, 2010 : Dematerialisation :

|                                    |   |
|------------------------------------|---|
| No. of Shares Dematerialised       | 86,92,187 (92.99% of the total share capital)   |
| No. of Shareholders in Demat form. | 8,390 (47.26% of the total No. of Shareholders) |

### Liquidity:

The Numbers of Shares of the company traded in the Stock Exchange for the financial year 2009-10 is given below:

| Particulars          | BSE       | NSE       | TOTAL     |
|----------------------|-----------|-----------|-----------|
| No. of Shares Traded | 2,020,223 | 2,209,106 | 4,229,329 |
| % of Total Equity    | 21.61%    | 23.63%    | 45.24%    |

## s) Stock Market Data during the Financial Year 2009-10 :

The monthly High and Low Prices of the Shares of the Company Listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) along with the BSE "Sensex" and NSE "Nifty".

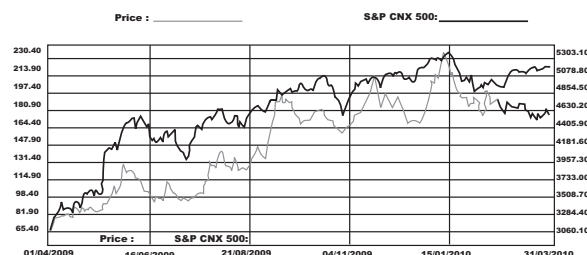
| Month          | BSE         |           |               |           | NSE         |           |                     |          |
|----------------|-------------|-----------|---------------|-----------|-------------|-----------|---------------------|----------|
|                | Share Price |           | Sensex Points |           | Share Price |           | S&PCNX Nifty Points |          |
|                | High (Rs.)  | Low (Rs.) | High          | Low       | High (Rs.)  | Low (Rs.) | High                | Low      |
| April 2009     | 95.40       | 64.00     | 11,492.10     | 9,546.29  | 94.35       | 63.20     | 3,517.25            | 2,965.70 |
| May 2009       | 127.80      | 81.35     | 14,930.54     | 11,621.30 | 127.75      | 78.55     | 4,509.40            | 3,478.70 |
| June 2009      | 134.30      | 93.00     | 15,600.30     | 14,016.95 | 138.50      | 91.50     | 4,693.20            | 4,143.25 |
| July 2009      | 134.00      | 91.00     | 15,732.81     | 13,219.99 | 134.80      | 90.00     | 4,669.75            | 3,918.75 |
| August 2009    | 152.50      | 119.00    | 16,002.46     | 14,684.45 | 150.00      | 118.00    | 4,743.75            | 4,353.45 |
| September 2009 | 204.00      | 131.20    | 17,142.52     | 15,356.72 | 204.50      | 130.00    | 5,087.60            | 4,576.60 |
| October 2009   | 191.50      | 160.30    | 17,493.17     | 15,805.20 | 191.90      | 160.00    | 5,181.95            | 4,687.50 |
| November 2009  | 211.95      | 152.10    | 17,290.48     | 15,330.56 | 214.65      | 152.70    | 5,138.00            | 4,538.50 |
| December 2009  | 197.00      | 162.50    | 17,530.94     | 16,577.78 | 197.00      | 161.00    | 5,221.85            | 4,943.95 |
| January 2010   | 237.00      | 172.15    | 17,790.33     | 15,982.08 | 237.70      | 174.30    | 5,310.85            | 4,766.00 |
| February 2010  | 199.30      | 170.50    | 16,669.25     | 15,651.99 | 197.10      | 171.15    | 4,992.00            | 4,675.40 |
| March 2010     | 187.55      | 165.05    | 17,793.01     | 16,438.45 | 191.30      | 166.30    | 5,329.55            | 4,935.35 |

## (t) The details of the Stock Performance vis – a – vis S&P CNX Nifty in graphical manner and Monthly Closing Share Price on NSE and BSE from April 2009 to March 2010 is given below :

Monthly Closing Share Price on BSE & NSE along with Sensex and Nifty Points (April 2009 to March 2010)

| Month          | BSE (Rs.) | Sensex    | NSE (Rs.) | Nifty    |
|----------------|-----------|-----------|-----------|----------|
| April 2009     | 87.00     | 11,403.25 | 87.90     | 3,473.95 |
| May 2009       | 127.40    | 14,625.25 | 127.50    | 4,448.95 |
| June 2009      | 107.15    | 14,764.64 | 109.55    | 4,291.10 |
| July 2009      | 123.80    | 15,331.94 | 123.80    | 4,636.45 |
| August 2009    | 140.90    | 15,922.34 | 139.55    | 4,662.10 |
| September 2009 | 185.70    | 17,126.84 | 185.35    | 5,083.95 |
| October 2009   | 160.30    | 15,896.28 | 162.75    | 4,711.70 |
| November 2009  | 186.10    | 16,926.22 | 184.85    | 5,032.70 |
| December 2009  | 176.75    | 17,343.82 | 175.90    | 5,201.05 |
| January 2010   | 175.00    | 16,357.96 | 187.60    | 4,882.05 |
| February 2010  | 179.75    | 16,429.55 | 179.90    | 4,922.30 |
| March 2010     | 174.30    | 17,527.77 | 173.05    | 5,249.10 |

Stock Performance vis- a- vis S&P CNX Nifty  
The performance of the Company's Share related to Nifty is given in the charts below





**u) Plant Locations of the Company as on 31st March, 2010 :**

The Company has its manufacturing units at :

| S.No | Plant Locations  |
|------|--|
| 1.   | Plot No.16, Sector-18, Maruti Complex, Gurgaon , Haryana   |
| 2.   | Plot No.6, Industrial Area, Dharuhera, District Rewari, Haryana  |
| 3.   | D2-43/2, M.I.D.C. Industrial Area, Chinchwad, Pune, Maharashtra  |
| 4.   | 608-609, Chakan Talegaon Road, Mahalunge Ingle, Chakan, District Pune, Maharashtra.                    |
| 5.   | Plot No. 51, Tata Vendor Park, Industrial Estate, Pant Nagar Uttarakhand.                              |
| 6.   | Industrial Park –II, Phase-I, Vill-Salempur Mehdood-2, Pargana-Roorkee Tehsil & Distt. Haridwar.       |
| 7.   | Warehouse at Plot No.E-38, Site-IV, Surajpur Greater Noida, District Gautam Budh Nagar, Uttar Pradesh. |

Further the Company is in the process of setting up new manufacturing units at the following locations.

| S.No. | Proposed Plant Locations   |
|-------|--|
| 1.    | Plot No. D-1, Vendor Park, Nano Plant, Viramgam Highway, Sanand, Ahmedabad, Gujarat. |
| 2.    | Bidadi Industrial Area, Bangalore, Karnataka.  |

**11. NON-MANDATORY REQUIREMENTS**

**The Company is complying with mandatory requirements and partly complying with the non-mandatory requirements such as :**

- The Company has constituted a Remuneration Committee of Independent & Non-Executive Directors. A detailed note on the Remuneration Committee has already provided in the foregoing paras of the report.

**12. CEO/CFO CERTIFICATE**

The Chairman and Managing Director, Mr. D.K. Jain and the Group Finance Head, Mr. Naval Khanna have furnished the requisite certificate to the Board of Directors pursuant to Clause 49 (V) of the Listing Agreement.

**13. OTHER INFORMATION**

**Electronic Clearing Service (ECS)**

SEBI had vide its Circular No.DCC/FITTCIR-3/2001 dated October 15, 2001 advised that all Companies should mandatory use ECS facility wherever available.

In the absence of ECS facility, companies may use warrants for distributing the dividends and vide its Circular No.D&CC/FITTCIR-04/2001 dated November 13, 2001 had advised companies to mandatorily print the Bank Account details furnished by the Depositories, on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the Depository Account, may notify their DPs about any change in the Bank Account details.

**Nomination Facility**

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company in the prescribed Form 2B for this purpose.

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# Lumax Industries Limited

## CEO & CFO Certification under Clause 41 & 49(V) of the Listing Agreement to be placed before the Board along with Audited Annual Accounts for the year ended 31st March 2010.

- a. We certify to the Board that we have reviewed Financial Statements and Cash Flow Statement for the year ended 31st March 2010 and that to the best of our knowledge and belief;
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies, if any.
- d. We have indicated to the Auditors and the Audit Committee
- (i) significant changes in internal control over financial reporting during the year, if any;
- (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
- (iii) There were no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Gurgaon  
Date: May 22, 2010

NAVAL KHANNA  
GROUP FINANCE HEAD

D.K. JAIN  
CHAIRMAN & MANAGING DIRECTOR

## Certificate of Compliance of Code of Conduct by Board of Directors and Senior. Management Personnel

I D.K. Jain, Chairman & Managing Director of the Company hereby certify that the Board of Directors and the Senior Management Personnel have affirmed compliance of the Code of Conduct of the Company for the FY 2009 - 2010.

Place: Gurgaon  
Date: May 22, 2010

D.K. JAIN  
CHAIRMAN & MANAGING DIRECTOR

## Auditors' Certificate on Corporate Governance

To,  
The Members of Lumax Industries Limited

We have examined the compliance of conditions of Corporate Governance by Lumax Industries Limited, for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For S.R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

per Sanjay Vij  
Partner  
Membership No.: 95169

Place : Gurgaon  
Date : June 22, 2010

**Auditors' Report**

To

**The Members of Lumax Industries Limited**

1. We have audited the attached Balance Sheet of Lumax Industries Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2010;
    - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

- c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For S.R. BATLIBOI & ASSOCIATES**  
Firm registration number: 101049W  
Chartered Accountants

per Sanjay Vij  
Partner  
Membership No.: 95169

Place : Gurgaon  
Date : May 22, 2010

**Annexure referred to in paragraph [3] of our report of even date  
Re: Lumax Industries Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous years in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses (iii)(b), (iii)(c) and (iii)(d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses (iii)(f) and (iii)(g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) The Company's major purchases of inventory and fixed assets and major sales of components are stated to be of proprietary/ specialized nature, and hence, in such cases, the comparison of prices with the market rates or with purchases from/ sales to other parties cannot be made. Read with the above, in our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The clause relating to sale of services is not applicable to the Company. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and accordingly the

# Lumax Industries Limited

question on commenting on whether there is a continuing failure to correct major weakness in the internal control system of the Company does not arise.

- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) *In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, as informed, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.*
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty and excise duty have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| Name of the statute          | Nature of dues   | Amount (Rs) | Period to which the amount relates | Forum where dispute is pending |
|------------------------------|--|-------------|------------------------------------|--------------------------------|
| The Central Excise Act, 1944 | Excise duty demand against rejected goods sent on 57(f)(4) challans                        | 7,255,448   | July 1994 to February 1999         | High Court, Chandigarh         |
| The Central Excise Act, 1944 | Excise duty demand against excess credit taken against the material procured from 100% EOU | 461,372     | 1999-2000 to 2001-02               | High Court, Chandigarh         |

| Name of the statute                  | Nature of dues   | Amount (Rs) | Period to which the amount relates | Forum where dispute is pending                              |
|--------------------------------------|--|-------------|------------------------------------|---|
| The Central Excise Act, 1944         | Excise duty demand against excess credit taken against the material procured from 100% EOU | 1,617,745   | 1999-2000 to 2001-02               | Joint Commissioner of Central Excise-Gurgaon                |
| Service Tax Act, 1994                | Service tax demand raised on royalty and technical knowhow                                 | 3,451,809   | 1999-2000 to 2002-03               | Joint Commissioner of Service Tax-Gurgaon                   |
| Local Area Development Tax Act, 2005 | Demand of tax on certain fixed assets including interest                                   | 105,971     | 2000-01                            | Joint Excise and Taxation Commissioner (Appeals), Faridabad |
| Income Tax Act, 1961                 | Income tax demand on various disallowances   | 2,375,490   | AY 2004-05                         | Commissioner of Income Tax - Appeals, New Delhi             |

There are no outstanding dues under dispute for provident fund, investor education and protection fund, employees' state insurance and customs duty.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. We have been informed that the Company has not issued any debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanation given to us on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used



AUTOMOTIVE PARTS

for long-term investment.

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.R. BATLIBOI & ASSOCIATES**  
**Firm registration number: 101049W**  
**Chartered Accountants**

**Place : Gurgaon**  
**Date : May 22, 2010**

**per Sanjay Vij**  
**Partner**  
**Membership No.: 95169**

# Lumax Industries Limited

## Balance Sheet as at March 31, 2010

| Particulars   | Schedules | As at<br>March 31, 2010<br>Rs. | As at<br>March 31, 2009<br>Rs. |
|---|-----------|--------------------------------|--------------------------------|
| <b>SOURCES OF FUNDS</b>   |           |                                |                                |
| <b>Shareholders' Funds</b>  |           |                                |                                |
| Share Capital   | 1         | 93,477,320                     | 93,477,320                     |
| Reserves and Surplus  | 2         | <u>1,337,918,067</u>           | <u>1,311,897,281</u>           |
|   |           | <u>1,431,395,387</u>           | <u>1,405,374,601</u>           |
| <b>Loan Funds</b>   |           |                                |                                |
| Secured Loans   | 3         | 786,550,646                    | 1,041,791,659                  |
| Unsecured Loans   | 4         | <u>219,426,613</u>             | <u>251,511,914</u>             |
|   |           | <u>1,005,977,259</u>           | <u>1,293,303,573</u>           |
| <b>Deferred Tax Liability (net)</b>   | 5         | 158,180,003                    | 153,241,547                    |
| <b>TOTAL</b>  |           | <u>2,595,552,649</u>           | <u>2,851,919,721</u>           |
| <b>APPLICATION OF FUNDS</b>   |           |                                |                                |
| <b>Fixed Assets</b>   | 6         |                                |                                |
| Gross Block   |           | 4,103,769,964                  | 3,714,859,503                  |
| Less : Accumulated Depreciation / Amortization  |           | <u>1,705,199,069</u>           | <u>1,509,467,789</u>           |
| Net Block   |           | 2,398,570,895                  | 2,205,391,714                  |
| Capital Work-in Progress including Capital Advances and Pre-operative Expenditure (Net of Impairment) |           | <u>295,130,463</u>             | <u>392,607,639</u>             |
|   |           | <u>2,693,701,358</u>           | <u>2,597,999,353</u>           |
| <b>Investments</b>  | 7         | 36,865,159                     | 36,689,144                     |
| <b>Current Assets, Loans and Advances</b>   |           |                                |                                |
| Inventories   | 8         | 538,849,241                    | 763,125,970                    |
| Sundry Debtors  | 9         | 780,498,201                    | 624,176,511                    |
| Cash and Bank Balances  | 10        | 194,067,577                    | 190,028,711                    |
| Other Current Assets  | 11        | 23,174,262                     | 50,735,386                     |
| Loans and Advances  | 12        | <u>277,077,729</u>             | <u>287,536,477</u>             |
|   |           | <u>1,813,667,010</u>           | <u>1,915,603,055</u>           |
| <b>Less: Current Liabilities and Provisions</b>   |           |                                |                                |
| Current Liabilities   | 13        | 1,857,129,341                  | 1,629,032,905                  |
| Provisions  | 14        | <u>91,551,537</u>              | <u>69,338,926</u>              |
|   |           | <u>1,948,680,878</u>           | <u>1,698,371,831</u>           |
| <b>Net Current Assets</b>   |           | <u>(135,013,868)</u>           | <u>217,231,224</u>             |
| <b>Miscellaneous Expenditure</b><br>(to the extent not written off or adjusted)                       | 15        | -                              | -                              |
| <b>TOTAL</b>  |           | <u>2,595,552,649</u>           | <u>2,851,919,721</u>           |
| <b>Notes to Accounts</b>  | 24        |                                |                                |

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date  
For S.R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

For and on behalf of the Board of Directors of Lumax Industries Limited

per Sanjay Vij  
Partner  
Membership No. 95169

D. K. Jain  
Chairman & Managing Director

Deepak Jain  
Sr. Executive Director

Place : Gurgaon

Date : May 22, 2010

Naval Khanna  
Group Finance Head

B.S.Bhadauriya  
Company Secretary



AUTOMOTIVE PARTS

## Profit and Loss Account for the year ended March 31, 2010

| Particulars   | Schedules | For the year ended<br>March 31, 2010<br>Rs. | For the year ended<br>March 31, 2009<br>Rs. |
|---|-----------|---|---|
| <b>INCOME</b>   |           |   |   |
| Turnover (Gross)  | 16        | 6,912,485,225                               | 5,906,440,109                               |
| Less: Excise duty   |           | (570,947,081)                               | (675,618,715)                               |
| Turnover (Net)  |           | 6,341,538,144                               | 5,230,821,394                               |
| Other Income  | 17        | 76,610,359                                  | 61,798,842                                  |
| <b>TOTAL</b>  |           | <b>6,418,148,503</b>                        | <b>5,292,620,236</b>                        |
| <b>EXPENDITURE</b>  |           |   |   |
| Purchase of Trading Goods   |           | 65,359,162                                  | 93,852,555                                  |
| Raw Materials and Components Consumed<br>{including job work charges of Rs.30,545,287<br>(Previous year Rs. 38,750,521)}    |           | 4,158,759,314                               | 3,281,029,700                               |
| Cost of Sale of Moulds, Tools & Dies  |           | 330,787,060                                 | 293,422,006                                 |
| Personnel Expenses  | 18        | 590,620,079                                 | 543,491,246                                 |
| Operating and other Expenses  | 19        | 739,675,265                                 | 716,715,774                                 |
| Decrease in Inventories   | 20        | 13,701,098                                  | 84,988,154                                  |
| Depreciation/ Amortisation/ Impairment Loss<br>(Refer Note No. 12 to Schedule 24)   |           | 341,083,257                                 | 223,355,145                                 |
| Less: Transfer from Revaluation Reserve   |           | (543,403)                                   | (1,100,131)                                 |
| Financial Expenses  | 21        | 113,196,982                                 | 92,463,454                                  |
| <b>TOTAL</b>  |           | <b>6,352,638,814</b>                        | <b>5,328,217,903</b>                        |
| <b>Profit / (Loss) Before Tax and prior period items</b>  |           | <b>65,509,689</b>                           | <b>(35,597,667)</b>                         |
| Prior period items  | 22        | 1,685,875                                   | 837,505                                     |
| <b>Profit / (Loss) Before Tax and after prior period items</b>  |           | <b>63,823,814</b>                           | <b>(36,435,172)</b>                         |
| Current tax {including Rs. 379,650 (Previous year Rs 1,733,612)<br>being excess provision for earlier years, written back}} |           | (379,650)                                   | (1,733,612)                                 |
| Minimum alternate Tax   |           | 28,500,000                                  | -   |
| Less : MAT credit entitlement   |           | (28,500,000)                                | -   |
| Deferred tax charge/ (credit)   |           | 4,938,455                                   | (23,012,333)                                |
| Fringe benefit tax  |           | -   | 4,500,000                                   |
| <b>Total tax expense</b>  |           | <b>4,558,805</b>                            | <b>(20,245,945)</b>                         |
| <b>Net Profit / (Loss)</b>  |           | <b>59,265,009</b>                           | <b>(16,189,227)</b>                         |
| Balance brought forward from Previous year  |           | 28,371,022                                  | 55,496,161                                  |
| <b>Profit Available for Appropriation</b>   |           | <b>87,636,031</b>                           | <b>39,306,934</b>                           |
| <b>Appropriations:</b>  |           |   |   |
| Proposed dividend   |           | 28,043,196                                  | 9,347,732                                   |
| Tax on dividend   |           | 4,657,624                                   | 1,588,180                                   |
| Transfer to General Reserve   |           | 6,000,000                                   | -   |
| <b>Surplus carried to Balance Sheet</b>   |           | <b>48,935,211</b>                           | <b>28,371,022</b>                           |
| <b>Earnings / (Loss) per share</b>  | 23        |   |   |
| Basic & Diluted {Nominal value of shares of Rs.10<br>(Previous year : Rs.10)}   |           | 6.34  | (1.73)                                      |
| <b>Notes to Accounts</b>  | 24        |   |   |

The Schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date  
For S.R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

For and on behalf of the Board of Directors of Lumax Industries Limited

per Sanjay Vij  
Partner  
Membership No. 95169

D. K. Jain  
Chairman & Managing Director

Deepak Jain  
Sr. Executive Director

Place : Gurgaon

Date : May 22, 2010

Naval Khanna  
Group Finance Head

B.S.Bhadauriya  
Company Secretary



# Lumax Industries Limited

## Cash Flow Statement for the year ended March 31, 2010

| S.No. PARTICULARS   | 2009-10<br>(Rs.)     | 2008-09<br>(Rs.)     |
|---|----------------------|----------------------|
| <b>A. Cash Flow from Operating Activities</b>                             |                      |                      |
| - Net profit before taxation  | 63,823,814           | (36,435,172)         |
| Adjustment for :  |                      |                      |
| - Depreciation / Impairment Loss  | 340,539,854          | 222,255,014          |
| - Provision for doubtful debts / advances                                 | 6,070,491            | 3,799,072            |
| - Change in carrying value of current investment (quoted)                 | (176,015)            | -                    |
| - Miscellaneous expenditure written off                                   | -                    | 60,290               |
| - Interest expenses   | 113,196,982          | 92,463,454           |
| - Interest income   | (16,741,267)         | (5,398,886)          |
| - Unrealised foreign exchange (gain)/ loss                                | (8,944,037)          | 9,439,930            |
| - Dividend income from long term/current investments                      | -                    | (29,725,833)         |
| - Bad debts/advances written off  | 6,830,859            | 9,180,310            |
| - Profit on fixed assets sold / discarded (net)                           | 8,979,634            | (271,591)            |
| - Profit on investment  | -                    | (354,735)            |
| <b>Operating Profit before Working Capital Changes</b>                    | <b>513,580,315</b>   | <b>265,011,853</b>   |
| Movements in working capital:   |                      |                      |
| - Decrease/ (increase) in inventories                                     | 224,276,729          | (54,222,585)         |
| - (Increase)/ decrease in sundry debtors                                  | (171,849,630)        | 52,490,423           |
| - Decrease/ (increase) in loans and advances                              | 39,224,950           | (119,915,688)        |
| - Decrease/ (increase) in other current assets                            | 37,197,679           | (41,181,290)         |
| - Increase in current liabilities and provisions                          | 239,889,347          | 299,644,566          |
| Cash generated from operations  | 882,319,390          | 401,827,279          |
| - Direct taxes paid   | 28,386,552           | 3,868,566            |
| <b>Net cash from Operating Activities</b>                                 | <b>853,932,838</b>   | <b>397,958,713</b>   |
| <b>B. Cash Flow from Investing Activities</b>                             |                      |                      |
| - Purchase of fixed assets  | (459,090,540)        | (1,010,115,181)      |
| - Proceeds from sales of fixed assets                                     | 13,733,151           | 6,448,519            |
| - Sale of investments   | -                    | 433,618,307          |
| - Dividend received on investments  | -                    | 29,725,833           |
| - Interest received   | 6,697,205            | 5,398,886            |
| - Movements in fixed deposits with banks (Receipts pledged with bank)     | 56,794               | (155,934,321)        |
| <b>Net cash used in Investing Activities</b>                              | <b>(438,603,390)</b> | <b>(690,857,957)</b> |
| <b>C. Cash Flow from Financing Activities</b>                             |                      |                      |
| - Proceeds from long term borrowings                                      | -                    | 475,025,139          |
| - Repayment of financial lease obligation                                 | (8,315,601)          | (11,877,613)         |
| - Proceeds from body corporate loan                                       | 79,445,278           | 45,270,000           |
| - Repayment of long term borrowings                                       | (195,573,077)        | (88,902,102)         |
| - Proceeds from/(repayment) of bank borrowings and short term loans (net) | (141,006,735)        | 48,687,982           |
| - Repayment of sales tax deferment  | (23,769,700)         | (22,182,351)         |
| - Repayment of body corporate loan  | -                    | (29,053,706)         |
| - Interest Paid   | (111,078,041)        | (92,463,454)         |
| - Dividend Paid   | (9,347,732)          | (37,071,688)         |
| - Tax on dividend paid  | (1,588,180)          | (6,354,588)          |
| <b>Net cash (used in)/ from financing activities</b>                      | <b>(411,233,788)</b> | <b>281,077,619</b>   |
| <b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>      | <b>4,095,660</b>     | <b>(11,821,625)</b>  |
| <b>Cash and cash equivalents at the beginning of the year</b>             | <b>8,721,968</b>     | <b>20,543,593</b>    |
| <b>Cash and cash equivalents at the end of the year</b>                   | <b>12,817,628</b>    | <b>8,721,968</b>     |
| <b>Components of Cash and Cash Equivalents</b>                            |                      |                      |
| Cash in hand  | 1,084,202            | 1,471,041            |
| Balances with Scheduled Banks:  |                      |                      |
| On Current Accounts   | 9,566,183            | 5,063,337            |
| On Unpaid Dividend Accounts   | 2,167,243            | 2,187,590            |
| On Deposit Accounts   | 181,249,949          | 181,306,743          |
| <b>Cash and Bank Balances as per schedule 10</b>                          | <b>194,067,577</b>   | <b>190,028,711</b>   |
| Less: Fixed deposits not considered as Cash equivalents                   | 181,249,949          | 181,306,743          |
| <b>Cash and Cash Equivalent in Cash Flow Statement</b>                    | <b>12,817,628</b>    | <b>8,721,968</b>     |

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

For and on behalf of the Board of Directors of Lumax Industries Limited

per Sanjay Vij  
Partner  
Membership No. 95169

D. K. Jain  
Chairman & Managing Director

Deepak Jain  
Sr. Executive Director

Place : Gurgaon  
Date : May 22, 2010

Naval Khanna  
Group Finance Head

B.S.Bhadauriya  
Company Secretary

## Schedules to the Accounts

| Particulars | As at<br>March 31, 2010<br>Rs. | As at<br>March 31, 2009<br>Rs. |
|-------------|--------------------------------|--------------------------------|
|-------------|--------------------------------|--------------------------------|

### Schedule 1: Share Capital

#### Authorised

12,000,000 (Previous year 12,000,000)  
equity shares of Rs. 10/- each

120,000,000

120,000,000

#### Issued, subscribed & paid up

9,347,732 (Previous year 9,347,732) equity shares  
of Rs. 10/- each fully paid up

93,477,320

93,477,320

Of the above:

- (i) 3,947,500 (Previous year 3,947,500) equity shares of Rs.10 each are allotted as fully paid-up bonus shares by capitalisation of the General Reserve.
- (ii) 10,000 (Previous year 10,000) equity shares of Rs.10 each were allotted as fully paid-up pursuant to contracts for consideration other than cash.
- (iii) 850,232 (Previous year 850,232) equity shares of Rs. 10 each were allotted as fully paid-up, pursuant to the Scheme of Amalgamation with Laser Lamps (Haryana) Ltd.

### Schedule 2: Reserves and Surplus

#### Capital Reserve

Balance as per last account

65,138

65,138

#### Revaluation Reserve

Balance as per last account

79,623,883

80,724,014

Less: Adjustment on account of depreciation on revalued amount of assets

(543,403)

79,080,480

(1,100,131)

79,623,883

#### Securities Premium Account

Balance as per last account

679,665,909

679,665,909

Add : Received during the year

-

679,665,909

-

679,665,909

#### General Reserve

Balance as per last account

524,171,329

524,171,329

Add: Transferred from Profit & Loss Account

6,000,000

530,171,329

-

524,171,329

#### Profit and Loss Account

48,935,211

28,371,022

1,337,918,067

1,311,897,281

### Schedule 3: Secured Loans

#### Loans and Advances from Banks

- Term loans

548,750,000

714,375,000

- Cash credit facilities

93,490,752

234,497,487

#### Loans from Body Corporate

135,153,309

84,713,731

#### Hire Purchase Loans

- From Banks

2,923,012

1,831,380

- From a Body Corporate

3,467,714

5,501,724

#### Interest accrued and due on secured loans

2,765,859

872,337

786,550,646

1,041,791,659

# Lumax Industries Limited

## Notes:

- i) a) Term Loan from Syndicate Bank amounting to Rs 262,500,000 (Previous year Rs 350,000,000) is secured by way of first charge on the plant and machineries along with the unregistered equitable mortgage (UREM) on land and building, situated at Chakan-II unit (except assets exclusively hypothecated to Banks and Body Corporates).
- b) Term Loan from Syndicate Bank amounting to Rs 253,125,000 (Previous year Rs 270,000,000) is secured by extension of charge by way of hypothecation on the plant and machineries along with the UREM on land and building, situated at Chakan-II unit. This facility is further secured by UREM of Dharuhera unit along with hypothecation on plant and machinery of Dharuhera (both present and future) and those of Gurgaon unit (acquired from proceeds of this facility).
- c) Term Loans from ABN AMRO Bank N.V. to the extent of Rs 33,125,000 (Previous year Rs 94,375,000) is secured by way of first pari passu charge on the land and building alongwith all the plant and machineries, situated at Gurgaon units, both present and future.
- ii) a) Relating to cash credit facility from Citibank, N.A. secured by way of first pari-passu charge on all present and future stock and book debts along with pari-passu charge on all fixed assets at Chinchwad unit and equitable mortgage on land and building at Chinchwad unit, Rs 71,006,903 (Previous year Rs 126,782,643).
- b) Relating to cash credit facility from IDBI Bank Ltd. secured by way of first pari-passu charge on all current assets of the Company. This facility is further secured by way of equitable mortgage on land and buildings and first pari-passu charge against movable fixed assets at Chinchwad unit of the Company, Rs 524,255 (Previous year Rs Nil).
- c) Relating to cash credit facilities from Syndicate Bank secured by way of first pari-passu charge on all the stock and book debts of the Company, both present and future. This facility is further secured by extension of charge by way of hypothecation on the plant and machinery alongwith the UREM on Land and Building situated at Chakan-II unit, Rs 21,959,594 (Previous year Rs 95,410,389).
- iii) a) Loans from body corporate amounting to Rs.41,807,892 is secured against the respective mould for which such loan has been granted.
- b) Loans from body corporate amounting to Rs 93,345,417 (Previous year Rs 65,350,084) are pending registration of charges.
- iv) Hire purchase loans from banks aggregating to Rs. 2,923,012 and from the body corporates aggregating to Rs 3,467,714 are secured by way of hypothecation of the respective vehicles acquired out of the proceeds thereof.
- v) The following loans are repayable within one year:
  - Instalments of term loans Rs. 188,125,000 (Previous year Rs.164,375,000).
  - Interest accrued and due Rs. 2,765,859 (Previous year Rs. 872,337).
  - Hire purchase loans from banks - Rs. 2,036,284 (Previous year Rs. 1,257,099).
  - Hire purchase loans from body corporate - Rs. 1,399,162 (Previous year Rs. 2,687,075).

## Schedules to the Accounts

| Particulars | As at<br>March 31, 2010<br>Rs. | As at<br>March 31, 2009<br>Rs. |
|-------------|--------------------------------|--------------------------------|
|-------------|--------------------------------|--------------------------------|

### Schedule 4: Unsecured Loans

#### Other Loans and Advances

|   |                    |                    |
|---|--------------------|--------------------|
| - Sales tax deferment loan (interest free) from Director of Industries, Haryana | 218,826,030        | 242,595,730        |
| - Finance Lease Obligation  | 600,583            | 8,916,184          |
|   | <b>219,426,613</b> | <b>251,511,914</b> |

#### Note:

Sales tax deferment loan (interest free) from Director of Industries, Haryana Rs. 39,299,705 (Previous year Rs. 23,769,700) and finance lease obligation of Rs. 600,583 (Previous year Rs. 8,315,600) are repayable within one year.

### Schedule 5: Deferred Tax Liability (net)

#### Deferred Tax Liabilities

|  |             |             |
|--|-------------|-------------|
| - Differences in depreciation in block of fixed assets as per tax books and financial books. | 259,028,024 | 237,377,505 |
| - Effect of lease accounting   | 754,798     | 1,032,422   |

#### Gross Deferred Tax Liabilities

|  |                    |                    |
|--|--------------------|--------------------|
|  | <b>259,782,822</b> | <b>238,409,927</b> |
|--|--------------------|--------------------|

#### Deferred Tax Assets

|  |            |            |
|--|------------|------------|
| - Provision for doubtful debts and advances  | 2,415,183  | 1,699,295  |
| - Provision for warranty   | 2,680,311  | 2,742,644  |
| - Effect of expenditure debited to profit and loss account but allowed for tax purposes in following years | 21,441,063 | 21,609,810 |
| - Unabsorbed Depreciation  | 42,944,725 | 58,764,142 |
| - Provision for Impairment   | 32,121,537 | -          |
| - Effect of 40 (i) (a)   | -          | 280,130    |
| - Demerger Expenses  | -          | 72,359     |

#### Gross Deferred Tax Assets

|  |                    |                   |
|--|--------------------|-------------------|
|  | <b>101,602,819</b> | <b>85,168,380</b> |
|--|--------------------|-------------------|

#### Net Deferred Tax Liability

|  |                    |                    |
|--|--------------------|--------------------|
|  | <b>158,180,003</b> | <b>153,241,547</b> |
|--|--------------------|--------------------|

**Schedule 6: Fixed Assets**

(Amount in Rs.)

| Particulars   | Tangible Assets   |                    |                    |                      |                   |   | Intangible Assets |                   |                   |                   | Total             |                      |               |
|---|-------------------|--------------------|--------------------|----------------------|-------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|---------------|
|   | Leasehold Land    | Freehold Land      | Buildings          | Plant and Machinery  |                   | Furniture & Fixtures and Office Equipment | Vehicles          |                   | Computer Software |                   | Technical Knowhow | Current Year         | Previous Year |
|   |                   |                    |                    | Owned                | Leased            |   | Owned             | Leased            | Owned             | Leased            |                   |                      |               |
| <b>Gross Block</b>  |                   |                    |                    |                      |                   |   |                   |                   |                   |                   |                   |                      |               |
| At 01.04.2009   | 35,808,402        | 109,547,221        | 531,522,026        | 2,797,559,777        | 52,266,639        | 58,854,937                                | 40,925,277        | 16,789,370        | 17,203,465        | 19,940,400        | 34,441,989        | <b>3,714,859,503</b> | 2,677,550,187 |
| Additions   | 10,461,489        | 52,790,998         | 27,587,401         | 358,137,220          | -                 | 1,529,097                                 | 4,862,180         | 4,137,056         | 605,213           | -                 | -                 | <b>460,110,854</b>   | 1,059,002,390 |
| Deductions  | -                 | -                  | -                  | (68,196,943)         | -                 | (1,862,441)                               | (1,140,809)       | -                 | -                 | -                 | -                 | <b>(71,200,193)</b>  | (21,693,074)  |
| Adjustment  | -                 | -                  | -                  | -                    | -                 | -   | 6,723,522         | (6,723,522)       | -                 | -                 | -                 | -                    | -             |
| <b>At 31.03.2010</b>  | <b>46,269,891</b> | <b>162,338,219</b> | <b>559,109,427</b> | <b>3,087,500,054</b> | <b>52,266,639</b> | <b>58,521,593</b>                         | <b>51,370,170</b> | <b>14,202,904</b> | <b>17,808,678</b> | <b>19,940,400</b> | <b>34,441,989</b> | <b>4,103,789,984</b> | 3,714,859,503 |
| At 01.04.2009   | 4,453,206         | -                  | 87,396,994         | 1,297,207,105        | 45,869,087        | 27,650,066                                | 11,856,327        | 2,333,173         | 11,275,051        | 12,186,407        | 9,240,373         | <b>1,509,467,789</b> | 1,301,455,316 |
| For the year  | 559,174           | -                  | 17,801,825         | 202,046,521          | 4,173,496         | 2,602,647                                 | 4,587,922         | 1,131,102         | 580,781           | 6,746,685         | 4,305,249         | <b>244,535,402</b>   | 223,528,619   |
| Deductions  | -                 | -                  | -                  | (47,019,608)         | -                 | (1,146,359)                               | (638,155)         | -                 | -                 | -                 | -                 | <b>(48,804,122)</b>  | (15,516,146)  |
| Adjustment  | -                 | -                  | -                  | -                    | -                 | -   | 1,469,165         | (1,469,165)       | -                 | -                 | -                 | -                    | -             |
| <b>At 31.03.2010</b>  | <b>5,012,380</b>  | <b>-</b>           | <b>105,198,819</b> | <b>1,452,234,018</b> | <b>50,042,583</b> | <b>29,106,354</b>                         | <b>17,275,259</b> | <b>1,995,110</b>  | <b>11,855,832</b> | <b>18,933,092</b> | <b>13,545,622</b> | <b>1,705,199,069</b> | 1,509,467,789 |
| For Previous Year   | 422,276           | -                  | 12,131,396         | 181,054,026          | 4,173,495         | 4,318,922                                 | 3,913,798         | 1,415,484         | 742,041           | 6,746,684         | 8,610,497         | <b>223,528,619</b>   | -             |
| <b>Net Block</b>  |                   |                    |                    |                      |                   |   |                   |                   |                   |                   |                   |                      |               |
| At 31.03.2010   | <b>41,257,511</b> | <b>162,338,219</b> | <b>453,910,608</b> | <b>1,635,266,036</b> | <b>2,224,066</b>  | <b>29,415,239</b>                         | <b>34,094,911</b> | <b>12,207,794</b> | <b>5,952,846</b>  | <b>1,007,308</b>  | <b>20,896,367</b> | <b>2,398,570,895</b> | 2,205,391,714 |
| At 31.03.2009   | 31,355,196        | 109,547,221        | 444,125,032        | 1,500,352,672        | 6,397,552         | 31,204,871                                | 29,068,950        | 14,456,197        | 5,928,414         | 7,753,993         | 25,201,616        | <b>2,205,391,714</b> | -             |
| <b>Capital work in progress (including Capital advances Rs 65,171,662/- (previous year Rs. 42,746,219))</b> |                   |                    |                    |                      |                   |   |                   |                   |                   |                   |                   | <b>397,516,808</b>   | 392,607,639   |
| Less : Provision for doubtful advances  |                   |                    |                    |                      |                   |   |                   |                   |                   |                   |                   | <b>(5,685,700)</b>   | -             |
| Less : Provision for impairment loss (Refer note no. 14 to Schedule 24)                                     |                   |                    |                    |                      |                   |   |                   |                   |                   |                   |                   | <b>(96,700,645)</b>  | -             |
| <b>Total</b>  |                   |                    |                    |                      |                   |   |                   |                   |                   |                   |                   | <b>295,130,463</b>   | 392,607,639   |

**Notes :**

- Leasehold land includes Rs 10,461,489 (previous year Rs. Nil) paid to the developer as land development charges.
- Plant & Machinery includes Electrical Installations of Rs. 34,205,460 ((Previous Year Rs 43,218,815) (Accumulated depreciation Rs. 9,685,401 (Previous Year Rs 7,543,798)), Plastic Moulds of Rs 1,108,370,286 (Previous Year Rs 947,320,220) ((Accumulated depreciation Rs 816,599,500 (Previous Year Rs 737,410,031)), Steel Moulds of Rs 68,320,163 ((Previous Year Rs 67,590,163) (Accumulated depreciation 63,144,772 (Previous Year Rs 62,473,442 ))and other Tools of Rs. 297,149,841 ((Previous Year Rs 211,460,057) (Accumulated depreciation Rs. 82,970,992 (Previous Year 66,738,284))).
- Fixed Assets comprising of Land, Buildings and Plant & Machinery were revalued by a firm of valuers on different dates in earlier years, resulting in increase in their net values by Rs.82,669,280, Rs.1,351,067 and Rs.24,251,565 respectively, which was credited to Revaluation Reserve.
- Depreciation for the year includes Rs. 152,790 (Previous Year Rs 173,474) being depreciation either capitalised / transferred on in-house development of tools.
- Leasehold land includes Rs 17,106,545 (previous year Rs. 17,106,545) pending registration in the name of the company.
- Borrowing cost Rs Nil (previous year Rs 26,511,608) is capitalised during the year.
- Additions include exchange differences capitalized during the year Rs. (2,703,046) (Previous year Rs. 8,760,920).

| Particulars | As at<br>March 31, 2010<br>Rs. | As at<br>March 31, 2009<br>Rs. |
|-------------|--------------------------------|--------------------------------|
|-------------|--------------------------------|--------------------------------|

**Schedule 7: Investments**
**Long Term Investments (at cost)**

|   |                   |            |
|---|-------------------|------------|
| <b>a) Trade, unquoted</b>   |                   |            |
| SL Lumax Ltd  | <b>35,474,204</b> | 35,474,204 |
| 3,298,986 (Previous year 3,298,986) Equity Shares of Rs.10 each fully paid up |                   |            |
| <b>b) Other than trade, unquoted</b>  |                   |            |
| Inapex Ltd.   | <b>603,000</b>    | 603,000    |
| 60,000 (Previous year 60,000) Equity Shares of Rs.10 each fully paid up       |                   |            |

**Current Investments (at lower of cost and market value)**

|   |                   |                   |
|---|-------------------|-------------------|
| <b>a) Shares of PNB Gilts Ltd. (quoted)</b>   | <b>787,955</b>    | 611,940           |
| 32,900 (Previous year 32,900) Equity Shares of Rs.10 each fully paid up                         |                   |                   |
|   | <b>36,865,159</b> | <b>36,689,144</b> |
| - Aggregate amount of quoted Investments {Market value Rs. 787,955 (Previous year Rs. 611,940)} | <b>787,955</b>    | 611,940           |
| - Aggregate amount of unquoted Investments  | <b>36,077,204</b> | 36,077,204        |

# Lumax Industries Limited

| Particulars   | As at<br>March 31, 2010<br>Rs. | As at<br>March 31, 2009<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>Schedule 8: Inventories<br/>(at lower of cost and net realisable value)</b>                          |                                |                                |
| Raw materials and components<br>{including Stock in transit Rs.5,070,773 (Previous year Rs.20,486,815)} | 228,462,472                    | 307,297,569                    |
| Stores and spares (including packing material)  | 26,624,422                     | 26,410,088                     |
| Moulds, tools and dies in process   | 81,026,103                     | 212,980,971                    |
| Work-in-progress  | 40,002,634                     | 61,613,785                     |
| Finished goods & Traded goods {including in transit Rs. 33,642,751<br>(Previous year Rs.18,037,171)}    | 162,733,610                    | 154,823,557                    |
|   | <u>538,849,241</u>             | <u>763,125,970</u>             |
| <b>Schedule 9: Sundry Debtors</b>   |                                |                                |
| <b>Debts outstanding for a period exceeding six months</b>  |                                |                                |
| Unsecured, considered good  | 21,961,698                     | 15,916,837                     |
| Unsecured, considered doubtful  | 1,114,455                      | 3,657,533                      |
| <b>Other debts</b>  |                                |                                |
| Unsecured, considered good  | 758,536,503                    | 608,259,674                    |
|   | <u>781,612,656</u>             | <u>627,834,044</u>             |
| Less : Provision for doubtful debts   | 1,114,455                      | 3,657,533                      |
|   | <u>780,498,201</u>             | <u>624,176,511</u>             |
| <b>Schedule 10: Cash and Bank Balances</b>  |                                |                                |
| Cash on hand  | 1,084,202                      | 1,471,041                      |
| Balances with scheduled banks:  |                                |                                |
| On current accounts   | 9,566,183                      | 5,063,337                      |
| On unpaid dividend accounts   | 2,167,243                      | 2,187,590                      |
| On deposit accounts [Rs. 14,014,119 (Previous year Rs. 14,993,647)<br>pledged with bank & others]       | 181,249,949                    | 181,306,743                    |
|   | <u>194,067,577</u>             | <u>190,028,711</u>             |
| <b>Schedule 11: Other Current Assets</b>  |                                |                                |
| Fixed Assets held for sale (at net book value or estimated net<br>realisable value, whichever is lower) | 6,565,100                      | 46,972,607                     |
| Interest receivable on fixed deposits   | 16,609,162                     | 3,762,779                      |
|   | <u>23,174,262</u>              | <u>50,735,386</u>              |
| <b>Schedule 12: Loans and Advances</b>  |                                |                                |
| <b>Unsecured, considered good</b>   |                                |                                |
| Loans to employees  | 5,986,558                      | 4,028,257                      |
| Advances recoverable in cash or kind or for value to be received  | 48,929,715                     | 83,262,170                     |
| Balances with customs, excise, etc  | 130,120,894                    | 165,152,687                    |
| Security deposits   | 9,209,843                      | 9,149,196                      |
| MAT credit entitlement  | 28,500,000                     | -                              |
| Advance payment of tax (net of provision Rs. 238,457,820, Previous year - Rs. 209,957,820)              | 54,330,719                     | 25,944,167                     |
| <b>Unsecured, considered doubtful</b>   |                                |                                |
| Advances recoverable in cash or kind or for value to be received  | 470,790                        | 1,341,863                      |
|   | <u>277,548,519</u>             | <u>288,878,340</u>             |
| Less: Provision for doubtful loans and advances   | 470,790                        | 1,341,863                      |
|   | <u>277,077,729</u>             | <u>287,536,477</u>             |

| Particulars | As at<br>March 31, 2010<br>Rs. | As at<br>March 31, 2009<br>Rs. |
|-------------|--------------------------------|--------------------------------|
|-------------|--------------------------------|--------------------------------|

### Schedule 13: Current Liabilities

|   |                      |                      |
|---|----------------------|----------------------|
| Acceptances   | 99,302,950           | 16,325,317           |
| Sundry creditors for goods, expenses, etc.  | 1,405,975,362        | 1,246,150,852        |
| Liability for expenses (including payable to Directors Rs. 862,740<br>Previous year Rs. 9,759,614)      | 111,683,526          | 73,981,749           |
| Security Deposit  | 26,325,000           | 25,150,000           |
| Advances from customers   | 167,862,215          | 233,978,998          |
| Interest accrued but not due on loans   | 525,690              | 300,271              |
| Unpaid dividends  | 2,167,243            | 2,187,590            |
| Other liabilities   | 43,287,355           | 30,958,128           |
|   | <u>1,857,129,341</u> | <u>1,629,032,905</u> |
| Included in Sundry creditors are:   |                      |                      |
| i). Total outstanding dues of Micro, Small and Medium Enterprises.<br>(Refer Note No.16 of Schedule 24) | 13,030               | 196,474              |
| ii). Total outstanding dues of Creditors other than Micro, Small and<br>Medium Enterprises.             | 1,405,962,332        | 1,245,954,378        |

### Schedule 14: Provisions

|   |                   |                   |
|---|-------------------|-------------------|
| Provision for Fringe benefit tax (net of advance tax payments of Rs Nil,<br>Previous year Rs 4,100,000) | -                 | 400,000           |
| Proposed dividend   | 28,043,196        | 9,347,732         |
| Tax on proposed dividend  | 4,657,624         | 1,588,180         |
| Provision for Leave encashment  | 46,799,291        | 45,940,014        |
| Provision for Gratuity  | 2,569,426         | 3,994,027         |
| Provision for Warranties (Refer Note No.2 (p) of Schedule 24)   |                   |                   |
| - Opening Balance   | 8,068,973         | 16,161,410        |
| - Additions during the year   | 16,554,561        | 1,246,000         |
| - Utilisation   | (15,141,534)      | (724,410)         |
| - Reversals   | -                 | (8,614,027)       |
| - Closing balance   | <u>9,482,000</u>  | <u>8,068,973</u>  |
|   | <u>91,551,537</u> | <u>69,338,926</u> |

### Schedule 15: Miscellaneous Expenditure (to the extent of not written off or adjusted)

#### Deferred VRS Expenditure

|                                   |          |          |
|-----------------------------------|----------|----------|
| Balance as per last account       | -        | 60,290   |
| Less: written off during the year | -        | (60,290) |
|                                   | <u>-</u> | <u>-</u> |

### Schedule 16: Turnover (Gross)

|                                 |                      |                      |
|---------------------------------|----------------------|----------------------|
| Sales of Manufactured Goods     | 6,566,741,185        | 5,505,599,689        |
| Sales of Moulds, Tools and Dies | 345,744,040          | 400,840,420          |
|                                 | <u>6,912,485,225</u> | <u>5,906,440,109</u> |

# Lumax Industries Limited

| Particulars | For the year ended<br>March 31, 2010<br>Rs. | For the year ended<br>March 31, 2009<br>Rs. |
|-------------|---|---|
|-------------|---|---|

## Schedule 17: Other Income

Interest from:

|  |                   |                   |
|--|-------------------|-------------------|
| - Bank deposits {tax deducted at source Rs. 1,671,815 (previous year Rs. 1,177,820)}     | 16,348,075        | 5,172,648         |
| - Others on security deposits {tax deducted at source Rs. Nil, (previous year Rs. Nil )} | 393,192           | 226,238           |
| Dividend income from long term investments- Non-trade                                    | 176,320           | -                 |
| Dividend income from other than trade, current investments                               | -                 | 29,711,028        |
| Scrap sales {Net of excise duty of Rs. 772,854 (Previous year Rs. 1,369,960)}            | 14,192,972        | 14,942,494        |
| Gain on exchange difference (Net of loss Rs. 190,888,309, Previous year Rs. Nil)         | 4,876,143         | -                 |
| Profit on fixed assets sold / discarded (Net of loss Rs. Nil, Previous year Rs.674,398)  | -                 | 271,591           |
| Profit on sale of current investments (quoted)   | -                 | 354,735           |
| Change in carrying value of current investment (quoted)                                  | 176,015           | 14,805            |
| Rental income {Tax deducted at source Rs. 1,027,814 (Previous year Rs. 242,668)}         | 6,908,000         | 1,196,006         |
| Duty drawback  | 2,858,952         | 104,706           |
| Sale of designs (designing fees)   | 13,100,000        | -                 |
| Less : Cost of designs   | (12,151,084)      | -                 |
| Miscellaneous income   | 948,916           | -                 |
|  | 29,731,774        | 9,804,591         |
|  | <u>76,610,359</u> | <u>61,798,842</u> |

## Schedule 18: Personnel Expenses

|  |                    |                    |
|--|--------------------|--------------------|
| Salaries, wages and bonus (refer note no. 12 to schedule 24)   | 520,658,741        | 473,818,054        |
| Contribution to provident and other defined contribution funds | 20,359,642         | 18,367,876         |
| Gratuity expenses  | 6,773,799          | 6,270,051          |
| Workmen and staff welfare expenses                             | 42,827,897         | 45,035,265         |
|  | <u>590,620,079</u> | <u>543,491,246</u> |

## Schedule 19: Operating and Other Expenses

|   |             |             |
|---|-------------|-------------|
| Consumption of stores and spares (refer note no. 12 to schedule 24) | 16,333,280  | 18,202,377  |
| Packing material consumed   | 96,128,092  | 90,779,656  |
| Power and fuel  | 213,537,517 | 188,328,317 |
| Rent  | 1,202,535   | 12,020,108  |
| Rates and taxes   | 11,822,816  | 8,125,807   |
| Insurance   | 6,006,054   | 5,614,434   |
| Repairs and maintenance   |             |             |
| - Plant & Machinery (refer note no. 12 to schedule 24)              | 31,547,326  | 25,645,637  |
| - Buildings   | 4,199,377   | 1,294,440   |
| - Others (refer note no. 12 to schedule 24)                         | 19,788,620  | 19,522,666  |
| Freight and forwarding charges                                      | 81,437,431  | 70,207,459  |
| Discount, rebates and claims  | 2,920,939   | 3,064,861   |
| Cash discount on sales  | 21,554,607  | 18,273,650  |
| Commission on sales - other than sole selling agent                 | 621,864     | 421,800     |
| Travelling and conveyance   | 36,967,895  | 35,995,763  |
| Directors' sitting fees   | 185,000     | 137,500     |
| Payment to Auditor  |             |             |
| - As Auditor :  |             |             |
| - Audit Fee   | 2,250,000   | 1,800,000   |
| - Tax audit Fee   | 350,000     | 350,000     |
| - Limited review  | 1,050,000   | 1,050,000   |
| - Other Services  | 1,000,000   | -           |
| - Out-of-pocket expenses  | 191,565     | 132,500     |
|   | 4,841,565   | 3,332,500   |
| Donations and contribution to charitable institutions               | -           | 30,200      |



| Particulars  | For the year ended<br>March 31, 2010<br>Rs. | For the year ended<br>March 31, 2009<br>Rs. |
|--|---|---|
| <b>Schedule 19 : Operating and Other Expenses (Contd.)</b>                                       |   |   |
| Royalty  | 92,191,855                                  | 67,440,743                                  |
| Research & development expenses  | 1,103,219                                   | 24,556,340                                  |
| Warranty costs   | 16,554,561                                  | 11,163,857                                  |
| (Increase)/ decrease of excise duty on inventory (refer note no. 18 to schedule 24)              | 5,547,489                                   | (10,567,029)                                |
| Exchange difference (Net of gain Rs. Nil, Previous year Rs. 68,906,060)                          | -   | 63,734,635                                  |
| Loss on fixed assets sold / discarded (net of gain Rs. 1,537,964, previous year Rs. Nil)         | 8,979,634                                   | -   |
| Bad and doubtful debts/advances written off  | 6,830,859                                   | 9,180,310                                   |
| Provision for doubtful debts / advances (net)  | 6,070,491                                   | 3,799,072                                   |
| Miscellaneous expenditure written off  | -   | 60,290                                      |
| Miscellaneous expenses (refer note no. 12 to schedule 24)  | 53,302,239                                  | 46,350,381                                  |
|  | <u>739,675,265</u>                          | <u>716,715,774</u>                          |
| <b>Schedule 20: Decrease/ (Increase) in Inventories</b>  |   |   |
| <b>Closing Inventories</b>   |   |   |
| Work-in-progress   | 40,002,634                                  | 61,613,785                                  |
| Finished goods and Traded goods  | 162,733,610                                 | 154,823,557                                 |
|  | <u>202,736,244</u>                          | <u>216,437,342</u>                          |
| <b>Opening Inventories</b>   |   |   |
| Work-in-progress   | 61,613,785                                  | 57,765,039                                  |
| Finished goods and Traded goods  | 154,823,557                                 | 243,641,473                                 |
| Waste  | -   | 18,984                                      |
|  | <u>216,437,342</u>                          | <u>301,425,496</u>                          |
|  | <u>13,701,098</u>                           | <u>84,988,154</u>                           |
| <b>Schedule 21: Financial Expenses</b>   |   |   |
| Interest   |   |   |
| - on term loans  | 69,114,850                                  | 33,334,587                                  |
| - to banks   | 12,533,346                                  | 27,701,249                                  |
| - others   | 19,338,688                                  | 11,926,620                                  |
| Lease Finance Charges  | 366,636                                     | 1,989,794                                   |
| Bank charges   | 11,843,462                                  | 17,511,204                                  |
|  | <u>113,196,982</u>                          | <u>92,463,454</u>                           |
| <b>Schedule 22: Prior Period Items</b>   |   |   |
| Rates and Taxes  | 1,685,875                                   | -   |
| Miscellaneous Expenses   | -   | 837,505                                     |
|  | <u>1,685,875</u>                            | <u>837,505</u>                              |
| <b>Schedule 23: Earnings per share (EPS)</b>   |   |   |
| Net profit as per Profit and Loss Account  | 59,265,009                                  | (16,189,227)                                |
| Weighted average Number of Equity Shares in Calculating Basic and Diluted EPS                    | 9,347,732                                   | 9,347,732                                   |
| Basic and Diluted Earnings per share [Nominal Value of shares of Rs.10<br>(Previous year Rs.10)] | <u>6.34</u>                                 | <u>(1.73)</u>                               |

# Lumax Industries Limited

## Schedule 24 : Notes to Accounts

### 1. Nature of operations

Lumax Industries Limited ('the Company') is a leading manufacturer and supplier of auto components, mainly automotive lighting systems for four wheeler and two wheeler applications. The Company has technical as well as financial collaboration with Stanley Electric Co. Ltd., Japan.

### 2. Statement of Significant Accounting Policies

#### a) Basis of preparation

The financial statements have been prepared to comply in all material respects in accordance with the notified Accounting Standards issued under Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those applied in the previous year.

#### b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### c) Fixed Assets

- i) Fixed assets are stated at cost (or revalued amounts, as the case may be) less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use.
- ii) Insurance spares / stand by equipments are capitalized as part of respective mother assets.
- iii) In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

#### d) Depreciation

- i) Depreciation is provided using the Straight Line Method as per the useful lives of assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956, whichever is higher. The rates prescribed under schedule XIV of the Companies Act, 1956 are considered fair representation for the life estimated by the management.
- ii) Cost of Leasehold land is amortized over the period of lease and leased plant and machinery is amortized over the period of lease or their useful lives whichever is lower.
- iii) Individual assets costing up-to Rs.5000/- are depreciated fully in the month of purchase.
- iv) Insurance spares / standby equipments are depreciated prospectively over the remaining useful lives of the respective mother assets.
- v) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the Revaluation Reserve Account.

#### e) Intangibles

Intangibles assets are amortized using straight-line method over their estimated useful lives as follows:

| S.No. | Intangible Assets  | Estimated Useful Life (Years)  |
|-------|--------------------|--|
| 1     | Computer Software  | Over the estimated economic useful lives ranging from 3.5 to 4 years |
| 2     | Technical Know-how | Over the period of Technical Assistance Agreement i.e. 8 years       |

## Research & Development Costs

Research cost are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset.

## f) Impairment

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

## g) Leases

*Where the Company is the lessee*

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

*Where the Company is the lessor*

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

## h) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long - term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long - term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

## i) Inventories

Inventories are valued as follows:

|  |  |
|--|--|
| Raw materials and components, Stores and spares (including packing materials)  | At Cost and Net Realizable Value, whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.<br><br>Cost is determined on moving weighted average basis. Cost of raw materials and components lying in bonded warehouse includes custom duty accounted for on accrual basis. |
| Finished goods & Traded goods, Work-in-progress and Moulds, tools and dies in process  | At Cost and Net Realizable Value, whichever is lower. Cost of Finished goods and Work-in-progress (including moulds, tools and dies in process) includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of traded goods is determined on moving weighted average basis. Cost of finished goods includes excise duty.  |
| Waste  | At Net Realizable Value.   |
| Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale. |  |

# Lumax Industries Limited

## j) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with their delivery to the customer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

### *Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### *Dividend*

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

## k) Miscellaneous Expenditure

Payments made under the Voluntary Retirement Scheme are amortised over a period of five years or by March 31, 2010, whichever is earlier.

## l) Foreign Currency Translation

Foreign currency transactions

### i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reinstatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses.

Exchange differences, in respect of accounting periods commencing on or after 7<sup>th</sup> December, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before 31<sup>st</sup> March, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise

### iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

## m) Retirement and other Employee Benefits

i) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the end of each year. The actuarial valuation is done as per projected unit credit method.

ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit cost

method made at the end of each financial year. The liability as at the year end represents the differences between the actuarial valuation of the future gratuity liability of continuing employees and the fair value of the plan assets with the Life Insurance Corporation of India (LIC) as at the end of the year.

- iii) Actuarial gains/losses are immediately taken to profit and loss account.
- iv) The Company has superannuation obligation towards "Lumax Industries Limited Employees superannuation Scheme" administered by the trustees. There are no other obligations other than the contribution payable to the respective trusts.

**n) Income Taxes**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company recognises / writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is subsequently reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**o) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**p) Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best management estimates.

Accordingly, warranty costs are provided on an accrual basis, taking into account the past trend of warranty claims received by the Company, to settle the obligation at the balance sheet date.

**q) Expenditure on new projects and substantial expansion**

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned, if any, during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

# Lumax Industries Limited

## r) Segment Reporting Policies

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers.

## s) Cash and Cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short- term investments with an original maturity of three months or less.

## t) Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS- 11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

## 3. Segment Information

### Business Segments:

The Company produces various types of automotive lighting systems. Since the Company's business activity falls within a single business segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting' other than those already provided in the Financial Statements.

### Geographical Segments \*

The geographical segment comprises of domestic and overseas market. The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced:

#### Sales Revenue by Geographical Market

| S.No. | Particulars     | Year ended<br>March 31, 2010 (Rs.) | Year ended<br>March 31, 2009 (Rs.) |
|-------|-----------------|------------------------------------|------------------------------------|
| 1.    | Domestic Market | 6,226,244,437                      | 5,083,609,040                      |
| 2.    | Overseas Market | 115,293,707                        | 147,212,354                        |
| 3.    | <b>Total</b>    | <b>6,341,538,144</b>               | <b>5,230,821,394</b>               |

**Sundry debtors:** The following table shows the distribution of the Company's consolidated debtors by geographical market:

| S.No. | Particulars  | As at Year ended<br>March 31, 2010 (Rs.) | As at Year ended<br>March 31, 2009 (Rs.) |
|-------|--------------|--|--|
| 1.    | Domestic     | 745,400,058                              | 593,266,846                              |
| 2.    | Overseas     | 35,098,143                               | 30,909,665                               |
| 3.    | <b>Total</b> | <b>780,498,201</b>                       | <b>624,176,511</b>                       |

\* The Company has common assets situated in India only for producing goods for Domestic and Overseas Markets.

## 4. Related Party Disclosure

| S.No. | Particulars  | Names of Related Parties   |
|-------|--|--|
| 1.    | Key Management Personnel   | Mr. D. K. Jain (Chairman & Managing Director)<br>Mr. Deepak Jain (Sr. Executive Director)<br>Mr. Anmol Jain (Sr. Executive Director)<br>Mr I. Abe (Sr. Executive Director)<br>Mr A. Ishii (Executive Director)   |
| 2.    | Relatives of Key Management Personnel  | Mr. S.C. Jain (Father of Chairman)<br>Mr. U. K. Jain (Brother of Chairman)<br>Mr. M. K. Jain (Brother of Chairman)<br>Mrs. Usha Jain (Spouse of Chairman)<br>Mr. Rajan Jain (Nephew of Chairman)   |
| 3.    | Enterprise significantly influenced by Key Management Personnel or their Relatives | Lumax Auto Technologies Ltd.<br>( Formerly Dhanesh Auto Electricals Ltd.)<br>Lumax DK Auto Industries Ltd.<br>Lumax Tour & Travels Ltd.<br>Lumax Investment and Finance Pvt. Ltd.<br>Sheela Finance Pvt. Ltd.<br>Deepak Auto Ltd.<br>Mahavir Udyog<br>D.K. Jain & Sons (HUF)<br>Lumax Automotive Systems Ltd.<br>Lumax International Pvt Ltd.<br>Lumax Auto Pvt Ltd.<br>Bharat Enterprises |
| 4.    | Associate  | Stanley Electric Co. Ltd., Japan   |
| 5.    | Joint Venture  | SL Lumax Ltd.  |

# Detail of Related Parties Transactions for the Financial Year 2009-2010

| S. No.       | Account Head  | Associates  |             | Key Management Personnel |           | Relatives of Key Management Personnel |         | Enterprises owned or significantly influenced by key management personnel or their relatives |             | Joint Venture |           | Total       |             |
|--------------|---|-------------|-------------|--------------------------|-----------|---------------------------------------|---------|--|-------------|---------------|-----------|-------------|-------------|
|              |   | 2009-10     | 2008-09     | 2009-10                  | 2008-09   | 2009-10                               | 2008-09 | 2009-10  | 2008-09     | 2009-10       | 2008-09   | 2009-10     | 2008-09     |
| <b>A</b>     | <b>TRANSACTIONS</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
| <b>I</b>     | <b>Sale of Raw Materials and Components Including Semi-finished Goods</b> |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Lumax Auto Technologies Ltd.  | -           | -           | -                        | -         | -                                     | -       | 13,964,153   | 8,974,125   | -             | -         | 13,964,153  | 8,974,125   |
|              | Lumax DK Auto Industries Ltd.   | -           | -           | -                        | -         | -                                     | -       | 25,377,733   | 34,197,799  | -             | -         | 25,377,733  | 34,197,799  |
|              | Deepak Auto Ltd.  | -           | -           | -                        | -         | -                                     | -       | 52,926,665   | 32,644,797  | -             | -         | 52,926,665  | 32,644,797  |
|              | SI Lumax Ltd.   | -           | -           | -                        | -         | -                                     | -       | -  | -           | 2,455,749     | 3,053,523 | 2,455,749   | 3,053,523   |
|              | Others  | -           | -           | -                        | -         | -                                     | -       | 353,334  | 235,289     | -             | -         | 353,334     | 235,289     |
| <b>II</b>    | <b>Sale of Packing Material</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Lumax DK Auto Industries Ltd.   | -           | -           | -                        | -         | -                                     | -       | -  | 3,321       | -             | -         | -           | 3,321       |
|              | Deepak Auto Ltd.  | -           | -           | -                        | -         | -                                     | -       | 16,010   | -           | -             | -         | 16,010      | -           |
|              | Lumax Auto Technologies Ltd.  | -           | -           | -                        | -         | -                                     | -       | 29,488   | -           | -             | -         | 29,488      | -           |
| <b>III</b>   | <b>Sale of finished goods</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Lumax Auto Technologies Ltd.  | -           | -           | -                        | -         | -                                     | -       | 397,363,908  | 319,525,649 | -             | -         | 397,363,908 | 319,525,649 |
|              | Others  | -           | -           | -                        | -         | -                                     | -       | 2,324,862  | -           | -             | -         | 2,324,862   | -           |
| <b>IV</b>    | <b>Sale of Moulds</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Lumax DK Auto Industries Ltd.   | -           | -           | -                        | -         | -                                     | -       | 1,737,815  | 2,953,247   | -             | -         | 1,737,815   | 2,953,247   |
| <b>V</b>     | <b>Sale of fixed assets</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Lumax DK Auto Industries Ltd.   | -           | -           | -                        | -         | -                                     | -       | 22,758,911   | 655,478     | -             | -         | 22,758,911  | 655,478     |
|              | Lumax Auto Technologies Ltd.  | -           | -           | -                        | -         | -                                     | -       | 3,564,671  | 655,151     | -             | -         | 3,564,671   | 655,151     |
| <b>VI</b>    | <b>Sale of Services</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Stanley Electric Co. Ltd.   | 3,080,844   | 431,235     | -                        | -         | -                                     | -       | -  | -           | -             | -         | 3,080,844   | 431,235     |
| <b>VII</b>   | <b>Purchase of Raw Materials and Components</b>                           |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Bharat Enterprises  | -           | -           | -                        | -         | -                                     | -       | 112,983,155  | 95,690,244  | -             | -         | 112,983,155 | 95,690,244  |
|              | Deepak Auto Ltd.  | -           | -           | -                        | -         | -                                     | -       | 385,869,238  | 166,200,539 | -             | -         | 385,869,238 | 166,200,539 |
|              | Lumax DK Auto Industries Ltd.   | -           | -           | -                        | -         | -                                     | -       | 511,733,062  | 716,401,082 | -             | -         | 511,733,062 | 716,401,082 |
|              | Stanley Electric Co. Ltd.   | 111,877,634 | 66,217,972  | -                        | -         | -                                     | -       | -  | -           | -             | -         | 111,877,634 | 66,217,972  |
|              | Mahavir Udyog   | -           | -           | -                        | -         | -                                     | -       | 26,516,610   | 17,695,394  | -             | -         | 26,516,610  | 17,695,394  |
|              | SL Lumax Ltd.   | -           | -           | -                        | -         | -                                     | -       | -  | -           | 4,470,472     | 1,059,489 | 4,470,472   | 1,059,489   |
|              | Lumax Auto Technologies Ltd.  | -           | -           | -                        | -         | -                                     | -       | 437,642,461  | 46,165,877  | -             | -         | 437,642,461 | 46,165,877  |
|              | Lumax Automotive Systems Ltd.   | -           | -           | -                        | -         | -                                     | -       | -  | 311,062     | -             | -         | -           | 311,062     |
| <b>VIII</b>  | <b>Purchase of Packing Material (net)</b>                                 |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Mahavir Udyog   | -           | -           | -                        | -         | -                                     | -       | 46,894,282   | 40,122,942  | -             | -         | 46,894,282  | 40,122,942  |
|              | Others  | -           | -           | -                        | -         | -                                     | -       | 212,961  | 102,139     | -             | -         | 212,961     | 102,139     |
| <b>IX</b>    | <b>Purchase of Spares and Samples</b>                                     |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Stanley Electric Co. Ltd.   | 610,108     | -           | -                        | -         | -                                     | -       | -  | -           | -             | -         | 610,108     | -           |
|              | Deepak Auto Ltd.  | -           | -           | -                        | -         | -                                     | -       | 26,035   | -           | -             | -         | 26,035      | -           |
|              | Lumax DK Auto Industries Ltd.   | -           | -           | -                        | -         | -                                     | -       | 603,381  | -           | -             | -         | 603,381     | -           |
| <b>X</b>     | <b>Purchase of Fixed Assets</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Stanley Electric Co. Ltd.   | 4,776,426   | 138,602,921 | -                        | -         | -                                     | -       | -  | -           | -             | -         | 4,776,426   | 138,602,921 |
|              | Lumax DK Auto Industries Ltd.   | -           | -           | -                        | -         | -                                     | -       | 5,473,137  | 408,888     | -             | -         | 5,473,137   | 408,888     |
| <b>XI</b>    | <b>Purchase of Finished Goods</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Stanley Electric Co. Ltd.   | 564,555     | -           | -                        | -         | -                                     | -       | -  | -           | -             | -         | 564,555     | -           |
| <b>XII</b>   | <b>Purchase of Services</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Lumax Tour & Travels Ltd.   | -           | -           | -                        | -         | -                                     | -       | 11,731,782   | 4,390,616   | -             | -         | 11,731,782  | 4,390,616   |
| <b>XIII</b>  | <b>Write - back (Write - off)</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Stanley Electric Co. Ltd.   | 1,160,885   | 1,115,183   | -                        | -         | -                                     | -       | -  | -           | -             | -         | 1,160,885   | 1,115,183   |
|              | Deepak Auto Ltd.  | -           | -           | -                        | -         | -                                     | -       | 286,760  | -           | -             | -         | 286,760     | -           |
|              | Lumax Automotive Systems Ltd.   | -           | -           | -                        | -         | -                                     | -       | (3,984)  | -           | -             | -         | (3,984)     | -           |
| <b>XIV</b>   | <b>Technical Charges</b>  |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Design, Drawing and Testing Charges                                       |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Stanley Electric Co. Ltd.   | 85,434,625  | 54,427,123  | -                        | -         | -                                     | -       | -  | -           | -             | -         | 85,434,625  | 54,427,123  |
| <b>XV</b>    | <b>Training Charges</b>   |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Stanley Electric Co. Ltd.   | -           | 4,087,807   | -                        | -         | -                                     | -       | -  | -           | -             | -         | -           | 4,087,807   |
| <b>XVI</b>   | <b>Rent Received</b>  |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Lumax Auto Technologies Ltd.  | -           | -           | -                        | -         | -                                     | -       | 180,000  | 210,000     | -             | -         | 180,000     | 210,000     |
|              | Lumax Tour & Travels Ltd.   | -           | -           | -                        | -         | -                                     | -       | 60,000   | -           | -             | -         | 60,000      | -           |
|              | Lumax Cornaglia Auto Technologies Pvt Ltd.                                | -           | -           | -                        | -         | -                                     | -       | 1,905,984  | -           | -             | -         | 1,905,984   | -           |
| <b>XVII</b>  | <b>Managerial Remuneration</b>  |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Mr. D. K. Jain  | -           | -           | 6,870,531                | 6,281,254 | -                                     | -       | -  | -           | -             | -         | 6,870,531   | 6,281,254   |
|              | Mr. Deepak Jain   | -           | -           | 6,234,965                | 5,723,245 | -                                     | -       | -  | -           | -             | -         | 6,234,965   | 5,723,245   |
|              | Mr. Anmol Jain  | -           | -           | 5,705,573                | 5,255,684 | -                                     | -       | -  | -           | -             | -         | 5,705,573   | 5,255,684   |
|              | Mr. Y Muraga  | -           | -           | -                        | 2,512,122 | -                                     | -       | -  | -           | -             | -         | -           | 2,512,122   |
|              | Mr. I. Abe  | -           | -           | 12,768,199               | 7,023,570 | -                                     | -       | -  | -           | -             | -         | 12,768,199  | 7,023,570   |
|              | Mr. A.Ishii   | -           | -           | 11,322,218               | 6,355,211 | -                                     | -       | -  | -           | -             | -         | 11,322,218  | 6,355,211   |
| <b>XVIII</b> | <b>Salary &amp; Allowances</b>  |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Mr. S. C. Jain  | -           | -           | -                        | -         | 450,000                               | 600,000 | -  | -           | -             | -         | 450,000     | 600,000     |
| <b> XIX</b>  | <b>Royalty (gross)</b>  |             |             |                          |           |                                       |         |  |             |               |           |             |             |
|              | Stanley Electric Co. Ltd.   | 91,945,174  | 66,957,682  | -                        | -         | -                                     | -       | -  | -           | -             | -         | 91,945,174  | 66,957,682  |



# Lumax Industries Limited

## Detail of Related Parties Transactions for the Financial Year 2009-2010

| S. No. | Account Head                    | Associates |             | Key Management Personnel |           | Relatives of Key Management Personnel |         | Enterprises owned or significantly influenced by key management personnel or their relatives |             | Joint Venture |         | Total       |             |
|--------|---------------------------------|------------|-------------|--------------------------|-----------|---------------------------------------|---------|--|-------------|---------------|---------|-------------|-------------|
|        |                                 | 2009-10    | 2008-09     | 2009-10                  | 2008-09   | 2009-10                               | 2008    | 2009-10  | 2008-09     | 2009-10       | 2008-09 | 2009-10     | 2008-09     |
| xx     | <b>Dividend Paid</b>            |            |             |                          |           |                                       |         |  |             |               |         |             |             |
|        | Mr. D. K. Jain                  | -          | -           | 1,788,680                | 7,146,640 | -                                     | -       | -  | -           | -             | -       | 1,788,680   | 7,146,640   |
|        | Mr. Deepak Jain                 | -          | -           | 142,711                  | 570,844   | -                                     | -       | -  | -           | -             | -       | 142,711     | 570,844     |
|        | Mr. Anmol Jain                  | -          | -           | 55,378                   | 221,512   | -                                     | -       | -  | -           | -             | -       | 55,378      | 221,512     |
|        | Mr. M K Jain                    | -          | -           | -                        | -         | 195,574                               | 782,296 | -  | -           | -             | -       | 195,574     | 782,296     |
|        | Mr. Rajan Jain                  | -          | -           | -                        | -         | 10,870                                | 43,480  | -  | -           | -             | -       | 10,870      | 43,480      |
|        | Mr. U K Jain                    | -          | -           | -                        | -         | 1,558                                 | 6,232   | -  | -           | -             | -       | 1,558       | 6,232       |
|        | Mrs. Usha Jain                  | -          | -           | -                        | -         | 150,683                               | 602,732 | -  | -           | -             | -       | 150,683     | 602,732     |
|        | D K Jain and Sons (HUF)         | -          | -           | -                        | -         | 124,970                               | 499,880 | -  | -           | -             | -       | 124,970     | 499,880     |
|        | Sheela Finance Pvt. Ltd.        | -          | -           | -                        | -         | -                                     | -       | 120,142  | 480,568     | -             | -       | 120,142     | 480,568     |
|        | Stanley Electric Co. Ltd.       | 4,327,712  | 17,310,848  | -                        | -         | -                                     | -       | -  | -           | -             | -       | 4,327,712   | 17,310,848  |
|        | Others                          | -          | -           | -                        | -         | -                                     | -       | 257,705  | 1,030,820   | -             | -       | 257,705     | 1,030,820   |
| xci    | <b>Others (Net)</b>             |            |             |                          |           |                                       |         |  |             |               |         |             |             |
|        | Lumax Automotive Systems Ltd.   | -          | -           | -                        | -         | -                                     | -       | 176,045  | 5,700       | -             | -       | 176,045     | 5,700       |
|        | Lumax Dk Auto Industries Ltd.   | -          | -           | -                        | -         | -                                     | -       | 149,548  | 8,165       | -             | -       | 149,548     | 8,165       |
|        | Stanley Electric Co. Ltd.       | 4,128,474  | 9,201,513   | -                        | -         | -                                     | -       | -  | -           | -             | -       | 4,128,474   | 9,201,513   |
|        | SL Lumax Ltd.                   | -          | -           | -                        | -         | -                                     | -       | -  | -           | 70,401        | 302,672 | 70,401      | 302,672     |
|        | Mahavir Udyog                   | -          | -           | -                        | -         | -                                     | -       | 18,841   | 20,465      | -             | -       | 18,841      | 20,465      |
|        | Bharat Enterprises              | -          | -           | -                        | -         | -                                     | -       | 22395  | 23,430      | -             | -       | 22,395      | 23,430      |
|        | Lumax Auto Technologies Ltd.    | -          | -           | -                        | -         | -                                     | -       | 2179409.77   | 685,713     | -             | -       | 2,179,410   | 685,713     |
|        | Deepak Auto Ltd.                | -          | -           | -                        | -         | -                                     | -       | 108959.95  | 148,289     | -             | -       | 108,960     | 148,289     |
| B I    | <b>BALANCES AT THE YEAR END</b> |            |             |                          |           |                                       |         |  |             |               |         |             |             |
|        | <b>Receivables</b>              |            |             |                          |           |                                       |         |  |             |               |         |             |             |
|        | Lumax Auto Technologies Ltd.    | -          | -           | -                        | -         | -                                     | -       | 42,341,691   | 65,541,877  | -             | -       | 42,341,691  | 65,541,877  |
|        | Lumax DK Auto Industries Ltd.   | -          | -           | -                        | -         | -                                     | -       | 3,822,301  | -           | -             | -       | 3,822,301   | -           |
|        | Bharat Enterprises              | -          | -           | -                        | -         | -                                     | -       | 29,701   | 144,760     | -             | -       | 29,701      | 144,760     |
|        | Deepak Auto Ltd.                | -          | -           | -                        | -         | -                                     | -       | 11,819,900   | 6,473,130   | -             | -       | 11,819,900  | 6,473,130   |
| II     | <b>Payables</b>                 |            |             |                          |           |                                       |         |  |             |               |         |             |             |
|        | Mr D K Jain                     | -          | -           | 319,800                  | 765,400   | -                                     | -       | -  | -           | -             | -       | 319,800     | 765,400     |
|        | Mr Deepak Jain                  | -          | -           | 256,140                  | 335,300   | -                                     | -       | -  | -           | -             | -       | 256,140     | 335,300     |
|        | Mr Anmol Jain                   | -          | -           | 238,800                  | 95,800    | -                                     | -       | -  | -           | -             | -       | 238,800     | 95,800      |
|        | Mr I Abe                        | -          | -           | 54,782                   | -         | -                                     | -       | -  | -           | -             | -       | 54,782      | -           |
|        | Mr A Ishii                      | -          | -           | 29,720                   | -         | -                                     | -       | -  | -           | -             | -       | 29,720      | -           |
|        | Lumax Automotive Systems Ltd.   | -          | -           | -                        | -         | -                                     | -       | 1,016,209  | 1,166,115   | -             | -       | 1,016,209   | 1,166,115   |
|        | Deepak Auto Ltd.                | -          | -           | -                        | -         | -                                     | -       | 112,079,122  | 42,872,867  | -             | -       | 112,079,122 | 42,872,867  |
|        | Lumax Auto Technologies Ltd.    | -          | -           | -                        | -         | -                                     | -       | 165,436,144  | 25,823,762  | -             | -       | 165,436,144 | 25,823,762  |
|        | Lumax DK Auto Industries Ltd.   | -          | -           | -                        | -         | -                                     | -       | 124,509,993  | 177,632,037 | -             | -       | 124,509,993 | 177,632,037 |
|        | Mahavir Udyog                   | -          | -           | -                        | -         | -                                     | -       | 21,522,285   | 14,587,812  | -             | -       | 21,522,285  | 14,587,812  |
|        | Stanley Electric Co. Ltd.       | 67,826,782 | 154,788,127 | -                        | -         | -                                     | -       | -  | -           | -             | -       | 67,826,782  | 154,788,127 |
|        | SL Lumax Ltd.                   | -          | -           | -                        | -         | -                                     | -       | -  | -           | 214,201       | -       | -           | 214,201     |
|        | Others                          | -          | -           | -                        | -         | -                                     | -       | 31,411,822   | 22,106,126  | -             | -       | 31,411,822  | 22,106,126  |

## 5. Leases

### In case of assets taken on lease

#### a) Finance Lease

The Company has acquired plant and machinery, moulds and vehicles under finance leases, the cost of which is included in the gross block of Plant and Machinery and Vehicles respectively under Fixed Assets. The lease term is for 5 years in case of moulds and 3 years in case of vehicles, after which the legal title will pass on to the Company. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are no sub leases:

| Particulars  | 2009-10<br>(Rs.)  | 2008-09<br>(Rs.)  |
|--|-------------------|-------------------|
| Gross Amount   | 86,409,943        | 88,996,409        |
| Less: Accumulated depreciation                                       | 70,970,785        | 60,388,667        |
| <b>Net Block</b>   | <b>15,439,158</b> | <b>28,607,742</b> |
| <b>Total minimum lease payments at the year-end</b>                  |                   |                   |
| Finance Lease liabilities- minimum lease payments:                   |                   |                   |
| Not later than 1 year  | 4,550,031         | 13,335,265        |
| Later than 1 year and not later than 5 years                         | 3,262,961         | 4,392,766         |
| Later than 5 years   | Nil               | Nil               |
| Total minimum lease payments   | 7,812,992         | 17,728,031        |
| Less: Future finance charges on Finance Leases                       | 821,682           | 1,478,744         |
| Present value of Finance Lease liabilities                           | 6,991,310         | 16,249,287        |
| <b>The present value of Finance Lease liabilities is as follows:</b> |                   |                   |
| Not later than 1 year  | 4,036,029         | 12,208,579        |
| Later than 1 year and not later than 5 years                         | 2,955,279         | 4,040,708         |
| Later than 5 years   | Nil               | Nil               |
|  | <b>6,991,308</b>  | <b>16,249,287</b> |

#### b) Operating Leases

Lease payments of Rs 24,378,217 (previous year - Rs 12,020,108) have been recognised as an expense in the profit and loss account for the year ended March 31, 2010.

Certain office premises, office equipments and Plant & Machinery (DG Set) are obtained on operating leases. There are no contingent rents in the lease agreements. The lease terms is for 1-3 years and are renewable at the mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancellable in nature.

| Particulars                                  | 2009-10<br>(Rs.)   | 2008-09<br>(Rs.)   |
|--|--------------------|--------------------|
| Not later than 1 year                        | 33,279,996         | 33,279,996         |
| Later than 1 year and not later than 5 years | 69,066,665         | 102,346,661        |
| Later than 5 years                           | Nil                | Nil                |
|  | <b>102,346,661</b> | <b>135,626,657</b> |

### In case of assets given on Lease

#### a) Finance Lease

The Company has leased out plant and machinery and furniture on finance lease. The lease term is for three years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

## Lumax Industries Limited

| Particulars  | 2009-10<br>(Rs.) | 2008-09<br>(Rs.) |
|--|------------------|------------------|
| Total gross investment in the lease  | 2,120,000        | -                |
| Less: Un guaranteed residual value   | -                | -                |
| Less: Unearned finance income  | 511,350          | -                |
| Present value of minimum lease payments discounted at interest 10% p.a.  | 1,608,650        | -                |
| Gross investment in the lease for the period:  |                  |                  |
| Not later than one year [Present value of minimum lease payments receivable Rs 467,197 as on 31.03.2010 (Rs Nil as on 31.03.2009)]                           | 540,000          | -                |
| Later than one year but not later than five years [Present value of minimum lease payments receivable Rs 805,738 as on 31.03.2010 (Rs Nil as on 31.03.2009)] | 1,580,000        | -                |
| Later than five years [Present value of minimum lease payments receivable Rs Nil as on 31.03.2010 (Rs Nil as on 31.03.2009)]                                 | -                | -                |

### b) Operating Lease

The Company has leased out land and buildings, on cancellable operating lease. The lease term is for 3 years and is renewable thereafter. There are no restrictions imposed by lease arrangements.

| Particulars        | Gross Block<br>(Rs.) |                     | Depreciation for the year ended<br>(Rs.) |                  | Accumulated Depreciation<br>(Rs.) |                   |
|--------------------|----------------------|---------------------|--|------------------|-----------------------------------|-------------------|
|                    | As at<br>31.03.2010  | As at<br>31.03.2009 | 31.03.2010                               | 31.03.2009       | 31.03.2010                        | 31.03.2009        |
| Buildings          | 37,665,469           | 37,665,469          | 1,251,482                                | 1,251,482        | 15,388,642                        | 14,137,160        |
| <b>GRAND TOTAL</b> | <b>37,665,469</b>    | <b>37,665,469</b>   | <b>1,251,482</b>                         | <b>1,251,482</b> | <b>15,388,642</b>                 | <b>14,137,160</b> |

### 6. Interest in Joint Venture Companies:

Pursuant to Accounting Standard – 27 on Financial Reporting of Interests in Joint Ventures, the relevant information relating to the Joint Venture Company, is as given below:

| Name of the Joint Venture Company | Country of Incorporation | Proportion of Ownership Interest | Description of Interest   |
|-----------------------------------|--------------------------|----------------------------------|---|
| SL Lumax Ltd.                     | India                    | 21.29%                           | JV is established principally for manufacture, assemble and to sell automotive components |

The Company's share in the aggregate amounts of each of the assets, liabilities, incomes, expenses, capital commitments and contingent liabilities as at / for the years ended 31st March, 2010 and 31st March, 2009 are as under:

| S.No. | Proportion of Company's Interest in Joint Venture | 2009-10<br>(Unaudited) (Rs.) | 2008-09<br>(Audited) (Rs.) |
|-------|---|------------------------------|----------------------------|
| 1.    | Assets  | 783,484,112                  | 783,637,394                |
| 2.    | Liabilities                                       | 572,135,540                  | 642,153,697                |
| 3.    | Income  | 1,047,884,155                | 912,912,192                |
| 4.    | Expenses  | 932,236,012                  | 876,658,147                |
| 5.    | Contingent Liabilities                            | 58,626,628                   | 58,133,339                 |

#### Notes:

- The above details represent proportionate amount of the Company's share in the Joint Venture.
- In the absence of the audited accounts for the year 2009-10, information is furnished based on the un-audited management certified accounts.

### 7. Capital Commitments

| S.No. | Particulars   | 2009-10<br>(Rs.) | 2008-09<br>(Rs.) |
|-------|---|------------------|------------------|
| 1.    | Estimated amount of contracts {advances paid during the year Rs. 65,171,662 (previous year Rs. 42,746,219)} remaining to be executed on capital account and not provided for. | 132,758,612      | 86,014,324       |

## 8. Contingent Liabilities not provided for

| S.No.  | Particulars  | 2009-10<br>(Rs.) | 2008-09<br>(Rs.) |
|--------|--|------------------|------------------|
| (i)    | Bills of exchange discounted from a bank.  | 136,109,465      | 130,523,592      |
| (ii)   | Demand raised by Central Excise department against the rejected goods sent on 57(f) (4) challans, being disputed by the Company.                           | 7,755,448        | 7,755,448        |
| (iii)  | Other Excise Duty Demands, being disputed by the Company.  | 2,026,701        | 2,422,335        |
| (iv)   | Demand raised by Service Tax department for the service tax on Royalty and Technical know how, being disputed by the Company.                              | 3,451,809        | 3,451,809        |
| (v)    | Demand raised by ESIC department against short contribution paid by the Company, being disputed by the Company.  | 2,880,138        | 2,880,138        |
| (vi)   | Demand raised by Sales Tax Authorities against purchase tax on inter-unit stock transfers, being disputed by the Company.                                  | 1,736,251        | 1,736,251        |
| (vii)  | Various other claims made against the Company not acknowledged as debts, being disputed by the Company.  | 391,081          | 391,081          |
| (viii) | Income Tax demand in respect of Assessment Year 2004-05 for which the Company has filed an appeal with CIT (Appeals).                                      | 2,375,490        | 2,375,490        |
| (ix)   | Income Tax demand in respect of Assessment Year 2005-06 for which the Company has filed an appeal with CIT (Appeals).                                      | 27,884,526       | 27,884,526       |
| (x)    | Income Tax demand in respect of Assessment Year 2006-07 for which the Company has filed an appeal before Dispute Resolution Panel against the draft order. | 12,831,256       | -                |
| (xi)   | Demand raised by BSES Rajdhani Power Ltd for which the Company has filed a writ petition in High Court of Delhi.   | 2,260,541        | -                |
| (xii)  | Export Obligation to be undertaken by the Company under EPCG licenses.   | 17,677,486       | -                |
| (xiii) | Claims against the Company not acknowledged as debts.  | 6,870,264        | -                |

Based on the favourable decisions in similar cases/legal opinions taken by the Company, the Company believes that it has good cases in respect of all the items listed under (ii) to (xi) above and hence no provision there against is considered necessary.

## 9. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for gratuity.

### Profit and Loss account

Net employee benefit expense in respect of Gratuity (recognised in Employee Cost)

| Particulars  | 2009-10<br>(Rs.) | 2008-09<br>(Rs.) |
|--|------------------|------------------|
| Current service cost                               | 4,484,931        | 4,441,479        |
| Interest cost on benefit obligation                | 3,755,002        | 3,023,637        |
| Expected return on plan assets                     | (4,073,913)      | (3,369,772)      |
| Net actuarial( gain) / loss recognised in the year | 2,607,779        | 2,174,707        |
| Past service cost                                  | -                | -                |
| Net Benefit Expense                                | 6,773,799        | 6,270,051        |
| Actual return on plan assets                       | 4,164,708        | 3,679,617        |

# Lumax Industries Limited

## Balance sheet

### Details of Provision for Gratuity

| Particulars                          | 2009-10(Rs.)     | 2008-09 (Rs.)    |
|--------------------------------------|------------------|------------------|
| Defined benefit obligation           | 50,791,078       | 48,500,412       |
| Fair value of plan assets            | (48,221,652)     | (44,506,385)     |
|                                      | 2,569,426        | 3,994,027        |
| Less: Unrecognised past service cost | -                | -                |
| Plan asset / (liability)             |                  |                  |
| <b>Total</b>                         | <b>2,569,426</b> | <b>3,994,027</b> |

Changes in the present value of the defined benefit obligation are as follows:

| Particulars                              | 2009-10(Rs.) | 2008-09(Rs.) |
|--|--------------|--------------|
| Opening defined benefit obligation       | 48,500,412   | 39,478,608   |
| Interest cost                            | 3,755,002    | 3,023,637    |
| Current service cost                     | 4,484,931    | 4,441,479    |
| Benefits paid                            | (8,647,841)  | (927,864)    |
| Actuarial (gains) / losses on obligation | 2,698,574    | 2,484,552    |
| Closing defined benefit obligation       | 50,791,078   | 48,500,412   |

Changes in the fair value of plan assets are as follows:

| Particulars                       | 2009-10(Rs.) | 2008-09(Rs.) |
|-----------------------------------|--------------|--------------|
| Opening fair value of plan assets | 44,506,385   | 32,508,866   |
| Expected return                   | 4,073,913    | 3,369,772    |
| Contributions by employer         | 3,784,562    | 9,246,319    |
| Benefits paid                     | (42,34,003)  | (928,417)    |
| Actuarial gains / (losses)        | 90,795       | 309,845      |
| Closing fair value of plan assets | 48,221,652   | 44,506,385   |

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Particulars              | Gratuity     |              |
|--------------------------|--------------|--------------|
|                          | 2009-10<br>% | 2008-09<br>% |
| Investments with insurer | 100          | 100          |
| <b>Total</b>             | <b>100</b>   | <b>100</b>   |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

| Particulars                       | 2009-10<br>% | 2008-09<br>% |
|-----------------------------------|--------------|--------------|
| Discount rate                     | 8.50         | 7.75         |
| Expected rate of return on assets | 9.20         | 9.19         |
| Employee turnover                 | 5            | 5            |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

### Notes :

- Information relating to experience adjustment in the actual valuation of gratuity as required by Para 120(n)(ii) of the Accounting Standard 15 (revised) on Employee Benefits is not available with the Company.
- The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by para 120 (o) of the Accounting Standard – 15 (Revised) on Employee Benefits is not disclosed

Amounts for the current and previous two years are as follows:

| Particulars                                | Gratuity (Rs.) |             |             |
|--|----------------|-------------|-------------|
|  | 2009-10        | 2008-09     | 2007-08     |
| Defined benefit obligation                 | 50,791,078     | 48,500,412  | 39,478,608  |
| Plan assets                                | 48,221,652     | 44,506,385  | 32,508,866  |
| Surplus / (deficit)                        | (2,569,426)    | (3,994,027) | (6,969,742) |
| Experience adjustments on plan liabilities | -              | -           | -           |
| Experience adjustments on plan assets      | -              | -           | -           |

- c) The Central Government has approved The Payment of Gratuity (Amendment) Act, 2010 vide Official Gazette notification dated May 18, 2010, wherein the effective date is yet to be announced. The Management is evaluating the impact and considers the current provision adequately cover the liability that might arise under the said Payment of Gratuity (Amendment) Act, 2010. Any adjustment considered necessary would be recorded once determined, impact whereof is not considered material at this stage.

#### 10. Derivative Instruments and Unhedged Foreign Currency Exposure

##### a. Forward contract outstanding as at Balance Sheet date

No Forward Contract is outstanding as at 31st March'2010 (Previous year JPY 63,925,554).

##### b. Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date

| Particulars      | Amount (in Rs.) |             | Amount (in Currency) |             |                  |
|------------------|-----------------|-------------|----------------------|-------------|------------------|
|                  | 2009-10         | 2008-09     | 2009-10              | 2008-09     | Foreign Currency |
| Export Debtors   | 34,356,221      | 19,606,229  | 180,272              | 2,835       | EUR              |
|                  |                 |             | 155,643              | 138,905     | GBP              |
|                  |                 |             | -                    | 85,400      | JPY              |
|                  |                 |             | 291,882              | 184,341     | USD              |
| Import Creditors | 78,097,507      | 290,327,366 | (31,990)             | 381,573     | EUR              |
|                  |                 |             | 392                  | 3,869       | GBP              |
|                  |                 |             | 134,806,564          | 364,456,201 | JPY              |
|                  |                 |             | 5,384,845            | -           | THB              |
|                  |                 |             | 141,338              | 1,425,593   | USD              |

Closing rate of:

GBP 1 = Rs. 67.38 / 68.65

EUR 1 = Rs. 59.82 / 61.13

JPY 1 = Rs. 0.4781 / 0.4885

USD 1 = Rs. 44.83 / 45.40

THB 1 = Rs. 1.35 / 1.44

#### 11. Details of Research and Development expenses are as follows:

The Company has incurred expenses on its research and development centre approved and recognised by the Ministry of Science & Technology, Government of India.

##### a. Capital Expenditure

| Particulars         | 2009-10 (Rs.) | 2008-09 (Rs.)<br>(From 03.09.08 to 31.03.09) | 2008-09 (Rs.)<br>(From 01.04.08 to 02.09.08) |
|---------------------|---------------|--|--|
| Capital Expenditure | 5,770,135     | 2,234,697                                    | -  |

##### b. Revenue Expenditure

| Particulars                      | 2009-10 (Rs.) | 2008-09 (Rs.)<br>(From 03.09.08 to 31.03.09) | 2008-09 (Rs.)<br>(From 01.04.08 to 02.09.08) |
|----------------------------------|---------------|--|--|
| Salaries, Allowances and Bonus   | 47,817,000    | 11,643,560                                   | 7,322,469                                    |
| Contribution to Provident Fund   | 1,388,628     | 548,012                                      | 340,295                                      |
| Contribution to Other Funds      | 76,393        | -  | -  |
| Staff Welfare                    | 2,076,026     | 904,165                                      | 392,973                                      |
| Provision for retirement benefit | 3,251,158     | -  | -  |
| Insurance                        | 145,050       | 10,017                                       | -  |
| Repair & maintenance             | 1,084,077     | 105,311                                      | 34,675                                       |
| Travelling & Conveyance          | 9,694,076     | 682,651                                      | 1,710,504                                    |
| Research & development           | 1,103,219     | 317,790                                      | 357,776                                      |
| Material/Consumable/Spares       | 65,077        | -  | -  |
| Electricity                      | 399,336       | -  | -  |
| Miscellaneous                    | 3,850,779     | 665,757                                      | 482,581                                      |
| Depreciation                     | 388,138       | 26,942                                       | -  |
|                                  | 71,344,289    | 14,904,205                                   | 10,641,273                                   |

## Lumax Industries Limited

12. The following expenses have been reduced from the respective heads and have been included in the cost of sale of moulds, tools and dies or the cost of moulds, tools and dies capitalized, as the case may be.

| Particulars                                | 2009-10<br>(Rs.)  | 2008-09<br>(Rs.) |
|--|-------------------|------------------|
| Salary, wages and bonus                    | 384,326           | 1,997,659        |
| Consumption of stores and spares           | -                 | 58               |
| Repair and Maintenance – Plant & Machinery | 190               | 104,698          |
| Repair and Maintenance - Others            | 6,743,632         | 2,340,302        |
| Depreciation                               | 152,790           | 173,474          |
| Miscellaneous expenses                     | 2,984,747         | 1,180,192        |
| <b>Total</b>                               | <b>10,265,285</b> | <b>5,796,383</b> |

13. During the year, an amount of Rs Nil (Previous Year Rs. 303,152,581) has been utilized by the Company for modernisation / expansion of its existing plants out of the Preferential Issue proceeds, in line with the objects of the Preferential Issue and the unutilized money is Rs. Nil (Previous Year Rs Nil).
14. Pursuant to completion of negotiations with its customer in relation with the Company's investment in a plant at Singur, West Bengal and after giving consideration to its alternative plans, management has assessed the carrying value of its assets and made adequate provisions as considered necessary.
15. Supplementary Statutory Information

a. Directors' Remuneration

| Particulars                         | 2009-10<br>(Rs.)  | 2008-09<br>(Rs.)  |
|-------------------------------------|-------------------|-------------------|
| Salaries and allowances             | 32,200,129        | 23,809,265        |
| Contribution to Provident fund      | 1,336,320         | 1,190,400         |
| Contribution to Superannuation fund | 654,323           | 599,520           |
| Perquisites                         | 8,711,014         | 7,552,001         |
| <b>Total</b>                        | <b>42,901,486</b> | <b>33,151,186</b> |

**Note: -**

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

**b. Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to directors**

Amount in Rs.

| Particulars   |            | 2009-10            |            | 2008-09*         |
|---|------------|--------------------|------------|------------------|
| Profit before Taxation – as per Profit & Loss Account                   |            | 63,823,814         |            | (36,435,172)     |
| Add: Managerial Remuneration  | 42,901,486 |                    | 33,151,186 |                  |
| Directors Sitting Fees  | 185,000    |                    | 137,500    |                  |
| Provision for doubtful debts / advances                                 | 6,070,491  |                    | 3,799,072  |                  |
| Bad and doubtful debts/advances written off                             | 6,830,859  |                    | 9,180,310  |                  |
| Loss on fixed assets sold / discarded (net)                             | 8,979,634  | 64,967,470         |            | 46,268,068       |
| <b>Sub total</b>  |            | <b>128,791,284</b> |            | <b>9,832,896</b> |
| Less: Profit on fixed assets sold / discarded (net)                     |            |                    | 271,591    |                  |
| Profit on sale of long term investments (net)                           |            | -                  | 354,735    |                  |
| Impact of Revised AS-15 adjusted out of opening Profit & Loss account   |            | -                  |            | -                |
| <b>Sub total</b>  |            | <b>-</b>           |            | <b>626,326</b>   |
| Net Profit in accordance with Sec.198 & 349                             |            | 128,791,284        |            | 9,206,570        |
| Commission payable @ 8% of said Net Profit                              | (a)        | 10,303,303         | (a)        | 736,526          |
| Maximum Remuneration Payable (including commission) @ 10% of Net Profit |            | 12,879,128         |            | 920,657          |
| Less: Remuneration Paid   | (b)        | 42,901,486         | (b)        | 33,151,186       |
|   |            | -                  |            | -                |
| Lower of (a) or (b)   |            | -                  |            | -                |



\* Due to losses in the previous year, the commission was not payable to the directors.

Note: During the year, the Company has received Central Government approval for excess remuneration paid to the directors vide letter no.s A44 259752-CL-VII, A44260040-CL-VII, A44260347-CL-VII , A 44439792/3/2009-CL-VII, , A44452308-CL-VII dated 09.04.09, 09.04.09, 09.04.09, 01.11.09 and 06.08.09 respectively.

**c. Earnings in Foreign Currency (on accrual basis)**

| Particulars                                   | 2009-10 (Rs.)      | 2008-09 (Rs.)      |
|---|--------------------|--------------------|
| Exports of manufactured goods at F.O.B. Value | 124,450,999        | 130,126,345        |
| Recovery of Testing Charges                   | 3,080,844          | 1,501,478          |
| <b>Total</b>                                  | <b>127,531,843</b> | <b>131,627,823</b> |

**d. Expenditure in Foreign Currency (on accrual basis)**

| Particulars                          | 2009-10 (Rs.)      | 2008-09 (Rs.)      |
|--------------------------------------|--------------------|--------------------|
| Travelling and Conveyance            | 3,567,229          | 13,200,317         |
| Royalty (net of TDS)                 | 82,972,670         | 60,669,568         |
| Repairs and maintenance              | 233,875            | 96,647             |
| Salaries and allowances (net of TDS) | 40,425,528         | 16,351,795         |
| Research & Development Expenses      | 69,108             | 94,073             |
| Commission on Sales                  | 621,864            | 421,800            |
| Legal and Professional Charges       | 2,696,402          | 400,490            |
| Miscellaneous Expenses               | 104,872,517        | 14,397,018         |
| <b>Total</b>                         | <b>235,459,193</b> | <b>105,631,708</b> |

**e. Value of Imports calculated on CIF basis**

| Particulars                    | 2009-10 (Rs.)      | 2008-09 (Rs.)        |
|--------------------------------|--------------------|----------------------|
| Raw Materials                  | 753,721,950        | 921,957,204          |
| Components and Stores & Spares | 6,971,928          | 7,632,542            |
| Capital Goods                  | 186,627,080        | 949,688,980          |
| <b>Total</b>                   | <b>947,320,958</b> | <b>1,879,278,726</b> |

**f. Net dividend remitted in foreign exchange**

| Particulars  | 2009-10   | 2008-09    |
|--|-----------|------------|
| Period to which it relates                             | 2008-09   | 2007-08    |
| Number of non-resident shareholders                    | 2         | 2          |
| Number of equity shares held on which dividend was due | 4,489,730 | 4,489,730  |
| Amount remitted (in Rs.)                               | 4,489,730 | 17,958,920 |
| Amount remitted (in USD)                               | 90,739    | 388,637    |

# Lumax Industries Limited

## 16 Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.

Disclosure of Sundry Creditors is based on the information available with the Company regarding the status of suppliers as defined under the Micro, Small & Medium Enterprises Development Act, 2006.

| S. No | Particulars  | 31.3.2010<br>(Rs.) | 31.3.2009<br>(Rs.) |
|-------|--|--------------------|--------------------|
| 1     | The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year  | 13,030             | 196,474            |
| 2     | The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year   | Nil                | Nil                |
| 3     | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act  | 32,083             | 7,986              |
| 4     | The amount of interest accrued and remaining unpaid at the end of each accounting year; and  | 75,507             | 62,627             |
| 5     | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006 | Nil                | Nil                |

## 17. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

### a. Licensed Capacity, Installed Capacity and Actual Production (as certified by the management):

| Class of Goods                           | Unit | Licensed Capacity# |         | Installed Capacity# |           | Actual Production |           |
|--|------|--------------------|---------|---------------------|-----------|-------------------|-----------|
|  |      | 2009-10            | 2008-09 | 2009-10             | 2008-09   | 2009-10           | 2008-09   |
| Head Lamp Assembly                       | Nos. | N.A.               | N.A.    | 9,775,000           | 6,880,000 | 7,793,370         | 5,581,254 |
| Tail Lamp Assembly/Rear Combination Lamp | Nos. | N.A.               | N.A.    | 8,025,000           | 7,150,000 | 5,208,254         | 4,391,465 |

# as certified by the management

### b. Sales including traded goods:

| Class of Goods                             | Unit | Quantity  |           | Value (Rs.)          |                      |
|--|------|-----------|-----------|----------------------|----------------------|
|  |      | 2009 10   | 2008 09   | 2009 10              | 2008 09              |
| Head Lamp Assembly                         | Nos. | 7,772,261 | 5,625,284 | 3,645,128,647        | 2,846,175,956        |
| Tail Lamp Assembly / Rear Combination Lamp | Nos. | 5,187,221 | 4,435,385 | 1,140,366,642        | 967,083,247          |
| Tools*                                     |      | -         | -         | 345,744,040          | 400,840,420          |
| Others*                                    |      | -         | -         | 1,210,298,815        | 1,016,721,771        |
| <b>Total</b>                               |      |           |           | <b>6,341,538,144</b> | <b>5,230,821,394</b> |

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

### c. Details of Opening and Closing Stock of Finished Goods including Goods Traded in:

| Particulars                                | 2009-10<br>(Nos.) | 2008-09<br>(Nos.) | 2009-10<br>(Rs.)   | 2008-09<br>(Rs.)   |
|--|-------------------|-------------------|--------------------|--------------------|
| Opening Stock                              |                   |                   |                    |                    |
| Head Lamp Assembly                         | 85,241            | 104,782           | 71,865,269         | 123,976,108        |
| Tail Lamp Assembly / Rear Combination Lamp | 76,133            | 94,559            | 31,684,740         | 46,032,469         |
| Others*                                    |                   |                   | 51,273,548         | 73,632,896         |
|  |                   |                   | <b>154,823,557</b> | <b>243,641,473</b> |
| Closing Stock                              |                   |                   |                    |                    |
| Head Lamp Assembly                         | 117,211           | 85,241            | 77,210,629         | 71,865,269         |
| Tail Lamp Assembly / Rear Combination Lamp | 109,931           | 76,133            | 37,118,477         | 31,684,740         |
| Others*                                    |                   |                   | 48,404,504         | 51,273,548         |
| <b>Total</b>                               |                   |                   | <b>162,733,610</b> | <b>154,823,557</b> |

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**d. Details of Purchase of Traded Goods :**

| Class of Goods            | 2009-10<br>(Nos.) | 2008-09<br>(Nos.) | 2009-10<br>(Rs.)  | 2008-09<br>(Rs.)  |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| Head Lamp Assembly        | 10,861            | 24,489            | 39,903,124        | 58,241,519        |
| Tail Lamp Assembly / Rear | 12,765            | 25,464            | 15,214,793        | 25,542,489        |
| Combination Lamp          |                   |                   |                   |                   |
| Others*                   |                   |                   | 10,241,245        | 10,068,547        |
| <b>Total</b>              |                   |                   | <b>65,359,162</b> | <b>93,852,555</b> |

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**e. Consumption of Raw Materials :**

| Particulars     | Unit | Quantity   |            | Value (In Rs.)       |                     |
|-----------------|------|------------|------------|----------------------|---------------------|
|                 |      | 2009-10    | 2008-09    | 2009-10              | 2008-09             |
| Plastic Powder  | M.T. | 6,116      | 4,436      | 750,316,423          | 587,862,874         |
| Bulbs           | Nos. | 28,128,180 | 22,209,036 | 656,485,797          | 463,434,765         |
| Adjustor Motors | Nos. | 2,092,693  | 1,946,140  | 454,945,161          | 414,633,707         |
| Others*         |      |            |            | 2,297,011,933        | 1815,098,354        |
| <b>Total</b>    |      |            |            | <b>4,158,759,314</b> | <b>3281,029,700</b> |

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**f. Imported and indigenous Raw Materials consumed :**

| Particulars | Percentage of total<br>Consumption |         | Value (Rs.)   |               |
|-------------|------------------------------------|---------|---------------|---------------|
|             | 2009-10                            | 2008-09 | 2009-10       | 2008-09       |
| Imported    | 19.41 %                            | 21.85 % | 807,012,806   | 716,776,620   |
| Indigenous  | 80.59 %                            | 78.15 % | 3,351,746,508 | 2,564,253,080 |
|             | 100 %                              | 100 %   | 4,158,759,314 | 3,281,029,700 |

**g. Imported and indigenous stores and spares consumed :**

| Particulars | Percentage of total<br>Consumption |         | Value (Rs.) |            |
|-------------|------------------------------------|---------|-------------|------------|
|             | 2009-10                            | 2008-09 | 2009-10     | 2008-09    |
| Imported    | 63.33%                             | 17.81%  | 10,342,717  | 3,241,386  |
| Indigenous  | 36.67 %                            | 82.19 % | 5,990,563   | 14,960,991 |
|             | 100 %                              | 100 %   | 16,333,280  | 18,202,377 |

18. Excise duty on sales amounting to Rs. 570,947,081 (Previous year Rs. 675,618,715) has been reduced from Sales in Profit & Loss Account and Excise Duty on Decrease/ (Increase) in Stock amounting to Rs. 5,547,489 (Previous year Rs. (10,567,029)) has been considered as (income)/ expense in Schedule 19 of the financial statements.

**19. Previous Year Comparatives**

Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date  
For S.R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

For and on behalf of the Board of Directors of Lumax Industries Limited

per Sanjay Vij  
Partner  
Membership No. 95169

D. K. Jain  
Chairman & Managing Director

Deepak Jain  
Sr. Executive Director

Place : Gurgaon  
Date : May 22, 2010

Naval Khanna  
Group Finance Head

B.S.Bhadauriya  
Company Secretary

# Lumax Industries Limited

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Pursuant to the provisions of Part IV of Schedule VI of the Companies Act, 1956)

|                          |   |                               |  |              |                        |           |                   |
|--------------------------|---|-------------------------------|--|--------------|------------------------|-----------|-------------------|
| 1                        | Registration Details  | Registration No.              | :  | 12804        | State Code             | :         | 55                |
|                          |   | Balance Sheet Date            | :  | Date : 31    | Month : 03 Year        | :         | 2010              |
| 2                        | Capital Raised During the year<br>(Amount in Rs. Thousands)                               | Public Issue                  | :  | Nil          | Rights Issue           | :         | Nil               |
|                          |   | Bonus Issue                   | :  | Nil          | Private Placement      | :         | Nil               |
| 3                        | Position of Mobilisation and Deployment of Funds<br>(Amount in Rs. Thousands)             | Total Liabilities             | :  | 2,595,553    | Total Asset s          | :         | 2,595,553         |
|                          |   | Sources of Funds              |  |              |                        |           |                   |
|                          |   | Paid-up Capital               | :  | 93,477       | Reserves & Surplus     | :         | 1,337,918         |
|                          |   | Secured Loans                 | :  | 786,551      | Unsecured Loans        | :         | 219,427           |
|                          |   | Deferred Tax Liability        | :  | 158,180      |                        |           |                   |
|                          |   | Application of Funds          |  |              |                        |           |                   |
|                          |   | Net Fixed Assets              | :  | 2,693,701    | Investments            | :         | 36,865            |
|                          |   | Net Current Assets            | :  | (135,013)    | Misc. Expenditure      | :         | -                 |
|                          |   | Accumulated Losses            | :  | Nil          |                        |           |                   |
|                          |   | 4                             | Performance of Company<br>(Amount in Rs. Thousands)<br><br>[ (+) for Profit/(-) for Loss ] | Turnover (*) | :                      | 6,418,149 | Total Expenditure |
| Profit/Loss Before Tax   | :   |                               |  | (+) 63,824   | Profit/Loss After Ta x | :         | (+) 59,265        |
| Earning Per Share in Rs. | :   |                               |  | (+) 6.34     | Dividend Rate %        | :         | 30                |
|                          |   |                               |  |              |                        |           |                   |
|                          |   |                               |  |              |                        |           |                   |
| 5                        | Generic Names of Three Principal Products/ Services of Company<br>(As per monetary terms) | Item Code No.                 |  |              |                        |           |                   |
|                          |   | (ITC Code)                    | :  | 851220.01    |                        |           |                   |
|                          |   | Product Description           | Head Lamp, Tail Lamp, Stop Lamp, Side Lamp, Blinkers.                                      |              |                        |           |                   |
|                          |   | Item Code No.                 |  |              |                        |           |                   |
|                          |   | (ITC Code)                    | :  | 851220.02    |                        |           |                   |
| Product Description      |   | Automobile Lighting Equipment |  |              |                        |           |                   |

**Note :- (\*)** : Includes Other Income Rs. 76,610 thousands.

**For and on behalf of the Board of Directors of Lumax Industries Limited**

**D. K. Jain**  
Chairman & Managing Director

**Deepak Jain**  
Sr. Executive Director

Place : Gurgaon  
Date : May 22, 2010

**Naval Khanna**  
Group Finance Head

**B.S.Bhadauriya**  
Company Secretary

**Lumax Industries Limited**

Registered Office: B-85-86, Mayapuri Industrial Area, Phase-I, New Delhi-110064

**NOTICE TO MEMBERS**

Notice is hereby given that the 29<sup>th</sup> Annual General Meeting of the Members of Lumax Industries Limited will be held as under:

**Day : Thursday**  
**Date : July 22, 2010**  
**Time : 10.30 A.M**  
**Venue : FICCI Golden Jubilee Auditorium,**  
**Tansen Marg, New Delhi-110001**

to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2010 and the Auditors' and Directors' Reports, thereon.
2. To Declare the Dividend on Equity Shares as recommended by the Board of Directors.
3. To appoint a Director in place of Mr. Gursaran Singh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Suman Jyoti Khaitan who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Deepak Jain who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Dhiraj Dhar Gupta who retires by rotation and being eligible, offers himself for re-appointment.
7. To re-appoint M/s S.R. Batliboi & Associates, Chartered Accountants as Statutory Auditors of the Company to hold office of Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, who have expressed their willingness to be re-appointed as Auditors of the Company by passing the following resolution.

**"RESOLVED THAT** pursuant to Section 224 and other applicable provisions of the Companies Act, 1956, M/s. S.R. Batliboi & Associates, Chartered Accountants, the retiring auditors of the company, having offered themselves for re-appointment, be and are hereby re-appointed as the auditors of the company to hold office from the conclusion of the 29<sup>th</sup> Annual General Meeting up to the conclusion of the 30<sup>th</sup> Annual General Meeting of the company at a remuneration to be fixed by the Board & reimbursement of out of pocket expenses, if any, incurred in connection with the audit."

**SPECIAL BUSINESS:**

8. **Appointment of Mr. Rattan Kapur as Regular Director of the Company.**

To consider and if thought fit, to pass with or without modification the following as an Ordinary Resolution:

**"Resolved that** Mr. Rattan Kapur who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 120 of Articles of Association, by the Board of Directors and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member as required under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as Independent Director of the Company who is liable to retire by rotation."

- 9 **Increase the Borrowing Powers of the Board of Directors.**

To consider and if thought fit, to pass with or without modification the following as an Ordinary Resolution:

**"Resolved that** in super session of all earlier resolution(s) passed in this behalf and pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions, if any, the consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as "Board", which term be deemed to include any Committee thereof) of the Company for borrowing, from time to time, such sums or sums of money, as they deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business), remaining outstanding at any point of time will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 500 Crores, on such terms and conditions as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit".

**"Resolved further that** in super session of all earlier resolution(s) passed in this behalf and pursuant to the provisions of section 293 (1) (a) of the Companies Act, 1956, and all other applicable provisions, if any, the consent of the members of the company be and is hereby accorded to the Board of Directors of the Company to Mortgage and/or create Charge on all or any one or more of the immovable or moveable properties or such other assets of the Company, wherever situated, both present and future, and whole or part of the undertakings

of the Company of any nature and kind whatsoever in favour of banks, financial institutions any other lenders whether Indian or International (hereinafter referred as "Lenders") to secure the amount borrowed/to be borrowed by the Company from such "Lenders" from time to time for the due payment of the principal monies together with the interest thereon at the respective agreed rate(s), compound interest, additional interest, liquidated damages, commitment charges or any other charges in respect of such borrowings and such security to rank in such manner as may be agreed to between the concerned Lender and as may be thought expedient by the Board."

**"Resolved further that** the Board or any person authorized by the Board, be and is hereby authorized to negotiate and settle the terms and conditions with the concerning Banks/Financial Institutions etc; finalise the agreements, deeds and other documents for creating the mortgage, charges, liens, hypothecation, assignment, transfer and/or other form of securities and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

**BY ORDER OF THE BOARD**

Place : Gurgaon  
Date : 22-06-2010

**B.S.BHADAURIYA**  
**VICE PRESIDENT (LEGAL)**  
**& COMPANY SECRETARY**

**NOTES:**

1. **Proxies:** *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. Proxy Form duly filled up and signed in order to be effective should reach to the Company's Registered Office not less than 48 hours before the scheduled time of the meeting. Proxy form is enclosed separately.*

2. **Book Closure:** The Register of Members and Share Transfer Books of the Company will remain closed from Monday the July 12, 2010 to Thursday the July 22, 2010 (both days inclusive).

3. **Dividend Entitlement :** Dividend on Equity Shares, as recommended by the Directors, if declared at the meeting will be payable to those members whose names appear on the Register of Members of the Company, in the case of beneficial owners as at the close of July 11, 2010 as per the beneficial ownership data furnished by NSDL/CDSL for the purpose and in respect of Shares held in physical form after giving effect to all valid Shares Transfers in physical form, which are lodged with the Company before July 12, 2010.

Dividend Amount of Members holding shares in Electronic Form and to those Members holding in Physical Form, who have given their Bank details, will be credited to their respective Bank Account through Electronic Clearing Service (ECS), wherever such facilities are available, soon after the declaration of the Dividend in the AGM.

Dividend Warrants in respect of Members holding in Physical Form will be sent through post by August 16, 2010 (tentative date).

In order to avoid any fraudulent encashment, Members are requested to furnish their Bank Account Number and Bank's name so as to incorporate the same in the Dividend Warrant, immediately, if not submitted earlier. If there is any change in the Bank Account of Demat Members, they are requested to intimate the same to their respective Depository Participants for their further action.

Consequent upon the amendment to Section 205 A of the Companies Act, 1956 and introduction of Section 205C of the Companies Act, 1956, the amount of Dividend, unclaimed or unpaid for a period of 7 years from the date of transfer to Unpaid Dividend Account, shall be transferred to the Investor Education & Protection Fund set up by Government of India and no claim shall lie against the Fund or the Company after the transfer of Unpaid or Unclaimed dividend amount to the Government.

The amount lying in the Unpaid Dividend Account for the year ended 2001 -2002 has been transferred to the Investor Education & Protection Fund on 13<sup>th</sup> November 2009.

The Unpaid Dividend Amount for the year ended 2002-2003 is due for transfer to the Investor Education & Protection Fund in the year November 2010. Members who have not encashed their Dividend for the year ended 2002-2003 and onwards are therefore, requested to make their claims to the Company immediately.

4. **Change of Address:** The Members holding Shares in physical mode are requested to intimate to the Registrar and Share Transfer Agent-M/s Karvy Computer Share Private Limited immediately, if there is any change in their registered address. The members holding Shares in Demat Mode should inform the change of address to their respective Depository Participants.
5. **Corporate Member:** Corporate member intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
6. **Security:** Owing to security concerns, the auditorium authorities do not allow carrying inside brief cases, bags, eatables and the like. Members attending are requested to make their own arrangement for the safe keeping of their belongings.
7. **Queries:** Members are requested to send their queries, if any, on the accounts and operations of the Company to the Company Secretary at least 10 days before the ensuing Annual General Meeting.



AUTOMOTIVE PARTS

## Lumax Industries Limited

8. **AGM-Attendance Slip:** Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting. Under no circumstance Duplicate Attendance Slip will be issued at the venue of the Annual General Meeting or from the Company.
9. **Explanatory Statement:** Pursuant to Section 173(2) of the Companies Act, 1956 Explanatory Statement in respect of special business is furnished here under.

BY ORDER OF THE BOARD

Place: Gurgaon  
Date : 22-06-2010

B.S.BHADAURIYA  
VICE PRESIDENT (LEGAL)  
& COMPANY SECRETARY

### EXPLANATORY STATEMENT:

#### Item No.8

The Board of Directors have appointed Mr. Rattan Kapur as an Additional Director, who shall be an Independent Director on the Board of the Company at their Meeting held on 22-05-2010, in compliance with the provisions of Clause 49 of Listing Agreement. He shall hold office upto the date of the ensuing Annual General Meeting and is to be appointed as regular Director, retiring by rotation.

#### Brief Background of Mr. Rattan Kapur as required in terms of Listing Agreement.

Mr. Rattan Kapur is a Commerce Graduate from Delhi University and started his professional career as an Entrepreneur in the year 1977 by establishing an Auto Component Manufacturing unit.

In the year 1993, Mr. Rattan Kapur promoted Mark Exhaust Systems Limited (MESL) in Joint Venture with Maruti Suzuki India Limited a leading manufacturer of Exhaust Systems, Catalytic Converter and Door Assemblies. Presently, he is the Managing Director of Mark Exhaust Systems Ltd.

He has also held the position of the President of the Honda Sael Suppliers Club from the year April 2003 to March 2004 and Deputy Chairman of the Automotive Component Manufacturers Association (ACMA) Northern Region (2009-2010).

The Board considers that the appointment of Mr. Rattan Kapur as an Independent Director will be beneficial for the Company considering his vast experience and Business acumen specifically in Automobile Component Industry.

Therefore the Board recommends his appointment. Notice under Section 257 of the Companies Act, 1956, proposing his candidature as Director has been received from a member of the Company. In accordance with the provisions of Clause 49 of the Listing Agreement, it is disclosed that he holds NIL number of Shares in the Company, prior to his appointment as Director.

None of the Directors' except Mr. Rattan Kapur is interested in this resolution.

Additional Information as per Clause 49 of the Listing Agreement:

|  |  |
|--|--|
| Name of Public Companies in which Directorship held.   | 1. Mark Exhaust Systems Ltd.<br>2. Omega Brake Components Ltd. |
| Chairman/Member of the Committee of the Board of Public Companies other than Lumax Industries Ltd. | Mark Exhaust Systems Ltd. -<br>Remuneration Committee (Member) |
| Relationship with Directors Interse  | Not related to any Director                                    |

#### Item No.9

In order to meet the requirements of funds for Capital Expenditure for expansion plans, the company needs large amount of borrowed capital from financial institutions or Banks.

In pursuance to the provisions of the Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Members, borrow monies, (apart from temporary loans obtained from Company's Bankers in the ordinary course of business), in excess of the aggregate of paid up share capital and free reserves. Further, pursuant to the provisions of the Section 293(1)(a) of the Companies Act, 1956, it is also required to give the powers to the Board of Directors to create charge on the properties of the Company to secure such borrowings.

The present borrowing limit of Rs.250 Crores approved by the Members in the Annual General Meeting held on 01-09-2008 is likely to be exceeded in near future. Accordingly, it is proposed to increase the limit of Board of Directors to borrow and charge the properties of the Company upto a limit of Rs. 500 Crores.

None of the Directors are concerned or interested in this resolution.

BY ORDER OF THE BOARD

Place: Gurgaon  
Date : 22-06-2010

B.S.BHADAURIYA  
VICE PRESIDENT (LEGAL)  
& COMPANY SECRETARY



## Brief Details of Directors seeking Appointment/Re-Appointment

| Particulars   | Mr. Gursaran Singh  | Mr. Suman Jyoti Khaitan   | Mr. Deepak Jain   | Mr. D.D.Gupta  |
|---|---|---|---|--|
| Date of Birth & Age   | 20-04-1936<br>74 years  | 09-02-1959<br>51 years  | 06-04-1975<br>35 years  | 09-07-1950<br>60 years   |
| Date of First Appointment   | 30-01-2003  | 30-01-2003  | 01-02-2001  | 01-09-2008   |
| Qualification   | Intermediate  | B.A. (Hon.) Econ, LLB   | B.B.A from Illinois Institute of Technology, USA with specialization in Operations Management & International Business  | B.Com (H) from Shri Ram College of Commerce, Delhi University  |
| Experience & Expertise  | Industrialist, 56 Years experience in Auto Component Industry.  | Mr. Suman Jyoti Khaitan is a Practising Advocate & Managing Partner of Suman Khaitan & Co. (Advocates & Notaries). He has rich and wide experience of more than 25 years in legal Field.  | <ol style="list-style-type: none"> <li>8 Months Internship at McKinsey Worldwide Consulting, USA.</li> <li>One year training at I.I. Stanley Co.,Ltd, USA.</li> <li>One year training at Stanley Electric Co, Ltd, Japan.</li> <li>01-12-96-Management Trainee in Lumax Industries Ltd.</li> <li>01-12-97 to 31-01-01- GM/VP in Lumax Industries Ltd.</li> <li>01-02-01 to 31-08-08- Executive Director in Lumax Industries Ltd.</li> <li>01-09-08 onwards- Senior Executive Director.</li> <li>President of Honda Sael Cars India Supplier Club and Supplier Council Member of Mahindra &amp; Mahindra.</li> <li>Founder Member of Young Business Leader Forum, ACMA.</li> <li>Active Executive Committee Board Member of various industrial organizations, which includes ACMA, Society of Automotive Engineers (SAE) NIS, the Forum Chair of Delhi Chapter of Entrepreneur's Organization.</li> <li>Served on the Board of NCR Chamber of Commerce and Industries and was special invitee to CII Haryana State Council.</li> </ol> | He has more than two decades of rich and wide experience in Manufacturing Automobile Components, Finance and Marketing. He started his career in the Auto Industry in the year 1985-86 as a Promoter - Director in Abhishek Auto Industries Limited (AAIL). AAIL Manufactures Safety Seat Belts in Technical Collaboration with a Japanese Company M/s. Ashimori Industry Co. Ltd. and Power as well as Manual Window Regulators for automobiles in Technical Collaboration with M/s. Kwang jin Sang Gong Co. Ltd. South Korea. The main Customers of AAIL includes Maruti Suzuki, Tata Motors, Honda Sael and Mahindra & Mahindra among others. |
| Name of Public Companies in which Directorship held other than Lumax Industries Ltd.                    | <ol style="list-style-type: none"> <li>GNA Axles Ltd.</li> <li>GNA Udyog Ltd.</li> <li>GNA Duraparts Ltd.</li> <li>Guru Nanak Transmission Punjab Ltd.</li> </ol> | <ol style="list-style-type: none"> <li>Hindustan Vidyut Products Ltd.</li> <li>KPL International Ltd.</li> <li>Oriental Carbon &amp; Chemicals Ltd.</li> <li>Jindal Stainless Ltd.</li> </ol>   | <ol style="list-style-type: none"> <li>Lumax DK Auto Industries Ltd.</li> <li>Deepak Auto Ltd.</li> </ol>   | <ol style="list-style-type: none"> <li>Abhishek Auto Industries Ltd.</li> <li>Lumax Auto Technologies Ltd.</li> <li>Lumax DK Auto Industries Ltd.</li> <li>M and M Auto Industries Ltd.</li> </ol>   |
| Chairman/ Member of the Committee of the Board of Public Companies other than Lumax Industries Limited. | Nil   | <ol style="list-style-type: none"> <li>Jindal Stainless Ltd. – Audit Committee, Shareholders/ Investors' Grievance Committee, Remuneration Committee (Chairman), Compensation Committee, Sub Committee of Directors (Member).</li> <li>KPL International Ltd. – Share Transfer Committee, Remuneration Committee, Donation Committee (Member).</li> <li>Oriental Carbon &amp; Chemicals Ltd. – Shareholders / Investors Grievance Committee / Share Transfer Committee, Audit Sub-Committee &amp; Remuneration Committee (Member).</li> <li>Hindustan Vidyut Products Ltd. Remuneration Committee &amp; Investors /Shareholders Grievance Committee(Member).</li> </ol> | Nil   | Nil  |
| Relationship with Directors Interse   | Not related to any Director   | Not related to any Director   | Related as son to Mr. D.K.Jain & Brother to Mr. Anmol Jain  | Not related to any Director  |

None of the Independent Directors holds any Equity Shares in the Comapny.



## "Save Girl Child Save Environment"

As a corporate initiative "Lumax ki Nanhi Chhaan" is a double edged, positive initiative that promotes the proud sentiment of parenting the girl and also increasing the afforestation drives all across the plants. We have pledged 1% of net profit of Lumax Industries to be

**Lumax ki  
Nanhi  
Chhaan**



**LUMAX**  
AUTOMOTIVE PARTS

Lumax Industries Limited  
[www.lumaxindustries.com](http://www.lumaxindustries.com)