



**LUMAX INDUSTRIES LIMITED**  
**ANNUAL REPORT 2010-11**



## Chairman's Message

Dear Shareholder Friends,

The last financial year has been an extremely positive year for the Indian Economy and for the Indian Automobile Industry. The Indian Economy posted a healthy GDP growth of 8.60% and the Indian Automobile Industry posted a growth of 27% in 2010-11, which, is the highest ever Automobile sales in India.

In line of the above, your company posted a growth of 36% in top line, which is much higher than the industry growth rate. At the same time, the PAT of the company has grown from Rs.59.27 million to Rs.179.73 million registering a whopping growth of 203%.

With increased growth, there is always pressure on the existing resources. In line with our commitment of serving our esteemed customers better and to increase the footprint of the group, the morning of 25th January 2011, saw the group taking a leap forward by breaking land in Bawal, Haryana for its new, state of the art lighting plant. Spread on an area of 10 acres, this plant shall focus on high volume lighting products for key customers and shall start operation within this financial year.

Business plans for the ongoing financial year have been prepared, and project a healthy growth. As a group we have plans to invest around Rs.200 Crore on capacity expansion, which includes putting up new facilities and up gradation of existing facilities.

There were various initiatives which were taken in last financial year, one of which was LIFE - Lumax's Initiative For Excellence. The basic objective of this initiative is to have a common sense of belongingness and a similar approach to achieve excellence across all our facilities. This is a continuous process which shall prepare LUMAX for the next level of excellence.

On CSR front, also your company continued its efforts to contribute towards the society. A homeopathy charitable dispensary has been set up which provides free treatment and medicines to patients. In addition to this regular health check-up camps were organized free of cost for the underprivileged. In the next financial year we plan to adopt schools, where we shall be providing required infrastructure and monetary help to the children with a focus towards the girl child.

In the end, I would like to thank all our shareholder friends for their continued support and confidence towards LUMAX. We remain committed towards enhancing our shareholders value.

D. K. Jain  
Group Chairman

# Lumax Industries Limited

## BOARD OF DIRECTORS

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

## GROUP FINANCE HEAD

Mr. Naval Khanna

## VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Mr. B.S. Bhadauriya

## REGISTRAR & SHARE TRANSFER AGENT

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

## AUDITORS

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

## REGISTERED & CORPORATE OFFICE

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

## PRINCIPAL BANKERS

Syndicate Bank  
Citi Bank. N.A  
IDBI Bank  
Central Bank of India  
ICICI Bank Ltd.  
HDFC Bank Ltd.  
State Bank of India  
Royal Bank of Scotland N. V.

## WORKS

- 1) Plot No.16, Sector-18, Maruti Complex, Gurgaon , Haryana.
- 2) Plot No.6, Industrial Area, Dharuhera, District Rewari, Haryana.
- 3) D2-43/2, M.I.D.C. Industrial Area, Chinchwad, Pune, Maharashtra.
- 4) 608-609, Chakan Talegaon Road, Mahalunge Ingle, Chakan, District Pune, Maharashtra.
- 5) Plot No. 51, Tata Vendor Park, Industrial Estate, Pant Nagar Uttarakhand.
- 6) Plot No. 5, Industrial Park - II, Village Salempur, Mehdood, Haridwar, Uttarakhand.
- 7) Plot No. 22C, Bidadi Industrial Area, Bangalore - 562 109.
- 8) Warehouse at Plot No.E-38, Site-IV, Surajpur Greater Noida, District Gautam Budh Nagar, Uttar Pradesh.
- 9) Plot No. D-1, Vendors Park, Sanand, Dist. Ahmedabad, Gujarat.\*
- 10) Plot No.195, Sector 4, Phase-II, G.C. Bawal, Haryana.\*

\* Plant Under Construction



**30<sup>th</sup>**  
**Annual Report**  
**2010-2011**

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**ANNUAL GENERAL MEETING ON TUESDAY, AUGUST 9, 2011**

# Lumax Industries Limited

## DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are pleased to present the 30th Annual Report on the business and operations together with Audited Balance Sheet and Profit & Loss Account of your Company for the year ended March 31, 2011.

## FINANCIAL RESULTS

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

Particulars	Rupees in Million	
	2010-11	2009-10
Net Sales	<b>8,609.25</b>	6,341.54
<b>Profit before Interest and Depreciation</b>	<b>571.41</b>	517.56
(-) : Financial Expenses	<b>93.63</b>	113.20
(-) : Depreciation/Amortisation/Impairment Loss	<b>240.45</b>	340.54
<b>Profit Before Tax (PBT)</b>	<b>237.33</b>	63.82
(-) : Provision for Tax	<b>57.60</b>	4.55
<b>Profit After Tax (PAT)</b>	<b>179.73</b>	59.27
(+) : Balance of Profit brought forward	<b>48.94</b>	28.37
<b>Balance Available for Appropriation</b>	<b>228.67</b>	87.64
<b>Appropriations</b>		
Dividend	<b>56.09</b>	28.04
Corporate Dividend Tax	<b>9.10</b>	4.66
Transfer to General Reserve	<b>18.00</b>	6.00
Balance Carried to Balance Sheet	<b>145.48</b>	48.94
	<b>228.67</b>	87.64
Dividend (%)	<b>60</b>	30
Basic and Diluted Earning Per Share (EPS)(Rs.)	<b>19.23</b>	6.34

## DIVIDEND

Keeping in view of the remarkable Financial Performance during the year under review, as also the philosophy of your Company to reward its shareholders, the Board of Directors are pleased to recommend a Dividend of 60% (Rs.6/- per Equity Share) for the Financial Year 2010-2011 as against 30% for the corresponding last year. The total amount of Dividend proposed to be distributed and tax thereon aggregates to Rs. 65.19 Million (including Dividend Tax) as against Rs. 32.70 Million. The Dividend payout ratio comes to 36.27%.

A sum of Rs. 18 Million has been transferred to the General Reserve of the Company. This reaffirms the inherent financial strength of your Company.

## BUSINESS PERFORMANCE

Since the first car was rolled out in India in the year 1898, the Indian Automobile Industry has come a long way. During its early stages it was overlooked, but since the introduction of the liberalization policy, various tax reliefs by the Government of India and rapid growth in industrialization process in recent years, the automobile industry has made a remarkable growth. India is expected to become the world's 7th largest automobile market by 2016 and third largest by 2030. Further, the total sales are expected to reach US\$ 120 -160 Billion by 2016 and the investment requirement is estimated to be US\$ 35-40 Billion. <sup>1</sup>

During the year under review the Indian Automobile Industry recorded a remarkable production growth of 27%, as compared to the last year. The industry produced around 18 Million vehicles of which share of two wheelers were 75%, passenger vehicles - 17 %, three wheelers and commercial vehicles - 4% each. <sup>2</sup>

In this backdrop, your Company has achieved a 36% growth in the Annual Sales, which is much above the industry growth, by clocking the sales of Rs.8,609 Million during the year under review ended March 31, 2011, as compared to Rs. 6,342 Million in the previous year.

During the year under review, Lumax has posted Earnings before Depreciation Interest and Tax (EBDITA) of Rs. 571.41 Million for the year ended March 31, 2011 as against Rs. 517.56 Million in the previous year, an increase of 10% as compared to the previous year and Profit After Tax (PAT) of Rs. 179.73 Million as compared to the Profit After Tax (PAT) of Rs. 59.27 Million during the previous year, registering a tremendous growth of 203%.

During the year under review, your Company has laid foundation for construction of a new ultra modern manufacturing plant at Bawal, Haryana at an estimated cost of about Rs.800 million to meet the increasing demand for supply of high volume auto lightings for one of its existing top

1. Book on Doing Business in India by Ernst & Young, India (E&Y).  
2. Society of Indian Automobiles Manufacturers (SIAM).

customer - Maruti Suzuki, as some of the existing plants are facing capacity constraints. The said plant is expected to start commercial production by January 2012.

Further, your Company is also in the process of setting up new plant at Bidadi, Bangalore for supply of auto lighting and other components for the Small Car of Toyota - Etios and the said facility is expected to become operational by the next year. Till then your company has set up a new small assembly facility in Bidadi, Bangalore and started supplying to this customer. Further, due to low volumes of Nano Car productions, your Company has delayed the commencing of production from the Nano Plant, Sanand, Gujarat, after a string of negotiations in relation with the investment in Singur, West Bengal.

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

## **RECOGNITION AND AWARDS**

Your Company believes that the journey of excellence is a never ending one but it begins with Quality. Quality initiatives are all pervasive encompassing each and every process throughout the organization, leading to excellence. As a result of which the Company has received the following awards and recognitions from Customers and other Agencies during the year under review:

- ❖ Got 90% marks in the "Annual Vendor System Audit" by Maruti Suzuki India Ltd in 2010-11, as against 85% last year.
- ❖ Won Silver Award for "Manufacturing Excellence" from Automotive Components Manufacturer Association (ACMA).
- ❖ Won Golden Trophy in QCC Competition organised by 'Quality Circle Forum of India - Delhi Chapter'.
- ❖ Won First prize in poster competition in QCC Competition organised by 'Quality Circle Forum of India - Delhi Chapter'.
- ❖ Won "Winner Award (GOLD TROPHY)" in the 23rd Preliminary QC Circle Competition Organized by 'Confederation of Indian Industry (CII)'.
- ❖ Won Silver Award in the 21st Chapter Convention, QC Circle Competition Organized by 'Quality Circle Forum of India - Delhi Chapter'.
- ❖ Received Certificate from Maruti Suzuki India Ltd. (MSIL), recognizing efforts and superior performance of the Company in the field of Design and Development.
- ❖ Received Certificate of Appreciation from International Centre for Automotive Technology (ICAT).

## **DIRECTORS**

In accordance with the Articles of Association of the Company and the Companies Act, 1956, Mr. Anmol Jain, Mr. M.C.Gupta, Mr. Makio Natusaka and Mr. A.P.Gandhi, Director(s) are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The term of Mr. D.K Jain as Chairman & Managing Director and Mr. Anmol Jain as Sr. Executive Director is expiring, accordingly, the Board recommends to re-appoint them as Whole-time Directors with respective Designations, subject to the approval of the members in the ensuing Annual General Meeting.

Further, the previous tenure of Mr. Deepak Jain as Sr. Executive Director expired on 31-01-2011. Hence, the Board re-appointed Mr. Deepak Jain as Sr. Executive Director for a further period of 5 years w.e.f.01-02-2011 in its meeting dated 29-01-2011, subject to the approval of the members in the ensuing Annual General Meeting.

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

## **DIRECTORS RESPONSIBILITY STATEMENT**

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

- (i) That in the preparation of the Annual Accounts for the Financial Year ended March 31, 2011, the applicable Accounting Standards have been followed along with proper explanation relating to material departures in the Auditor Report and Notes to Accounts;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the Annual Accounts on a "going concern" basis.

## **FIXED DEPOSITS**

During the year under review the company has not accepted any Deposit under Sections 58A and 58AA of the Companies Act, 1956 read with

the Companies (Acceptance of Deposits) Rules, 1975.

## AUDITORS

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

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

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

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

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

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

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

In most of these cases, the Company procures the raw material and components from the Vendors after supplying Tools, Moulds, Jigs Dies for its manufacturing and some of the items purchased are of a specialized and unique nature for which no alternate sources of supply available to enable comparison of prices. Further such Vendors are also defined/approved by our Customer(s), to whom the Company supplies the Final Product. As these raw material and components are of specialized and unique nature and its comparable market prices are not available.

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

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

## MATERIAL CHANGES AND COMMITMENTS

No other material changes and commitments affecting the Financial position of the Company have occurred between April 1, 2011 and the date on which this Report has been signed.

## CORPORATE SOCIAL RESPONSIBILITY

The Company actively takes part in Corporate Social Responsibility (CSR) programmes, from time to time, in order to create value for all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc.

The Company's CSR scheme is underpinned by the principles of Ethics, Transparency and Accountability. Your company does not engage in business practices that are abusive, unfair, corrupt or anti-competitive.

Depending upon the core competency and business interest, the Company aims to undertake activities for social development of communities and geographical areas, particularly in the vicinity of their operations. These operations may vary from education, skill building for livelihood of people, health, cultural and social welfare etc.

The Corporate Social Responsibility (CSR) program is an integral part of the way the Company conducts its business.

Last year your Company started the programme of "Nanhi Chhaan", which is fostered by Confederation of Indian Industry (CII) for promoting the girl child amongst general population and to promote community's involvement in a forestation drive. The programme has gained considerable popularity and credibility for its tremendous contribution to the society.

#### **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

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

#### **OTHER INFORMATION**

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

#### **GROUP**

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

#### **CORPORATE GOVERNANCE**

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

#### **PARTICULARS OF EMPLOYEES**

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

#### **ACKNOWLEDGEMENT**

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

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

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

**Place : Gurgaon**  
**Dated : May 27, 2011**

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



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### a) INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

#### ECONOMIC ENVIRONMENT

The Financial Year 2010-11 has ended as a remarkable fiscal year. In a globalised world with its share of uncertainties and rapid changes, this year brought us some opportunities and many challenges as we moved ahead with steady steps on the chosen path of fiscal consolidation and high economic growth.

The growth in 2010-11 has been swift and broad-based. The economy is back to its pre-crisis growth trajectory. While agriculture has shown a rebound, industry is regaining its earlier momentum, services sector continues its near double digit run. Fiscal consolidation has been impressive. This year has also seen significant progress in those critical institutional reforms that would set the pace for double digit growth in the near future. However, food inflation, higher commodity prices and volatility in global commodity markets were some of the causes of great concerns underscoring the need of fiscal consolidation and stronger reserves.<sup>3</sup>

India's post recovery industrial output growth has been largely driven by some of the sectors such as the automotive sector along with a revival in cotton textiles, leather, food products and metal products. The Gross Domestic Product (GDP) is estimated to have grown at 8.60% in 2010-11 in real terms. In 2010-11 agriculture is estimated to have grown at 5.40%, industry at 8.10% and services at 9.60%. All three sectors are contributing to the consolidation of growth. More importantly, the economy has shown remarkable resilience to both external and domestic shocks.<sup>4</sup>

#### India Outlook FY 2011-12

The long term growth prospects of the economy seems to be bright given the strong fundamentals of the economy, but the short term outlook needs to be assessed in context of the emerging macroeconomic dynamics that might support or limit India's economic growth.

Therefore, by elucidating the current macroeconomic developments that would play a crucial role in determining the prospect of the Indian economy over the span of next one year, it is important to note that after nearing the pre-crisis growth levels of 9.00%, during the early part of FY 2010-11, the GDP growth moderated to near 8.20% during Q3 2010-11, thereby highlighting the moderation in the overall economic activity.

The growth pattern in the industrial sector is expected to drive the overall economic activity in the near future. Domestic demand, however, will continue to hold the key to broad based growth.

At the backdrop of the current economic environment, it is expected that the GDP will grow from the current levels, which likely to touch the figure of 9.00% during the next fiscal year.<sup>5</sup>

#### AUTO AND AUTO COMPONENT INDUSTRY OUTLOOK

Indian Automobile Industry embarked a new journey in 1991 with delicensing of the sector and subsequent opening up for 100% Foreign Direct Investment (FDI) through Automatic Route. Since then India has turned out be an attractive destination for Global Outsourcing Hub and Manufacturing base for several Original Equipment Manufacturers (OEMs). Particularly, after the global economic downturn, Automobile Industry has surged its way to reach the top of the chart and is expected to rise further more in the coming years.

Almost all the major global players in the passenger vehicles segments are present in India and are expanding their capacities. Also, several global commercial vehicles manufacturers are entering in Indian markets to form Joint Ventures with local players. India is the world's 2nd largest two wheeler market and 4th largest commercial vehicle market and further, it is expected to become the world's 7th largest automobile market by 2016 and third largest by 2030.

#### Indian Automotive Industry

India is:

- World's 2nd largest two wheeler market
- Asia's 2nd largest passenger vehicle market
- World's 4th largest commercial vehicle market
- World's 4th largest Tractor Market in the World
- World's 5th largest bus and truck market (by volume)

Contribution of Automotive Sector to GDP (%)	
Year	Share in GDP
2006	5.20
2008	5.00
2016 E	10.40

(Source: Report on Destination Ahead - Maharashtra Auto/Ancillary Sector by Maharashtra Industrial Development Corporation [MIDC], September 2010)

3. Budget Speech of Hon'ble Finance Minister, February 28, 2011  
 4. Economic Survey 2010-2011  
 5. Dun & Bradstreet Sectoral Outlook Report 2011-12

The well-developed Indian Automotive industry comprising of two segments, automobiles and auto component, ably fulfils the catalytic role by producing a wide variety of passenger vehicles, commercial vehicles, three wheelers, two wheelers and auto components. Further these segments include medium & heavy commercial vehicles (M&HCVs), light commercial vehicles, mopeds, motorcycles, scooters, among others.

### Highest ever Automobile Sales figure achieved by the industry in the FY 2010-11

**Sales:** Indian Automobile Industry has witnessed a strong growth of 27% in sales over the previous year. The magic figure of 27% is a very strong number for a developing economy, especially in a sector like automobile which is not used to of such high growth. <sup>6</sup>

**Production:** As discussed earlier, in terms of production also, the Indian Automobile Industry has recorded a remarkable growth of 27% in 2010-11, as compared to the last year.

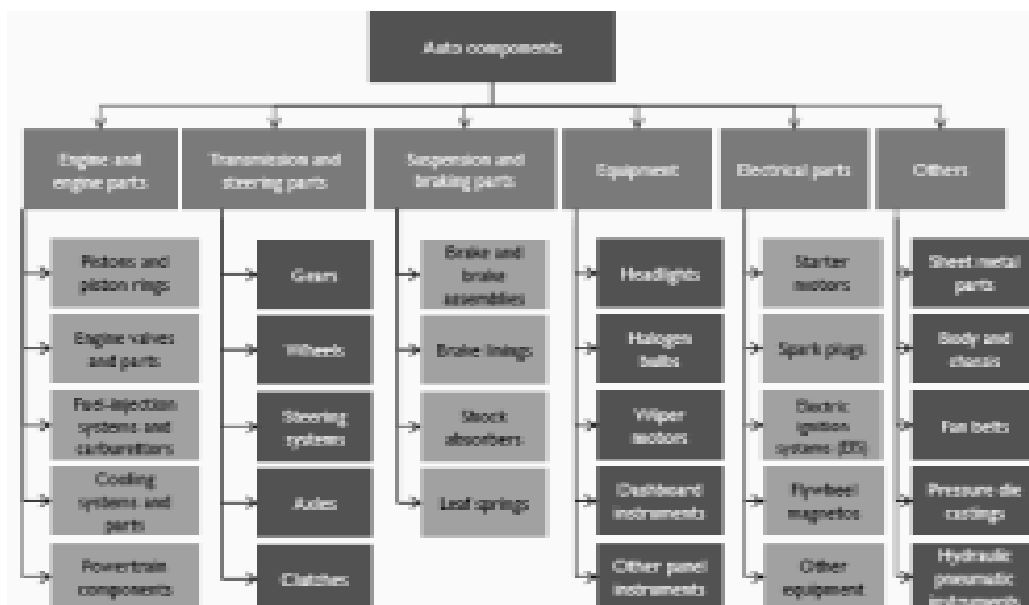
The automobile production trends of last seven years are as follows:<sup>7</sup>

AUTOMOBILE PRODUCTION TRENDS							(Vehicles/Lacs)
Category	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Passenger Vehicles	12.10	13.09	15.45	17.78	18.39	23.51	29.87
Commercial Vehicles	3.54	3.91	5.20	5.49	4.17	5.67	7.53
Three Wheelers	3.74	4.34	5.56	5.01	4.97	6.19	8.00
Two Wheelers	65.30	76.09	84.67	80.27	84.20	105.13	133.76
<b>Grand Total</b>	<b>84.68</b>	<b>97.43</b>	<b>110.88</b>	<b>108.55</b>	<b>111.73</b>	<b>140.50</b>	<b>179.16</b>
<b>% Increase/(Decrease)</b>	<b>17</b>	<b>15</b>	<b>14</b>	<b>(2)</b>	<b>3</b>	<b>26</b>	<b>27</b>

Indian Automobile Industry is sufficiently backed-up by the Indian Government as well as by the respective State Governments, which have complemented by introducing and implementing several policies on both macro and micro levels over the decades, which includes Automotive Mission Plan (AMP) 2006-2016, 100% FDI through Automatic Route, Vehicle Inspection & Maintenance System, National Skill Development Program (NSDP), National Automotive Testing and R&D Infrastructure Project (NATRiP), Auto Policy, 2002, Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and adding to the same was Union Budget 2011-12.

### AUTO COMPONENT INDUSTRY

The Auto Component Industry, being the backbone of the emerging Automotive Industry, manufactures a variety of products including Engine & Engine parts, Fuel-injection Systems and Carburetors, Cooling Systems & Parts, Gears, Axles, Headlights (Complete Lightings), Dashboard Instruments, Spark Plugs, Electric Ignition Systems (EIS), Pressure Die Castings, Hydraulic Pneumatic Instruments, Key Transmission & Steering Parts, Suspension & braking parts, Equipment, Electrical parts, among others.



6. SIAM  
7. SIAM

The Indian Auto Component Industry has a potential to grow over Rs. 5 Lacs crore (US \$ 110 billion) by the year 2020, driven in tandem with the surge in vehicle production in the country. Of this, the domestic turnover is expected to reach to Rs. 4 Lacs crore (US\$ 80 billion) and exports scale upto another Rs. 1.4 Lacs crore (US \$ 29 Billion). The Auto Component Industry, in the coming years will act as an engine of Indian economy and manufacturing sector. To achieve this potential, the Auto Component Industry would require investments of over Rs. 1.6 Lacs crore (US \$ 35 billion) during the period. It will also create employment opportunity for over 1 million skilled people.<sup>8</sup>

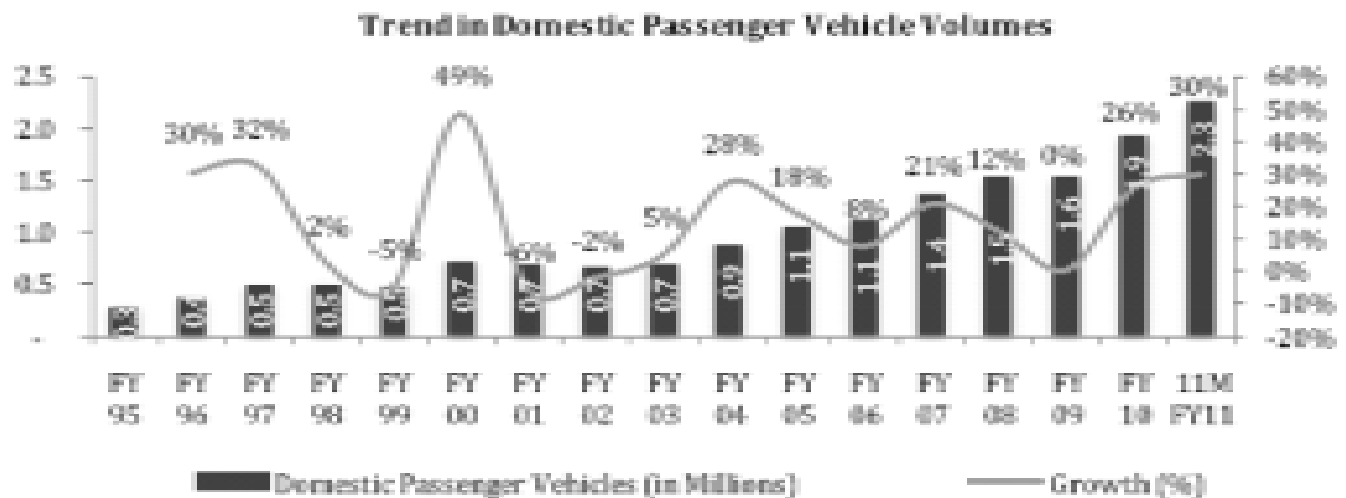
## b) OPPORTUNITIES & THREATS

### Strong growth drivers augur favourable prospects for the Indian passenger vehicle market

The domestic passenger vehicles industry has been on a relatively steady growth phase over most of the last decade and has registered a 10 years CAGR of 10.30%. It has been one of the few markets worldwide which saw growing passenger car sales during the liquidity crisis and recessionary phase. Buoyant economic growth, rising disposable income levels, favourable demographics, strong growth from tier II/III cities and rural India, together with improving availability of vehicle financing at competitive interest rates have been the key factors fuelling growth in the Indian passenger vehicle market.

Among the emerging markets, India continues to have one the lowest car density which signifies a great opportunity, estimated at 13 cars per 1,000 people compared to other markets such as China - 45, Brazil - 160 and Indonesia - 42.<sup>9</sup>

In addition to the strong domestic demand, the OEMs have also been positioning themselves as competitive small-car makers, benefitting from India's technological capabilities in the manufacturing small-cars, scale economies and a well-established component supplier base. Over the past 10 years, export of vehicles have grown at a CAGR of 31.70% to achieve volumes of 0.45 million units in FY10. It is expected that the overall growth momentum will be sustained with the help of strong domestic demand and increased thrust on export.



### Steady economic growth and favourable demographic profile

Barring marginal blips during the last couple of years, the Indian economy has moved into higher growth (8.5%+) trajectory which is likely to be sustained over the medium term. In addition to steady economic growth, the industry is also being benefitted from India's favourable demographic profile, which is reflected by its very young population (50% of population under the age of 25), steadily improving dependency ratio, growing urbanization and trend towards smaller, nuclear families. These trends in turn results in higher savings and increased ability to purchase vehicles.

In addition, rising per capita GDP levels is also resulting in improvement in vehicle affordability in India, which is estimated to amongst the lowest when compared to other major automotive market.

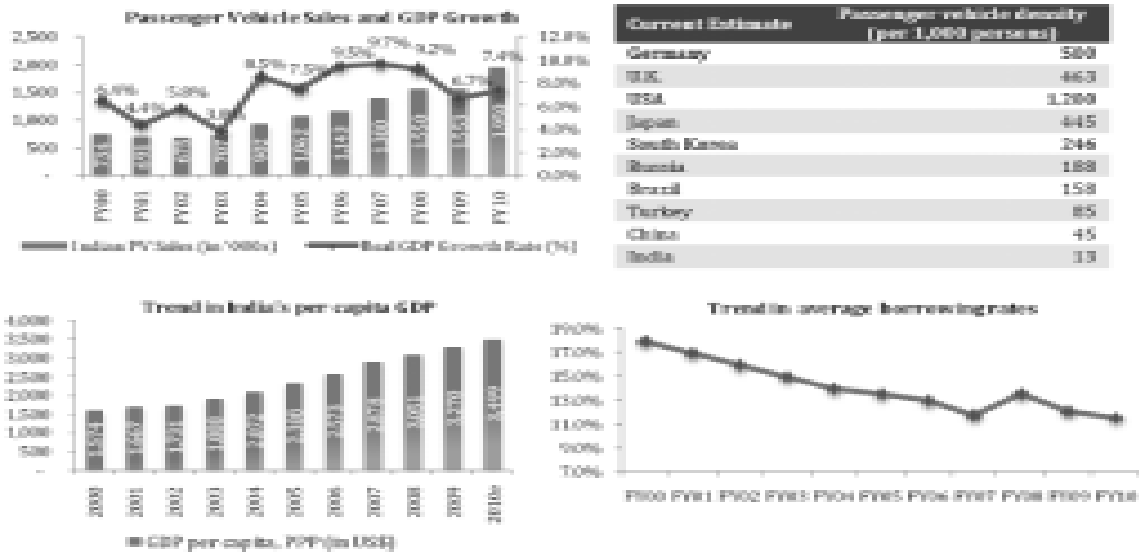
### Relatively low-penetration levels

In terms of current market size, the Indian vehicle market is relatively small compared to other emerging auto markets like China, South Korea and Brazil. Despite strong growth witnessed for nearly a decade, penetration of cars in India continues to remain the lowest (refer to table below) among emerging markets. As growth in passenger vehicle has been more secular in nature, supported by both major cities and tier II/III cities, we expect that car penetration levels would continue to improve mirroring the trend witnessed by some of the other markets, particularly China, which witnessed 5 times increase in car density between 2002 and 2009.

8. ACMA Vision 2020

9. ICRA Report on Indian Passenger Vehicle Industry, March 2011

Growth drivers in place to support demand...



### Availability of finance at competitive Rates

With over 65-70% of vehicles being financed in India, availability of financing options at competitive rates has also been one of factors driving growth. In India, the vehicle financing penetration has been steadily rising over the years, facilitated by competition amongst banking and NBFC participants. In comparison to China, where vehicle penetration rates are much lower (10-15%), India scores in terms of higher vehicle financing availability, which combined with increasing disposable income levels provides an ideal platform for strong growth going forward.

Barring few instances of rise in interest rates, vehicle financing cost has declined over a longer period of time supported by favourable interest rate regime and relatively healthy performance of the asset class amongst various consumer finance categories.

### Favourable demand scenario from smaller towns and rural areas

In addition to demand from urban areas, smaller towns and rural India have been incrementally driving demand for passenger vehicles in India. For instance, the share of sales from top-10 cities has fallen to 40-45% from 60%-65% over the last five-to-six years. Maruti Suzuki, also for instance now generates nearly 19% of its sales from non-urban areas compared to just 4-5% about five years back.

This has largely been prompted by rising disposable income levels in smaller towns and rural areas, improving road connectivity and higher no. of earning members in the family. Industry estimates suggest that approximately 60% of the rural economy now depends on non-agricultural income such as trading, remittances from cities, employment in the manufacturing sector etc.

### India is likely to emerge as a small-car production hub

In addition to strong domestic demand, India is well on its path of becoming a global production hub for small-cars. In 2009, it surpassed Japan to become the largest small-car market in the world, accounting for the sale of around 900,000 small-cars, as compared to 700,000 sold in Japan. India is also now the second-largest exporter of small cars, behind only Japan. In FY 2010-11, India shipped out nearly 450,000 vehicles, registering a CAGR of 26% between FY06-10. Exports now form a considerable part of the Indian industry.<sup>10</sup>

As we look forward to the coming decade, the automotive industry is staring with several challenges, which have the potential to disrupt or even derail the growth momentum. Some of the challenges, if tackled in right earnest, could also turn into major opportunities for the automotive sector. The details of the Challenges being faced by the industry is as follows:

- (i) **Urban Congestion:** Growing vehicle population on the urban roads is already beginning to have unintended consequences with policy makers and town planners having to deal with increasing congestion on roads. Infrastructure development including roads and bridges has lagged far behind compared to growth in vehicle sales. Congestion in the urban areas is likely to be a major challenge to deal with as current pace of growth in the automotive sector cannot be sustained with road infrastructure.
- (ii) **Product Development:** Product Development in India though seen as a major opportunity could also turn into a major challenge. Even though developing a model using local designing and engineering resources may appear attractive, ensuring steady supplies of components and getting quality manpower is likely to be a major challenge.
- (iii) **Access to Technology:** Even as the Indian market has emerged as one of the fastest growing automobile markets in the world, it has not been a leader in technology absorption and adaptation. The access to the latest technology for vehicle manufacturers as

10. ICRA Report on Indian Passenger Vehicle Industry, March 2011

# Lumax Industries Limited

well as end customers continues to be a major issue facing the Indian Automotive sector.

- (iv) **Skill Development:** The Automotive Industry is facing the major challenge of skilled manpower. It has become a big worry that could potentially derail the growth of automobile industry. According to a recent report by the CII and Boston Consulting Group, the Indian Auto Industry could suffer a shortfall of around 3.90 million graduates, 0.6 million engineers and 0.75 million personnel with vocational training by 2012.
- (v) **Rising Input Costs:** Fluctuations in commodity prices have begun biting automobile manufacturer's at the most inopportune time. Automobile and Auto Component manufacturers are facing challenges in terms of coping with rising input costs.
- (vi) **Alternative Drive Technologies:** Crude Price inching close to \$ 100 per barrel led vehicle manufacturers to renew their effort towards looking for a viable alternative powertrain technology. The alternative drive technologies including hybrid, electric, dual fuel or blended fuel on a commercial scale is likely to be the defining challenges in the coming decade.
- (vii) **Capacity to Manage Growth:** Rapid growth tends to manifests itself by posing major challenges posed by growth in terms of execution on a large scale while keeping process and quality consistency can be tricky. Capabilities in terms of processes, skilled manpower, managerial ability and other resources are essential to ensure that rapid growth in relatively short time frame can be effectively managed.
- (viii) **Increasing Consumer Expectations:** Growing customer expectations are turning into the biggest challenge facing the automotive industry, a plethora of choices available to customers has led to growing expectations on their part in terms of product quality, service delivery among other set of expectations.

## c) PRODUCT WISE PERFORMANCE

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

Products	Turnover (Rs. in Million)
Head Lamp Assembly	4,753.87
Tail Lamp Assembly/Rear Combination Lamps	1,348.92
Tools	293.56
Miscellaneous Items	2,212.90
<b>Total</b>	<b>8,609.25</b>

## d) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

## e) RISK AND CONCERN

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

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

The Indian Automotive Industry registered a remarkable growth in nearly all segments during the financial year ended March 31, 2011. The production of Automobiles in this financial year has grown 27% as compared to the last year ended in March 31, 2010.

**REVENUE**

Your company's business is directly dependent on the Original Equipment Manufacturer(s) of Automobiles (OEM's). Your company has achieved Net Sales of Rs. 8609.25 Million for the year ended March 31, 2011 as compared to Rs. 6,341.54 Millions in the previous year, a remarkable growth of 36%, much above the Industry growth.

**PROFITS**

Your Company has recorded a Profit Before Tax (PBT) of Rs. 237.33 Million for the year ended March 31, 2011 as compared to Profit Before Tax (PBT) of Rs. 63.82 Million in the previous year, a tremendous growth of 272% in the PBT.

**DIVIDEND**

The Company has been declaring dividend for the last 26 years continuously. Therefore, keeping in view of the philosophy of the Company to reward its shareholders and to continue the tradition of recommending dividend for the last 26 years, your Directors are pleased to recommend a Dividend of 60% (Rs. 6/- per Equity Share) for the Financial Year 2010-11 as compared to 30% (Rs. 3/- per Equity share) in the previous year.

The total amount of Dividend proposed to be distributed is Rs. 56.09 Million (excluding Dividend Tax).

**g) HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

At Lumax, our people have always been our most valuable resources. Your Company continuous to develop the skill and knowledge of its employees from time to time so as to meet the technological and other changes in the auto component sector. Further the improvement activities through Kaizen, Quality Circles, Total Productivity Maintenance, Total Quality Management, 6 sigma, 5-S, 7-W processes are being done throughout the Company to enhance the productivity and efficiency of the employees.

The Company tries to provide access to training and development of necessary skills, wherever possible, to achieve the long term objectives of the organisation, on an equal and non-discriminatory basis. Last year the Company started a Training school at its Chakan Plant with the aim of providing on-job training/skills up-gradation of the operators. The concept of the same is known as "Dexterity School" where every operator is given requisite training before moving to the shop floor. Dexterity School has proved its effectiveness by educating and providing assistance to the workers and hence to the plant. Also the Company provides a workplace that is safe, hygienic and humane and which upholds the dignity of employees.

Further, Dharuhera Plant of your Company has set target to win the prestigious Deming Award (Highest Quality Award) by 2012. This award is the highest award in the world for TQM. This will go a long way by inculcating a quality culture and strong shop floor focus within the organisation.

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

At the end of the year the Company employed 1538 numbers of employees (Includes Trainees).

**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.*

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 March 31, 2011.

### A. CONSERVATION OF ENERGY:

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

#### (a) *Energy conservation measures taken:*

##### (1) Introduction of Solar System for Out Door Lightings in the New Plant at Bawal, Haryana:

The Company has introduced Solar System as source of Electricity for Out Door Lightings at a Cost of approximately Rs. 25 Lacs, thereby saving approximately 12.50 KW of electricity per hour.

##### (2) Introduction of "Invertor" with Air Compressors, Cooling Tower Pumps and Air Washers:

The Company has Introduced "Invertor" with Air Compressors, Cooling Towers and Air Washers. In case of Air Compressors and Cooling Towers, "Invertor" reduces the frequency, when the Air Compressors and Cooling Towers are in idle mode, thereby saving Electricity consumption by 20% to 25%. In case of Air Washers the "Invertor" reduces the frequency according to the outside temperature, thereby saving Electricity Consumption by 20% to 25%.

#### (b) *Additional investments and proposals, if any, being implemented for reduction of consumption of energy:*

The Company is proposing to introduce the Out Door Lightings based on Solar System across all Plants at an Investment of approximately Rs. 2 Cr, thereby expecting to save 100 KW per Hour of Electricity. Further, the Company is proposing to introduce the Gas based Power Plant in Dharuhera Plant, instead of Furnance Oil, thereby expecting to reduce the per unit cost of Power by Rs. 5.

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

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

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

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

### B. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:

Disclosure of particulars with respect to technological absorption

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

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

- a. In effort toward Energy conservation, LEDs in Rear lighting for two-wheeler introduced, Interior and Exterior lightings in four-wheelers will be introduced in the 2011-12 for the first time in Indian market.
- b. LEDs adopted for Rear Lamps of two-wheelers resulting in energy conservation.
- c. LED Centrally high mount stop lamp adopted for four-wheelers.
- d. Introduction of LED in interior & exterior lamps for upcoming new vehicle for an OEM customer which resulted in energy savings.
- e. Virtual analysis carried out by using latest softwares for Optics development, thermal management & Structural stability of the automotive products.
- f. Continual absorbing the technique of effective maturation of Design, Tooling and Product.
- g. Introduction of new technologies in the assembly lines: CNC made jigs for hot melt applications, Electronic detectors for PokaYoke implementation in export lines, Head lamp reflector aiming with CCD Cameras.
- h. New products developed with the concept of vibration welding technology which will be introduced during F. Y. 2011-12.

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 Stanley Electric Co. Ltd, Japan and support from various technology partners the Company was able to propose energy saving, cost reduction ways, and improve styling's to customers.
  - b. Equipped with practical use of LED technology, the confidence of implementing this into other projects by replacing the conventional bulbs with LED will lead to energy & cost savings in future.
  - c. Following the various activities of Maturation we are able to offer "First-Time-Right" Product to our esteemed customers.
  - d. With various Design of Experiments being conducted at stages of product development, we are now able to support customer on efficient and better products.
3. *In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year i.e March 31, 2011), following information may be furnished :*

a.	Technology Imported	:	Vibration Welding	Two ColorTwo Shot MouldingTechnique
b.	Year of Import	:	2010- 2011	2007-08
c.	Has Technology been fully absorbed	:	Not Yet	Yes
d.	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	:	New products developed with vibration welding concept which will be introduced during F.Y.2011-12 for OEM.	N. A.

### Research and Development (R & D)

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

1. Specific areas in which R & D carried out by the company:
  - ❖ Complete Tail Lamp designing with proto development.
  - ❖ Complete in-house designing of LED interior & exterior small lamps for a four-wheeler.
  - ❖ Indigenous design of Tail lamps from concept to production.
2. Benefits derived as a result of the above R & D:
  - ❖ Reinforced the knowledge and technology involving SMD (surface mount devices) based Lamps technology, especially for High Mount Stop Lamps and Interior Lamps.
  - ❖ Increase in Customer Confidence in Company's Research and Development Activities.
  - ❖ Design and Material Databases are continuously improved and enhanced.
  - ❖ Confidence built up amongst R&D personnel for multiple design activity, multiple usages of the testing equipment and exposure towards new technology.
3. Future plan of action:
  - ❖ To upgrade our existing design and development infrastructure and make Lumax Design standard.
  - ❖ Prepare a training program of Design engineers as to educate them toward new generation lamp technology

### 4. Expenditure on R & D:

(Rs. In Million)

(i)	Capital	15.20
(ii)	Recurring	77.48
(iii)	<b>Total</b>	<b>92.68</b>
(iv)	Total R&D Expenditure as a percentage of Total Turnover (%)	1.08



## C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

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

- ❖ One of the major German auto makers approved our capability in design and development of LED high mount stop lamp and nominated the Company as the first Indian supplier in automotive lighting business in forward sourcing programs for manufacture and export to that Customer.
  - ❖ One of the major German Car manufacturers in India has audited our manufacturing facilities in Chakan and approved us for manufacturing all kind of small lamps for its operations in India.
  - ❖ Another International famous Luxury Car maker has awarded business to your Company for development of 100% LED base high mount stop lamp with overlay injection concept for export to United Kingdom.
- b) Total foreign exchange used and earned.
- i. This information is given in Notes on Accounts (Schedule 23) at Sl.No.15 (c) to (f).

**Group Coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969(54 of 1969)**

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

<b>S. No.</b>	<b>Name of the Entities forming Group</b>
1.	Mr. Dhanesh Kumar Jain
2.	Mrs. Usha Jain
3.	Mr. Deepak Jain
4.	Mrs. Poysha Goyal Jain
5.	Mr. Anmol Jain
6.	Mrs. Shivani Jain
7.	Lumax Auto Technologies Ltd.
8.	Lumax DK Auto Industries Ltd.
9.	Lumax Cornaglia Auto Technologies Pvt. Ltd.
10.	Lumax Tour & Travels Ltd.
11.	Deepak Auto Ltd.
12.	Mahavir Udyog
13.	Bharat Enterprises
14.	Lumax Finance Pvt. Ltd. (formerly known as Sheela Finance Pvt. Ltd.)
15.	D & A Enterprises
16.	D & A Enterprises Pvt. Ltd.
17.	Tecno Enterprises
18.	Nytex Auto Industries
19.	D. K. Jain Family Trust
20.	D. K. Jain & Sons (HUF)
21.	Lumax Auto Parts Trading Pvt. Ltd.
22.	Backcountry Estates Pvt. Ltd.
23.	Sagar Chand Jain & Sons (HUF)

## **CORPORATE GOVERNANCE REPORT**

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

### **1. COMPANY'S PHILOSOPHY:**

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

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

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

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

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

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

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

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

- (i) Minimum four pre-scheduled Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- (ii) The meetings are usually held at the Company's office at Plot No. 16, Sector-18, Maruti Complex, Gurgaon Haryana-122015.
- (iii) All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion / approval / decision at the Board meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board meetings.
- (iv) The Board is given presentations by the Statutory Auditors, Internal Auditors and Head Finance covering Finance, Sales, major business segments and operations of the Company, all business areas of the Company including business opportunities, business strategy and the risk management practices and Internal Audit issues before taking on record the quarterly / annual financial results of the Company.
- (v) The information required to be placed before the Board includes :

- General Notices of Interest of Directors.
  - Minutes of Meetings of Audit Committee and other Committees of the Board, as also resolutions passed by circulation.
  - Annual Operating Plans of Business, Capital Budgets and any updates.
  - Quarterly results for the Company and its operating divisions or business segments.
  - Dividend declaration.
  - Sale of material nature, of Investments, Subsidiaries, Assets, which is not in normal course of business, if any.
  - Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
  - Internal Audit findings and Statutory Auditor Reports (through the Audit Committee).
  - Details of any Joint Venture, Acquisitions of Companies or Collaboration Agreement, if any.
  - Non-Compliance of any Regulatory, Statutory or Listing requirements and shareholders service such as Non-Payment of Dividend, delay in share transfer (if any), etc.
  - Show cause, demand, prosecution notices and penalty notices which are materially important.
  - Fatal or Serious Accidents, Dangerous occurrences, any material effluent or pollution problems.
  - Any material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.
  - Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
  - Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like implementation of Voluntary Retirement Scheme etc.
  - Transactions that involve substantial payment towards Goodwill, Brand Equity or Intellectual Property.
  - Brief on statutory developments, changes in Government policies etc. with impact thereof, Directors' responsibilities arising out of any such developments.
- (vi) The Chairman of the Board and the Company Secretary in consultation with other concerned members of the Senior Management and Nominees of Technical and Financial Collaborator, finalise the agenda papers for the Board meetings.

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

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

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

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

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

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

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

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

# Lumax Industries Limited

## F. Composition, Category and Attendance of Directors at Board Meetings, Last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/Memberships of Committees of each Director in various Companies as on 31-03-2011.

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

**Note:**

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

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

1. Excludes Directorship in Foreign Companies and Companies Registered under Section 25 of the Companies Act, 1956.

2. As per the amended guidelines, Committee here means "Audit Committee" and "Shareholders/Investors Grievance Committee" and excludes the Committee positions held in Lumax Industries Limited.

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

Directors who relinquished office during the year ended March 31, 2011.

S. No.	Name of the Directors	Category of Directors	No. of Board Meetings attended	No. of other Directorship	Committee Membership	Committee Chairmanship	Last AGM Attended	
1.	Mr. Deep Kapuria	Non-Executive Independent Director	Refer Note given below					

Note: Since Mr. Deep Kapuria had resigned during the FY 2010-11, the above said details are not available.

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

The Board of Directors met five times during the Financial Year ended March 31, 2011. 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.	22-05-2010	11	09
2.	22-06-2010	12	07
3.	22-07-2010	12	10
4	12-11-2010	12	07
5	29-01-2011	12	09

(As Mr. Deep Kapuria resigned on 22-05-2010, the total strength of the Board reduced from 12 Directors to 11 Directors on 22-05-2010 and one Director was appointed in the Board Meeting of 22-05-2010, accordingly in the next Board Meeting(s) the strength of the Board increased to twelve Directors).

### 3. COMMITTEES OF THE BOARD

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

#### A. Audit Committee

##### a) Composition and Attendance

The Audit Committee comprises of Five Non-Executive Independent Directors and Two Executive Directors. The Composition of the Audit Committee during the Financial Year April 2010 to March 2011 was as follows:

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

\*The Audit Committee was reconstituted during the year by Board of Directors in its meeting held on 22-05-2010 by appointing Mr. A. P. Gandhi as Chairman of the Committee in place of Mr. Deep Kapuria and nominated Mr. Rattan Kapur as member of the Audit Committee.

# Lumax Industries Limited

The Audit Committee had met four times during the Financial Year April 1, 2010 to March 31, 2011. The attendance of the meetings are as under :

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

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

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

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

The Committee has powers as envisaged under Clause 49(II) of the Listing Agreement and as specified by the Board of Directors of the Company.

## b) Powers of Audit Committee

Audit Committee shall have following Powers:-

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

## c) Role of Audit Committee

- 1) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- 3) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- 4) Reviewing with management, the annual financial statements before submission to the Board for approval with particular reference to:
  - i. 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.
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgement by management.

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

**d) Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:-

- 1) Management discussion and analysis of financial conditions and results of operations;
- 2) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- 3) Management letters/ letters of internal control weakness 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 four Directors as its members. All the members of the Committee are Non-Executive Director and have sound knowledge of management practices. The Chairman of the Committee is a Non-Executive Independent Director nominated by the Board. The power and role of the Remuneration Committee is as per guidelines set out in the listing agreement.

During the year, the Remuneration Committee was reconstituted consequent to the resignation of Mr. Deep Kapuria.



# Lumax Industries Limited

As at March 31, 2011, the Remuneration Committee consists of the following Non-Executive Independent Directors :

S. No.	Name of Directors	Status	Category of Membership
1.	Mr. Rattan Kapur *	Member & Chairman	Non-Executive Independent Director
2.	Mr. A.P. Gandhi *	Member	Non-Executive Independent Director
3.	Mr. Suman Jyoti Khaitan	Member	Non-Executive Independent Director
4.	Mr. D.D. Gupta	Member	Non-Executive Independent Director

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

The Remuneration Committee had met once during the year 2010-2011 to consider and recommend to the Board the re-appointment of Mr. Deepak Jain as Senior Executive Director (SED) on the same terms and conditions of remuneration. The attendance of the meeting is as under:

S. No.	Name of Directors	No. of Meetings Attended
1.	Mr. Rattan Kapur	1
2.	Mr. A.P. Gandhi	1
3.	Mr. Suman Jyoti Khaitan	-
4.	Mr. D.D. Gupta	1

## a) Remuneration Policy:

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

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

**The details of Remuneration paid to Whole Time Directors during the financial year ended March 31, 2011.**

(Amount in Rs.)

S. No.	Name of the Director	Salary	Perquisites and other Benefits	Commission	Total
1.	Mr. D.K. Jain	4,020,000	2,798,690	7,117,069	13,935,759
2.	Mr. Deepak Jain	3,420,000	2,820,248	3,558,535	9,798,783
3.	Mr. Anmol Jain	3,120,000	2,585,409	3,558,535	9,263,944
4.	Mr. Ikuo Abe	288,000	1,329,331	-	1,617,331
5.	Mr. Atsushi Ishii	288,000	1,023,337	-	1,311,337

None of the Non-Executive Directors held shares in the Company. The Company has no Stock Option Scheme and hence, no Stock Options are granted to Non-Executive Directors.

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

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

The Company has a Shareholders/Investors Grievance & Share Transfer Committee to oversee Investors grievances and redressal mechanism and recommends measures to improve the level of Investors' services and to look into and decide matters pertaining to share, transfers, duplicate share certificates and related matters. The Committee comprises four Directors with three of them being Executive Directors. The present composition of this Committee during the year April 2010 to March 2011 was as under :

S. No.	Name of Directors	Status	Category of Membership
1.	Mr. D.D. Gupta	Member/*Chairman	Non-Executive Independent Director
2.	Mr. D.K. Jain	Member	Chairman & Managing Director
3.	Mr. Deepak Jain	Member	Senior Executive Director
4.	Mr. Ikuo Abe	Member	Senior Executive Director

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

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

The Quorum for the functioning of the Committee is any two Members present. The board has delegated the authority for approving transfers, transmission etc once in a fortnight to the Chairman & Managing Director/or Company Secretary. A summary of transfer, transmission of shares of the Company so approved by the Chairman & Managing Director/or Company Secretary is placed at every Shareholders/Investors Grievance & Share Transfer Committee. The Company obtains from a Company Secretary in practice half-yearly certificate of Compliance with the share transfer formalities as required under clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

The total complaints received and replied to the shareholders during the year ended 31st March, 2011 were 91. There were no complaints which were not solved to the satisfaction of the shareholders and pending during the year.

During the year 3 meetings of Committee were held. The following is the attendance record at the Committee during the year:

#### Shareholders/Investors Grievance & Share Transfer Committee Attendance

S. No.	Name of Directors	No. of Meetings Attended
1	Mr. D.D. Gupta	2
2.	Mr. D.K. Jain	3
3.	Mr. Deepak Jain	3
4	Mr. Ikuo Abe	2

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

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

#### 5. GENERAL BODY MEETING

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

Financial Year	Date	Time	Location
2007-08	01-09-2008	10.30 A.M.	FICCI Golden Jubilee Auditorium, New Delhi
2008-09	18-08-2009	10.30 A.M	FICCI Golden Jubilee Auditorium, New Delhi
2009-10	22-07-2010	10.30 A.M.	FICCI Golden Jubilee Auditorium, New Delhi

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

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

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

(ii). AGM held on 18-08-2009:

Nil

(iii). AGM held on 22-07-2010:

Nil

There were no Ordinary or Special Resolution that needed to be passed through Postal Ballot process during the year 2010-2011.

## 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 2010-11, other than the transactions entered in the normal course of business and reported as the related party transactions in the annual accounts, the Company had not entered any materially significant related party transactions i.e. transaction of the Company of material nature with its Promoters/ Director/Senior Employees or relatives etc., which could have a potential conflict with the interest of Company at large.
- b) The Audit Committee is briefed with all related party transaction undertaken by the Company.
- c) The Senior Employees have made disclosures to Board that they did not have personal interest in any material financial and commercial transactions that could result in a conflict with the interest of the Company at large.
- d) The Company has a Code of Conduct for its Board and Senior Employees (as per Corporate Governance Code) and the same is available at the Company's website. The Company has obtained a compliance certificate from all concerned.
- e) There has been no Non-Compliance penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.
- f) The Company follows the Accounting Standards laid down by the Institute of Chartered Accountants of India, and there has been no deviation in the accounting treatment during the year.
- g) The Company do not have any Whistle Blower Policy. However, the Company promotes a favorable environment for employees to have an open access to the respective functional Heads, Executive Directors and Chairman and Managing Director, so as to ensure ethical and fair conduct of the business of the Company.
- h) The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement.
- i) The Company has formulated a Code of Conduct for prevention of Insider Trading in the Shares of the Company in accordance with the SEBI (Prohibition of Insider Trading) Regulation, 1992.

## 8. MEANS OF COMMUNICATION

The quarterly/yearly results of the Company are published in leading and widely circulated English dailies viz. (1) Economic Times (Delhi, Chandigarh, Lucknow, Mumbai-English & Gujarati, Pune + Nav Bharat Times (Delhi, Mumbai) + Financial

Times (Delhi) + Mumbai Mirror (Mumbai) (2) Financial Express - All Editions (English) (3) Jansatta, New Delhi (Hindi Edition) and Business Standard (Yearly). The results are also faxed to the Stock Exchanges where the Equity Shares of the Company are listed, in accordance with the provisions of the Listing Agreement.

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

Pursuant to Clause 52 of the Listing Agreement, all data related to quarterly as well as annual financial results, shareholding pattern etc. are updated at the Corporate Filing and Dissemination System website [www.corpfiling.co.in](http://www.corpfiling.co.in).

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

### 10. GENERAL SHAREHOLDERS INFORMATION

- a) **Annual General Meeting** : The 30<sup>th</sup> Annual General Meeting is scheduled as under:  
 Date : 09<sup>th</sup> August, 2011  
 Time : 10.30 AM  
 Venue : Air Force Auditorium, Subroto Park, New Delhi-110010
- b) **Date of Book Closure** : 30<sup>th</sup> July 2011 to 09<sup>th</sup> August 2011  
 (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 to 31<sup>st</sup> March
- e) **For the year ended March 31, 2011 results were announced on:**

S. No.	Adoption of Quarterly Results Ended	In the Month of
1.	30 <sup>th</sup> June, 2010	July 22, 2010
2.	30 <sup>th</sup> September, 2010	November 12, 2010
3.	31 <sup>st</sup> December, 2010	January 29, 2011
4.	31 <sup>st</sup> March, 2011 (Audited Annual Accounts)	May 27, 2011

f) **Financial Calendar for 2011-12 (Provisional):**

S. No.	Adoption of Quarterly Results Ended	In the Month of#
1.	30 <sup>th</sup> June, 2011	2 <sup>nd</sup> week of August 2011
2.	30 <sup>th</sup> September, 2011	2 <sup>nd</sup> week of November 2011
3.	31 <sup>st</sup> December, 2011	2 <sup>nd</sup> week of February 2012
4.	31 <sup>st</sup> March, 2012 (Audited Annual Accounts)	4 <sup>th</sup> week of May 2012

# With in 45 Days of the end of the Quarter, as per latest clause 41 of the Listing Agreement.

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

A dividend of Rs. 6/- per share (60%) has been recommended by the Board of Directors for the Financial Year 2010-11 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 NECS/ECS, Dividend Amount of Rs.6/- per share will be credited directly to their respective bank accounts through NECS/ECS, wherever such facilities are available, soon after the declaration of dividend in the AGM. For others, Dividend Warrants will be posted by August 30, 2011 (tentative).

# Lumax Industries Limited

## h) Unclaimed Dividends :

Unclaimed Dividend for the year 2003-2004 shall become transferable to the Investor Education & Protection Fund by the end of October, 2011. The Company has been writing periodical reminders to all the shareholders as a part of sending Notice of the Annual General Meeting, whose Dividends are lying unpaid in the Unpaid Dividend Account. Members who have not encashed their Dividend for the year ended 2003-04 and onwards are therefore, requested to make their claims to the Company immediately.

## i) Share Transfer System :

All work related to Share Registry, both in physical form and electronic form, is handled by the Company's Registrar and Transfer Agent. The Company has appointed M/s Karvy Computer Share Pvt. Ltd. as the Registrar & Share Transfer Agent. The Share transfers in physical form are approved by the Chairman and Managing Director and Company Secretary on fortnightly basis and the same were approved and ratified by the Shareholders/Investors Grievance & Share Transfer Committee.

The total number of shares transferred during the Financial Year 2010-11 was 4405, which were registered and returned to the respective transferees within a period ranging from two to three weeks, provided the documents lodged with the Registrars/Company are clear in all respects.

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

Address : M/s Karvy Computershare Pvt. Ltd.  
Unit: Lumax Industries Limited, Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081

Tel : 040 -44655000

Fax : 040 -23420814

Toll Free No : 1800-3454-001

E-mail : einward.ris@karvy.com

Website : www.karvycomputershare.com

## k) Investors Correspondence:

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

Address : Lumax Industries Limited,  
B-85-86, Mayapuri Industrial Area, Phase - I,  
New Delhi - 110064

Tel : 011-28111777, 28116990

Fax : 011-28115779

E-mail : bsbhadauriya@lumaxmail.com

Website : www.lumaxindustries.com

## l) Listing on Stock Exchanges:

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

## m) ISIN No. : INE162B01018

Listing Fee for the year 2010-11 has been paid to The Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

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

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

**o) Shareholding Pattern of the Company as on March 31, 2011**

S. No.	Category	No. of shares held	%age of Shareholding
<b>A.</b>	<b>Promoters' holding</b>		
<b>1.</b>	<b>Promoters</b>		
	Indian Promoters	3,381,981	36.18
	Foreign Promoters	3,505,399	37.50
<b>2.</b>	<b>Persons acting in concert</b>	-	
	<b>SUB - TOTAL ( A )</b>	<b>6,887,380</b>	<b>73.68</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
<b>3.</b>	<b>Institutional Investors</b>		
a	Mutual Funds and UTI	25,340	0.28
b	Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions/ Non-Government Institutions.	400	0.00
c	Foreign Institutional Investors.	54,486	0.58
	<b>SUB - TOTAL (B3)</b>	<b>80,226</b>	<b>0.86</b>
<b>4.</b>	<b>Others:-</b>		
a	Bodies Corporate & Clearing Members	752,565	8.05
b	Indian Public	1,611,657	17.24
c	NRIs (Including Foreign Company)	15,904	0.17
	<b>SUB - TOTAL (B4)</b>	<b>2,380,126</b>	<b>25.46</b>
	<b>SUB - TOTAL ( B ) (B3+B4)</b>	<b>2,460,352</b>	<b>26.32</b>
	<b>GRAND TOTAL ( A + B )</b>	<b>9,347,732</b>	<b>100.00</b>

**p) Distribution of Shareholding as on March 31, 2011**

Range of Shares		No. of Shareholders	% of Shareholders	Amount (Rs.)	% of Shareholders
1	5,000	17,116	98.00	7,779,900	8.32
5,001	10,000	149	0.85	1,134,680	1.22
10,001	20,000	70	0.40	982,660	1.05
20,001	30,000	33	0.19	834,520	0.89
30,001	40,000	14	0.08	515,720	0.55
40,001	50,000	7	0.04	342,110	0.37
50,001	1,00,000	32	0.18	2,414,060	2.58
1,00,001	& above	45	0.26	79,473,670	85.02
<b>Total</b>		<b>17,466</b>	<b>100.00</b>	<b>93,477,320</b>	<b>100.00</b>

**q) Dematerialisation of Shares :**

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

**r) Status of Dematerialisation & Liquidity as on March 31, 2011 :**

**Dematerialisation:**

No. of Shares Dematerialised	8,710,073 (93.18% of the total share capital)
No. of Shareholders in Demat form	7,761 (44.43% of the total No. of Shareholders)

# Lumax Industries Limited

## Liquidity:

The Numbers of Shares of the Company traded in the Stock Exchange for the financial year 2010-2011 is given below:

Particulars	BSE	NSE	Total
No of shares Traded	2,816,473	2,927,900	5,744,373
% of total Equity	30.13%	31.32%	61.45%

## s) Stock Market Data during the Financial Year 2010-11

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

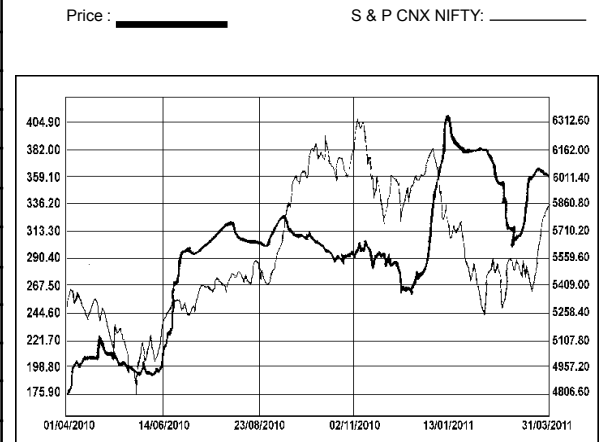
Month	BSE				NSE			
	Share Price		Sensex		Share Price		S&PCNX Nifty	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
April 2010	234.40	175.40	18,047.86	17,276.80	235.00	174.65	5,399.65	5,160.90
May 2010	220.00	189.50	17,536.86	15,960.15	222.00	180.90	5,278.70	4,786.45
June 2010	302.00	189.95	17,919.62	16,318.39	302.90	188.10	5,366.75	4,961.05
July 2010	319.00	285.50	18,237.56	17,395.58	324.80	281.00	5,477.50	5,225.60
August 2010	328.90	283.05	18,475.27	17,819.99	327.00	281.25	5,549.80	5,348.90
September 2010	330.00	294.75	20,267.98	18,027.12	327.00	291.60	6,073.50	5,403.05
October 2010	310.70	281.30	20,854.55	19,768.96	315.00	270.00	6,284.10	5,937.10
November 2010	309.90	269.00	21,108.64	18,954.82	305.35	241.25	6,338.50	5,690.35
December 2010	314.00	250.00	20,552.03	19,074.57	314.80	241.35	6,147.30	5,721.15
January 2011	417.00	310.00	20,664.80	18,038.48	416.00	301.25	6,181.05	5,416.65
February 2011	388.00	298.35	18,690.97	17,295.62	385.00	304.00	5,599.25	5,177.70
March 2011	397.15	287.00	19,575.16	17,792.17	372.00	286.00	5,872.00	5,348.20

## (t) The details of the Stock Performance vis - a - vis S&P CNX Nifty in graphical manner and Monthly Closing Share Price on NSE and BSE from April 2010 to March 2011 is given below :

Monthly Closing Share Price on BSE & NSE along with Sensex and Nifty (April 2010 to March 2011)

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

Month	BSE (Rs.)	Sensex	NSE (Rs.)	Nifty
April 2010	211.50	17,558.71	212.90	5,278.00
May 2010	200.00	16,944.63	203.65	5,086.30
June 2010	294.75	17,700.90	295.40	5,312.50
July 2010	313.20	17,868.29	311.75	5,367.60
August 2010	303.80	17,971.12	301.40	5,402.40
September 2010	308.15	20,069.12	308.55	6,029.95
October 2010	291.10	20,032.34	289.90	6,017.70
November 2010	292.00	19,521.25	289.90	5,862.70
December 2010	312.85	20,509.09	309.85	6,134.50
January 2011	379.10	18,327.76	377.45	5,505.90
February 2011	315.00	17,823.40	314.05	5,333.25
March 2011	358.85	19,445.22	357.05	5,833.75



**u) Plant Locations of the Company as on March 31, 2011**

The Company has its following manufacturing units :

S. No.	PLANT LOCATIONS
1.	Plot No.16, Sector-18, Maruti Complex, Gurgaon, Haryana.
2.	Plot No.6, Industrial Area, Dharuhera, District Rewari, Haryana.
3.	D2-43/2, M.I.D.C. Industrial Area, Chinchwad, Pune, Maharashtra.
4.	608-609, Chakan Talegaon Road, Mahalunge Ingle, Chakan, District Pune, Maharashtra.
5.	Plot No. 51, Tata Vendor Park, Industrial Estate, Pant Nagar, Uttarakhand.
6.	Plot No. 5, Industrial Park-II, Village Salempur Mehdood, Haridwar, Uttarakhand
7.	Plot No. 22C, Bidadi Industrial Area, Bangalore - 562 109.
8.	Warehouse at Plot No.E-38, Site-IV, Surajpur Greater Noida, District Gautam Budh Nagar, Uttar Pradesh.

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

S. No.	PROPOSED PLANT LOCATIONS
1.	Plot No. D-1, Vendors Park, Sanand, Dist. Ahmedabad, Gujarat.
2.	Plot No.195, Sector 4, Phase-II, G.C. Bawal, Haryana.

**11. UNCLAIMED SUSPENSE ACCOUNT**

In context to the latest amendment in the Listing Agreement (Clause 5A II), aggregate number of shareholders who have not claimed their shares as on 31-03-2011 are 722 and total no. of unclaimed shares are 22,410. The Company has sent a reminder to the above shareholders on 15-04-2011, intimating them to claim their Shares, along with a request to inform if there is any change in Address / Particulars.

Further, the Company will send two more reminders and if, there still remain cases of unclaimed shares, all the shares will be transferred in to one Folio by the name of "Unclaimed Suspense Account", which will be further transferred to a separate Demat Account with the name and style of "Unclaimed Suspense A/c" as per the provisions of the Listing Agreement.

The details of Unclaimed Shares lying with the Company are given below:

Particulars	No. of Shareholders	No. of Shares
Outstanding at the beginning of the year	722	22,410
Members approached for transfer of Shares	-	-
Members to whom shares were transferred	-	-
Outstanding shares lying at the end of the year	722	22,410

The members who have not claimed the shares from the above returned undelivered cases are requested to contact the Registrar-Karvy Computershare Pvt. Ltd. at the address given above.

**12. 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.



## 13. CEO/CFO CERTIFICATE

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

## 14. OTHER INFORMATION

### Electronic Clearing Service (ECS)

SEBI had vide its Circular No.DCC/FITTCIR-3/2001 dated October 15, 2001 advised that all Companies should 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/FITTCIR-04/2001 dated November 13, 2001 had advised companies to mandatorily print the Bank Account details furnished by the Depositories, on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the Depository Account, may notify their DP's 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 41 & 49(V) of the Listing Agreement to be placed before the Board along with Audited Annual Accounts for the year ended 31st March 2011.**

- a. We certify to the Board that we have reviewed Financial Statements and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2011 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 no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, the deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies, if any.
- d. We have indicated to the Auditors and the Audit Committee
- (i) significant changes in internal control over financial reporting during the year, if any;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
  - (iii) There were no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Place: Gurgaon**  
**Date: May 27, 2011**

**(NAVAL KHANNA)**  
**GROUP FINANCE HEAD**

**(D.K. JAIN)**  
**CHAIRMAN & MANAGING DIRECTOR**

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

I, D.K. Jain, Chairman & Managing Director of the Company hereby certify that the Board of Directors and the Senior Management Personnel have affirmed compliance of the Code of Conduct of the Company for the FY 2010 - 2011.

**Place : Gurgaon**  
**Date : May 27, 2011**

**(D.K. JAIN)**  
**CHAIRMAN & MANAGING DIRECTOR**

**Auditors' Certificate on Corporate Governance**

To,  
The Members of Lumax Industries Limited

We have examined the compliance of conditions of Corporate Governance by Lumax Industries Limited, for the year ended on March 31, 2011, 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

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

**Place : Gurgaon**  
**Date : May 27, 2011**

# Lumax Industries Limited

## Auditors' Report

To  
The Members of Lumax Industries Limited

1. We have audited the attached Balance Sheet of Lumax Industries Limited ('the Company') as at March 31, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and

- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

per Sanjay Vij

Partner

Place: Gurgaon  
Date: May 27, 2011

Membership No.: 95169

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

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
  - (c) There was no disposal of a substantial part 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii)(a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
  - (e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii)(e) to (iii)(g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iv) The Company's major purchases of inventory and fixed assets and major sales of components are stated to be of proprietary/specialized nature, and hence, in such cases, the comparison of prices with the market rates or with purchases from/ sales to other parties cannot be made. Read with the above, in our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. The clause relating to sale of services is not applicable to the Company. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and accordingly the question on

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

- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) *In respect of transactions made in pursuance of such contracts or arrangements and exceeding value of Rupees five lakhs entered into during the financial year, as informed, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.*

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty and excise duty, 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.*

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

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

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise duty demand against rejected goods sent on 57(f)(4) challans	7,255,448	July 1994 to February 1999	High Court, Chandigarh
The Central Excise Act, 1944	Excise duty demand against excess credit taken against the material procured from 100% EOU	2,026,701	1999-2000 to 2001-02	Joint Commissioner of Central Excise- Gurgaon

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Service Tax, Finance Act, 1994	Service tax demand raised on royalty and technical knowhow	3,451,809	1999-2000 to 2002-03	Joint Commissioner of Service Tax- Gurgaon
Local Area Development Tax Act, 2005	Demand of tax on certain fixed assets including interest	84,185	2000-01	Joint Excise and Taxation Commissioner (Appeals), Faridabad
Service Tax, Finance Act, 1994	Cenvat credit in respect of service tax paid on the courier services, telephone services, delivery and crane operator services for the period 2006-07.	155,450	2006-07	Commissioner Appeals (Gurgaon)
Income Tax Act, 1961	Income tax demand on various disallowances	31,275,736	AY 2007-08	Dispute Resolution Panel

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

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

# Lumax Industries Limited

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

**Place: Gurgaon**  
**Date: May 27, 2011**

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

**Balance Sheet as at March 31, 2011**

Particulars	Schedules	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	93,477,320	93,477,320
Reserves and surplus	2	<u>1,451,982,751</u>	<u>1,337,918,067</u>
		<u>1,545,460,071</u>	<u>1,431,395,387</u>
<b>Loan Funds</b>			
Secured Loans	3	815,980,553	786,550,646
Unsecured Loans	4	<u>179,526,324</u>	<u>219,426,613</u>
		<u>995,506,877</u>	<u>1,005,977,259</u>
Deferred Tax Liability (net)	5	<u>206,777,363</u>	<u>158,180,003</u>
	<b>TOTAL</b>	<u>2,747,744,311</u>	<u>2,595,552,649</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	4,555,063,472	4,103,769,964
Less : Accumulated depreciation / amortization/impairment loss		<u>1,904,762,794</u>	<u>1,705,199,069</u>
Net Block		<u>2,650,300,678</u>	<u>2,398,570,895</u>
Capital Work-in Progress including Capital Advances and pre-operative expenditure (Net of Impairment loss)		<u>355,971,067</u>	<u>295,130,463</u>
		<u>3,006,271,745</u>	<u>2,693,701,358</u>
<b>Investments</b>	7	<u>36,851,999</u>	<u>36,865,159</u>
<b>Current Assets, Loans and Advances</b>			
Inventories	8	821,597,701	538,849,241
Sundry Debtors	9	1,318,610,623	780,498,201
Cash and Bank balances	10	323,755,903	194,067,577
Other Current Assets	11	10,552,939	23,174,262
Loans and Advances	12	<u>320,250,424</u>	<u>277,077,729</u>
		<u>2,794,767,590</u>	<u>1,813,667,010</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	13	2,942,412,577	1,857,129,341
Provisions	14	<u>147,734,446</u>	<u>91,551,537</u>
		<u>3,090,147,023</u>	<u>1,948,680,878</u>
<b>Net Current Assets</b>		<u>(295,379,433)</u>	<u>(135,013,868)</u>
	<b>TOTAL</b>	<u>2,747,744,311</u>	<u>2,595,552,649</u>
<b>Notes to Accounts</b>	<b>23</b>		

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

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

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

per Sanjay Vij  
 Partner  
 Membership No. 95169

D. K. Jain  
 Chairman & Managing Director

Deepak Jain  
 Senior Executive Director

Place: Gurgaon  
 Date : May 27, 2011

Naval Khanna  
 Group Finance Head

B.S. Bhadauriya  
 Company Secretary

# Lumax Industries Limited

## Profit and Loss Account for the year ended March 31, 2011

Particulars	Schedules	For the Year Ended March 31, 2011 Rs.	For the Year Ended March 31, 2010 Rs.
<b>INCOME</b>			
Turnover (Gross)	15	9,493,072,816	6,912,485,225
Less: Excise duty		(883,819,416)	(570,947,081)
Turnover (Net)		8,609,253,400	6,341,538,144
Other Income	16	89,000,144	88,761,443
<b>TOTAL</b>		<b>8,698,253,544</b>	<b>6,430,299,587</b>
<b>EXPENDITURE</b>			
Purchase of trading goods		37,361,207	65,359,162
Raw materials and components consumed {including job work charges of Rs. 28,402,219 (Previous year Rs.30,545,287)}		5,968,464,266	4,158,759,314
Cost of sale of Moulds, tools and dies		317,683,088	330,787,060
Personnel expenses	17	671,702,866	590,620,079
Operating and other expenses	18	1,129,437,872	751,826,349
Decrease in inventories	19	2,190,483	13,701,098
Depreciation/ amortisation (Refer note no. 12 to schedule 23)		240,851,498	341,083,257
Less: Transfer from revaluation reserve		(402,452)	(543,403)
Financial expenses	20	93,631,229	113,196,982
<b>TOTAL</b>		<b>8,460,920,057</b>	<b>6,364,789,898</b>
<b>Profit before tax and prior period items</b>		<b>237,333,487</b>	<b>65,509,689</b>
Prior period items	21	-	1,685,875
<b>Profit before tax and after prior period items</b>		<b>237,333,487</b>	<b>63,823,814</b>
<b>Provision for tax</b>			
Minimum alternate tax		47,000,000	28,500,000
Less : MAT credit entitlement		(38,000,000)	(28,500,000)
Net current tax liability		9,000,000	-
Current tax {including Rs. Nil (Previous year Rs 379,650) being excess provision for earlier years, written back}		-	(379,650)
Deferred tax charge		48,597,360	4,938,455
<b>Total tax expense</b>		<b>57,597,360</b>	<b>4,558,805</b>
<b>Net Profit</b>		<b>179,736,127</b>	<b>59,265,009</b>
Balance brought forward from Previous year		48,935,211	28,371,022
<b>Profit available for appropriation</b>		<b>228,671,338</b>	<b>87,636,031</b>
<b>Appropriations:</b>			
Proposed dividend		56,086,392	28,043,196
Tax on dividend		9,098,615	4,657,624
Transfer to General Reserve		18,000,000	6,000,000
<b>Surplus carried to Balance Sheet</b>		<b>145,486,331</b>	<b>48,935,211</b>
<b>Earnings per share</b>			
Basic and diluted {Nominal value of shares of Rs.10 (Previous year : Rs.10)}	22	19.23	6.34
<b>Notes to Accounts</b>	23		

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

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

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

per Sanjay Vij  
 Partner  
 Membership No. 95169

D. K. Jain  
 Chairman & Managing Director

Deepak Jain  
 Senior Executive Director

Place: Gurgaon  
 Date : May 27, 2011

Naval Khanna  
 Group Finance Head

B.S. Bhadauriya  
 Company Secretary

## Cash Flow Statement for the year ended March 31, 2011

S. No.	Particulars	2010-11 (Rs.)	2009-10 (Rs.)
<b>A.</b>	<b>Cash Flow from Operating Activities</b>		
	- Net profit before taxation	237,333,487	63,823,814
	<b>Adjustment for :</b>		
	- Depreciation/amortisation	240,449,046	340,539,854
	- Provision for doubtful debts / advances	3,221,814	6,070,491
	- Change in carrying value of current investment (quoted)	13,160	(176,015)
	- Interest expenses	93,631,229	113,196,982
	- Interest income	(15,115,013)	(16,741,267)
	- Unrealised foreign exchange (gain)/ loss	3,290,448	(8,944,037)
	- Bad debts/advances written off	325,490	6,830,859
	- Loss on fixed assets sold / discarded (net)	82,193,558	8,979,634
	<b>Operating Profit before Working Capital Changes</b>	<b>645,343,219</b>	<b>513,580,315</b>
	Movements in working capital:		
	- (Increase) / Decrease in inventories	(282,748,460)	224,276,729
	- (Increase) / Decrease in sundry debtors	(540,583,765)	(171,849,630)
	- (Increase) / Decrease in loans and advances	(15,293,857)	39,224,950
	- (Increase) / Decrease in other current assets	-	37,197,679
	- Increase in current liabilities and provisions	1,104,368,869	239,889,348
	Cash generated from operations	911,086,006	882,319,391
	- Direct taxes paid	36,878,838	28,386,552
	<b>Net Cash from Operating Activities</b>	<b>874,207,168</b>	<b>853,932,839</b>
<b>B.</b>	<b>Cash flow from Investing Activities</b>		
	- Purchase of fixed assets	(823,277,797)	(459,090,541)
	- Proceeds from sales of fixed assets	187,578,370	13,733,151
	- Interest received	27,736,336	6,697,205
	- Movements in fixed deposits with banks (Receipts pledged with bank)	(26,787,254)	56,794
	<b>Net cash used in investing activities</b>	<b>(634,750,345)</b>	<b>(438,603,391)</b>
<b>C.</b>	<b>Cash flow from Financing Activities</b>		
	- Repayment of financial lease obligation	(600,583)	(8,315,601)
	- Proceeds from long term borrowings	171,651,413	-
	- Proceeds from body corporate loan	-	79,445,278
	- Repayment of body corporate loan	(135,153,309)	-
	- Repayment of long term borrowings	(172,670,632)	(195,573,077)
	- Proceeds from/(Repayment of) bank borrowings and short term loans (net)	166,387,684	(141,006,735)
	- Repayment of sales tax deferment	(39,299,706)	(23,769,700)
	- Interest Paid	(94,169,798)	(111,078,041)
	- Dividend Paid	(28,043,196)	(9,347,732)
	- Tax on dividend paid	(4,657,624)	(1,588,180)
	<b>Net cash (used in)/ from financing activities</b>	<b>(136,555,751)</b>	<b>(411,233,788)</b>
	<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>102,901,072</b>	<b>4,095,660</b>
	<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>12,817,628</b>	<b>8,721,968</b>
	<b>Cash and Cash Equivalents at the end of the year</b>	<b>115,718,700</b>	<b>12,817,628</b>
	<b>Components of cash and cash equivalents</b>		
	Cash in hand	1,547,975	1,084,202
	Balances with scheduled banks:		
	On current accounts	111,782,020	9,566,183
	On unpaid dividend accounts	2,388,705	2,167,243
	On deposit accounts	208,037,203	181,249,949
	<b>Cash and bank balances as per schedule 10</b>	<b>323,755,903</b>	<b>194,067,577</b>
	Less: Fixed deposits not considered as cash equivalents	208,037,203	181,249,949
	<b>Cash and cash equivalent in cash flow statement</b>	<b>115,718,700</b>	<b>12,817,628</b>

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

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

per Sanjay Vij  
 Partner  
 Membership No. 95169

D. K. Jain  
 Chairman & Managing Director

Deepak Jain  
 Senior Executive Director

Place: Gurgaon  
 Date : May 27, 2011

Naval Khanna  
 Group Finance Head

B.S. Bhadauriya  
 Company Secretary



# Lumax Industries Limited

## Schedules to the Accounts

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
<b>Schedule 1: 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 and paid up</b>		
9,347,732 (Previous year 9,347,732) equity shares of Rs. 10/- each fully paid up	<u>93,477,320</u>	<u>93,477,320</u>
Of the above:		
(i) 3,947,500 (Previous year 3,947,500) equity shares of Rs.10 each are allotted as fully paid-up bonus shares by capitalisation of the General Reserve.		
(ii) 10,000 (Previous year 10,000) equity shares of Rs.10 each were allotted as fully paid-up pursuant to contracts for consideration other than cash.		
(iii) 850,232 (Previous year 850,232) equity shares of Rs. 10 each were allotted as fully paid-up, pursuant to the Scheme of Amalgamation with Laser Lamps (Haryana) Ltd.		
<b>Schedule 2: Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Balance as per last account	65,138	65,138
<b>Revaluation Reserve</b>		
Balance as per last account	79,080,480	79,623,883
Less: Adjustment on account of depreciation on revalued amount of assets	(402,452)	(543,403)
Less: Adjustment on account of asset sold / discarded	<u>(83,984)</u>	<u>-</u>
	78,594,044	79,080,480
<b>Securities Premium Account</b>		
Balance as per last account	679,665,909	679,665,909
Add: Received during the year	<u>-</u>	<u>-</u>
	679,665,909	679,665,909
<b>General Reserve</b>		
Balance as per last account	530,171,329	524,171,329
Add: Transferred from Profit and Loss Account	<u>18,000,000</u>	<u>6,000,000</u>
	548,171,329	530,171,329
<b>Profit and Loss Account</b>		
	145,486,331	48,935,211
	<u>1,451,982,751</u>	<u>1,337,918,067</u>
<b>Schedule 3: Secured Loans</b>		
<b>Loans and advances from banks</b>		
- Term loans	544,159,233	548,750,000
- Cash credit facilities	259,878,436	93,490,752
<b>Loans from body corporate</b>		
	-	135,153,309
<b>Hire purchase loans</b>		
- From banks	5,528,737	2,923,012
- From body corporates	4,433,537	3,467,714
<b>Interest accrued and due on secured loans</b>		
	1,980,610	2,765,859
	<u>815,980,553</u>	<u>786,550,646</u>

### Notes:

- i)
  - a) Term Loan from Syndicate Bank amounting to Rs 175,053,938 (Previous year Rs 262,500,000) is secured by way of first charge on the plant and machineries along with the unregistered equitable mortgage (UREM) on land and building, situated at Chakan-II unit (except assets exclusively hypothecated to banks and body corporates).
  - b) Term Loan from Syndicate Bank amounting to Rs 202,533,295 (Previous year Rs 253,125,000) is secured by extension of charge by way of hypothecation on the plant and machineries along with the UREM on land and building, situated at Chakan-II unit. This facility is further secured by UREM of Dharuhera unit along with hypothecation on plant and machinery of Dharuhera (both present and future) and those of Gurgaon unit (acquired from proceeds of this facility).
  - c) Term Loans from Royal Bank of Scotland N.V. to the extent of Rs Nil (Previous year Rs 33,125,000) is secured by way of first pari passu charge on the land and building alongwith all the plant and machineries, situated at Gurgaon units, both present and future.
  - d) Term Loans from Central Bank of India to the extent of Rs 166,572,000 (Previous year Rs Nil) is secured by way of first pari passu charge on the land and building alongwith all the plant and machineries, situated at Sanand (Gujarat) unit, both present and future.
- ii)
  - a) Relating to cash credit facility from Citibank, N.A. secured by way of first pari-passu charge on all present and future stock and book debts alongwith pari-passu charge on all fixed assets at Chinchwad unit and equitable mortgage on land and building at Chinchwad unit, Rs. 127,238,132 (Previous year Rs 71,006,903).
  - b) Relating to cash credit facility from IDBI Bank Ltd. secured by way of first pari-passu charge on all current assets of the Company. This facility is further secured by way of equitable mortgage on land and buildings and first pari-passu charge against movable fixed assets at Chinchwad unit of the Company, Rs 63,560,948 (Previous year Rs 524,255).
  - c) Relating to cash credit facilities from Syndicate Bank secured by way of first pari-passu charge on all the stock and book debts of the Company, both present and future. This facility is further secured by extension of charge by way of hypothecation on the plant and machinery alongwith the UREM on Land and Building situated at Chakan-II unit, Rs 69,079,356 (Previous year Rs 21,959,594).
- iii)
  - a) Loans from body corporate amounting to Rs.Nil (Previous year Rs 41,807,892) is secured against the respective mould for which such loan has been granted.
  - b) Loans from body corporate amounting to Rs Nil (Previous year Rs 93,345,417) are pending registration of charges.
- iv) Hire purchase loans from banks aggregating to Rs. 5,528,737 (Previous year Rs. 2,923,012) and from the body corporates aggregating to Rs 4,433,537 (Previous year Rs. 3,467,714) are secured by way of hypothecation of the respective vehicles acquired out of the proceeds thereof.
- v) The following loans are repayable within one year:
  - Instalments of term loans Rs.213,743,000 (Previous year Rs.188,125,000).
  - Interest accrued and due Rs. 1,980,610 (Previous year Rs. 2,765,859).
  - Hire purchase loans from banks - Rs. 2,736,875 (Previous year Rs. 2,036,284).
  - Hire purchase loans from body corporate - Rs. 2,535,320 (Previous year Rs. 1,399,162).

## Schedules to the Accounts

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
<b>Schedule 4: Unsecured Loans</b>		
<b>Other loans and advances</b>		
- Sales tax deferment loan (interest free) from Director of Industries, Haryana	179,526,324	218,826,030
- Finance Lease Obligation	-	600,583
	<u>179,526,324</u>	<u>219,426,613</u>
<b>Note:</b>		
Sales tax deferment loan (interest free) from Director of Industries, Haryana Rs. 53,001,104 (Previous year Rs. 39,299,708) and finance lease obligation of Rs. Nil (Previous year Rs.600,583) are repayable within one year.		
<b>Schedule 5: Deferred Tax Liability (net)</b>		
<b>Deferred Tax Liabilities</b>		
- Differences in depreciation in block of fixed assets as per tax books and financial books.	260,724,276	259,028,024
- Effect of lease accounting	-	754,798
	<u>260,724,276</u>	<u>259,782,822</u>
<b>Gross Deferred Tax Liabilities</b>		
<b>Deferred Tax Assets</b>		
- Provision for doubtful debts and advances	1,551,539	2,415,183
- Provision for warranty	-	2,680,311
- Effect of expenditure debited to profit and loss account but allowed for tax purposes in following years	21,020,850	21,441,063
- Unabsorbed depreciation	-	42,944,725
- Provision for impairment	31,374,524	32,121,537
	<u>53,946,913</u>	<u>101,602,819</u>
<b>Gross Deferred Tax Assets</b>	<u>53,946,913</u>	<u>101,602,819</u>
<b>Net deferred tax liability</b>	<u>206,777,363</u>	<u>158,180,003</u>

## Schedule 6: Fixed Assets

Particulars	Tangible Assets							Intangible Assets				Total		
	Land		Building	Plant & Machinery		Furniture & Fixtures and Office Equipment	Vehicles		Computer Software		Leasehold Rights	Technical Knowhow	Current Year	Previous Year
	Leased	Owned		Owned	Leased		Owned	Leased	Owned	Leased				
Gross Block														
At 01.04.2010	46,269,891	162,338,219	559,109,427	3,087,500,054	52,266,639	58,521,593	51,370,170	14,202,904	17,808,678	19,940,400	-	34,441,989	4,103,769,964	3,714,859,503
Additions	1,050,000	41,683,814	37,842,641	425,627,854	-	2,923,161	470,992	11,673,364	8,700,437	-	232,916,250	-	762,888,513	460,110,654
Deductions	-	-	-	(296,192,581)	-	(313,687)	(15,085,557)	(3,180)	-	-	-	-	(311,595,005)	(71,200,193)
Adjustment	-	-	-	-	-	-	1,648,815	(1,648,815)	-	-	-	-	-	-
<b>At 31.03.2011</b>	<b>47,319,891</b>	<b>204,022,033</b>	<b>596,952,068</b>	<b>3,216,935,327</b>	<b>52,266,639</b>	<b>61,131,067</b>	<b>38,404,420</b>	<b>24,224,273</b>	<b>26,509,115</b>	<b>19,940,400</b>	<b>232,916,250</b>	<b>34,441,989</b>	<b>4,555,063,472</b>	<b>4,103,769,964</b>
<b>Depreciation/Amortisation</b>														
At 01.04.2010	5,012,380	-	105,198,819	1,452,234,018	50,042,583	29,106,354	17,275,259	1,995,110	11,855,832	18,933,092	-	13,545,622	1,705,199,069	1,509,467,789
For the year	539,614	-	19,244,546	187,546,101	2,777,587	3,250,362	4,205,105	1,916,597	355,385	4,491,628	12,670,644	4,305,249	241,302,818	244,535,402
Deductions	-	-	-	(32,875,493)	-	(251,788)	(8,611,812)	-	-	-	-	-	(41,739,093)	(48,804,122)
Adjustment	-	-	-	553,531	(553,531)	-	382,305	(382,305)	3,484,320	(3,484,320)	-	-	-	-
<b>At 31.03.2011</b>	<b>5,551,994</b>	<b>-</b>	<b>124,443,365</b>	<b>1,607,458,157</b>	<b>52,266,639</b>	<b>32,104,928</b>	<b>13,250,857</b>	<b>3,529,402</b>	<b>15,695,537</b>	<b>19,940,400</b>	<b>12,670,644</b>	<b>17,850,871</b>	<b>1,904,762,794</b>	<b>1,705,199,069</b>
For Previous Year	559,174	-	17,801,825	202,046,521	4,173,496	2,602,647	4,587,922	1,131,102	580,781	6,746,685	-	4,305,249	244,535,402	-
<b>Net Block</b>														
At 31.03.2011	41,767,897	204,022,033	472,508,703	1,609,477,170	-	29,026,139	25,153,563	20,694,871	10,813,578	-	220,245,606	16,591,118	2,650,300,678	2,398,570,895
At 31.03.2010	41,257,511	162,338,219	453,910,608	1,635,266,036	2,224,056	29,415,239	34,094,911	12,207,794	5,952,846	1,007,308	-	20,896,367	2,398,570,895	-
<b>Capital work in progress (including Capital advance Rs 23,325,185 (previous year Rs. 65,171,662))</b>													<b>452,671,712</b>	<b>397,516,808</b>
Less Provision for doubtful advance													-	(5,685,700)
Less - Provision for Impairment													(96,700,645)	(96,700,645)
<b>Net Capital Work in Progress</b>													<b>355,971,067</b>	<b>295,130,463</b>

### Notes :

- i) Leasehold Land includes Rs. 10,461,489 (Previous year Rs 10,461,489) paid to the developer as land development charges.
- ii) Plant & Machinery includes Electrical Installations of Rs. 34,539,574 (Previous Year Rs 34,205,460) (Accumulated depreciation Rs. 11,955,823 (Previous Year Rs 9,685,401), Plastic Moulds of Rs 957,833,540 (Previous Year Rs 1,108,370,286) (Accumulated depreciation Rs 847,384,036 (Previous Year Rs 816,599,500), Steel Moulds of Rs 64,250,917 (Previous Year Rs 68,320,163) (Accumulated depreciation 60,207,870 (Previous Year Rs 63,144,772 ) and other Tools of Rs. 395,628,993 (Previous Year Rs 297,149,841) (Accumulated depreciation Rs. 103,065,888 (Previous Year 82,970,992).
- iii) 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.
- iv) Depreciation for the year includes Rs. 451,320 (Previous Year Rs 152,790) being depreciation either capitalised / transferred on in-house development of tools.
- v) Leasehold land includes Rs 16,050,000 (Previous Year 17,106,545), Freehold land Rs. 41,683,814 (Previous year Rs. Nil) and software includes Rs 7,296,391 (Previous Year Rs. Nil) pending registration in the name of the company.
- vi) Additions includes exchange differences capitalised during the year Rs. Nil (Previous Year Rs. ( 2,703,046)).

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
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## Schedule 7: Investments

### Long Term Investments (at cost)

#### a) Trade, unquoted

SL Lumax Ltd 3,298,986 (Previous year 3,298,986) equity shares of Rs.10 each fully paid up	<b>35,474,204</b>	35,474,204
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#### b) Other than trade, unquoted

Inapex Ltd. 60,000 (Previous year 60,000) equity shares of Rs.10 each fully paid up	<b>603,000</b>	603,000
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### Current Investments (at lower of cost and market value)

#### a) Shares of PNB Gilts Ltd. (quoted)

32,900 (Previous year 32,900) equity shares of Rs.10 each fully paid up	<b>774,795</b>	787,955
	<b>36,851,999</b>	36,865,159
- Aggregate amount of quoted Investments {Market value Rs.774,795 (Previous year Rs. 787,955)}	<b>774,795</b>	787,955

- Aggregate amount of unquoted Investments	<b>36,077,204</b>	36,077,204
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Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
<b>Schedule 8: Inventories (at lower of cost and net realisable value)</b>		
Raw materials and components {including Stock in transit Rs. 12,472,325 (Previous year Rs.5,070,773)}	425,129,371	228,462,472
Stores and spares (including packing material)	36,336,405	26,624,422
Moulds, tools and dies in process	159,586,164	81,026,103
Work-in-progress	49,537,581	40,002,634
Finished goods and traded goods {including in transit Rs. 46,111,850 (Previous year Rs. 33,642,751)}	151,008,180	162,733,610
	<u>821,597,701</u>	<u>538,849,241</u>
<b>Schedule 9: Sundry Debtors</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, considered good	9,939,579	21,961,698
Unsecured, considered doubtful	4,311,269	1,114,455
<b>Other debts</b>		
Unsecured, considered good	1,308,671,044	758,536,503
	<u>1,322,921,892</u>	<u>781,612,656</u>
Less : Provision for doubtful debts	4,311,269	1,114,455
	<u>1,318,610,623</u>	<u>780,498,201</u>
<b>Schedule 10: Cash and Bank Balances</b>		
Cash on hand	1,547,975	1,084,202
<b>Balances with scheduled banks:</b>		
On current accounts	111,782,020	9,566,183
On unpaid dividend accounts	2,388,705	2,167,243
On deposit accounts {Rs.18,009,138 (previous year Rs.14,014,119) pledged with banks and others}	208,037,203	181,249,949
	<u>323,755,903</u>	<u>194,067,577</u>
<b>Schedule 11: Other Current Assets</b>		
Fixed Assets held for sale (at net book value or estimated net realisable value, whichever is lower)	6,565,100	6,565,100
Interest receivable on fixed deposits	3,987,839	16,609,162
	<u>10,552,939</u>	<u>23,174,262</u>
<b>Schedule 12: Loans and Advances</b>		
<b>Unsecured, Considered good</b>		
Loans to employees	6,632,105	5,986,558
Advances recoverable in cash or kind or for value to be received	144,995,468	77,429,715
Balances with customs, excise, etc	74,323,618	130,120,894
Security deposits	12,089,676	9,209,843
MAT credit entitlement	66,500,000	28,500,000
Advance payment of tax {net of provision Rs. 285,457,820 (Previous year - Rs. 238,457,820)}	15,709,557	25,830,719
<b>Unsecured, considered doubtful</b>		
Advances recoverable in cash or kind or for value to be received	470,790	470,790
	<u>320,721,214</u>	<u>277,548,519</u>
Less: Provision for doubtful loans and advances	470,790	470,790
	<u>320,250,424</u>	<u>277,077,729</u>

# Lumax Industries Limited

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
<b>Schedule 13: Current Liabilities</b>		
Acceptances	25,737,871	99,302,950
Sundry creditors		
a) total outstanding dues of micro & small enterprises. (Refer note no.16 of schedule 23)	165,767	13,030
b) total outstanding dues of creditors other than micro & small enterprises.	2,430,185,562	1,405,962,332
Liability for expenses {including payable to Directors Rs.15,121,539 (Previous year Rs.862,740)}	152,741,092	111,683,526
Security Deposit	26,400,000	26,325,000
Advances from customers	227,876,636	167,862,215
Interest accrued but not due on loans	772,370	525,690
Investor Education and Protection Fund shall be credited by the following amount (as and when due) :		
a) Unpaid dividends	2,388,705	2,167,243
Other liabilities	76,144,574	43,287,355
	<u>2,942,412,577</u>	<u>1,857,129,341</u>
<b>Schedule 14: Provisions</b>		
Proposed dividend	56,086,392	28,043,196
Tax on proposed dividend	9,098,615	4,657,624
Provision for Leave encashment	57,389,668	46,799,291
Provision for Gratuity	18,083,771	2,569,426
Provision for Warranties( Refer note no. 2(o) of Schedule 23)		
- Opening balance	9,482,000	8,068,973
- Additions during the year	8,153,355	16,554,561
- Utilisation	(10,559,355)	(15,141,534)
- Closing balance	7,076,000	9,482,000
	<u>147,734,446</u>	<u>91,551,537</u>
<b>Schedule 15: Turnover (Gross)</b>		
Sales of manufactured goods	9,176,727,886	6,534,001,341
Sales of moulds, tools and dies	316,344,930	378,483,884
	<u>9,493,072,816</u>	<u>6,912,485,225</u>
<b>Schedule 16: Other Income</b>		
Interest from:		
- Bank deposits {tax deducted at source Rs. 1,275,673 (previous year Rs. 1,671,815)}	12,751,248	16,348,075
- Others on security deposits {tax deducted at source Rs. Nil , (previous year Rs. Nil )}	2,363,765	393,192
Dividend income from long term investments- Non-trade	152,900	176,320
Scrap sales {Net of excise duty of Rs. 967,227 (Previous year Rs. 772,854)}	16,281,995	14,192,972
Gain on exchange difference {Net of loss Rs. Nil (Previous year Rs. 190,888,309)}	-	4,876,143
Change in carrying value of current investment (quoted)	-	176,015
Rental income {Tax deducted at source Rs. 917,306 (Previous year Rs. 1,027,814)}	8,722,000	6,908,000
Duty drawback	2,050,501	2,858,952
Sale of designs (designing fees)	15,499,637	13,100,000
Miscellaneous income	31,178,098	29,731,774
	<u>89,000,144</u>	<u>88,761,443</u>
<b>Schedule 17: Other Expenses</b>		
<b>Particulars</b>		
	<b>For the year ended March 31, 2011 Rs.</b>	<b>For the year ended March 31, 2010 Rs.</b>

Particulars	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
<b>Schedule 17: Personnel Expenses</b>		
Salaries, wages and bonus (refer note no. 12 to schedule 23)	578,203,586	520,658,741
Contribution to provident and other defined contribution funds	23,033,082	20,359,642
Gratuity expenses	15,916,851	6,773,799
Workmen and staff welfare expenses	54,549,347	42,827,897
	<u>671,702,866</u>	<u>590,620,079</u>
<b>Schedule 18: Operating and Other Expenses</b>		
Consumption of stores and spares	21,403,971	16,333,280
Packing material consumed	129,696,191	96,128,092
Power and fuel	291,811,118	213,537,517
Rent	1,368,489	1,202,535
Rates and taxes	15,532,523	11,822,816
Insurance	6,094,691	6,006,054
Repairs and maintenance		
- Plant and machinery (refer note no. 12 to schedule 23)	36,572,703	31,547,326
- Buildings	5,978,279	4,199,377
- Others (refer note no. 12 to schedule 23)	25,238,929	19,788,620
Freight and forwarding charges	125,839,013	81,437,431
Discount, rebates and claims	4,507,241	2,920,939
Cash discount on sales	34,346,724	21,554,607
Commission to Managing Director	14,234,139	-
Commission on sales - other than sole selling agent	602,784	621,864
Travelling and conveyance	52,694,392	36,967,895
Directors' sitting fees	270,000	185,000
Payment to Auditor		
As auditor:		
- Audit fee	2,700,000	2,250,000
- Tax audit fee	350,000	350,000
- Limited Review	1,050,000	1,050,000
- Out-of-pocket expenses	211,750	191,565
As advisor in respect of:		
Other Services	-	1,000,000
Donations and contribution to charitable institutions	621,000	-
Royalty	122,525,029	92,191,855
Research and Development expenses	338,520	1,103,219
Cost of Designs	20,993,191	12,151,084
Warranty costs	8,153,355	16,554,561
(Increase)/ decrease of excise duty on inventory (refer note no. 18 to schedule 23)	(605,466)	5,547,489
Exchange difference {Net of gain Rs. 25,757,745 (Previous year Rs. Nil)}	15,201,281	-
Loss on fixed assets sold / discarded {net of gain Rs. 5,268,194 (previous year Rs. 1,537,964)}	82,193,558	8,979,634
Bad and doubtful debts/advances written off	325,490	6,830,859
Provision for doubtful debts / advances (net)	3,221,814	6,070,491
Provision against diminution in the value of current investments	13,160	-
Miscellaneous expenses (refer note no. 12 to schedule 23)	105,954,003	53,302,239
	<u>1,129,437,872</u>	<u>751,826,349</u>

# Lumax Industries Limited

Particulars	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
<b>Schedule 19: Decrease/ (increase) in Inventories</b>		
<b>Closing Inventories</b>		
Work-in-progress	49,537,581	40,002,634
Finished goods and Traded goods	151,008,180	162,733,610
	<u>200,545,761</u>	<u>202,736,244</u>
<b>Opening Inventories</b>		
Work-in-progress	40,002,634	61,613,785
Finished goods and Traded goods	162,733,610	154,823,557
	<u>202,736,244</u>	<u>216,437,342</u>
	<u>2,190,483</u>	<u>13,701,098</u>
<b>Schedule 20: Financial Expenses</b>		
Interest		
- on term loans	72,340,151	69,114,850
- to banks	12,164,170	12,533,346
- others	1,113,822	19,338,688
Lease finance charges	40,396	366,636
Bank charges	7,972,690	11,843,462
	<u>93,631,229</u>	<u>113,196,982</u>
<b>Schedule 21: Prior Period Items</b>		
Rates and taxes	-	1,685,875
	<u>-</u>	<u>1,685,875</u>
<b>Schedule 22: Earnings Per Share (EPS)</b>		
Net profit as per profit and loss account	179,736,127	59,265,009
Weighted average number of equity shares in calculating basic and diluted EPS	9,347,732	9,347,732
Basic and Diluted Earnings per share{(Nominal value of shares of Rs.10 (Previous year : Rs.10))	<u>19.23</u>	<u>6.34</u>

## Schedule 23: Notes to Accounts

### 1. Nature of operations

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

### 2. Statement of Significant Accounting Policies

#### a) Basis of preparation

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

#### b) Use of estimates

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

**c) Fixed Assets**

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

**d) Depreciation**

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

**e) Intangibles**

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

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

**Research & development costs**

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

**f) Impairment**

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

**g) Leases**

*Where the Company is the lessee*

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



# Lumax Industries Limited

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

*Where the Company is the lessor*

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

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

## h) Investments

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

## i) Inventories

Inventories are valued as follows:

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

## j) Revenue Recognition

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

*Sale of goods*

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

*Interest*

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

*Dividend*

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

**k) Foreign Currency Translation**

Foreign currency transactions

**i) Initial Recognition**

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

**ii) Conversion**

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

**iii) Exchange Differences**

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

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

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

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

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

**l) Retirement and other Employee Benefits**

- i) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the end of each year. The actuarial valuation is done as per projected unit credit method.
- ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit cost method made at the end of each financial year. The liability as at the year end represents the differences between the actuarial valuation of the future gratuity liability of continuing employees and the fair value of the plan assets with the Life insurance Corporation of India (LIC) as at the end of the year.
- iii) Actuarial gains/losses are immediately taken to profit and loss account.
- iv) The Company has superannuation obligation towards "Lumax Industries Limited Employees superannuation Scheme" administered by the trustees. There are no other obligations other than the contribution payable to the respective trusts.
- v) Retirement benefits in the form of Provident Fund is a defined benefit contribution scheme and the contributions are charged to Profit and 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 funds.

**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 reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

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

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

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

## **n) Earnings per share**

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

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

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

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

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

## **q) Segment Reporting Policies**

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

## **r) Cash and Cash equivalents**

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

### s) Derivative instruments

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

### 3. Segment Information

#### Business Segments:

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

#### Geographical Segments\*

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

#### Sales Revenue by Geographical Market

S.No.	Particulars	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
1.	Domestic Market	8,403,224,003	6,216,768,329
2.	Overseas Market	206,029,397	124,769,815
3.	<b>Total</b>	<b>8,609,253,400</b>	<b>6,341,538,144</b>

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

S.No.	Particulars	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
1.	Domestic	1,255,884,490	745,400,058
2.	Overseas	62,726,133	35,098,143
3.	<b>Total</b>	<b>1,318,610,623</b>	<b>780,498,201</b>

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

### 4. Related Party Disclosure

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

# Lumax Industries Limited

## Detail of Related Parties Transactions for the Financial Year 2010-2011

(Amount in Rs.)

S. No.	Account Head	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Joint Venture		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
A)	<b>TRANSACTIONS</b>												
i)	<b>Sale of Raw Materials and Components including Semi-finished Goods</b>												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	5,910,243	13,964,153	-	-	5,910,243	13,964,153
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	22,620,002	25,377,733	-	-	22,620,002	25,377,733
	Deepak Auto Ltd.	-	-	-	-	-	-	55,164,828	52,926,685	-	-	55,164,828	52,926,685
	Stanley Electric Co. Ltd.	42,274	-	-	-	-	-	-	-	86,349	2,455,749	42,274	-
	Others	-	-	-	-	-	-	202,130	353,334	-	-	288,479	2,809,083
	<b>Total (i)</b>	<b>42,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,897,203</b>	<b>92,621,905</b>	<b>86,349</b>	<b>2,455,749</b>	<b>84,025,826</b>	<b>95,077,654</b>
ii)	<b>Sale of Packing Material</b>												
	Deepak Auto Ltd.	-	-	-	-	-	-	21,600	16,010	-	-	21,600	16,010
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	-	29,488	-	-	-	29,488
	<b>Total (ii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,600</b>	<b>45,498</b>	<b>-</b>	<b>-</b>	<b>21,600</b>	<b>45,498</b>
iii)	<b>Sale of finished goods</b>												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	466,973,978	397,363,908	-	-	466,973,978	397,363,908
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	24,574,025	2,312,375	-	-	24,574,025	2,312,375
	Others	-	-	-	-	-	-	-	12,488	-	-	-	12,488
	<b>Total (iii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>491,548,003</b>	<b>399,688,771</b>	<b>-</b>	<b>-</b>	<b>491,548,003</b>	<b>399,688,771</b>
iv)	<b>Sale of moulds</b>												
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	2,799,690	1,737,815	-	-	2,799,690	1,737,815
	<b>Total (iv)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,799,690</b>	<b>1,737,815</b>	<b>-</b>	<b>-</b>	<b>2,799,690</b>	<b>1,737,815</b>
v)	<b>Sale of Fixed Assets</b>												
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	-	22,758,911	-	-	-	22,758,911
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	426,370	3,564,671	-	-	426,370	3,564,671
	Others	-	-	-	-	-	-	2,135	-	-	-	2,135	-
	<b>Total (v)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>428,505</b>	<b>26,323,582</b>	<b>-</b>	<b>-</b>	<b>428,505</b>	<b>26,323,582</b>
vi)	<b>Recovery of Charges</b>												
	Stanley Electric Co. Ltd.	1,400,838	3,080,844	-	-	-	-	-	-	-	-	1,400,838	3,080,844
	<b>Total (vi)</b>	<b>1,400,838</b>	<b>3,080,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,400,838</b>	<b>3,080,844</b>
vii)	<b>Purchase of Raw Materials, Components and Moulds</b>												
	Bharat Enterprises	-	-	-	-	-	-	137,029,812	112,983,155	-	-	137,029,812	112,983,155
	Deepak Auto Ltd.	-	-	-	-	-	-	528,312,769	385,869,238	-	-	528,312,769	385,869,238
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	415,008,944	511,733,062	-	-	415,008,944	511,733,062
	Stanley Electric Co. Ltd.	200,581,219	111,877,634	-	-	-	-	-	-	-	-	200,581,219	111,877,634
	Mahavir Udyog	-	-	-	-	-	-	35,623,642	26,518,610	-	-	35,623,642	26,518,610
	SI Lumax Ltd.	-	-	-	-	-	-	-	-	456,752	4,470,472	456,752	4,470,472
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	869,185,429	437,642,481	-	-	869,185,429	437,642,481
	<b>Total (vii)</b>	<b>200,581,219</b>	<b>111,877,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,985,160,596</b>	<b>1,474,746,546</b>	<b>456,752</b>	<b>4,470,472</b>	<b>2,186,198,567</b>	<b>1,591,094,652</b>
viii)	<b>Purchase of Packing Material (net)</b>												
	Mahavir Udyog	-	-	-	-	-	-	72,370,656	46,894,282	-	-	72,370,656	46,894,282
	Others	-	-	-	-	-	-	1,928	212,981	-	-	1,928	212,981
	<b>Total (viii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,372,584</b>	<b>47,107,263</b>	<b>-</b>	<b>-</b>	<b>72,372,584</b>	<b>47,107,263</b>
ix)	<b>Purchase of Spares &amp; Samples</b>												
	Stanley Electric Co. Ltd.	-	610,108	-	-	-	-	-	-	-	-	-	610,108
	Deepak Auto Ltd.	-	-	-	-	-	-	61,862	26,035	-	-	61,862	26,035
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	131,675	-	-	-	131,675	-
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	91,736	603,381	-	-	91,736	603,381
	<b>Total (ix)</b>	<b>-</b>	<b>610,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285,273</b>	<b>629,416</b>	<b>-</b>	<b>-</b>	<b>285,273</b>	<b>1,239,524</b>
x)	<b>Purchase of Fixed Assets</b>												
	Stanley Electric Co. Ltd.	63,581,705	4,776,426	-	-	-	-	-	-	-	-	63,581,705	4,776,426
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	1,672,538	-	-	-	1,672,538	-
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	14,993,754	5,473,137	-	-	14,993,754	5,473,137
	<b>Total (x)</b>	<b>63,581,705</b>	<b>4,776,426</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,666,292</b>	<b>5,473,137</b>	<b>-</b>	<b>-</b>	<b>80,247,997</b>	<b>10,249,563</b>
xi)	<b>Purchase of Finished Goods</b>												
	Stanley Electric Co. Ltd.	205,557	564,555	-	-	-	-	-	-	-	-	205,557	564,555
	<b>Total (xi)</b>	<b>205,557</b>	<b>564,555</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205,557</b>	<b>564,555</b>
xii)	<b>Purchase Of Services</b>												
	Lumax Tour & Travels Ltd.	-	-	-	-	-	-	19,652,791	11,731,782	-	-	19,652,791	11,731,782
	<b>Total (xii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,652,791</b>	<b>11,731,782</b>	<b>-</b>	<b>-</b>	<b>19,652,791</b>	<b>11,731,782</b>
xiii)	<b>Write - Backs (Write - Offs)</b>												
	Stanley Electric Co. Ltd.	-	1,160,885	-	-	-	-	-	-	-	-	-	1,160,885
	Deepak Auto Ltd.	-	-	-	-	-	-	349,615	286,760	-	-	349,615	286,760
	Lumax Automotive Systems Ltd.	-	-	-	-	-	-	-	(3,984)	-	-	-	(3,984)
	<b>Total (xiii)</b>	<b>-</b>	<b>1,160,885</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>349,615</b>	<b>282,776</b>	<b>-</b>	<b>-</b>	<b>349,615</b>	<b>1,443,661</b>

S. No.	Account Head	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Joint Venture		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
xiv)	<b>Technical Charges</b> Design, Drawing & Testing Charges Stanley Electric Co. Ltd. Management Support Fee Stanley Electric Co. Ltd.	195,995,339	85,434,625	–	–	–	–	–	–	–	–	195,995,339	85,434,625
	<b>Total (xiv)</b>	<b>239,001,739</b>	<b>85,434,625</b>	–	–	–	–	–	–	–	–	<b>239,001,739</b>	<b>85,434,625</b>
xv)	<b>Rent Received</b> Lumax Auto Technologies Ltd. Lumax Tour & Travels Ltd. Lumax Comaglia-Auto Technologies Pvt. Ltd.	–	–	–	–	–	–	180,000	180,000	–	–	180,000	180,000
	<b>Total (xv)</b>	–	–	–	–	–	–	<b>4,057,968</b>	<b>2,145,984</b>	–	–	<b>4,057,968</b>	<b>2,145,984</b>
xvi)	<b>Managerial Remuneration</b> Mr D K Jain Mr Deepak Jain Mr Anmol Jain Mr I. Abe Mr A. Ishii	–	–	13,935,759	6,870,532	–	–	–	–	–	–	13,935,759	6,870,532
	<b>Total (xvi)</b>	–	–	<b>35,927,154</b>	<b>42,901,488</b>	–	–	–	–	–	–	<b>35,927,154</b>	<b>42,901,488</b>
xvii)	<b>Salary &amp; Allowances</b> Mr S C Jain (now deceased)	–	–	–	–	–	450,000	–	–	–	–	–	450,000
	<b>Total (xvii)</b>	–	–	–	–	–	<b>450,000</b>	–	–	–	–	–	<b>450,000</b>
xviii)	<b>Royalty (gross)</b> Stanley Electric Co. Ltd.	122,126,781	91,945,174	–	–	–	–	–	–	–	–	122,126,781	91,945,174
	<b>Total (xviii)</b>	<b>122,126,781</b>	<b>91,945,174</b>	–	–	–	–	–	–	–	–	<b>122,126,781</b>	<b>91,945,174</b>
xix)	<b>Dividend Paid</b> Mr D K Jain Mr Deepak Jain Mr Anmol Jain Mr M K Jain Mr Rajan Jain Mr U K Jain Mrs Usha Jain D K Jain and Sons (HUF) Lumax Finance Pvt. Ltd. Stanley Electric Co. Ltd. Others	–	–	6,241,191	1,786,660	–	–	–	–	–	–	6,241,191	1,786,660
	<b>Total (xix)</b>	<b>11,220,717</b>	<b>4,327,712</b>	<b>6,835,458</b>	<b>1,984,749</b>	<b>1,450,965</b>	<b>483,655</b>	<b>2,002,326</b>	<b>377,847</b>	–	–	<b>21,509,466</b>	<b>7,173,963</b>
xx)	<b>Others (Net)</b> Lumax Automotive Systems Ltd. Lumax DK Auto Industries Ltd. Stanley Electric Co. Ltd. SL Lumax Ltd. Mahavir Udyog Bharat Enterprises Lumax Auto Technologies Ltd. Deepak Auto Ltd.	–	–	–	–	–	–	–	176,045	–	–	–	176,045
	<b>Total (xx)</b>	<b>1,665,317</b>	<b>4,128,474</b>	–	–	–	–	<b>230,799</b>	<b>2,655,199</b>	–	<b>70,401</b>	<b>1,896,115</b>	<b>6,854,074</b>
B)	<b>BALANCES AT THE YEAR END</b>												
i)	<b>Receivables</b> Lumax Auto Technologies Ltd. Lumax Dk Auto Industries Ltd. Bharat Enterprises Deepak Auto Ltd. Lumax Comaglia-Auto Technologies P. Ltd. SL Lumax Ltd.	–	–	–	–	–	–	117,250,173	42,341,691	–	–	117,250,173	42,341,691
	<b>Total (i)</b>	–	–	–	–	–	–	<b>131,027,767</b>	<b>58,331,257</b>	<b>86,349</b>	–	<b>131,114,116</b>	<b>58,331,257</b>
ii)	<b>Payables</b> Mr D K Jain Mr Deepak Jain Mr Anmol Jain Mr I. Abe Mr A. Ishii Bharat Enterprises Deepak Auto Ltd. Lumax Auto Technologies Ltd. Lumax DK Auto Industries Ltd. Mahavir Udyog Stanley Electric Co. Ltd. Others	–	–	7,429,369	319,800	–	–	–	–	–	–	7,429,369	319,800
	<b>Total (ii)</b>	<b>171,414,243</b>	<b>67,826,782</b>	<b>15,121,539</b>	<b>899,242</b>	–	–	<b>622,805,958</b>	<b>455,975,575</b>	<b>272,546</b>	–	<b>809,614,286</b>	<b>524,701,599</b>

## 5. Leases

### In case of assets taken on lease

#### a) Finance Lease

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

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Gross Amount	96,431,312	86,409,943
Less: Accumulated depreciation	75,736,441	70,970,785
<b>Net Block</b>	<b>20,694,871</b>	<b>15,439,158</b>
<b>Total minimum lease payments at the year-end</b>		
Finance Lease liabilities- minimum lease payments:		
Not later than 1 year	5,272,189	4,550,031
Later than 1 year and not later than 5 years	5,893,156	3,262,961
Later than 5 years	Nil	Nil
Total minimum lease payments	11,165,345	7,812,992
Less: Future finance charges on Finance Leases	1,203,073	821,682
Present value of Finance Lease liabilities	9,962,272	6,991,310
<b>The present value of Finance Lease liabilities is as follows:</b>		
Not later than 1 year	4,521,040	4,036,030
Later than 1 year and not later than 5 years	5,441,232	2,955,280
Later than 5 years	Nil	Nil
	<b>9,962,272</b>	<b>6,991,310</b>

#### b) Operating Leases

Lease payments of Rs. 32,543,206 (previous year - Rs 24,378,217) have been recognised as an expense in the profit and loss account for the year ended March 31, 2011.

Certain office premises, office equipments and Plant & Machinery (DG Set) are obtained on operating leases. There are no contingent rents in the lease agreements. The lease terms is for 1-5 years and are renewable at the mutual agreement of both the parties. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancellable in nature.

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Not later than 1 year	25,756,124	23,756,000
Later than 1 year and not later than 5 years	37,518,230	48,180,000
Later than 5 year	Nil	Nil
	<b>63,274,354</b>	<b>71,436,000</b>

### In case of assets given on Lease

#### a) Finance Lease

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

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Total gross investment in the lease	1,580,000	2,120,000
Less: Unguaranteed residual value	-	-
Less: Unearned finance income	438,546	511,350
Present value of minimum lease payments discounted at interest 10% p.a.	1,141,454	1,608,650
Gross investment in the lease for the period:		
Not later than one year [Present value of minimum lease payments receivable Rs 422,912 as on 31.03.2011 (Rs 467,197 as on 31.03.2010)]	540,000	540,000
Later than one year but not later than five years [Present value of minimum lease payments receivable Rs.718,541 as on 31.03.2011 (Rs 1,141,454 as on 31.03.2010)]	1,040,000	1,580,000
Later than 5 year	Nil	Nil

b) Operating Lease

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

Particulars	Gross Block (Rs.)		Depreciation for the year ended (Rs.)		Accumulated Depreciation (Rs.)	
	As at 31.03.2011	As at 31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Buildings	37,687,598	37,687,598	1,245,445	1,245,445	16,658,667	15,413,222

6. Interest in Joint Venture Companies:

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

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

The Company's share in the aggregate amounts of each of the assets, liabilities, incomes, expenses, capital commitments and contingent liabilities as at / for the years ended 31st March, 2011 and 31st March, 2010 are as under:

S.No.	Proportion of Company's Interest in Joint Venture	2010-11 (Unaudited) (Rs.)	2009-10 (Audited) (Rs.)
1.	Assets	801,766,207	792,450,004
2.	Liabilities	476,013,400	561,004,695
3.	Income	1,105,345,365	1,043,177,170
4.	Expenses	964,088,247	919,158,789
5.	Contingent Liabilities	40,584,630	40,584,630

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 2010-11, information is furnished based on the un-audited management certified accounts.

7. Capital Commitments

S.No.	Particulars	2010-11 (Rs.)	2009-10 (Rs.)
1.	Estimated amount of contracts {advances paid during the year Rs. 23,325,185 (previous year Rs. 65,171,662)} remaining to be executed on capital account and not provided for.	343,770,584	132,758,612



## 8. Contingent Liabilities not provided for

S.No.	Particulars	2010-11 (Rs.)	2009-10 (Rs.)
(i)	Bills of exchange discounted from a bank.	155,278,747	136,109,465
(ii)	Demand raised by ESIC department against short contribution paid by the Company, being disputed by the Company.	2,880,138	2,880,138
(iii)	Demand raised by Sales Tax authorities against purchase tax on inter unit stock transfers, being disputed by the Company.	906,111	1,736,251
(iv)	Various other claims made against the Company not acknowledged as debts, being disputed by the Company.	1,402,682	391,081
(v)	Income Tax demand in respect of Assessment Year 2004-05 for which the Department has filed an appeal with ITAT.	93,072	934,369
(vi)	In respect of additions made by the Assessing officer for Transfer Pricing for Assessment Year 2004-05 for which the department has filed an appeal with ITAT.	1,441,121	1,441,121
(vii)	Income Tax demand in respect of Assessment Year 2005-06 for which the Department has filed an appeal with ITAT.	27,884,526	27,884,526
(viii)	Income Tax demand in respect of Assessment Year 2006-07 for which the Company has filed an appeal before ITAT.	5,699,097	-
(ix)	Income Tax demand in respect of Assessment Year 2007-08 for which the Company has filed an appeal before Dispute Resolution Panel against the Draft order	31,275,736	-
(x)	Demand raised by BSES Rajdhani Power Ltd for which the Company has filed a writ petition in High Court of Delhi.	-	2,260,541
(xi)	Export Obligation to be undertaken by the Company under EPCG licenses.	22,665,071	17,677,486
(xii)	Claims against the Company not acknowledged as debts.	-	6,870,264

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

## 9. Gratuity

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

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

### Profit and Loss account

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

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Current service cost	5,676,704	4,484,931
Interest cost on benefit obligation	4,216,815	3,755,002
Expected return on plan assets	(4,369,831)	(4,073,913)
Net actuarial (gain) / loss recognised in the year	10,393,163	2,607,779
Past service cost	-	-
Net Benefit Expense	15,916,851	6,773,799
Actual return on plan assets	4,527,652	4,164,708

### Balance sheet

#### Details of Provision for gratuity

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Defined benefit obligation	68,872,613	50,791,078
Fair value of plan assets	50,788,842	48,221,652
	(18,083,771)	(2,569,426)
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(18,083,771)	(2,569,426)

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

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Opening defined benefit obligation	50,791,078	48,500,412
Interest cost	4,216,815	3,755,002
Current service cost	5,676,704	4,484,931
Benefits paid	(2,362,968)	(8,647,841)
Actuarial (gains) / losses on obligation	10,550,984	2,698,574
Closing defined benefit obligation	68,872,613	50,791,078

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

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Opening fair value of plan assets	48,221,652	44,506,385
Expected return	4,369,831	4,073,913
Contributions by employer	4,818,000	3,784,562
Benefits paid	(6,778,462)	(42,34,003)
Actuarial gains / (losses)	157,821	90,795
Closing fair value of plan assets	50,788,842	48,221,652

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

Particulars	Gratuity	
	2010-11 %	2009-10 %
Investments with insurer	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

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

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

Particulars	2010-11 %	2009-10 %
Discount rate	8.50	8.50
Expected rate of return on assets	9.25	9.20
Employee turnover	5	5

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

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

#### Notes :

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

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

Particulars	Gratuity (Rs.)				
	2010-11	2009-10	2008-09	2007-08	2006-07
Defined benefit obligation	68,872,613	50,791,078	48,500,412	39,478,608	33,839,932
Plan assets	50,788,842	48,221,652	44,506,385	32,508,866	31,077,402
Surplus / (deficit)	(18,083,771)	(2,569,426)	(3,994,027)	(6,969,742)	(2,762,530)

## 10. Derivative Instruments and Unhedged Foreign Currency Exposure

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

Forward Contracts outstanding as at 31st March'2011 (Previous year NIL) are as below:

Particulars of Derivatives	Purpose
JPY 163,120,387	Hedging of Foreign Currency Loan
USD 685,909	Hedging of Foreign Currency Loan

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

Particulars	Amount (in Rs.)		Amount (in Currency)		
	2010-11	2009-10	2010-11	2009-10	Foreign Currency
Export Debtors	49,965,620	34,356,221	455,930	180,172	EUR
			185,172	155,643	GBP
			188,043	291,882	USD
Import Creditors	109,301,205	78,097,507	59,233	(31990)	EUR
			1,593	392	GBP
			281,735,565	134,806,564,	JPY
			-	5,384,845	THB
			278,521	-	TWD
			(1,084,609)	141,338	USD

GBP 1 = Rs. 71.12 / 72.46

EUR 1 = Rs. 62.41 / 63.77

JPY 1 = Rs. 0.5356 / 0.5458

USD 1 = Rs. 44.36 / 44.98

TWD 1 = Rs. 1.52

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

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

### a. Capital Expenditure

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Capital Expenditure	13,691,170	5,770,135

### b. Revenue Expenditure

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Salaries, Allowances and Bonus	32,985,465	47,817,000
Contribution to Provident Fund	1,615,124	1,388,628
Contribution to Other Funds	108,734	76,393
Staff Welfare	2,855,010	2,076,026
Provision for retirement benefit	1,339,858	3,251,158
Insurance	153,750	145,050
Repair & maintenance	1,518,028	1,084,077
Travelling & Conveyance	15,434,496	9,694,076
Research & development	329,286	1,103,219
Electricity	454,058	399,336
Miscellaneous	3,340,183	3,915,856
Depreciation	730,241	393,470
Financial Cost	115,035	-
<b>Total</b>	<b>60,979,268</b>	<b>71,344,289</b>

- B. The Company has incurred expenses on its research and development centre at Pune, pending approval and recognition by the Ministry of Science & Technology, Government of India.

**a. Capital Expenditure**

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Capital Expenditure	1,507,814	-

**b. Revenue Expenditure**

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Salaries, Allowances and Bonus	9,872,417	-
Contribution to Provident Fund	497,698	-
Contribution to Other Funds	82,505	-
Staff Welfare	1,409,858	-
Provision for retirement benefit	918,249	-
Insurance	10,299	-
Repair & maintenance	107,360	-
Travelling & Conveyance	2,387,897	-
Research & development	9,234	-
Miscellaneous	973,506	-
Depreciation	65,933	-
Material/Consumable/Spares	112,066	-
Financial Cost	53,079	-
<b>Total</b>	<b>16,500,101</b>	<b>-</b>

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

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Salary, wages and bonus	527,072	384,326
Repair and Maintenance - Plant & Machinery	2,013	190
Repair and Maintenance - Others	20,844,104	6,743,632
Depreciation	451,320	152,790
Miscellaneous expenses	2,009,015	2,984,747
<b>Total</b>	<b>23,833,524</b>	<b>10,265,285</b>

13. Pursuant to completion of negotiations with its customer in relation with the Company's investment in a plant at Singur, West Bengal and after giving consideration to its alternative plans, management has assessed the carrying value of its assets and made adequate provisions as considered necessary in the last year.
14. At the instance of a customer who has initiated International Financial Reporting Standards (IFRS) implementation, the Company has negotiated and has, at the year end, sold certain moulds which were financed by the said customer. For the settlement of transaction, moulds of the net book value of Rs. 2,616.81 lacs have been sold for Rs. 1,797.28 lacs resulting in loss on sale of fixed assets amounting to Rs. 819.53 lacs.
15. Supplementary Statutory Information

**a. Directors' Remuneration**

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Salaries and allowances	11,136,000	32,200,129
Commission to Directors	14,234,139	-
Contribution to Provident fund	1,336,320	1,336,320
Contribution to Superannuation fund	654,023	654,323
Perquisites	8,566,672	8,711,014
<b>Total</b>	<b>35,927,154</b>	<b>42,901,486</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.

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

Amount in Rs.

Particulars		2010-11 (Rs.)		2009-10 (Rs.)
Profit before Taxation - as per Profit & Loss Account		251,567,626		63,823,814
Add: Managerial Remuneration	21,693,015		42,901,486	
Directors Sitting Fees	270,000		185,000	
Provision for doubtful debts / advances	3,221,814		6,070,491	
Bad and doubtful debts/advances written off	325,490		6,830,859	
Loss on fixed assets sold / discarded (net)	82,193,558	107,703,877	8,979,634	64,967,470
<b>Sub total</b>		<b>359,271,503</b>		<b>128,791,284</b>
Net Profit in accordance with Sec.198 & 349		359,271,503		128,791,284
Commission payable @ 8% of said Net Profit	(a)	28,741,720	(a)	10,303,303
Maximum Remuneration Payable (including commission) @ 10% of Net Profit		35,927,154		12,879,128
Less: Remuneration Paid		21,693,015		42,901,486
	(b)	14,234,139	(b)	-
Lower of (a) or (b)		14,234,139		-

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

Particulars		2010-11 (Rs.)		2009-10 (Rs.)
Exports of manufactured goods at F.O.B. Value		195,672,559		118,516,830
Recovery of testing charges/Service Income		52,90,393		9,015,014
<b>Total</b>		<b>200,962,952</b>		<b>127,531,844</b>

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

Particulars		2010-11 (Rs.)		2009-10 (Rs.)
Travelling and conveyance		11,595,720		3,567,229
Royalty (net of TDS)		110,272,526		82,972,670
Repairs and maintenance		15,183,500		233,875
Salaries and allowances (net of TDS)		802,890		40,425,528
Research and development expenses		-		69,108
Commission on sales		602,784		621,864
Legal and professional charges		47,277,072		2,696,402
Miscellaneous expenses		215,229,227		104,872,517
<b>Total</b>		<b>400,963,719</b>		<b>235,459,193</b>

## e. Value of Imports calculated on CIF basis

Particulars		2010-11 (Rs.)		2009-10 (Rs.)
Raw materials and components		624,770,987		753,721,950
Stores and spares		8,901,497		6,971,928
Capital goods		433,984,911		186,627,080
Finished goods		66,346,132		-
<b>Total</b>		<b>1,134,003,527</b>		<b>947,320,958</b>

## f. Net dividend remitted in foreign exchange

Particulars		2010-11 (Rs.)		2009-10 (Rs.)
Period to which it relates		2009-10		2008-09
Number of non-resident shareholders		2		2
Number of equity shares held on which dividend was due		3,902,257		4,489,730
Amount remitted (in Rs.)		11,706,771		4,489,730
Amount remitted (in USD)		249,292		90,739

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

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

S. No.	Particulars	31-3-2011 (Rs.)	31-3-2010 (Rs.)
1	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year. Principal Interest	1,65,767 1,002	13,030 -
2	The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
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	22,933	12,880
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	98,440	75,507
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

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

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

Class of Goods	Unit	Licensed Capacity#		Installed Capacity#		Actual Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Head Lamp Assembly	Nos.	N.A.	N.A.	12,175,000	9,775,000	9,474,696	7,793,370
Tail Lamp Assembly/Rear Combination Lamp	Nos.	N.A.	N.A.	8,675,000	8,025,000	5,295,335	5,208,254

# as certified by the management

#### b. Sales including traded goods:

Class of Goods	Unit	Quantity		Value (Rs.)	
		2010-11	2009-10	2010-11	2009-10
Head Lamp Assembly	Nos.	9,461,447	7,772,261	4,753,871,417	3,645,128,647
Tail Lamp Assembly /Rear Combination Lamp	Nos.	5,294,196	5,187,221	1,348,920,429	1,140,366,642
Tools*				293,559,975	345,744,040
Others*				2,212,901,579	1,210,298,815
<b>Total</b>				<b>8,609,253,400</b>	<b>6,341,538,144</b>

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

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

Particulars	2010-11 (Nos.)	2009-10 (Nos.)	2010-11 (Nos.)	2009-10 (Nos.)
Opening Stock				
Head Lamp Assembly	117,211	85,241	77,210,629	71,865,269
Tail Lamp Assembly / Rear Combination Lamp	109,931	76,133	37,118,477	31,684,740
Others*			48,404,504	51,273,548
			<b>162,733,610</b>	154,823,557
Closing Stock				
Head Lamp Assembly	135,987	117,211	71,157,670	77,210,629
Tail Lamp Assembly / Rear Combination Lamp	116,332	109,931	35,487,016	37,118,477
Others*			44,363,494	48,404,504
<b>Total</b>			<b>151,008,180</b>	<b>162,733,610</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.

# Lumax Industries Limited

## d. Details of Purchase of Traded Goods :

Class of Goods	2010-11 (Nos.)	2009-10 (Nos.)	2010-11 (Rs.)	2009-10 (Rs.)
Head Lamp Assembly	5,527	10,861	20,979,631	39,903,124
Tail Lamp Assembly / Rear Combination Lamp	5,262	12,765	7,578,216	15,214,793
Others*			8,803,360	10,241,245
<b>Total</b>			<b>37,361,207</b>	<b>65,359,162</b>

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

## e. Consumption of raw materials:

Class of Goods	Unit	Quantity		Value (Rs.)	
		2010-11	2009-10	2010-11	2009-10
Plastic Powder	M.T.	6,431	6,116	932,658,452	750,316,423
Bulbs	Nos.	38,034,487	28,128,180	856,711,043	656,485,797
Adjustor Motors	Nos.	2,900,113	2,092,693	596,729,166	454,945,161
Others*				3,582,365,605	2,297,011,933
<b>Total</b>				<b>5,968,464,266</b>	<b>4,158,759,314</b>

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

## f. Imported and indigenous raw materials consumed:

Particulars	Percentage of total Consumption		Value (Rs.)	
	2010-11	2009-10	2010-11	2009-10
Imported	9.87%	19.41 %	589,167,687	807,012,806
Indigenous	90.13%	80.59 %	5,379,296,579	3,351,746,508
	100 %	100 %	5,968,464,266	4,158,759,314

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

Particulars	Percentage of total Consumption		Value (Rs.)	
	2010-11	2009-10	2010-11	2009-10
Imported	67.58%	63.33%	14,464,390	10,342,717
Indigenous	32.42%	36.67 %	6,939,581	5,990,563
	100 %	100 %	21,403,971	16,333,280

18. Excise duty on sales amounting to Rs. 883,819,416 (Previous year Rs.570,947,081) has been reduced from Sales in Profit & Loss Account and Excise Duty on Decrease/ (Increase) in Stock amounting to Rs.(605,466) (Previous year Rs. 5,547,489) has been considered as (income)/ expense in Schedule 18 of the financial statements.

19. Previous Year Comparatives

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

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

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

per Sanjay Vij  
 Partner  
 Membership No. : 95169

D. K. Jain  
 Chairman & Managing Director

Deepak Jain  
 Senior Executive Director

Place: Gurgaon  
 Date: May 27, 2011

Naval Khanna  
 Group Finance Head

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. : L74899DL1981PLC012804	State Code : 55
	Balance Sheet Date : Date : 31	Month : 03 Year : 2011
2 Capital Raised During the year	Public Issue : Nil	Rights Issue : Nil
	(Amount in Rs. Thousands)	Bonus Issue : Nil
3 Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)	Total Liabilities : 2,747,744	Total Assets : 2,747,744
	<b>Sources of Funds</b>	
	Paid-up Capital : 93,477	Reserves & Surplus : 1,451,983
	Secured Loans : 815,981	Unsecured Loans : 179,526
	Deferred Tax Liability : 206,777	
	<b>Application of Funds</b>	
	Net Fixed Assets : 3,006,271	Investments : 36,852
	Net Current Assets : (295,379)	Misc. Expenditure : -
	Accumulated Losses : Nil	
4 Performance of Company (Amount in Rs. Thousands)	Turnover (*) : 8,698,253	Total Expenditure : 8,460,920
	[ (+) for Profit/(-) for Loss ]	Profit/Loss Before Tax : (+) 237,333
	Earning Per Share in Rs. : (+) 19.23	Dividend Rate % : 60
5 Generic Names of Three 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.89,000 thousands.

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

D.K. Jain  
Chairman & Managing Director

Deepak Jain  
Sr. Executive Director

Place : Gurgaon  
Date : May 27, 2011

Naval Khanna  
Group Finance Head

B.S. Bhadauriya  
Company Secretary









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