

*Thriving on  
The Challenge Of Change*

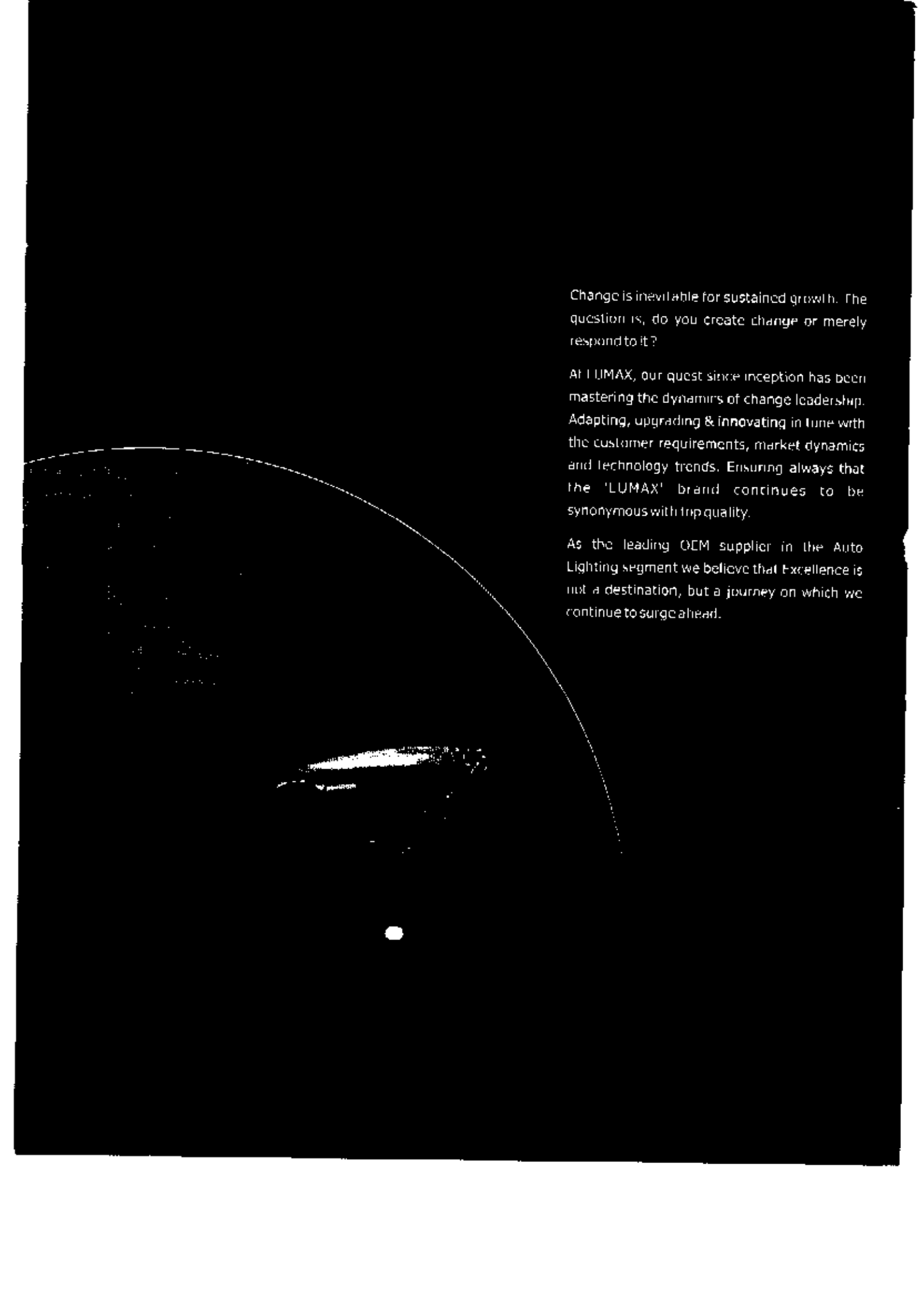
Annual  
Report  
2007



**LUMAX**

AUTOMOTIVE PARTS

**Lumax Industries Limited**



Change is inevitable for sustained growth. The question is, do you create change or merely respond to it?

At LUMAX, our quest since inception has been mastering the dynamics of change leadership. Adapting, upgrading & innovating in tune with the customer requirements, market dynamics and technology trends. Ensuring always that the 'LUMAX' brand continues to be synonymous with top quality.

As the leading OEM supplier in the Auto Lighting segment we believe that Excellence is not a destination, but a journey on which we continue to surge ahead.

# Lumax Industries Limited

## BOARD OF DIRECTORS

Mr. D.K. Jain	(Chairman & Managing Director)	
Mr. Deepak Jain	(Executive Director)	
Mr. Anmol Jain	(Executive Director)	
Mr. Y. Muruga	(Executive Director)	- Stanley Nominee
Mr. A. Nakamura	(Director)	- Stanley Nominee
Mr. A.P. Gandhi	(Independent Director)	
Mr. Deep Kapuria	(Independent Director)	
Mr. Gursaran Singh	(Independent Director)	
Mr. Suman Jyoti Khaitan	(Independent Director)	
Mr. M.C. Gupta	(Independent Director)	

## GROUP FINANCE HEAD

Mr. Naval Khanna

## VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Mr. B.S. Bhadauriya

## AUDITORS

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

## BANKERS

Syndicate Bank  
ABN Amro Bank NV  
Punjab National Bank  
ICICI Bank Ltd.  
HDFC Bank Ltd.  
State Bank of India  
IDBI Bank

## REGISTRAR & SHARE TRANSFER AGENT

M/s Karvy Computershare Pvt. Ltd.  
"Karvy House", 46, Avenue 4, Street No.1, Banjara Hills,  
Hyderabad - 500034 (Andhra Pradesh)  
E-mail : mailmanager@karvy.com

## REGISTERED & CORPORATE OFFICE

B-85-86, Mayapuri Industrial Area, Phase - I,  
New Delhi - 110064  
E-mail : lumaxshare@lumaxmail.com

## PLANT LOCATIONS

- Plot No.16, Sector-18, Maruti Complex, Gurgaon -122015 (Haryana)
- Plot No.6, Industrial Area, Dharuhera, District Rewari 122106 (Haryana)
- D2-43/2, M.I.D.C. Industrial Area, Chinchwad, Pune-411019 (Maharashtra)
- Plot No.37, WMDC, Kharabwadi, Ambethan Road, Chakan, Tel. Khed, District Pune-410501 (Maharashtra)
- 608, Chakan Telegaon Road, Mahalunge Ingie, Chakan, District Pune-410501 (Maharashtra)
- 245, G.S.T. Road, Oorapakam, Kanchipuram-603202 (Tamil Nadu)
- Warehouse at Plot No.C-15, Site-IV, Greater Noida, District Gautam Budh Nagar, Uttar Pradesh

26<sup>th</sup>  
Annual Report  
2007

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**ANNUAL GENERAL MEETING ON 23<sup>RD</sup> JULY 2007**

# Lumax Industries Limited

## DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are delighted in presenting the 28<sup>th</sup> Annual Report on the business and operations together with Audited Balance Sheet and Profit & Loss A/c of your Company for the year ended 31<sup>st</sup> March, 2007.

<b>FINANCIAL RESULTS</b>	<b>2006-2007</b>	<b>2005-2006</b>
		<b>(Rs. in million)</b>
<b>Sales (Excluding Excise Duty)</b>	<b>5,353.84</b>	<b>4,120.68</b>
<b>Gross Profit (GP)</b>	<b>504.45</b>	<b>383.82</b>
(-) Finance Charges	57.75	65.11
(-) Depreciation	165.39	184.71
(-) Adjustment of previous year(s) items	1.21	5.32
<b>Profit Before Taxation (PBT)</b>	<b>280.10</b>	<b>138.48</b>
(-) Provision for Taxation, Deferred Tax Adjustment and FBT	97.26	46.21
<b>Profit After Tax (PAT)</b>	<b>182.84</b>	<b>92.27</b>
(-) Balance in the P&L A/c b/f	1.44	2.29
(+) Transfer from Revaluation Reserve	-	-
(+) Adjustment of Revaluation Reserve with P&L Appropriation A/c	-	10.19
<b>PROFIT - for Appropriation</b>	<b>184.28</b>	<b>104.75</b>
<b>Appropriation :</b>		
Proposed Equity Dividend	42.07	29.21
Tax on Dividend	7.15	4.10
Transfer to General Reserve	80.00	70.00
Balance retained in P&L A/c	55.06	1.44
	<b>184.27</b>	<b>104.75</b>

### DIVIDEND

Your Directors are pleased to recommend an enhanced Dividend of 45% (Rs.4.50 per share) for the Financial Year 2006-2007 as against 35% Dividend declared in the previous year. The total amount of Dividend proposed to be distributed is Rs.49.22 million (including Dividend Tax). The Dividend payout ratio for the year works out to 26.70%. An amount of Rs.80 million is proposed to be transferred to General Reserve and the balance amount of Rs.55.06 million is retained in the Profit & Loss account.

### FINANCIAL PERFORMANCE

For the Financial Year 2006-2007, your Company has achieved a sales turnover (net of excise) of Rs.5,353.84 million as against Rs.4,120.68 million in the previous year, showing an impressive growth of around 30%. In comparison to the previous year the Profit After Tax (PAT) has increased from Rs.92.27 million to Rs.182.84 million having a jump of 99% in the profit after tax of the Company as compared to last Financial Year. The Earnings per Share of your Company have grown by 98% from Rs.11.05 to Rs.21.90.

The significant growth in net profit is on account of operational efficiency and constant focus on cost reduction. Your Company has developed economies of scale in the business and is confident of achieving significantly higher margins in future. In view of the burgeoning growth of the Auto Sector and high priority accorded to the Automotive Sector by the Indian Government, the demand for excellent quality of automotive lighting products is increasing and will grow substantially in future.

### BUSINESS OVERVIEW AND OPERATIONS

India is emerging as one of the most attractive destination for global players of Auto Industry. An excellent growth in demand is predicted for the Auto Component Industry. The number of automobiles hitting the Indian roads is on the rise with over one

core vehicles being added in FY:2007 alone. The Indian automobile market has been growing at a rapid rate due to booming Indian economy. Global Original Equipment Manufacturers (OEMs) and Tier 1 suppliers in the automotive industry are increasingly looking at India as a Low-Cost Country (LCC) for outsourcing. In this backdrop, most global car makers are setting up plants in India to market and manufacture their products.

Your Company continues to maintain its leadership position as the most experienced automotive lighting solutions company in South Asia, and supplies Lighting products to almost all OEMs in India. Your Company provides Lighting Solutions to auto majors such as Maruti Udyog Ltd, Ford India Ltd, Tata Motors, Mahindra & Mahindra, Hero Honda Motor Ltd, Honda Siel, Honda Scooters (HMSI), Yamaha Motors, Bajaj Auto and Piaggio India.

In order to serve the customers in an efficient manner, your Company has been setting up its new plants in the vicinity of all the major OEMs from time to time. Lumax has been invited by various OEMs to setup plant in the vendor Parks close to where these OEMs are setting up their manufacturing facilities and Lumax is privileged to be associated with these OEMs as one of their preferred Vendors. Lumax's two new plants are coming up in Pantnagar Uttarakhand and Singur West Bengal respectively for supplies to TATA Motors and one more Plant in Haridwar-Uttarakhand for supply to Hero Honda Motors Ltd.

Your Board of Directors are confident that such strong partnership with various established OEMs will provide huge growth opportunities for Lumax in future.

#### **AWARDS AND OTHER RECOGNITIONS**

We are happy and feel privileged to report some of the awards and recognitions, that we have received during the Financial Year ended March 31, 2007:

- Certificate from HSCI Supplier Club for 6<sup>th</sup> QC Circle Competition in March 2005.
- Award for Excellent Case Study in QCFI Delhi Chapter QC Circle Competition 2005.
- Award for Excellent Case Study in NCQC 2005.
- Direct On Line Supplier Award from Hero Honda Motors Ltd.
- New Model Development Award from Honda Motorcycle & Scooter for 2005-06.
- Award for Cost Reduction through VA/VE by Maruti Udyog Limited for 2004-05.
- Award for Kaizen by Maruti Udyog Limited for 2004-05.
- Toyota Kirloskar Motor Award for achieving Cost Targets for the year 2005.
- Toyota Kirloskar Motor Award for achieving Quality Targets for the year 2005.
- Award for Excellent Case Study in QCFI Delhi Chapter QC Circle Competition 2006.

#### **PRIVATE PLACEMENT OF EQUITY SHARES TO STANLEY ELECTRIC CO. LTD, JAPAN.**

The Company has made a Preferential Allotment of 1,000,000 Equity Shares of Rs. 10/- each on May 8, 2007 to Stanley Electric Co. Ltd, Japan (Stanley) at a price of Rs.540.03 per share in accordance with SEBI (Disclosure and Investor Protection) Guidelines, 2000. Pursuant to the Preferential Allotment, Stanley has made a Public Announcement on May 14, 2007 in terms of Regulation 14 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for acquiring 20% Shares at a price of Rs.540.03 per Share from the existing Shareholders of the Company, excluding Promoters.

Your Company enjoys over two decades of fruitful partnership with Stanley- Japan. This long association with Stanley is helping the Company to increase its business with Japanese OEMs every year which at present accounts for about 55% of the annual turnover of your Company. The proposed increase in Equity participation by Stanley will bring its added commitment to increase flow of latest technology, bringing best manufacturing and quality practices to Lumax which will create value for all stakeholders.

#### **DIRECTORS**

Mr. Anmol Jain, Mr. A.P. Gandhi and Mr. Deep Kapuria, Directors are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. P. S. Duley, nominee of IDBI, ceased to be Director of the Company w.e.f. 26 April, 2007, after withdrawal of his nomination by IDBI. The Board places on record its deep appreciation for the invaluable contribution and advice rendered by him to the Board during his tenure. The Board of Directors has appointed Mr. M.C. Gupta, as an Additional Director on the Board of the Company at their meeting held on 19 June, 2007. Mr. M.C. Gupta is a retired IAS, M.A. in English and Diploma in Public Administration from the University of Manchester. He has served on various important and strategic positions in the Government of India and presently associated with Industry in his capacity as member on the Board of Directors of various companies.

# Lumax Industries Limited

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

Mr. Yasuhiro Muraga, Executive Director (nominee of Stanley Electric Co. Ltd. Japan), whose term will be expiring on 26 July, 2007, is being proposed for re-appointment for another period of one year subject to the approval of members in the ensuing Annual General Meeting on revised terms of appointment.

Keeping in view the increase in operations of the Company and also various expansion plans under implementation, requiring the Managing Director and Whole-time Directors to take up additional responsibilities, in the respective areas of operations, to meet the new challenges in the fast changing business environment and growing competition, the Remuneration Committee has proposed revision in the existing remuneration of Mr.D.K.Jain, Chairman & Managing Director, Mr. Deepak Jain, Executive Director and Mr. Anmol Jain, Executive Director for the remaining period of their respective appointment. Accordingly, the Board has proposed to revise the remuneration of the Directors as stated above, subject to the approval of the members.

## 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, 2007, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (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.

## FIXED DEPOSITS

The company has not accepted any Fixed Deposits during the year.

## 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 Auditors have not made any adverse remark in their Report except about slight delay in remitting some statutory dues in few cases, which have since been paid.

## MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to 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, R & D, Technology Absorption and Foreign Exchange Earning and Outgo etc. under Section 217(1)(e) of the Companies Act, 1956 and particulars of employees under Section 217 (2A) of the Companies Act, 1956 are annexed separately as **Annexure - B & C** respectively.

## CORPORATE GOVERNANCE

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

**ACKNOWLEDGEMENT**

The 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 and on behalf of the Board of Directors

**D.K. JAIN**

**Chairman & Managing Director**

Place : Gurgaon

Dated : 19<sup>th</sup> June, 2007

**Annexure - A**

**MANAGEMENT DISCUSSION & ANALYSIS**

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

On the canvas of the Indian Economy, Auto 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. The Automotive Sector in India is growing at around 18 per cent per annum.

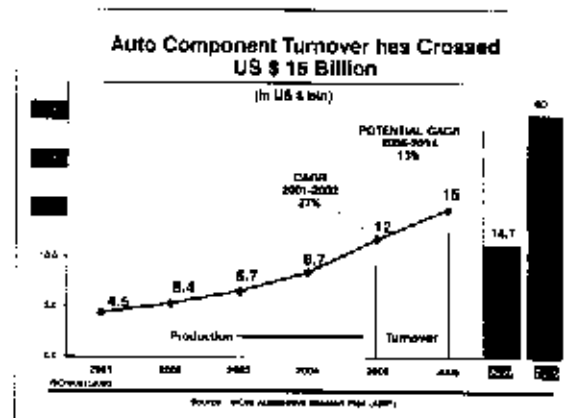
**AUTO COMPONENT INDUSTRY**

Surge in Automobile Industry since the nineties has led to robust growth of the Auto Component sector in the country. The Auto Component Industry has emerged as one of India's fastest growing manufacturing sectors and a globally competitive one. 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 Components Industry in India is dominated by around 500 key players, which contribute more than 85 percent of India's production. 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 present size of the Auto Components Industry in India is estimated at US \$15 Billion. It has been growing at a CAGR 27% p.a. for last five years which is highest in the Industrial Sector.

The Government has notified Draft Automotive Mission Plan 2006-2016 (AMP) for the development of the Indian Automotive Industry in to a Global Hub. The total size of the Auto Component industry in India is expected to become US\$ 40-45 billion by 2016. To achieve the above mission, Indian automotive industry would require an incremental investment of US\$ 35-40 billion (Rs.160,000 – 180,000 Crores) by 2016.



**b) OPPORTUNITIES & THREATS**

India holds huge potential in the automobile sector including the automobile component sector owing to its technological, cost and manpower advantage. Further, India has a well-developed, globally competitive Auto Ancillary Industry and established automobile testing and R&D centers. The country enjoys natural advantage and is among the lowest cost producers of steel in the world. The current scenario offers huge growth opportunities for Auto Component Industry in general and for your Company in particular.



# Lumax Industries Limited

The Indian Auto Component Industry has major challenges from China and Thailand. Indian Auto Component Sector faces around 18% 20% of Cost disadvantage as compared to China & Thailand due to higher taxation, power cost, raw material costs and Infrastructure cost. The prime concern of the Industry is to maintain a 12.5% of Customs Duty to protect the home Industry from low cost imports from other countries.

Your Company proposes to address these threats and convert the opportunities into growth of the Company by cost reduction measures, developing economies of scale, process improvements, quality up-gradations, increase market share and by diversifying existing customer base with the addition of new strategic customers and enhancing the existing relationship.

In addition, all plants of the Company have been set up in the vicinity of the manufacturing locations of all major OEMs which enables your Company to serve its customers in an efficient manner. All these factors strengthen your Company to remain competitive in the fast growing Auto Component Industry.

## c) PRODUCT WISE PERFORMANCE

The Company is engaged only in one segment of products viz. manufacture of Auto Components, mainly Automotive Lighting Systems. The Company continued to perform well during the year as shown below:

Products	Turnover (Rs. in Million)	% Increase over last year
Head Lamp Assembly	3116.27	31.04
Tail Lamp Assembly	1221.76	35.03
Tools	205.85	74.08
Miscellaneous Items	809.96	12.55

## d) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Control procedures of the Company are designed to meet the needs of the organisation's size and complexity of operations. These procedures ensure compliance with various policies, practices and statutes. Internal Audit is carried out of all functional areas throughout the year.

The Audit Committee is regularly reviewing the adequacy and effectiveness of the Internal Audit function.

In addition, the Company has successfully completed implementation of ERP System - System Analysis & Processing (SAP) during the year under review and the same has been operational from 1<sup>st</sup> April 2007. Now all the operations of the Company are inter-connected and the SAP-ERP has re-positioned your Company to meet vibrant customer expectations in a global competitive environment.

## e) RISK AND CONCERN

The Company has carried out a detailed study on Enterprise Risk Management of the organization and has developed a comprehensive risk identification framework for the organization during the current year with the expert advice and guidance of ERNSI & YOUNG. Under the framework various risk events have been identified for various functions and mitigation plans have been put in place.

In order to promote a common risk language, improved understanding of risk and the ability to consolidate risk information across all units, risk identification framework has been developed which will continue to be updated with the specific risks identified through various risks assessments from time to time. The Board of Directors through its Committees and Executive Management, monitor plans for improving risk management through final completion, Benchmarking, Education, and Training.

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

The Company posted another record high turnover of Rs.5353.84 million (net of excise duty), registering a healthy growth of about 30% over the previous year. The company continued to retain its leadership position as the major supplier of automotive lighting equipment for most of the passenger cars, utility vehicles, commercial vehicles, tractors and two wheeler manufacturers.

The sale of Head Lamp and Tail Lamp achieved a figure of Rs.3116.27 million and Rs.1221.76 million respectively during FY-07 as against Rs.2377.97 million and Rs.904.79 million in the previous year registering a growth of 31% and 35% respectively.

The Raw Material Consumption for the year ending March 31, 2007 is Rs.2896.30 as compared to Rs.2677.94 in the previous year. The Raw Material Consumption in the year ending on March 31, 2007 is 54.10% of the turnover of the Company as against 64.99% of turnover in the previous year. The cash generated from operations before working capital changes is Rs.501.02 million as compared to the previous year figure of Rs.364.36 million.

**g) HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company has given emphasis to upgrading the skills of its technical and marketing personnel. This is in keeping with its policy of enhancing the individual's growth potential within the framework of corporate goals. During the year the Company nominated a technical team of its employees for training in Japan under the Association of Overseas Technical Scholarship Programme (AOTS-Japan). Under this programme, the Lumax team received six month technical training in Japan, which has helped in upgradation of technical skills of our employees.

The Directors acknowledge and appreciate the contribution of all employees towards the performance of the Company. During the year under review the Company maintained cordial relationship with all employees.

**h) ENVIRONMENT, HEALTH AND SAFETY**

For sustainable development and business growth, our focus and objectives are towards a clean environment at the work place and the surroundings. Attempts are made to reduce, reuse, recycle waste, resulting in efficient use of available resources.

The Company makes all efforts to achieve and maintain world-class health and safety standards in all plants and offices for all its employees. Every effort is made to develop, improve and sustain process for systematic elimination of hazards relating to health and safety, there by minimizing risks involved.

**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 2007.**

**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. The Company has in house power generation plant at Dharuhera, during the year under review the Company has started using Furnaise Oil instead of High Speed Diesel, thereby reducing the per unit cost of electricity from Rs.9.50 to Rs.6.00. The Company is also planning to implement the same change of using Furnaise Oil instead of High Speed Diesel at its Pune Unit.

**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.*
  - a. Continuous design reviews at Stanley Electric Co. Ltd. in Japan as an activity of technology absorption.
  - b. Adopted the LED based Tail Lamp technology from technological partner.
  - c. Indigenously developed a Fog Lamp for which the Company had already received the Design Registration in India under the Designs Act, 2000
  - d. New technology development related to Head Lamps such as AFS, Projector Systems and LED are under discussion.
2. *Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.*
  - a. Based on the Technology absorbed during various design reviews in collaboration with the collaborator Stanley Electric Co. Ltd. Japan we were able to propose cost reduction ways to our customers.
  - b. New Lamps under development based on LED based Tail Lamp technology for new customers.
  - c. There are various parts which the Company was importing earlier and are now being manufactured locally, because of the technological adoption process.

# Lumax Industries Limited

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	: Plasma Coating, Light Emitting Diode (LED) Technology for Tail Lamp
b.	Year of Import	: 2006
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

- a) Specific Areas in which R&D carried out by the Company
- LED based Tail Lamp is developed for Model CBZ Extreme of Hero Honda with support of Stanley.
- b) Benefits derived as a result of the above R&D:
- Capability of doing LED based Lamps added
- c) Future Plan of Action:
- The Company is under discussion with Technical Collaborator to start with a new design centre to cater the growing needs of customers in India and abroad.
  - Facelift of existing Testing Lab by March 2008 with an expected expenditure of Rs. 2.36 crore.

## 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 :
- Participated in 2 days fair organized by ACMA at Delhi to promote exports.
  - Actively involved in Value Analysis (VA)/Value Engineering (VE) events of John Deere, new business based on our proposal are under final discussions.
  - Participated in 2 days fair organized by Daimler Chrysler at Stuttgart, Germany. Various procurement groups visited the stall & face to face meetings held to explore the opportunities for exporting Automotive Components to their plants worldwide.
- (b) Total Foreign Exchange used and earned:
- This information is given in Notes on Accounts (Schedule 25) at Sl.No.15(c) & (d).

## ANNEXURE - C

Information as per the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 & forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2007.

S.No.	Name of Employee	Age (years)	Qualification	Experience (years)	Date of Employment	Designation	Remuneration Received(Rs.)	Last Employment & position held
<b>A) Employed through out of the Financial Year under Review &amp; were in receipt of remuneration for the financial year in aggregate not less than Rs 2,400,000/- per annum.</b>								
1.	Mr. D.K. Jain	64	B.A. MBA	45	12-12-81	Chairman & Managing Director	14,314,624	Globe Auto Industries, New Delhi Partner
2.	Mr Y. Muraga	57	High School Graduate with specialisation in Electronics	39	27-07-01	Executive Director (Nominee of Stanley)	3,088,247	Stanley Electric Co. Ltd., Japan
<b>B) Employed for part of the year under review &amp; were in receipt of remuneration at the rate not less than Rs 200,000/- p.m.</b>								
Nil								

- Note: 1. Nature of employment of Mr. D.K. Jain is contractual and he is related to Mr. Deepak Jain and Mr. Anmol Jain, Executive Directors.  
2. Remuneration includes salary, allowances, medical reimbursement, and contribution to P.F., Perquisites and Commission.

**CORPORATE GOVERNANCE REPORT**
**1. COMPANY'S PHILOSOPHY :**

Corporate Governance is about maximizing shareholder value legally, ethically and on a sustainable basis, while ensuring fairness to every stakeholder – the Company's customers, employees, investors, vendor-partners, the Government and the community. Thus, Corporate Governance is a reflection of a Company's culture, policies, its relationship with the stakeholders, and its commitment to values.

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.

The Board is at the core of our Corporate Governance practice, which oversees how the management serves and protects the long term interests of all stakeholders of the Company.

**2. BOARD OF DIRECTORS :**

The policy of the company is to have an appropriate mix of Executive and Non Executive Directors to maintain the independence of the Board, and to separate the Board functions of Management and Governance. The Board consists of 10 Directors comprising of four Executive Directors, one Non-Executive Director and five Independent Directors. The composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreement and the details of Directors are as follows:

Sl. No.	Name of the Directors	Category of Directorship	No. of Board Meetings attended	No. of Director -ships in other Public Companies <sup>1</sup>	No. of Committee Positions held in other Public companies. <sup>2</sup>		Last AGM Attended
					Chairman	Member	
1	Mr. D.K. Jain	Executive Director (CMD)	5	3	1	-	Yes
2	Mr. Deepak Jain	Executive Director	5	2	-	-	Yes
3	Mr. Anmol Jain	Executive Director	5	2	-	-	Yes
4	Mr. Y. Muruga	Executive Director (Stanley Nominee)	4	-	-	-	Yes
5	Mr. A. Nakamura	Non-Executive Director (Stanley Nominee)	0	-	-	-	No
6	Mr. P. S. Dubey	Non-Executive Independent Director (IDBI Nominee)	4	1	-	1	No
7	Mr. A.P. Gandhi	Non-Executive Independent Director	5	7	2	2	No
8	Mr. Deep Kapuria	Non-Executive Independent Director	4	3	1	-	Yes
9	Mr. Gursaran Singh	Non Executive Independent Director	2	3	-	-	Yes
10	Mr. Suman Jyoti Khaitan	Non-Executive Independent Director	0	4	1	3	No

# Lumax Industries Limited

(1) Excludes Directorship in Foreign Companies.

(2) As per amended guidelines, Committee here means Audit Committee and Shareholders/ Investors Grievance Committee.

## a. Directors who relinquished office during the year ended 31<sup>st</sup> March, 2007.

Sl. No.	Name of the Directors	Category of Directors	No. of Board Meetings attended	No. of other Directorships	Committee Memberships	Committee Chairmanship	Last AGM Attended
1	Mr. H. Kanazawa	Non-Executive Director (Stanley Nominee)					No

Note - IDBI has withdrawn the nomination of Mr. P.S. Dubey as Nominee Director on the Board of the Company w.e.f. 26<sup>th</sup> April, 2007. The Board of Directors in their meeting held on June 19<sup>th</sup>, 2007 appointed Mr. M.C. Gupta as an Additional Director.

## b. Board Meetings and Attendance

The Board of Directors had met five times during the financial year ended 31<sup>st</sup> March, 2007. 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.	26-05-06	10	07
2.	28-07-06	10	07
3.	28-10-06	10	06
4.	29-01-07	10	08
5.	26-03-07	10	06

## c. Board's Processes

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/group companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations etc., as and when applicable, are placed before the Board.

The minimum information required as per Code of Corporate Governance, is being made available to the Board as and when applicable.

## 3. COMMITTEES OF THE BOARD

Currently, the Board has three Committees: the Audit Committee, the Remuneration Committee, the Investor Grievance and Share Transfer Committee. 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 three Non-Executive Independent Directors. The Composition of the Audit Committee is as follows:

S.No.	Name of Directors	Status	Category of Membership
1.	Mr. Deep Kapura	Chairman	Non-Executive Independent Director
2.	Mr. A.P. Gandhi	Member	Non-Executive Independent Director
3.	Mr. Gursaran Singh	Member	Non-Executive Independent Director

The Audit Committee had met four times during the Financial Year April 1, 2006 to March 31, 2007. The attendance of the Meetings are as under :-

S.No.	Directors	No. of Meetings attended
1	Mr. Deep Kapuria	3
2	Mr. A.P. Gandhi	4
3	Mr. Gursaran Singh	2

Statutory Auditors, Chief Financial Officer, Head of Internal Audit are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Audit Committee.

The Chairman of the Audit Committee attended the last Annual General Meeting, which was held on 06-09-2006.

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:-

- a) To investigate any activity within its terms of reference;
- b) To seek any information from any employee
- c) To obtain outside professional legal advice.
- d) 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 Auditor and the fixation of audit fee.
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 i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
  - 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, performance of the Statutory and Internal Auditors, adequacy of internal control systems.
7. 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.
8. Discussion with Internal Auditors on any significant findings and follow-up thereon.
9. 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 system of a material nature and reporting the matter to the Board.
10. 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.
11. 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.
12. To Review the functioning of Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function, which may be specified as a role of the Audit Committee under amendments, if any, from time to time as per the listing agreement, Companies Act, 1956, and other statutes.

**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 transaction (as defined above), as submitted by management;
3. Management letters, letters of internal control weakness 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 Directors and have sound knowledge of management practices.

The Chairman of the Committee Mr. A.P. Gandhi 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 is 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

The Remuneration Committee had met once during the year 2008-2007 to consider the appointment and remuneration of Mr. Yasuhiro Muraqa, Executive Director of the Company. All the members of the Remuneration Committee were present and the appointment was unanimously approved by all the members.

**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 Executive Directors during the financial year ended 31<sup>st</sup> March, 2007.

S.No.	Name of the Directors	Salary(Rs.)	Perquisites and other benefits (Rs.)	Commission(Rs.)	Total(Rs.)
1.	Mr. D.K. Jain	960,000	814,816	12,539,808.00	14,314,624
2.	Mr. Deepak Jain	900,000	865,862	-	1,765,862
3.	Mr. Asmol Jain	480,000	455,873	-	935,873
4.	Mr. Y. Muruga	600,000	2,498,247	-	3,098,247

The number of shares held by Non-Executive Directors in the Company are mentioned below.

S.No.	Name of the Non-Executive Directors	No. of Shares held as on 31.03.2007	%age
1.	Mr. A. Nakamura	Nil	Nil
2.	Mr. A.P. Gandhi	Nil	Nil
3.	Mr. Deep Kapuria	Nil	Nil
4.	Mr. Sumari Jyoti Khaitan	Nil	Nil
5.	Mr. Gursaran Singh	Nil	Nil
6.	Mr. P.S. Dubey *	Nil	Nil

\* IDBI has withdrawn the nomination of Mr. P. S. Dubey and accordingly Mr. P. S. Dubey ceased to be Director w.e.f. April 26, 2007.

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 three Directors with two of them being Executive Directors. The present composition of this Committee is 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	Executive Director
3.	Mr. Deepak Jain	Member	Executive Director

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 31<sup>st</sup> March, 2007 were 495.

During the year 13 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 Members	No. of Meetings attended
1.	Mr. Deep Kapuria	13
2.	Mr. D.K. Jain	10
3.	Mr. Deepak Jain	12

#### 4. COMPLIANCE OFFICER OF THE COMPANY :

Mr. B.S. Bhadauria  
Vice President (Legal) & Company Secretary



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## 5. GENERAL BODY MEETING

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

Financial Year	Date	Time	Location
2003-04	27-08-04	11.00 A.M.	FICCI Auditorium, New Delhi
2004-05	29-08-05	11.30 A.M.	FICCI Auditorium, New Delhi
2005-06	06-09-06	10.30 A.M.	FICCI Auditorium, New Delhi

Special Resolutions passed in previous three AGM

- |                                 |  |
|---------------------------------|--|
| 1. AGM held on 27-08-04         | (i) Revision of Remuneration of Mr. D.K. Jain, CMD, (ii) Revision of Remuneration of Mr. Deepak Jain, CD, (iii) Appointment of Mr. Anmol Jain as ED, (iv) Approval for the payment of quarterly retainer to Mr. S.C. Jain as Chairman Emeritus, (v) To approve the payment of remuneration of Mr. Anmol Jain as Vice President paid for the period from 01-11-03 to 22-07-04 and (vi) De-listing of Equity Shares from Delhi Stock Exchange. |
| 2. AGM held on 29-08-05         | Nil  |
| 3. AGM held on 06-09-06         | Re-appointment of Mr. Deepak Jain as an Executive Director   |
| <b>Postal Ballot Resolution</b> | There were no Ordinary or Special Resolution that needed to be passed through Postal Ballot mechanism during the year 2006-07.   |

## 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 2006-07, other than the transactions entered in the normal course of business and reported as the related party transactions in the annual accounts, the Company has 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 does not have any Whistle Blower Policy.

## 8. MEANS OF COMMUNICATION

The quarterly/yearly results of the Company are published in leading and widely circulated English dailies viz 'The Economic Times', 'The Business Standard', 'DNA', 'The Financial Times, Mumbai Mirror and a Hindi daily 'The Nav Bharat Times' 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 is 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 51 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)

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

**10. GENERAL SHAREHOLDERS INFORMATION**

- a) **Annual General Meeting** : The 26<sup>th</sup> Annual General Meeting is Scheduled as under:-  
 Date : 23<sup>rd</sup> July, 2007  
 Time : 11.00 A.M.  
 Venue : FICCI Golden Jubilee Auditorium,  
 Tansen Marg, New Delhi -110001
- b) **Date of Book Closure** : 14-07-2007 to 23-07-2007 (both days inclusive)
- c) **Registered Office** : Lumax Industries Limited  
 B 85-86, Mayapuri Industrial Area, Phase - I,  
 New Delhi - 110064
- d) **Financial Year** : 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007

**e) Financial Calendar for 2007-08 (Provisional).**

<b>Adoption of Quarterly Results Ended</b>	<b>In the Month of</b>
30 <sup>th</sup> June, 2007	4 <sup>th</sup> week of July 2007
30 <sup>th</sup> September, 2007	4 <sup>th</sup> week of October 2007
31 <sup>st</sup> December, 2007	4 <sup>th</sup> week of January 2008
31 <sup>st</sup> March, 2008 (Audited Annual Accounts)	4 <sup>th</sup> week of May 2008

**f) Dividend & Dividend Payment Date :**

A dividend of Rs.4.50 per share (46%) has been recommended by the Board of Directors for the Financial Year 2006-07 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.4.50 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 10, 2007 (tentative).

**g) Unclaimed Dividends :**

Unclaimed Dividend for the year 1999-2000 shall become transferable to the Investor Education & Protection Fund by December, 2007. The Company has been writing periodical reminders to all the shareholders, whose Dividends are lying unpaid in the Unpaid Dividend Account.

**h) Share Transfer System :**

Share transfers in physical form are 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.

**i) Registrars and Share Transfer Agent (For Physical as well as for Demat Segment).**

Address : M/s Karvy Computershare Pvt. Ltd.  
 "Karvy House"  
 46, Avenue 4, Street No.1, Banjara Hills,  
 Hyderabad - 500034  
 Andhra Pradesh.  
 Tel : 91- 40 - 23312454/23320751/752/251  
 Fax : 91- 40 - 23311968, 23323049  
 E-mail : mallmanager@karvy.com  
 Website : www.karvycomputershare.com

# Lumax Industries Limited

## j) 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 : bsbhadaunya@lumaxmail.com  
Website : www.lumaxindustries.com

## k) Listing on Stock Exchanges:

<b>Stock Exchange</b>	<b>Scrip Code</b>
Bombay Stock Exchange Limited	517206
National Stock Exchange of India Ltd	LUMAXIND

## l) ISIN No. :

**INE162B01018**

Listing Fee for the year 2007-08 has been paid to The Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

## m) Listing of GDRs :

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.

## n) Shareholding Pattern of the Company as on 31<sup>st</sup> March, 2007.

Category	No. of Shares held	Percentage of Shareholding
<b>A. Promoters' holding</b>		
<b>1. Promoters</b>		
Indian Promoters	3,034,252	36.34
Foreign Promoters	1,820,183	19.41
<b>2. Persons acting in concert</b>	226,866	2.72
<b>SUB -TOTAL ( A)</b>	<b>4,881,301</b>	<b>58.47</b>
<b>B. Non-Promoters Holding</b>		
<b>3. Institutional Investors</b>		
a Mutual Funds and UTI	25,418	0.30
b Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions/ Non-Government Institutions.	400	0.00
c FIs	1,371,558	16.44
<b>SUB -TOTAL (3)</b>	<b>1,397,376</b>	<b>16.74</b>
<b>4. Others:-</b>		
a Private Corporate bodies	675,880	8.10
b Indian Public	1,238,888	14.84
c NRIs (Including Foreign Company)	154,287	1.85
d Any other	-	-
<b>SUB -TOTAL (4)</b>	<b>2,069,055</b>	<b>24.79</b>
<b>SUB -TOTAL (B)</b>	<b>3,466,431</b>	<b>41.53</b>
<b>GRAND TOTAL (A+B)</b>	<b>8,347,732</b>	<b>100.00</b>

**a) Distribution of Shareholding as on 31<sup>st</sup> March, 2007.**

No. of Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share-holding
Upto 500	14,025	97.88	858,272	10.28
501 1000	158	1.10	120,649	1.45
1001 2000	64	0.45	89,825	1.08
2001 3000	11	0.08	28,518	0.34
3001 4000	8	0.06	29,343	0.35
4001 5000	12	0.08	58,670	0.70
5001 10000	16	0.11	115,535	1.38
10001 & above	34	0.24	7,046,920	84.42
<b>Total</b>	<b>14,328</b>	<b>100.00</b>	<b>8,347,732</b>	<b>100.00</b>

**p) 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).

**q) Status of Dematerialisation as on 31<sup>st</sup> March, 2007 :**

No. of Shares Dematerialized **3950271 (47.32% of the total share capital)**

No. of Shareholders In Demat form **6357 (44.37% of the total No. of Shareholders)**

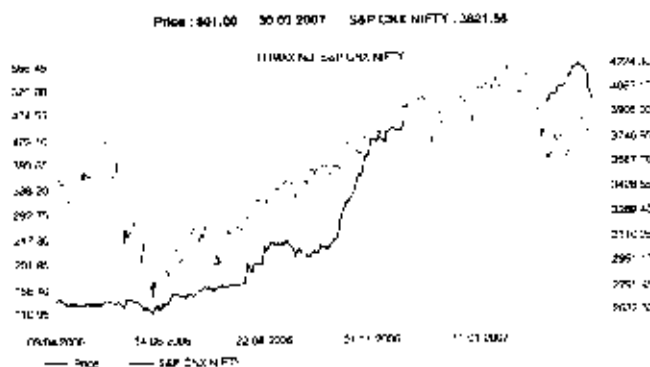
**r) Stock Market Data during the Financial Year 2006-07**

The monthly high and low quotations and volume of shares traded on The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Limited (NSE) are as follows:

Month	Year	BSE			NSE		
		High(Rs.)	Low (Rs.)	Volume (No. of shares)	High(Rs.)	Low (Rs.)	Volume (No. of shares)
April	2006	141.00	124.00	153,716	140.50	124.00	171,087
May	2006	142.00	112.10	253,270	142.00	117.05	311,174
June	2006	156.25	97.30	376,084	155.35	100.00	348,350
July	2006	168.00	140.00	381,723	167.85	138.05	430,273
August	2006	254.40	156.60	2,170,988	253.80	160.00	2,908,736
September	2006	249.00	207.05	406,852	248.45	207.00	435,347
October	2006	412.00	225.05	1,551,943	412.85	224.00	1,252,571
November	2006	532.55	396.00	1,298,227	518.00	395.00	1,169,657
December	2006	548.00	463.25	178,585	550.10	462.00	316,161
January	2007	580.00	510.00	133,867	584.00	514.00	227,404
February	2007	545.00	475.00	169,002	545.00	475.00	145,847
March	2007	578.00	480.00	787,436	580.00	471.05	165,485

# Lumax Industries Limited

## 9) Stock Performance vis-à-vis S&P CNX Nifty & Monthly Closing Share Price on BSE & NSE (April 2006 to March 2007)



Month	BSE (Rs.)	NSE (Rs.)
April 2006	129.75	129.60
May 2006	127.25	127.45
June 2006	146.55	146.10
July 2006	161.40	161.45
August 2006	230.85	232.80
September 2006	232.45	230.50
October 2006	368.00	398.95
November 2006	486.70	486.65
December 2006	520.75	523.65
January 2007	537.15	540.00
February 2007	489.75	491.20
March 2007	502.85	501.00

### 1) Plant Locations of the Company as on 31<sup>st</sup> March, 2007

The Company has its manufacturing units at :

- Plot No.16, Sector-18, Manuli Complex, Gurgaon -122015 (Haryana)
- Plot No.6, Industrial Area, Dharuhera, District Rewari-122106 (Haryana)
- D2 43/2, M.I.D.C. Industrial Area, Chinchwad, Pune-411019 (Maharashtra)
- Plot No.37, WMDC, Kharabwadi Ambethan Road, Chakan, Tel. Khed, District Pune-410501 (Maharashtra)
- 608, Chakan Talegaon Road, Mahalunge Ingle, Chakan District Pune-410501 (Maharashtra)
- 245, G.S.T. Road, Oorapakam, Kanchipuram-603202 (Tamil Nadu)
- Warehouse at Plot No.C-15, Site-IV, Greater Noida, District Gautam Budh Nagar, Uttar Pradesh

## 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 & Managing Director Mr. D.K. Jain and 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 has vide its Circular No. DCC/FITTOIR 3/2001 dated October 15, 2001 advised that all companies should mandatorily 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/FITTOIR-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.

**CEO/CFO Certification Under Clause 49(V) of the Listing Agreement (Corporate Governance Code)**

- a. We certify to the Board that we have reviewed Financial Statements and Cash Flow Statement for the year 31-03-07 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 Rules.
- 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

Place : Gurgaon

(NAVAL KHANNA)

(D.K. JAIN)

Date : June 19, 2007

GROUP FINANCE HEAD

CHAIRMAN & MANAGING DIRECTOR

**Certificate of Compliance of Code of Conduct by Board of Directors and Sr. 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-07.

D.K. JAIN

CHAIRMAN & MANAGING DIRECTOR

Place : Gurgaon

Date : June 19, 2007

**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, 2007, 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**

**Chartered Accountants**

per Pankaj Chadha  
Partner

Membership No.:91813

Place : Gurgaon

Date : June 19, 2007

# Lumax Industries Limited

## Auditors' Report

To

### The Members of Lumax Industries Limited

1. We have audited the attached balance sheet of Lumax Industries Limited as at March 31, 2007 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, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 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, 2007;
- 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 the cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Pankaj Chadha  
Partner  
Membership No.: 91813

Place: Gurgaon  
Date: June 19, 2007

Annexure referred to in paragraph 3 of our report of even date

Re: Lumax Industries Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (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. Therefore, the provisions of clause 4 (ii) (b), (c) and (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, therefore, the provisions of clause 4 (iii) (f) and (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 can not 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.

(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 Companies Act, 1956 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 the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved, the comparison of prices with market rates cannot be made. However, the transfer pricing study conducted by management in the previous year indicates that the pricing was at arms length.

(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, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, there were 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, cess and other material statutory dues which 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, custom 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 the rejected goods sent on 57th (4) challans	7,255,448	July 1994 to February 2009	High Court, Chandigarh
The Central Excise Act, 1944	Excise duty demand against excess credit taken against the material procured from 100% EOU	461,072	1999-00 to 2001-02	High Court, Chandigarh
The Central Excise Act, 1944	Excise duty demand against excess credit taken against the material procured from 100% EOU	1,617,745	1999-00 to 2001-02	Joint commissioner of Central Excise, Gurgaon
Service Tax Act, 1994	Service tax demand raised on Royalty and Technical know how	3,451,609	1999-00 to 2002-03	Asstt. Commissioner of Service tax, Gurgaon
The Central Excise Act, 1944	Excise duty demand for interest on differential duty due to price escalation	343,218	2001-02 to Oct 2005	Asstt. commissioner of Central Excise, Gurgaon
Income tax Act, 1961	Income tax demand on various allowances	2,379,000	AY 2004-05	CIT (Appeals), New Delhi

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred any 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 banks. We have been informed that the Company does not have any loans outstanding from financial institutions during the year and 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.



# Lumax Industries Limited

- (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 given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (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 explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used 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  
Chartered Accountants**

**per Pankaj Chadha  
Partner  
Membership No.:91813**

Place: Gurgaon  
Date : June 19, 2007

**Balance Sheet as at March 31, 2007**

	Schedules	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	83,477,320	83,477,320
Reserves and surplus	2	731,180,495	598,439,803
		<u>814,657,815</u>	<u>681,917,123</u>
<b>Loan Funds</b>			
Secured loans	3	594,329,737	339,227,632
Unsecured loans	4	379,538,977	349,651,281
		<u>973,868,714</u>	<u>688,778,913</u>
<b>Deferred Tax Liability (net)</b>	5	189,854,575	184,547,009
	<b>TOTAL</b>	<u>1,978,381,104</u>	<u>1,555,243,045</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block	6	2,595,917,170	2,370,691,707
Less : Accumulated Depreciation		1,195,436,281	1,036,713,477
Net block		1,400,480,889	1,333,978,230
Capital work-in progress including capital advances		62,500,922	8,349,123
		<u>1,462,981,811</u>	<u>1,342,327,353</u>
<b>Investments</b>	7	34,450,335	34,494,750
<b>Current Assets, Loans and Advances</b>			
Inventories	8	451,208,300	432,893,607
Sundry debtors	9	720,386,690	474,350,013
Cash and bank balances	10	294,114,288	145,386,328
Other current assets	11	17,788,300	35,295,314
Loans and advances	12	176,127,307	170,870,328
		<u>1,659,634,885</u>	<u>1,258,795,584</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	13	1,099,297,411	1,024,970,539
Provisions	14	80,033,481	57,537,338
		<u>1,179,330,892</u>	<u>1,082,507,877</u>
<b>Net Current Assets</b>		<u>480,304,013</u>	<u>176,287,707</u>
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	15	644,945	2,133,235
	<b>TOTAL</b>	<u>1,978,381,104</u>	<u>1,555,243,045</u>
<b>Notes to Accounts</b>	25		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES**  
Chartered Accountants  
per Pankaj Chaudha  
Partner  
Membership No. 91813

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

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

**Deepak Jain**  
Executive Director

Place : Gurgaon  
Date : June 19, 2007

**Naval Khanna**  
Group Finance Head

**B.S. Bhadauriya**  
Company Secretary

# Lumax Industries Limited

## Profit and Loss Account for the year ended March 31, 2007

	Schedules	For the year ended March 31, 2007 Rs.	For the year ended March 31, 2006 Rs.
<b>INCOME</b>			
Turnover (Gross)	16	6,068,585,123	4,715,105,567
Less: Excise duty		<u>(714,745,799)</u>	<u>(594,422,768)</u>
Turnover (Net)		5,353,839,324	4,120,682,799
Other income	17	73,545,012	45,521,182
	<b>TOTAL</b>	<b><u>5,427,384,336</u></b>	<b><u>4,166,203,981</u></b>
<b>EXPENDITURE</b>			
Purchase of Traded Goods		891,987,127	196,642,810
Raw materials and components consumed	18	2,896,300,409	2,877,940,963
Cost of sale of moulds, tools & dies		165,247,897	105,596,359
Personnel expenses	19	397,744,175	323,484,598
Operating and other expenses	20	637,183,457	570,124,216
Increase in inventories	21	(85,531,533)	(91,200,313)
Financial expenses	22	57,748,543	55,115,987
	<b>TOTAL</b>	<b><u>4,980,680,085</u></b>	<b><u>3,837,684,621</u></b>
<b>Profit before depreciation and tax</b>		<b><u>446,704,251</u></b>	<b><u>328,519,360</u></b>
Depreciation : Amortisation	166.401.424	166,401,424	191,241,847
Loss: Transfer from revaluation reserve	(1,005.117)	<u>165,396,307</u>	<u>(6,529,959)</u>
<b>Profit before tax and prior period items</b>		<b><u>281,307,944</u></b>	<b><u>184,711,888</u></b>
Prior period items	23	1,206,028	5,324,929
		<u>280,101,916</u>	<u>138,482,543</u>
<b>Profit before tax and after prior period items</b>		<b><u>280,101,916</u></b>	<b><u>138,482,543</u></b>
Current tax {(including wealth tax Rs 171,000, previous year Rs 128,700). (net of Rs 3,315,000 being excess provision for earlier years written back, previous year Rs 2,115,000 being charge for earlier years)}		87,856,000	42,115,000
Deferred tax charge / (credit) {(including charge of Rs. 1,502,804 for earlier years, (previous year Rs 9,575,000 being excess liability for earlier years written back)}		5,307,566	(4,439)
Fringe benefit tax		4,100,000	4,100,000
Total tax expense		<u>97,263,566</u>	<u>48,210,561</u>
<b>Net Profit</b>		<b><u>182,838,350</u></b>	<b><u>92,271,982</u></b>
<b>Add:</b>			
Adjustment of revaluation reserve with Profit and loss appropriation account		-	10,191,531
Balance brought forward from previous year		1,437,751	2,288,993
<b>Profit available for appropriation</b>		<b><u>184,276,101</u></b>	<b><u>104,752,506</u></b>
<b>Appropriations:</b>			
Proposed dividend		42,064,794	29,217,062
Tax on dividend		7,148,912	4,097,693
Transfer to General Reserve		90,000,000	70,000,000
<b>Surplus carried to Balance Sheet</b>		<b><u>55,062,395</u></b>	<b><u>1,437,751</u></b>
<b>Earnings per share</b>			
Basic & Diluted {Nominal value of shares of Rs.10 (previous year : Rs.10)}	24	21.90	11.05
<b>Notes to Accounts</b>			
	25	The schedules referred to above form an integral part of the Profit and Loss Account	
As per our report of even date			

**For S.R. BATLIBOI & ASSOCIATES**  
Chartered Accountants  
per Pankaj Chadha  
Partner  
Membership No. 91813

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

D. K. Jain  
Chairman & Managing Director

Deepak Jain  
Executive Director

Place : Gurgaon  
Date : June 19, 2007

Naval Khanna  
Group Finance Head

B.S.Bhadauriya  
Company Secretary

## Cash Flow Statement for the period April 1, 2006 to March 31, 2007

S.No. PARTICULARS	2006-2007 (Rs.)	2005-2006 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
- Net profit before taxation	280,101,918	138,482,543
<b>Adjustment for :</b>		
- Depreciation	165,396,307	184,711,888
- Provision for doubtful debts / advances	916,353	2,484,115
- Provision against diminution in the value of current investments	44,415	345,460
- Provision for warranty claims	3,506,410	4,207,000
- Miscellaneous expenditure written off	1,488,290	4,338,418
- Interest expenses	45,743,706	45,761,749
- Interest income	(10,211,888)	(7,571,890)
- Foreign exchange difference (net)	144,910	526,877
- Profit on sale of long term investments (net)	-	(911,350)
- Dividend income from long term/current investments	(270,000)	(1,027,132)
- Bad debts/advances written off	1,892,240	-
- Loss on fixed assets sold / discarded (net)	12,274,106	-
- Profit on fixed assets sold (net)	-	(6,993,059)
<b>Operating Profit before Working Capital Changes</b>	<b>501,026,765</b>	<b>364,354,409</b>
- Movements in working capital:		
- (Increase) in inventories	(18,314,698)	(171,952,097)
- (Increase) in sundry debtors	(249,006,802)	(93,265,274)
- (Increase)/decrease in loans and advances	(7,864,842)	12,971,330
- Increase in current liabilities and provisions	77,898,724	258,704,701
Cash Generated From Operations	303,739,146	368,818,069
Direct Taxes Paid	87,326,388	36,190,543
<b>Net cash from operating activities</b>	<b>216,412,778</b>	<b>332,627,526</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Purchase of fixed assets	(298,129,616)	(247,852,809)
- Proceeds from sales of fixed assets	13,060,119	32,379,499
- Sale of Investments	-	10,019,550
- Dividend received on investments	270,000	1,027,132
- Interest received	10,757,051	2,635,528
- Movements in fixed deposits with banks (Receipts pledged with bank)	(10,390,724)	(44,295,556)
<b>Net cash (used) in investing activities</b>	<b>(284,424,070)</b>	<b>(248,096,656)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Proceeds from long term borrowings	272,401,644	118,884,421
- Repayment of long term borrowings	(118,282,083)	(115,537,200)
- Proceeds from/(repayment) of bank borrowings and short term loans (net)	130,970,239	(13,088,447)
- Interest Paid	(45,560,665)	(46,576,287)
- Upfront fee paid to a bank	-	(1,233,823)
- Dividend Paid	(28,082,914)	(24,983,015)
- Tax on dividend paid	(4,097,693)	(3,512,308)
<b>Net cash (used) in financing activities</b>	<b>206,348,528</b>	<b>(85,086,659)</b>
<b>Net Increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>138,337,236</b>	<b>469,211</b>
<b>Cash &amp; Cash equivalents at the beginning of the year</b>	<b>5,243,603</b>	<b>4,774,392</b>
<b>Cash &amp; Cash equivalents at the end of the year</b>	<b>143,580,839</b>	<b>5,243,603</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	627,742	1,028,315
Balances with scheduled banks:		
On current accounts	141,283,312	2,679,851
On unpaid dividend accounts	1,669,785	1,535,637
	<b>143,580,839</b>	<b>5,243,603</b>

**NOTES:**

- a) Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard -3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.  
b) Negative figures have been shown in brackets.

For S.R. BATLIBOI & ASSOCIATES

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

Chartered Accountants

per Pankaj Chadha

Partner

Membership No. 91813

Place : Gurgaon

Date : June 19, 2007

D. K. Jain  
Chairman & Managing Director

Deepak Jain  
Executive Director

Navej Khanna  
Group Finance Head

B.S.Bhadauriya  
Company Secretary

# Lumax Industries Limited

## Schedules to the Accounts

Particulars	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.
<b>SCHEDULE 1:</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
12,000,000 (previous year 12,000,000) equity shares of Rs. 10 each	<u>120,000,000</u>	<u>120,000,000</u>
<b>Issued, subscribed &amp; paid up</b>		
8,347,732 (previous year 8,347,732) equity shares of Rs. 10 each fully paid up	<u>83,477,320</u>	<u>83,477,320</u>
<b>Of the above:</b>		
(i) 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 equity shares of Rs.10 each are allotted as fully paid-up pursuant to contracts for consideration other than cash		
(iii) 850,232 equity shares of Rs. 10 each are allotted as fully paid-up, pursuant to the Scheme of Amalgamation with Laser Lamps (Maryana) Ltd.		
<b>SCHEDULE 2:</b>		
<b>Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Balance as per last account	65,138	65,138
Less: Transferred to General Reserve	<u>65,138</u>	<u>65,138</u>
<b>Revaluation Reserve</b>		
Balance as per last account	83,129,878	100,119,965
Less: Adjustment on account of depreciation on revalued amount of assets	(1,005,117)	(6,529,959)
Less: Adjustment of revaluation reserve with Profit and loss appropriation account		(10,191,531)
Less: Adjustment on account of asset sold / discarded	121,165	(268,799)
	<u>82,245,724</u>	<u>83,129,876</u>
<b>Securities Premium Account</b>	<u>149,636,909</u>	<u>149,636,909</u>
<b>General Reserve</b>		
Balance as per last account	364,171,329	294,171,329
Add: Transferred from Profit & Loss Account	80,000,000	70,000,000
	<u>444,171,329</u>	<u>364,171,329</u>
<b>Profit and Loss Account</b>	<u>55,062,395</u>	<u>1,437,751</u>
	<u>731,180,495</u>	<u>598,439,803</u>
<b>SCHEDULE 3:</b>		
<b>Secured Loans</b>		
<b>Loans and advances from banks</b>		
- Term loans	296,876,000	196,250,000
- Cash credit facilities	264,390,912	82,837,673
<b>Loans from bodies corporate</b>	7,572,707	39,404,796
<b>Finance lease obligation</b>		
- From a bank	-	4,471,026
<b>Hire purchase loans</b>		
- From banks	5,429,702	4,923,116
- From bodies corporate	61,416	1,341,021
	<u>594,329,737</u>	<u>339,227,632</u>

**Notes:**

- i) Term Loans from Industrial Development Bank of India amounting to Rs 30,000,000 and from ABN AMRO Bank N.V. to the extent of Rs 219,375,000 are secured by way of first pari passu charge on all the plant & machineries alongwith land and building, both present and future, situated at its Dhanuhera and Gurgaon units. Term loan from ABN AMRO Bank N.V. to the extent of Rs 47,500,000 is secured against sole charge over fixed assets at Chakan-II unit (except assets exclusively hypothecated to Banks and bodies corporate) and also mortgage of land and building at Mayapur Unit as alternate security.
- ii) Cash credit facilities from Syndicate Bank amounting to Rs 184,390,911 and from ABN Amro Bank N.V. amounting to Rs 100,000,000 are secured by way of first pari-passu charge on all the stock & book debts of the Company, both present and future. These facilities are further secured by way of first pari passu charge against the immovable property and plant & machinery at Chinchwad unit of the Company.
- iii) Loans from bodies corporate amounting to Rs.7,572,707 acquired under the lease are secured against the specified moulds.
- iv) Finance lease obligation amounting to Rs. Nil (previous year Rs 4,471,026) from State Bank of India is secured against the moulds acquired under the lease.
- v) Hire purchase loans from banks aggregating to Rs 5,429,702 and from bodies corporate aggregating to Rs 61,418 are secured by way of hypothecation of the respective vehicles acquired out of the proceeds thereof.
- vi) The following loans are repayable within one year.  
 Installments of term loans Rs 117,500,000 (previous year Rs.80,000,000).  
 Hire purchase loans from banks and bodies corporate - Rs. 3,290,061 (previous year Rs. 3,927,030).

Particulars	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.
<b>Schedule 4:</b>		
<b>Unsecured Loans</b>		
<b>Other loans and advances</b>		
- Sales tax deferment loan (interest free) from Director of Industries, Haryana	250,522,605	201,784,199
- Loans from bodies corporate	119,016,172	147,767,082
	<u>379,538,977</u>	<u>349,551,281</u>

**Note:**

Sales tax deferment loan (interest free) from Director of Industries, Haryana Rs. 10,189,236 (previous year Rs. Nil) is repayable within one year.

**Schedule 5:**
**Deferred Tax Liability (net)**
**Deferred Tax Liabilities**

- |   |             |             |
|---|-------------|-------------|
| - Differences in depreciation and other differences in book of fixed assets as per tax books and financial books. | 199,886,443 | 196,114,336 |
| Upfront fees paid to a bank   | 109,346     | 520,586     |

**Deferred Tax Liabilities**

	<u>199,996,789</u>	<u>196,634,922</u>
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**Deferred Tax Assets**

- |  |           |           |
|--|-----------|-----------|
| Provision for doubtful debts and advances  | 987,595   | 836,153   |
| - Effect of lease accounting   | -         | 446,563   |
| - Provision for warranty   | 1,180,257 | 1,418,076 |
| Effect of expenditure debited to profit and loss account but allowed for tax purposes in following years | 7,974,372 | 9,389,121 |

**Deferred Tax Assets**

	<u>10,142,214</u>	<u>12,087,913</u>
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**Net Deferred Tax Liability**

	<u>189,854,575</u>	<u>184,547,009</u>
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# Lumax Industries Limited

## 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						
<b>Gross Block</b>											
At 01.04.2006	18,701,659	97,024,386	206,460,065	1,583,724,665	37,732,037	40,887,997	31,091,515	8,326,856	16,128,347	2,370,881,705	2,225,633,010
Additions	-	12,082,587	23,156,813	58,999,729	-	5,324,518	7,324,427	1,641,805	34,441,098	740,847,717	246,500,670
Deductions	-	-	-	(7,5,813,620)	-	(38,505)	(11,093,923)	-	-	(18,752,753)	(10,542,670)
<b>At 31.03.2007</b>	<b>18,701,659</b>	<b>110,113,486</b>	<b>229,619,901</b>	<b>2,025,910,573</b>	<b>37,732,037</b>	<b>46,183,010</b>	<b>36,517,256</b>	<b>10,570,703</b>	<b>50,586,336</b>	<b>2,695,917,170</b>	<b>2,370,591,707</b>
<b>Depreciation/Amortisation</b>											
At 01.04.2006	3,463,584	-	57,978,525	850,564,018	34,687,703	19,269,077	6,985,323	7,236,947	14,785,250	1,038,713,477	891,904,867
For the year	315,408	-	8,073,007	147,884,561	3,144,334	3,317,026	2,304,555	1,378,556	283,025	1,27,663,584	181,241,847
Adjustments	-	-	-	(8,316,890)	-	(11,549)	(815,302)	-	-	(9,143,750)	(52,436,717)
<b>At 31.03.2007</b>	<b>3,862,002</b>	<b>-</b>	<b>66,052,562</b>	<b>1,030,137,710</b>	<b>37,732,037</b>	<b>21,600,510</b>	<b>11,874,562</b>	<b>8,615,503</b>	<b>15,071,375</b>	<b>1,198,438,281</b>	<b>1,036,713,477</b>
<b>Net Block</b>											
At 31.03.2007	16,049,854	110,113,486	182,867,339	995,772,863	-	24,582,500	24,542,676	1,955,200	35,498,961	1,400,480,889	1,333,878,230
At 31.03.2006	15,198,067	97,024,389	179,463,560	993,160,647	3,144,334	23,629,626	21,206,590	651,951	1,538,057	1,333,878,239	1,327,778,333
<b>Capital work in progress (including Capital advance Rs 40,000,000 (previous year Rs Nil))</b>											
At 31.03.2007	-	-	-	-	-	-	-	-	-	82,800,922	8,348,123
At 31.03.2006	-	-	-	-	-	-	-	-	-	8,349,128	7,094,293

### Notes :

- Deductions from fixed assets include Rs 1,710,000 on account of adjustments in the value of assets capitalised in earlier years.
- Additions to and deductions from Plant and Machinery during the year includes Rs. Nil (previous year Rs 407,164) and Rs. 59,382 (previous year Rs 3,766,336) respectively on account of foreign exchange fluctuation.
- Plant & Machinery includes Electrical Installations of Rs. 21,914,944 (Accumulated depreciation Rs. 7,566,576), Plastic Moulds of Rs 900,050,380 (Accumulated depreciation Rs 635,700,180), Steel Moulds of Rs 17,453,953 (Accumulated depreciation Rs 14,967,004) and other Tools of Rs 133,968,638 (Accumulated depreciation Rs. 49,461,095).
- Vehicles include Rs.14,849,120 (Previous year Rs.15,021,503) acquired on hire purchase basis.
- 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. 1,462,170 being depreciation either capitalised / transferred on in-house development of tools.
- Fixed Assets include the following assets given on operating lease :

(Amount in Rs)

Particulars	Gross Block		Depreciation for the year ended		Accumulated Depreciation	
	As at 31.03.2007	As at 31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
Plant and Machinery	21,084,910	21,084,910	1,249,042	1,272,551	8,929,492	7,680,450
Furniture & Fixtures and Office Equipment	875,569	875,569	37,680	37,970	475,127	438,447
<b>GRAND TOTAL</b>	<b>21,960,479</b>	<b>21,960,479</b>	<b>1,286,722</b>	<b>1,310,471</b>	<b>9,405,619</b>	<b>8,118,897</b>

Particulars	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.
<b>SCHEDULE 7:</b>		
<b>Investments</b>		
<b>Long Term Investments (at cost)</b>		
<b>a) Trade, unquoted</b>		
i) Lumax Investment and Finance (P) Ltd. 175,020 (previous year 175,020) equity shares of Rs.10 each fully paid up	1,750,200	1,750,200
ii) SL Lumax Ltd 3,150,000 (previous year 3,150,000) equity shares of Rs.10 each fully paid up	31,500,000	31,500,000
<b>b) Other than trade, unquoted</b>		
Inapex Ltd. 60,000 (previous year 60,000) equity shares of Rs.10 each fully paid up	603,000	603,000
<b>Current Investments (at lower of cost and market value)</b>		
PNB Gilts Ltd. 32,900 (previous year 32,900) equity shares of Rs.10 each fully paid up	597,135	641,550
	<u>34,450,335</u>	<u>34,494,750</u>
- Aggregate amount of quoted Investments	597,135	641,550
{Market value as on March 31, 2007 Rs. 597,135 (previous year Rs.641,550)}		
- Aggregate amount of unquoted Investments	<u>33,853,200</u>	<u>33,853,200</u>
<b>SCHEDULE 8:</b>		
<b>Inventories</b>		
Raw materials and components {including in transit Rs. 16,498,641 (previous year Rs.15,331,098)}	213,589,294	236,565,563
Stores and spares (including packing material)	4,222,157	3,573,652
Moulds, tools and dies in process	18,453,463	43,342,533
Work-in-progress	38,637,168	52,578,416
Finished goods & Traded goods {including in transit Rs. 24,036,250 (previous year Rs.17,226,217)}	176,065,471	96,694,045
Waste	240,747	139,392
	<u>451,208,300</u>	<u>432,893,601</u>
<b>SCHEDULE 9:</b>		
<b>Sundry Debtors</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, considered good	11,040,801	7,145,828
Considered doubtful	2,548,249	2,398,246
<b>Other debts</b>		
Unsecured, considered good	709,345,889	467,204,187
	<u>723,234,939</u>	<u>476,748,259</u>
Less : Provision for doubtful debts	2,848,249	2,398,246
	<u>720,386,690</u>	<u>474,350,013</u>



# Lumax Industries Limited

Particulars	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.
<b>SCHEDULE 10:</b>		
<b>Cash and Bank Balances</b>		
Cash on hand	627,742	1,028,316
Balances with scheduled banks:		
On current accounts	141,263,312	2,879,651
On unpaid dividend accounts	1,669,785	1,535,637
On deposit accounts (Receipts pledged with bank & others for Rs 150,533,449 (previous year Rs 140,142,725))	150,533,449	140,142,725
	<u>294,114,288</u>	<u>145,386,328</u>
<b>SCHEDULE 11:</b>		
<b>Other Current Assets</b>		
Fixed Assets held for sale (at net book value or estimated net realisable value, whichever is lower)	6,972,607	23,924,457
Interest receivable on fixed deposits	10,825,893	11,370,857
	<u>17,798,300</u>	<u>35,295,314</u>
<b>SCHEDULE 12:</b>		
<b>Loans and Advances</b>		
<b>Unsecured, considered good</b>		
Loans to employees	4,288,401	3,854,661
Advances recoverable in cash or kind or for value to be received	53,163,057	42,121,964
Balances with customs, excise, etc	105,171,928	107,991,482
Security deposits	13,503,921	14,304,357
Income tax / tax deducted at Source (Net of provision for tax - Rs Nil, Previous year - Rs 55,115,000)	-	2,607,864
<b>Considered doubtful</b>		
Advances recoverable in cash or kind or for value to be received	85,869	85,869
	<u>175,213,175</u>	<u>170,956,197</u>
Less: Provision for doubtful loans and advances	86,869	85,869
	<u>176,127,307</u>	<u>170,870,328</u>
<b>SCHEDULE 13:</b>		
<b>Liabilities</b>		
Acceptances	38,756,728	40,720,300
Sundry creditors for goods, expenses, etc	844,088,706	780,442,869
Liability for expenses	121,105,979	96,338,973
Advances from customers	41,768,505	72,612,904
Interest accrued but not due on loans	912,144	729,102
Unpaid dividends	1,669,785	1,535,637
Other liabilities	50,997,584	32,690,754
	<u>1,099,297,411</u>	<u>1,024,870,539</u>
Included in Sundry creditors are:		
i). Dues to small scale industrial undertakings (Refer note no.10 of schedule 25)	79,304,984	124,470,831
ii). Dues to other than small scale industrial undertakings	764,781,722	655,972,038

Particulars	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.
<b>SCHEDULE 14:</b>		
<b>Provisions</b>		
Taxation (Net of advance tax - Rs 140,012,355. Previous year - Rs Nil)	2,958,645	
Fringe benefit tax	163,124	1,100,000
Proposed dividend	42,064,794	29,217,062
Tax on proposed dividend	7,148,912	4,097,693
Leave encashment	15,221,430	16,398,913
Gratuity	4,763,146	2,516,670
<b>Warranties</b>		
- Opening Balance	4,207,000	-
- Additions during the year	5,699,275	4,207,000
- Utilisation	(2,192,865)	-
- Closing balance	7,713,410	4,207,000
	<u>90,033,461</u>	<u>57,537,338</u>
<b>SCHEDULE 15:</b>		
<b>Miscellaneous Expenditure</b>		
<b>Upfront fees paid to a bank</b>		
Balance as per last account	1,546,601	2,487,880
Add: Additions during the year	-	1,233,823
Less: written off during the year	(1,225,117)	(2,175,082)
	321,484	1,546,601
<b>Deferred VRS Expenditure</b>		
Balance as per last account	586,634	2,749,970
Less: written off during the year	(263,173)	(2,163,336)
	323,461	586,634
	<u>644,945</u>	<u>2,133,235</u>
<b>SCHEDULE 16:</b>		
<b>Turnover (Gross)</b>		
Sales of manufactured goods	5,882,736,477	4,596,854,939
Sales of moulds, tools and dies	205,848,846	118,250,828
	<u>6,088,585,123</u>	<u>4,715,105,667</u>

# Lumax Industries Limited

Particulars	For the year ended March 31, 2007 Rs.	For the year ended March 31, 2006 Rs.
<b>SCHEDULE 17:</b>		
<b>Other Income</b>		
Interest		
- Bank deposits {Tax deducted at source Rs 2,289,237, (previous year Rs. 1,873,596)}	10,142,091	7,504,737
- Others (Tax deducted at source Rs. Nil , (previous year Rs. Nil ))	68,897	67,153
Dividend income from long term investments	270,000	1,000,812
Dividend income from current investments	-	26,320
Scrap sales {Net of excise duty of Rs. 1,234,680 (previous year Rs. 977,168)}	12,849,259	11,015,491
Exchange difference (net)	1,399,459	7,537,662
Profit on fixed assets sold / discarded (net)	-	6,993,059
Profit on sale of long term investments (net)	-	911,350
Compensation received from a customer against the development of moulds	30,694,000	-
Miscellaneous income	18,120,406	10,464,598
	<u>73,545,012</u>	<u>45,521,182</u>
<b>SCHEDULE 18:</b>		
<b>Raw Materials and Components Consumed</b>		
Inventories as at March 31, 2006	236,565,563	199,993,526
Add : Purchases (including job work charges of Rs. 35,598,928 previous year Rs. 46,995,955/-)	2,848,653,868	2,808,498,126
Less: Raw material sales {Net of excise duty of Rs. 13,441,327, (previous year Rs. 15,257,831)}	(75,329,726)	(93,985,128)
Less : Inventories as at March 31, 2007	(213,589,294)	(236,565,563)
	<u>2,896,300,409</u>	<u>2,677,940,963</u>
<b>SCHEDULE 19:</b>		
<b>Personnel Expenses</b>		
Salaries, wages and bonus	342,229,890	271,726,484
Contribution to provident fund	13,973,901	11,462,305
Contribution to gratuity and other funds	5,826,573	9,384,296
Workmen and staff welfare expenses	35,613,811	30,891,513
	<u>397,744,175</u>	<u>323,464,598</u>
<b>SCHEDULE 20:</b>		
<b>Operating and Other Expenses</b>		
Consumption of stores and spares	14,155,937	7,255,133
Packing material consumed (net)	98,953,930	102,490,574
Power and fuel	164,754,456	146,217,607
Rent including lease rent	14,329,743	6,984,323
Rates and taxes	3,633,085	4,259,186

Insurance (net)		<b>12,402,065</b>		9,431,067
Repairs and maintenance				
-Plant & Machinery		<b>35,905,748</b>		35,421,402
-Buildings		<b>3,686,438</b>		6,059,258
-Others		<b>16,039,115</b>		11,956,804
Freight and forwarding charges		<b>56,446,686</b>		56,836,028
Discount, rebates and claims		<b>12,693,628</b>		9,558,117
Cash discount on sales		<b>14,952,354</b>		12,170,348
Commission on sales - other than sole selling agent		<b>890,838</b>		399,767
Travelling and conveyance		<b>38,659,211</b>		27,292,077
Directors' sitting fees		<b>44,000</b>		53,000
Commission to managing director		<b>12,539,808</b>		5,426,226
Auditors' remuneration				
- Statutory audit	1,500,000		1,200,000	
Tax audit	300,000		250,000	
- Limited review	650,000		500,000	
- Other services	200,000		2,679	
- Out-of-pocket expenses	118,831	<b>2,958,831</b>	43,750	1,996,429
Charity and donation - other than political parties		<b>47,305</b>		90,493
Royalty		<b>39,501,577</b>		37,343,042
Research & development expenses		<b>15,329,591</b>		18,291,596
Warranty costs		<b>10,575,832</b>		11,498,908
Difference of excise duty on closing stocks		<b>2,449,297</b>		13,286,969
Loss on fixed assets sold / discarded (net)		<b>12,274,106</b>		-
Bad and doubtful debts/advances written off		<b>1,892,240</b>		-
Provision for doubtful debts / advances (net)		<b>916,353</b>		2,484,115
Provision against diminution in the value of current investments		<b>44,415</b>		345,450
Miscellaneous expenditure written off		<b>1,488,290</b>		4,338,418
Miscellaneous expenses		<b>49,636,586</b>		38,877,880
		<b>637,183,467</b>		570,124,216

**SCHEDULE 21:**

**Increase in Inventories**

**Inventories as at March 31, 2007**

Work-in-progress	<b>38,637,168</b>	52,578,416
Finished goods and Traded goods	<b>176,065,471</b>	96,694,045
Waste	<b>240,747</b>	139,392
	<b>214,943,386</b>	149,411,853

# Lumax Industries Limited

## Inventories as at March 31, 2008

Work-in-progress	52,578,416	23,940,886
Finished goods and Traded goods	96,894,045	34,198,052
Waste	138,382	72,602
	<u>149,411,853</u>	<u>58,211,540</u>
<b>(Increase) in inventories</b>	<b>(65,531,533)</b>	<b>(91,200,313)</b>

## SCHEDULE 22:

### Financial Expenses

Interest		
- on term loans	21,074,585	19,401,338
to banks	10,664,645	3,934,891
- others	13,801,396	21,500,704
Lease finance charges	203,181	924,817
Bank charges	12,004,836	9,354,237
	<u>57,748,543</u>	<u>55,115,987</u>

## SCHEDULE 23:

### Prior Period Items

Raw material consumption	-	3,946,827
Rare Difference on Sales	774,846	-
Salaries, wages and bonus	67,961	-
Rates & Taxes	290,818	
Power & Fuel	-	60,200
Discount, rebates and claims	607	50,441
Freight and forwarding charges	18,209	183,881
Commission on sales - other than sole selling agent	-	22,983
Travelling and conveyance	-	142,279
Communication costs	-	5,926
Miscellaneous expenses	53,589	882,412
	<u>1,206,028</u>	<u>5,324,929</u>

## SCHEDULE 24:

### Earnings per share (EPS)

Net profit as per profit and loss account	182,838,350	92,271,982
Weighted average number of equity shares in calculating basic EPS	8,347,732	8,347,732
<b>Basic and Diluted Earnings per share</b>	<u>21.90</u>	<u>11.05</u>

**SCHEDULE - 26**

**NOTES TO ACCOUNT**

**1. Nature of operations**

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.

In accordance with the scheme of arrangement under Sections 391 and 394 of the Companies Act, 1956 between the Company and Lumax Automotive Systems Ltd. (LASL), the units for manufacture of Filters, Air Cleaners and Rear View Mirrors were transferred to LASL on a going concern basis w. e. f. April 1, 2002.

**2. Statement of Significant Accounting Policies**

**a) Basis of Preparation**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India 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 for revaluation of fixed assets. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**b) 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.

**c) Depreciation**

- i) Depreciation on Fixed Assets is provided on straight line method (SLM) at the rates prescribed under schedule XIV of the Companies Act, 1956, or the rates determined on the basis of useful lives of the respective assets, whichever is higher.
- ii) Cost of Leasehold land 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) Depreciation on additions to fixed assets on account of foreign exchange fluctuation is provided prospectively over the remaining useful lives of the respective assets.
- v) Insurance spares / standby equipments are depreciated prospectively over the remaining useful lives of the respective mother assets.
- vi) 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.

**d) Intangibles**

Intangibles assets are amortized over their estimated useful lives as follows:

Intangible Assets	Estimated Useful Life (Years)
Computer Software	4 years
Technical Know-how	Over the period of Technical Assistance Agreement i.e. 8 years

**e) 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 whenever 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.

# Lumax Industries Limited

## f) 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 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.

## g) 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.

## h) Inventories

### *Inventories are valued as follows:*

Raw materials and components,	At Cost and Net Realizable Value, whichever is lower. However, materials
Stores and spares	and other items held for use in the production of inventories are not written
(including packing materials)	down below cost if the finished products in which they will be incorporated are
	expected to be sold at or above cost.
	Cost is determined on First In First Out (FIFO) basis. Cost of raw materials and
	components lying in bonded warehouse includes custom duty accounted for on
	accrual basis.
Finished goods & Traded goods,	At Cost and Net Realizable Value, whichever is lower. Cost of Finished goods
Work-in-progress and Moulds,	and Work-in-progress (including moulds, tools and dies in process) includes
tools and dies in process	direct materials and labour and a proportion of manufacturing overheads based
	on normal operating capacity. Cost of traded goods is determined on FIFO
	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.

## i) 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.

### *Interest*

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

*Income from Development of Tools*

Revenue is recognised at the point of despatch of tools to the customers.

*Claims lodged with the Insurance Company / vendors*

Income on account of claims lodged with the insurance company or with vendors but not settled, are accounted for on acceptance basis since the exact quantum in respect thereof cannot be ascertained with reasonable accuracy.

**j) Miscellaneous Expenditure**

- i) Payments made under the Voluntary Retirement Scheme are amortised over a period of five years.
- ii) Charges paid for re-scheduling and reduction in the interest rate of the existing high cost loans is written off over the revised repayment tenure of the loans.

**k) 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 in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India are capitalized as a part of fixed asset.

**l) Retirement and other employee benefits**

- i) Retirement benefits in the form of Provident Fund and Superannuation Schemes are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- ii) Provision for leave encashment is charged to Profit and Loss Account on the basis of actuarial valuation made at the end of each financial year.
- iii) The Company has taken a policy with Life Incorporation of India (LIC) to cover the retirement gratuity liability of employees. The premium paid / payable to LIC, as per actuarial valuation made at the end of each financial year, is charged to Profit and Loss Account.

**m) 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 reflect 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. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

**n) Earning 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.



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## o) 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.

## p) Segment Reporting Policies

### Identification of segments

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.

## q) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

## 3. Segment Information

### Business Segments:

The Company produces various types of lighting equipments. 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 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

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
Domestic Market	5,240,760,928	4,042,745,852
Overseas Market	113,088,396	77,938,947
<b>Total</b>	<b>5,353,838,324</b>	<b>4,120,682,799</b>

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

Particulars	31.03.07 (Rs.)	31.03.06 (Rs.)
Domestic	677,584,802	457,502,276
Overseas	42,901,888	16,847,737
<b>Total</b>	<b>720,386,690</b>	<b>474,350,013</b>

\* The Company has common assets for producing goods for Domestic market and Overseas Markets. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished.

**4. Related Party Disclosure**

Names of Related Parties

*Associate Stanley Electric Co. Ltd., Japan*

Key Management Personnel

Mr. D. K. Jain (Chairman & Managing Director)

Mr. Deepak Jain (Executive Director)

Mr. Anmol Jain (Executive Director)

Mr. Y. Muraga (Executive Director)

Relatives of Key Management Personnel

Mr. S.C. Jain (Father of Chairman)

Mr. U. K. Jain (Brother of Chairman)

Mr. M. K. Jain (Brother of Chairman)

Mrs. Usha Jain (Spouse of Chairman)

Enterprise significantly influenced by Key  
Management Personnel or their Relatives

Lumax Automotive Systems Ltd.

Lumax Auto (P) Ltd.

Lumax Filters (P) Ltd.

Lumax International (P) Ltd

Bharat Enterprises

Deepak Auto (P) Ltd.

Lumax DK Auto Industries Ltd.

Lumax Investment and Finance (P) Ltd.

SL Lumax Ltd.

Lumax Auto Technologies Limited

(Formerly Dhanesh Auto Electricals Ltd)

D.K. Jain & Sons (HUF)

Sheela Finance Pvt. Ltd.

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## Detail of Related Parties Transactions for the Financial Year 2006-2007 (excluding Stanley Electric Engg. (I) Pvt. Ltd. & Thal Stanley)

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		%	TOTAL	
		2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06		2006-07	2005-06
<b>ii) TRANSACTIONS</b>												
i)	<b>Sale of Raw Materials and Components</b>											
	Lumax Auto Technologies Ltd.	-	-	-	-	19,800,147	29,869,260	87.68	19,800,147	29,869,260		
	Lumax Dk Auto Industries Ltd.	-	-	-	-	16,881,867	3,288,197	8.12	16,881,867	3,288,197		
	Others	-	-	-	-	2,642,707	2,880,407	7.99	2,642,707	2,880,407		
ii)	<b>Sale of finished goods</b>											
	Lumax Auto Technologies Ltd.	-	-	-	-	66,282,083	-	-	66,282,083	-		
	Others	-	-	-	-	16,000	-	-	16,000	-		
iii)	<b>Purchase of Raw Materials and Components</b>											
	Bharat Enterprises	-	-	-	-	77,810,149	61,188,709	20.95	77,810,149	61,188,709		
	Deepak Auto (P) Ltd.	-	-	-	-	174,724,326	51,055,785	51.77	174,724,326	51,055,785		
	Lumax Dk Auto Industries Ltd.	-	-	-	-	416,534,957	37,784,004	12.88	416,534,957	37,784,004		
	Stanley Electric Co. Ltd.	65,803,336	64,503,740	-	-	-	-	-	65,803,336	64,503,740		
	Others	-	-	-	-	25,389,272	42,064,247	14.40	25,389,272	42,064,247		
iv)	<b>Purchase of Fixed Assets</b>											
	Deepak Auto (P) Ltd.	-	-	-	-	204,065	-	-	204,065	-		
	Lumax Auto Technologies Ltd.	-	-	-	-	-	759	0.16	-	759		
	Stanley Electric Co. Ltd.	-	11,405,277	-	-	52,000	-	-	52,000	-	11,405,277	
	Bharat Enterprises	-	-	-	-	-	482,715	99.84	-	482,715		
	Lumax Dk Auto Industries Ltd.	-	-	-	-	-	-	-	-	-		
v)	<b>Sale of Fixed Assets</b>											
	Lumax Dk Auto Industries Ltd.	-	-	-	-	6,507,601	190,318	15.52	6,507,601	190,318		
	Lumax Auto Technologies Ltd.	-	-	-	-	857,175	1,035,858	84.48	857,175	1,035,858		
	Others	-	-	-	-	39,702	-	84.18	39,702	-		
vi)	<b>Purchase of Finished Goods</b>											
	Lumax Automotive Systems Ltd.	-	-	-	-	51,608,433	57,287,869	66.05	51,608,433	67,297,888		
	Deepak Auto (P) Ltd.	-	-	-	-	8,872,006	8,365,122	10.39	8,872,006	8,865,122		
	Others	-	-	-	-	11,463,795	20,463,783	23.61	11,463,795	20,463,783		
vii)	<b>Purchase of Packing Material (net)</b>											
	Lumax Dk Auto Industries Ltd.	-	-	-	-	34,749,816	38,488,184	133.52	34,749,816	38,488,184		
	Others	-	-	-	-	(180,083)	(1,342,699)	(3.81)	(180,083)	(1,342,699)		
viii)	<b>Real Received</b>											
	Lumax Automotive Systems Ltd.	-	-	-	-	-	48,000	88.89	-	48,000		
	Lumax Investment & Finance (P) Ltd.	-	-	-	-	6,000	6,000	11.11	6,000	6,000		
ix)	<b>Managerial Remuneration</b>											
	Mr D K Jain	-	34,314,825	7,219,065	-	-	-	-	14,314,825	7,219,065		
	Mr Deepak Jain	-	1,765,862	1,354,578	-	-	-	-	1,765,862	1,354,578		
	Mr Anmol Jain	-	935,673	954,083	-	-	-	-	935,673	954,083		
	Mr Y Muruga	-	3,098,247	1,392,885	-	-	-	-	3,098,247	1,392,885		
x)	<b>Salary &amp; Allowances</b>											
	Mr S C Jain	-	-	-	800,000	600,000	-	-	600,000	800,000		
xi)	<b>Royalty</b>											
	Stanley Electric Co. Ltd.	32,655,177	36,903,784	-	-	-	-	-	32,655,177	36,903,784		
xii)	<b>Dividend Paid</b>											
	Mr D K Jain	-	5,619,383	2,928,642	-	-	-	-	5,619,383	2,928,642		
	Mr Deepak Jain	-	499,489	428,133	-	-	-	-	499,489	428,133		
	Mr Anmol Jain	-	193,823	166,134	-	-	-	-	193,823	166,134		
	Mr S C Jain	-	-	-	525,000	2,337,872	-	-	525,000	2,337,872		
	Mr M K Jain	-	-	-	1,697,638	1,369,404	-	-	1,697,638	1,369,404		
	Mr U K Jain	-	-	-	5,453	4,674	-	-	5,453	4,674		
	Mrs Usha Jain	-	-	-	527,391	452,049	-	-	527,391	452,049		
	D K Jain and Sons (IHUF)	-	-	-	-	437,395	374,910	48.23	437,395	374,910		
	Shewia Finance Pvt. Ltd.	-	-	-	-	420,487	360,426	46.36	420,487	360,426		
	Stanley Electric Co. Ltd.	5,103,578	4,374,495	-	-	-	-	-	5,103,578	4,374,495		
	Others	-	-	-	-	45,315	42,081	5.41	45,315	42,081		
xiii)	<b>Others (Net)</b>											
	Lumax Automotive Systems Ltd.	-	-	-	-	(156,788)	(818,215)	-	(156,788)	(818,215)		
	Lumax Dk Auto Industries Ltd.	-	-	-	-	(187,952)	(11,289)	-	(187,952)	(11,289)		
	Stanley Electric Co. Ltd.	113,625	51,789	-	-	-	-	-	113,625	51,789		
	Others	-	-	-	-	(134,675)	(140,372)	6.72	(134,675)	(140,372)		
iv)	<b>BALANCES AT THE YEAR END</b>											
i)	<b>Receivables</b>											
	Lumax Auto Technologies Ltd.	-	-	-	-	977,381	6,204,217	98.35	977,381	6,204,217		
	Lumax Dk Auto Industries Ltd.	-	-	-	-	5,512,339	-	-	5,512,339	-		
	SI Lumax Ltd.	-	-	-	-	-	103,990	1.65	-	103,990		
ii)	<b>Payables</b>											
	Mr D K Jain	-	12,650,206	5,336,626	-	-	-	-	12,650,206	5,336,626		
	Mr Deepak Jain	-	103,500	103,500	-	-	-	-	103,500	103,500		
	Mr S C Jain	-	-	-	50,000	50,000	-	-	50,000	50,000		
	Lumax Automotive Systems Ltd.	-	-	-	-	10,766,175	10,643,217	9.55	10,766,175	10,643,217		
	Deepak Auto (P) Ltd.	-	-	-	-	62,544,369	49,841,289	44.51	62,544,369	49,841,289		
	Lumax Auto Technologies Ltd.	-	-	-	-	3,487,015	10,792,846	9.21	3,487,015	10,792,846		
	Lumax Dk Auto Industries Ltd.	-	-	-	-	104,814,786	37,678,870	33.92	104,814,786	37,678,870		
	Stanley Electric Co. Ltd.	37,226,514	43,879,191	-	-	-	-	-	37,226,514	43,879,191		
	SI Lumax Ltd.	-	-	-	-	4,160	-	-	4,160	-		
	Others	-	105,200	119,817	-	212,524	3,083,644	2.78	317,724	3,203,461		
iii)	<b>Guarantees outstanding</b>											
	SI Lumax Ltd.	-	-	-	-	150,000,000	150,000,000	100.00	150,000,000	150,000,000		
	<b>Total (Net)</b>											
		-	-	-	-	150,000,000	160,300,000	100.00	150,000,000	160,300,000		

**5. Disclosure of Sundry Creditors**

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	31.3.2007	31.3.2006
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	79,304,984	124,470,831
2	the amount of interest paid by the buyer in terms of section 18, 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	Nil	Nil
4	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
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 enterprises	Nil	Nil

**6. Leases – In case of assets taken on lease**

**a) Finance Lease**

The Company has acquired 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:

	2006-07 (Rs.)	2005-06 (Rs.)
<b>Gross Amount</b>	<b>52,581,157</b>	<b>52,753,540</b>
Less: Accumulated depreciation	40,144,762	36,744,266
<b>Net Block</b>	<b>12,436,395</b>	<b>16,009,274</b>
Finance Lease liabilities- minimum lease payments.		
Not later than 1 year	3,635,158	8,884,296
Later than 1 year and not later than 5 years	2,380,845	2,437,346
Later than 5 years	Nil	Nil
Total minimum lease payments	6,016,001	11,321,642
Less: Future finance charges on Finance Leases	562,627	586,479
Present value of Finance Lease liabilities	5,491,118	10,735,163
<b>The present value of Finance Lease liabilities is as follows:</b>		
Not later than 1 year	3,290,061	8,398,056
Later than 1 year and not later than 5 years	2,201,057	2,337,107
Later than 5 years	Nil	Nil
	<b>5,491,118</b>	<b>10,735,163</b>

**b) Assets taken under Operating Leases**

Office premises and office equipments are obtained on operating lease. 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 agreement. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancellable in nature.

# Lumax Industries Limited

## c) Assets given on operating lease

	Year ended March 31, 2007 (Rs)	Year ended March 31, 2006 (Rs)
Uncollectible minimum lease payments receivable at the Balance sheet date	Nil	Nil
<b>Future minimum lease payments</b>		
Not later than one year	910,000	650,000
Later than one year and not later than five years	3,080,000	3,990,000
Later than five years	Nil	Nil
<b>Total</b>	<b>3,990,000</b>	<b>4,640,000</b>

7 The amount of foreign currency exposures that are not hedged by a derivative instrument or otherwise as on March 31, 2007 is as under:

Particulars	Amount (In Rs.)	Foreign Currency
Export Debtors	42,606,105	USD 736,181 EUR 25,184 GBP 111,974
Import Creditors	82,685,495	USD 1,113,932 EUR 492,911 GBP 3,869 JPY 13,099,755

Closing rate of:

USD 1 = Rs. 42.99 / 43.75

EUR 1 = Rs. 57.08 / 58.22

GBP 1 = Rs. 84.13 / 85.71

JPY 1 = Rs. 0.3832 / 0.3716

## 8. Capital Commitments

	2006-07 (Rs.)	2005-06 (Rs.)
Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for.	107,250,564	71,038,237

## 9. Contingent Liabilities not provided for

	2006-07 (Rs.)	2005-06 (Rs.)
(i) Guarantees given against loan taken by a related party	150,000,000	150,000,000
(ii) Differential amount of customs duty in respect of machinery imported under EPCG Scheme and interest thereon. Based on previous sales performance and the budgeted sales plan, management is hopeful that it will be able to discharge the export obligation by executing the required volume of exports in the future period.	2,503,914	4,135,132
(iii) Bills of exchange discounted from a bank.	140,134,266	146,599,838
(iv) 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

(v) Other Excise Duty Demands, being disputed by the Company.	<b>2,422,335</b>	3,587,862
(vi) Demand raised by Service Tax department for the service tax on Royalty and Technical know how, being disputed by the Company.	<b>3,451,809</b>	3,451,809
(vii) Demand raised by ESIC department against short contribution paid by the Company, being disputed by the Company.	<b>2,880,138</b>	2,880,138
(viii) Demand raised by Sales Tax Authorities against purchase tax on inter-unit stock transfers, being disputed by the Company.	<b>1,684,455</b>	1,624,817
(ix) Various other claims made against the Company not acknowledged as debts, being disputed by the Company	<b>391,081</b>	391,081
(x) Income Tax demand in respect of Assessment Year 2004-05 for which the Company has filed an appeal with CIT (Appeals).	<b>2,375,000</b>	Nil
(xi) Cases pending with Labour Courts (amount not ascertainable).		

Based on the favorable 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 (iv) to (xi) above and hence no provision there against is considered necessary.

10. The Small scale industrial undertakings (to the extent identified by the management from the available documents/information) to whom amount are outstanding for more than 30 days, within the agreed terms, are listed below:

Anand Industries, Alok Industries, Aglow Engineers Pvt. Ltd., Agrim Components Pvt. Ltd., Arvind Engineers, Bohra Rubber Pvt. Ltd., Bajrang Paints, Bafna Packagings Pvt. Ltd., Infinity Industries, Industrial Product Mfg. Co Indica Chemicals Industries Pvt. Limited, Interface Micro System, Kamboj Polymers Pvt. Ltd., K.R Thermopack Pvt. Ltd., Lavon Engineers, Munjal Engineering Co. (Delhi), Manoj Auto Industries, Metal Formers, Prime Polymers, Rama Plastics, Steriware Plastic Products, Uptodate Plastics & Packagings Private Limited, United Enterprises, Verma Die Castings, Vee Kay Industries and Interface Micro System.

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

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
Salary, wages and bonus	4,113,279	9,948,578
Consumption of stores and spares	365,543	
Power and Fuel	1,827,714	-
Repair and Maintenance - Plant & Machinery	365,542	-
Insurance	365,543	-
Depreciation	1,462,170	-
<b>Total</b>	<b>8,499,791</b>	<b>9,948,578</b>

12. 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	20.32%	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 31<sup>st</sup> March, 2007 and 31<sup>st</sup> March, 2006 are as under:

# Lumax Industries Limited

Proportion of Company's Interest in Joint Venture	2005-06 (Rs.)	2004-05 (Rs.)
Assets	198,397,735	183,166,622
Liabilities	130,770,544	122,855,143
Income	371,206,932	311,688,479
Expenses	348,717,628	293,926,209
Capital Commitments	NIL	NIL
Contingent Liabilities	2,920,789	8,194,546

**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 2006-07, information is furnished for the last two audited years i.e. year 2005-06 and year 2004-05
- The Company has made preferential allotment of 1,000,000 equity shares on May 8, 2007 to Stanley Electric Co. Ltd., Japan at a price of Rs. 540.03 per share. After aforesaid allotment of equity shares, shareholding of Stanley Electric Co. Ltd., Japan has increased from 17.48% to 26.30%.
- Details of Research and Development expenses are as follows:

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
Salaries, allowances and bonus	4,228,619	3,978,675
Contribution to provident fund	179,088	149,536
Testing / sample charges	10,920,864	14,163,385
<b>Total</b>	<b>15,329,591</b>	<b>18,291,59</b>

**15. Supplementary Statutory Information**

a. Directors' Remuneration	2006-07 (Rs.)	2005-06 (Rs.)
Salaries and allowances	4,916,744	4,033,296
Commission to Managing Director	12,539,808	5,426,226
Contribution to Provident fund	306,681	250,800
Contribution to Gratuity and other funds	138,000	113,018
Perquisites	2,213,173	1,097,271
<b>Total</b>	<b>20,114,406</b>	<b>10,920,610</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.
- Managerial remuneration includes an amount of Rs.1,978,744 paid/payable as absence fees for one of its Director's (nominee Directors from Stanley Electric Co., Ltd. Japan ) which is subject to Shareholder's approval. Besides, the shareholder's approval is also awaited for a similar absence fees of Rs.3,56,657 paid in the previous year

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

	2006-07 (Rs.)		2005-06 (Rs.)	
Profit before Taxation – as per Profit & Loss Account		290,101,916		138,482,543
Add: Managerial Remuneration	20,114,406		10,920,610	
Directors Sitting Fees	44,000		53,000	
Provision against diminution in the value of investments	44,415		345,450	
Provision for doubtful debts / advances	919,353		2,484,115	
Loss on fixed assets sold / discarded	12,274,106	33,393,280	—	13,803,175
		<b>313,495,196</b>		<b>152,285,718</b>
Less: Profit on fixed assets sold / discarded (net)	—		6,993,059	
Profit on sale of long term investments (net)	—		911,350	7,904,409
Net Profit in accordance with Sec.198 & 349		<b>313,495,196</b>		<b>144,381,309</b>
Commission payable @ 4% of said Net Profit	(a)	<b>12,539,808</b>		<b>5,775,252</b>
Maximum Remuneration Payable (including commission) @ 5% of Net Profit		<b>15,874,760</b>		<b>7,219,066</b>
Less: Remuneration Paid		<b>1,774,818</b>		<b>1,792,840</b>
	(b)	<b>13,809,944</b>		<b>5,426,226</b>
Lower of (a) or (b)		<b>12,539,808</b>		<b>5,426,226</b>

**c. Earnings in foreign currency (on accrual basis)**

	2006-07(Rs.)		2005-06(Rs.)	
Exports at F.O.B. Value		111,372,458		76,753,851
Miscellaneous Receipts		7,710,060		3,565,592
Total		<b>119,082,518</b>		<b>80,319,243</b>

**d. Expenditure in foreign currency (on accrual basis)**

	2006-07 (Rs.)		2005-06 (Rs.)	
Traveling and conveyance		6,110,196		3,750,337
Commission on sales		278,535		355,929
Royalty (net of TDS)		31,823,234		37,831,368
Repairs and maintenance		6,782,866		4,123,471
Salaries and allowances (net of TDS)		4,009,594		925,509
Research & development expenses		241,430		27,854
Miscellaneous expenses		569,043		454,412
Total		<b>49,625,026</b>		<b>47,468,880</b>



# Lumax Industries Limited

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

	2006-07 (Rs.)	2005-06 (Rs.)
Raw materials and components	518,374,050	760,583,156
Capital goods	164,698,536	139,410,735
<b>Total</b>	<b>671,072,686</b>	<b>899,973,891</b>

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

	2006-07 (Rs.)	2005-06 (Rs.)
Period to which it relates	2005-06	2004-05
Number of non-resident shareholders	2	2
Number of equity shares held on which dividend was due	1,620,183	1,620,183
Amount remitted (in Rs.)	5,870,641	4,860,549
Amount remitted (in USD)	122,450	110,017

**16. 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	
		2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Head Lamp Assembly	Nos.	N.A.	N.A.	5,450,000	5,200,000	5,107,799	4,245,388
Tail Lamp Assembly / Rear Combination Lamp	Nos.	N.A.	N.A.	6,150,000	6,075,000	5,018,370	5,150,590

**b. Sales including Goods Traded in (as certified by the management):**

Class of Goods	Unit	Quantity		Value (In Rs.)	
		2006-07	2005-06	2006-07	2005-06
Head Lamp Assembly	Nos.	5,962,021	4,843,529	3,115,279,785	2,377,974,643
Tail Lamp Assembly / Rear Combination Lamp	Nos.	5,184,863	5,136,004	1,221,765,991	904,796,082
Tools*				205,848,646	118,250,628
Others*				809,944,902	719,661,446
<b>Total</b>				<b>6,353,839,324</b>	<b>4,120,682,799</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 (as certified by the management):**

	2006-07 (Nos.)	2005-06 (Nos.)	2006-07 (Rs.)	2005-06 (Rs.)
<b>Opening Stock</b>				
Head Lamp Assembly	99,989	60,259	45,711,003	14,661,115
Tail Lamp Assembly / Rear Combination Lamp	107,476	47,920	21,568,091	7,601,250
Others*			29,414,951	11,935,417
			<b>96,684,045</b>	<b>34,198,052</b>

**Closing Stock**

Head Lamp Assembly	133,446	99,989	95,511,799	45,711,009
Tail Lamp Assembly / Rear Combination Lamp	113,679	107,476	47,578,124	21,568,091
Others*			32,975,548	29,414,951
			<u>175,065,471</u>	<u>96,694,045</u>

\* 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	2005-06 (Nos.)	2004-05 (Nos.)	2005-06 (Rs.)	2004-05 (Rs.)
Head Lamp Assembly	887,879	837,871	457,381,359	76,822,547
Tail Lamp Assembly / Rear Combination Lamp	172,896	44,970	215,395,823	5,500,022
Others*			219,209,945	114,320,241
			<u>891,987,127</u>	<u>196,642,810</u>

\* 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 and components :**

Particulars	Unit	Quantity		Value (In Rs.)	
		2006-07	2005-06	2006-07	2005-06
Plastic Powder	M.T.	4,903	5,117	655,442,518	649,152,502
Bulbs	Nos.	27,832,843	24,011,350	385,757,467	320,484,384
Adjustor Motors	Nos.	1,728,424	685,144	424,749,805	362,800,086
Others*				1,420,350,621	1,345,503,891
<b>Total</b>				<u>2,896,300,409</u>	<u>2,677,940,863</u>

\* 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 and components consumed :**

Particulars	Percentage of total Consumption		Value (Rs.)	
	2006-07	2005-06	2006-07	2005-06
Imported	21.31%	32.83%	617,166,521	879,301,249
Indigenous	78.69%	67.17%	2,279,133,888	1,798,639,714
	<u>100%</u>	<u>100%</u>	<u>2,896,300,409</u>	<u>2,677,940,963</u>

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

Particulars	Percentage of total Consumption		Value (Rs.)	
	2006-07	2005-06	2006-07	2005-06
Imported	Nil	Nil	Nil	Nil
Indigenous	100%	100%	14,155,937	7,255,133
	<u>100%</u>	<u>100%</u>	<u>14,155,937</u>	<u>7,255,133</u>

# Lumax Industries Limited

## 17. 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**  
**Chartered Accountants**  
**per Pankaj Chadha**  
Partner  
Membership No.91813

Place : Gurgaon  
Date : June 19, 2007

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

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

**Naval Khanna**  
Group Finance Head

**Deepak Jain**  
Executive Director

**B.S. Bhadauriya**  
Company Secretary

**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 : 2007

**2. Capital Raised during the year**  
(Amount in Rs. Thousands)

Public Issue	: Nil	Right Issue	: Nil
Bonus Issue	: Nil	Private Placement	: Nil

**3. Position of Mobilisation and Deployment of Funds**  
(Amount in Rs. Thousands)

Total Liabilities	: 1,978,381	Total Assets	: 1,978,381
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**Sources of Funds**

Paid-up Capital	: 83,477	Reserves & Surplus	: 731,180
Secured Loans	: 594,330	Unsecured Loans	: 379,539
Deferred Tax Liability	: 189,855		

**Application of Funds**

Net Fixed Assets	: 1,462,982	Investments	: 34,450
Net Current Assets	: 480,304	Misc. Expenditure	: 845
Accumulated Losses	: Nil		
Turnover (*)	: 5,427,384	Total Expenditure	: 5,147,282

**4. Performance of Company**  
(Amount in Rs. Thousands)

[(+ for Profit/(-) for Loss]

Profit/Loss Before Tax	: (+) 280,102	Profit/Loss After Tax	: (+) 182,838
Earning Per Share in Rs.	: 21.90	Dividend Rate %	: 45

**5. Generic Names of Two Principal Products/ Services of Company**  
(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. 73,545 thousands

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

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

**Naval Khanna**  
Group Finance Head

**Deepak Jain**  
Executive Director

**B.S. Bhadauriya**  
Company Secretary

Place : Gurgaon  
Date : June 19, 2007

# **Lumax Industries Limited**

## **Notes**

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**LUMAX**

AUTOMOTIVE PARTS

**Lumax Industries Limited**

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