



Lumax Industries Limited



REGD. & CORPORATE OFFICE :

B - 85-86, Mayapuri Industrial Area, Phase-I, New Delhi - 110064 (INDIA)

Phone : +91 11 28111777, 28116990 Fax : +91 11 28115779

E-mail : cao@lumaxmail.com




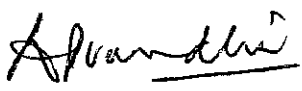
Our Ref.

(CIN: L74899DL1981PLC012804)

Date

FORM A

(Pursuant to clause 31(a) of the Listing Agreement)

1.	Name of the Company	LUMAX INDUSTRIES LIMITED
2.	Annual Financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	-
5.	To be signed by: x  • Mr. Deepak Jain Managing Director y  • Mr. Naval Khanna Group Finance Head  • Mr. Vikas Mehra Partner Membership No. 94421 For S.R. Batliboi & Co. LLP Chartered Accountants Firm Registration No. 301003E (Statutory Auditors)  e • Mr. A. P. Gandhi Audit Committee Chairman	

LUMAX



EXCEEDING

Quality Expectations

ANNUAL REPORT 2013-2014



Lumax Industries Limited



Chairman's Message

Dear Shareholder Friends,

India's economic growth has sharply slowed down in the last financial year, reflecting global developments and domestic constraints, while inflation continues to be high. Led by falling infrastructure and corporate investment, the slowdown has generalized to other sectors of the economy as well. However, positive policy steps taken by the Government along with improving external conditions have improved market sentiments. The current account deficit, after reaching a record high in FY 2012-13, is narrowing fast, and capital inflows have picked up again. The Indian Economic Growth is projected at 5.4% in FY 2014-15 by the International Monetary Fund.

Friends today's world is filled with fiscal and economic uncertainty – that breeds extreme caution, disrupts thoughtful planning, and is generally bad for business. And while this is true in India, it's also the case in many other markets. However, the new Government at the Centre with a clear majority has revived hope for resolution of policy bottlenecks, accelerating pending reforms, improvement in private sector sentiments by sending a strong signal and for laying the foundation for India's entry into a phase of healthier growth.

The year 2013-14 was undoubtedly one of the most challenging ones for the automobile industry. Both, vehicle and auto component sales saw a decline during the fiscal year that ended in March, 2014. Flagging vehicle sales, high capital costs, high interest rates, currency fluctuations and slowing down of the investment in manufacturing, have adversely impacted the growth of the auto component industry. The overall domestic automobile sales grew marginally by 3.53% because of growth of 7.31% in Scooters and motorcycles sales, while commercial vehicle are the most adversely affected, which de-grew by (-) 20.23%, passenger vehicle and three wheelers also de-grew by (-) 6.05% and (-) 10.90% respectively.

Although the Indian Automobile Industry is going through one of the most challenging phases ever, the Society of Indian Automobile Manufacturers (SIAM) has expressed its hope of slight recovery in the current fiscal year in line with the expectation of an overall economic recovery.

In the above backdrop, your Company registered a growth of 4.34%, which is in line with the industry growth. However, bottom line came under tremendous pressure due to depreciation and increased operational cost of newly setup plants in previous years, which are not yet operating on their full capacity due to slowdown in the Industry. The profit for the year after tax stood at Rs. 76.99 Million as compared to Rs. 135.85 Million during the previous year.

Notwithstanding the challenges, I firmly believe that the industry's long-term prospects remain bright. Going forward, growth will be driven mainly by healthy economic growth, changing consumer preferences & rising aspirations, increased spending on infrastructure development, thrust on rural economy and new product launches, among others.

Friends, your Company's CSR programs focuses on improving the well-being of people and communities through its Education and Healthcare initiatives. Towards this direction, the Company has adopted yet another branch of a School in Dundahera, Gurgaon, which is dedicated to the children from the economically weaker section along with supporting the existing 3 schools. To make people aware about the benefits of early screening and make a healthy, prosperous and cancer free society, your Company had joined the Punjab Cancer Screening Drive, the biggest ever such drive in collaboration with the Max Healthcare and Government of Punjab.

In the end, I would like to express my sincere appreciation to all the employees of Lumax for their contribution and support. I also greatly appreciate the continued confidence of the shareholders in the Company. We will continue to work with as much commitment and dedication as before in order to face these challenging times, for the growth of the Company and creating enhanced value for our customers and shareholders.

D. K. Jain
Group Chairman

Lumax Industries Limited

BOARD OF DIRECTORS

Mr. D.K. Jain	(Non-Executive Chairman)	
Mr. Deepak Jain	(Managing Director)	
Mr. Anmol Jain	(Senior Executive Director)	
Mr. Eiichi Hirooka	(Senior Executive Director)	- Stanley Nominee
Mr. Norihisa Sato	(Executive Director)	- Stanley Nominee
Mr. Toru Tanabe	(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

AUDITORS

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

PRINCIPAL BANKERS

Bank of Maharashtra
Central Bank of India
Citi Bank N.A.
HDFC Bank Ltd.
HSBC Bank
ICICI Bank Ltd.

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

REGISTERED OFFICE

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

IDBI Bank Ltd.
Societe Generale
Standard Chartered Bank
State Bank of India
Syndicate Bank
Yes Bank Limited

WORKS

- 1) Plot No.16, Sector-18, Maruti Complex, Gurgaon, Haryana.
- 2) Plot No.6, Industrial Area, Dharuhera, District Rewari, Haryana.
- 3) Plot No.195-195A, Sector 4, Phase-II, Bawal, District Rewari, Haryana.
- 4) Plot No. 51, Sector 11, IIE, Pant Nagar, District Udham Singh Nagar, Uttarakhand.
- 5) Plot No. 5, Industrial Park - II, Village Salempur, Mehdood, Haridwar, Uttarakhand.
- 6) D2-43/2, M.I.D.C. Industrial Area, Chinchwad, Pune, Maharashtra.
- 7) 608-609, Chakan Talegaon Road, Mahalunge Ingle, Chakan, Pune, Maharashtra.
- 8) Plot No. D-1, Vendors Park, Sanand, District Ahmedabad, Gujarat.
- 9) Plot No. 69, Bidadi Industrial Area, 2nd Phase, Bangalore, Karnataka.

BOARD OF DIRECTORS



Mr. D.K.Jain



Mr. Deepak Jain



Mr. Anmol Jain



Mr. Eiichi Hirooka



Mr. Norihisa Sato



Mr. Toru Tanabe



Mr. A.P.Gandhi



Mr. Rattan Kapur



Mr. Gursaran Singh



Mr. Suman Jyoti Khaitan



Mr. M.C.Gupta



Mr. Dhiraj Dhar Gupta

33rd

Annual Report

2013-2014

CONTENTS	PAGE NO.
Directors' Report & Annexures.....	4-37
Auditors' Report on Accounts.....	38-40
Balance Sheet.....	41
Profit & Loss Account.....	42
Cash Flow Statement.....	43
Notes forming part of Financial Statements.....	44-72

ANNUAL GENERAL MEETING ON FRIDAY, AUGUST 22, 2014

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are pleased to present the 33rd 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, 2014.

FINANCIAL RESULTS

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

Rupees in Million

Particulars	2013-14	2012-13
Net Sales	11166.98	10702.06
EBITDA	578.23	657.63
Financial Expenses	174.11	185.73
Depreciation/Amortisation/Impairment Loss	366.21	316.27
Profit Before Tax (PBT)	37.91	155.63
Provision for Tax	(39.08)	19.78
Profit After Tax (PAT)	76.99	135.85
Balance of Profit brought forward	268.25	195.44
Balance Available for Appropriation	345.24	331.29
Appropriations		
Dividend	32.72	42.06
Corporate Dividend Tax	5.56	7.15
Transfer to General Reserve	7.70	13.83
Balance Carried to Balance Sheet	299.26	268.25
	345.24	331.29
Dividend (%)	35	45
Basic and Diluted Earning Per Share (EPS)(Rs.)	8.24	14.53

DIVIDEND

Keeping in view of the philosophy of the Company to reward its shareholders and to continue the tradition of recommending dividend for the last 29 years, the Board of Directors are pleased to recommend a Dividend of 35% (Rs.3.50/- per Equity Share) for the Financial Year 2013-14 (Rs.4.50/- per share in the previous year). The total amount of Dividend proposed to be distributed aggregates to Rs. 38.28 Million (including Dividend Tax). The Dividend payout ratio comes to 49.72%.

A sum of Rs. 7.70 Million has been transferred to the General Reserve of the Company. This reaffirms the inherent financial strength of your Company.

BUSINESS PERFORMANCE

The Indian automobile industry has witnessed a period of sluggish demand for almost three consecutive years with signs of recovery still appearing distant. As auto component manufacturers derive over 60% of their revenues from supplies to the domestic auto Original Equipment Manufacturers (OEMs), the ongoing weakness in demand for new vehicles has accordingly had an adverse impact on revenue growth of suppliers. Amongst segments, the Commercial Vehicle (CV) segment has been the worst impacted. The Passenger Vehicle (PV) segment had recorded positive volume growth (although in low single digits) in 2011-12 and 2012-13, but growth turned negative (-6.05% YoY) in 2013-14. Over the medium term, the auto components industry's revenues are expected to grow at a relatively faster pace than the OEM segment riding on several factors including auto OEMs' growing thrust on localization, auto suppliers' efforts to expand business in new geographies, the strong upside potential to replacement market demand and increasing sophistication of vehicles shoring up part prices.¹

¹ ICRA report on Indian Auto Component Industry – January, 2014

During the year under review, the Indian Automobile Industry recorded a production growth of 4% as compared to 1.20% of the corresponding period last year. The industry produced around 21.48 Million vehicles of which share of two wheelers were 79%, passenger vehicles - 14%, three wheelers – 4% and commercial vehicles - 3%.²

In this backdrop, during the year under review, your Company recorded a sales turnover of Rs. 11166.98 Million registering a growth of 4.34%, which is in line with the industry growth. The profit for the year after tax stood at Rs. 76.99 Million as compared to Rs. 135.85 Million during the previous year.

CAPACITY EXPANSION / MODERNISATION OF FACILITIES

During the year under review, the Company has made investment to the tune of Rs. 214 million towards up-gradation of its Research and Development facilities, modernization of its existing manufacturing facilities including Dharuhera and Bangalore plants.

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

QUALITY INITIATIVES

Total Productive Maintenance (TPM) aims to create a culture and environment, which constantly tries to maximize the effectiveness of the entire production system by using a hands-on approach to build a "Zero accident, Zero defect & Zero breakdown" system. It is designed to pre-empt losses of all types throughout the life cycle of the production system which includes development, sales, production as well as administration. It involves at every level of the organization, from top management to front-line employees. TPM is the only way to keep customers, employees and stakeholders happy and contented at the same time. The Bawal, Dharuhera, Pantnagar and Chakan Plants have successfully launched TPM Kick-off ceremony.

RECOGNITION AND AWARDS

Your company considers continuous improvement and implementing appropriate quality management systems and processes to enable it to deliver the highest practicable quality products. Your company also recognises the importance of monitoring and reviewing of quality management systems. As a result of which the Company has received the following awards and recognitions from Customers and other Agencies during the year under review:

- ❖ Award for Outstanding Support on Development & Completion of Etios Project from Toyota Kirloskar Motor Private Limited.
- ❖ Certificate of appreciation for Continuous Improvement in the Quality issues from Tata Motors Limited.
- ❖ Gold trophy in Quality Circle Competition organised by Quality Circle Forum of India.
- ❖ Certificate of participation in Direct Material Cost Reduction Initiative from John Deere India Private Limited.
- ❖ Shield for Quality improvement – Vendor Upgradation from Maruti Suzuki India Limited.
- ❖ Shield for Tier-2 Upgradation from Maruti Suzuki India Limited.

DIRECTORS

In accordance with the Articles of Association of the Company and the Companies Act, 2013, Mr. Eiichi Hirooka, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the year under review, the following changes were made in the Management structure of the Company, with the view to strengthen professional management and provide robust management structure for the Company's growth in the future :

- i) Mr. D.K. Jain, Chairman & Managing Director has stepped down from the position of Managing Director and now functioning as Non-Executive Chairman of the Company.
- ii) Mr. Deepak Jain has been elevated to the position of Managing Director of the Company.

We thank the shareholders for their support in confirming the above change in management structure of the Company vide Postal Ballot on October 22, 2013.

Stanley Electric Co. Ltd. (Stanley - Technical & Financial Collaborator) had withdrawn the nomination of Mr. Makio Natsusaka, Non-Executive Director and Mr. Toshio Masuda, Executive Director from the Board of the Company. Consequently, Mr. Makio Natsusaka and Mr. Toshio Masuda resigned from the Board of the Company w.e.f. August 6, 2013 and October 28, 2013 respectively. The Board of Directors places on record its appreciation for the valuable services rendered by them during their tenure as Director.

² Society of Indian Automobiles Manufacturers (SIAM)

Stanley - Japan nominated Mr. Shigeki Muto and Mr. Norihisa Sato in place of Mr. Makio Natsusaka and Mr. Toshio Masuda. Pursuant to their nomination, the Board of Directors have appointed Mr. Shigeki Muto, as additional Director w.e.f. August 6, 2013 and and Mr. Norihisa Sato as additional director as well as Executive director w.e.f. October 28, 2013, for the time being, on the Board of the Company at their meeting held on August 6, 2013 and October 28, 2013 respectively, subject to their regular appointment in the Annual General Meeting.

Thereafter, in May, 2014, Stanley - Japan has withdrawn the nomination of Mr. Shigeki Muto from the Board of the Company. Consequently, he resigned from the Board of the Company w.e.f. May 30, 2014. The Board of Directors place on record its appreciation for the valuable services rendered by him during his tenure as Director.

Stanley - Japan nominated Mr. Toru Tanabe in place of Mr. Shigeki Muto. Pursuant to his nomination, the Board of Directors have appointed Mr. Toru Tanabe, as additional Director w.e.f. May 30, 2014, for the time being, on the Board of the Company at their meeting held on May 30, 2014, subject to his regular appointment in the Annual General Meeting.

Mr. Norihisa Sato is a B. Tech. from Kogakuin University, Japan, aged 52 years, having about 30 years of rich experience in Production Engineering. He joined Stanley, Japan in 1984 and has abundant experience and knowledge in the Production Engineering Fields and has a management record of 10 years' standing.

Mr. Toru Tanabe is a Graduate from HOSEI University, Japan, aged 55 years, having about 23 years of rich experience and knowledge in R&D of electrical components and advanced illumination systems for automotive equipment and about 10 years in automotive electronics since he joined Stanley, Japan in 1981 and has a management record of about 20 years' standing.

In accordance with the Articles of Association of the Company and the Companies Act, 2013, Mr. Norihisa Sato and Mr. Toru Tanabe hold office till the ensuing Annual General Meeting. The Company has received Notices in respect of Mr. Norihisa Sato and Mr. Toru Tanabe from a member under Section 160 of the Companies Act, 2013 proposing their appointment as Directors of the Company liable to retire by rotation.

Consequent to notification of Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of all Independent Directors for five consecutive years from the ensuing Annual General Meeting and they shall not be liable to retire by rotation.

Your Directors recommend the re-appointment/ 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 31st March, 2014, 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 & Co. LLP, Chartered Accountants, auditors of the Company are completing 9 years as Statutory Auditors in the ensuing AGM. In terms of the provisions of Section 139 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, your Directors proposed to appoint S.R. Batliboi & Co. LLP, Chartered Accountants as Statutory Auditors of the company for a period of 3 consecutive years from the conclusion of the ensuing Annual General Meeting till the conclusion of the fourth consecutive Annual General Meeting. They have given their consent to act as Auditors of the Company and have further confirmed that their appointment, if made, would be in conformity with the provision of Section 141 of the Companies Act, 2013. The Audit Committee in its meeting held on May 30, 2014 has also recommended the appointment of M/s S.R. Batliboi & Co. LLP, as Statutory Auditors of the Company. Your Directors also recommend their appointment.

Lumax Industries Limited

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 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.
- ii. With reference to the observations of the Auditor in Para (xvii) to the Annexure of their Report regarding the use of short term funds for long term purposes, it is informed that in view of the general slowdown in the global economy, leading to slowdown in Auto Industry, your company decided not to go for fresh long term loans till the market improves as a result of which the company has used short term funds for long term investments.

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.

COST AUDITORS

The Board has re-appointed M/s Jitender, Navneet & Co. as the Cost Auditors of the Company in accordance with Section 233B of the Companies Act, 1956 and in conformity with the directives of the Central Government, for the audit of the cost accounts of the Company for the Financial Year 2013-14. The Cost Audit Report for the Financial year 2012-13 has been filed with the Central Government within the stipulated time on September 26, 2013.

MATERIAL CHANGES AND COMMITMENTS

No other material changes and commitments affecting the Financial position of the Company have occurred between April 1, 2014 and the date on which this Report has been signed.

CORPORATE SOCIAL RESPONSIBILITY

People and the environment are the industry's top resources. The automobile industry invests heavily in new technologies and strategies to address the complex CSR and sustainability challenges. All over the world, the automobile brings improved quality of life; the task is to sustain and improve its benefits while reducing the environmental footprint of its products, services and production facilities.

Indian entrepreneurs and business enterprises have a long tradition of working within the values that have defined nation's character for millennia. India's ancient wisdom, which is still relevant today, inspires people to work for the larger objective of the well-being of all stakeholders. These sound and all-encompassing values are even more relevant in current times, as organizations grapple with the challenges of modern-day enterprise, the aspirations of stakeholders and of citizens eager to be active participants in economic growth and development. Corporate Social Responsibility is about achieving organization excellence in ways that honour ethical values and respect people and communities.

Your Company's CSR programs focuses on improving the well-being of people and communities through its Education and Healthcare initiatives. Through various activities, your company strive to support social inclusion and education in its broader sense of disadvantaged and underprivileged children of the society – with a focus on Girl child. Through its healthcare initiatives, which involves partnership with various agencies, your company is making healthcare available to more people in more places. All in all the activities within the both focus groups shall demonstrate a positive social and economic impact.

Education

In its continuous efforts towards CSR activities, your Company has adopted yet another branch of a School in Dundahera, Gurgaon, which is dedicated to the children from the economically weaker section. The school has been provided with infrastructure support and other facilities for students. Apart from the above, the Company continued to support the existing 3 schools, bearing fees of all girl students and distributed school starter kit in the beginning of the session. These schools have also been provided with infrastructure and other facilities for students.

Healthcare

Further, in its on-going efforts to create healthy society, your Company also joined the Punjab Cancer Screening Drive, the biggest ever cancer screening program launched with the collaboration of Max Healthcare and Government of Punjab, as District partner-Amritsar on September 28 and 29, 2013. Nearly 1,00,000 patients were examined over two days with the help of approximately 400 doctors and more than 2500 nurses, managers and other volunteers in 22 district hospitals of Punjab. The motive behind the drive was to make people aware about the benefits of early screening and make a healthy, prosperous and cancer free 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**.

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 - C**.

PARTICULARS OF EMPLOYEES

Information on 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. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is 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 belief that we are able to embrace continuous change and respond quickly with innovative products and solutions that is vitally important in an increasingly dynamic business environment. We will continue to make rapid innovations, which are essential to an organization's survival in today's hypercompetitive business environment. 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 and commitment rendered by all the associates and 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 30, 2014

D.K. JAIN
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

a) INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

ECONOMIC ENVIRONMENT

GLOBAL ECONOMY

World economic growth was 3.9% in 2011, 3.1% in 2012 and 3% in 2013. Among India's major trading partners, who are also the major sources of our foreign capital inflows, the United States has just recovered from a long recession; Japan's economy is responding to the stimulus; the Eurozone, as a whole, is reporting a growth of 0.2%; and China's growth has slowed from 9.3% in 2011 to 7.7% in 2013.

The Global Risks 2014 report (World Economic Forum) has mapped 31 global risks. Of highest concern are ten risks that include fiscal crisis, structurally high unemployment or underemployment, income disparity, governance failure, food crisis, and political and social instability. The challenges that India face are common to all emerging economies. 2012 and 2013 were years of turbulence. Only a handful of countries were able to keep their head above the water, and among them was India.³

INDIAN ECONOMY

The Indian economy weathered the global financial crisis rather well and quickly recovered from the decline in growth rate in 2008-09 to a healthy growth that averaged around 9% annually in 2009-10 and 2010-11. However, this recovery was short-lived and growth rate declined to 6.2% in 2011-12 and 5% in 2012-13, on account of both domestic and external factors.

The economy went through a sharp and prolonged cyclical downturn since the onset of Eurozone crisis in 2011-12 with a growth slowdown, elevated fiscal and current account deficits and a persistence of retail inflation. Some of the sectors like mining and manufacturing went through a prolonged downturn spilling over on to the macroeconomic outcome. Government has calibrated its policies to improve the outcome with some success.

The Gross Domestic Product (GDP) is estimated to have grown at 4.9% in 2013-14 with agriculture, industry and services registering growth rates of 4.6%, 0.7% and 6.9% respectively. The sub-5% growth of the economy in 2013-14 is primarily the result of the continued slowdown in the industrial sector and lower growth in the 'trade, hotels, transport and communications' segment of the service sector. Manufacturing, the dominant sector in industry, witnessed de-growth of (-) 0.2%. The reasons for sluggishness in manufacturing are multiple. The rise in the policy rates, necessitated by the need to contain inflation, coupled with the bottlenecks facing large projects took toll on investments.

While the recovery in real GDP growth is small and the process likely to be gradual, but it is sustainable for the following reasons: the pickup in industry is firmer; agriculture output is second highest ever which could moderate food inflation that is the key reason for elevated headline inflation (particularly retail); and, services sector in GDP which is yet to pick up is likely to do so as it usually follows with a lag. Besides, the external sector environment is less uncertain now. This, together with the fiscal space being created, is likely to provide a fillip to growth going forward.⁴

INDIA OUTLOOK FY 2014-15

India's economy, in terms of the size of its GDP, is the 11th largest in the world. There is a well-argued view that in the next three decades India's nominal GDP will take the country to the third rank after the US and China. Just as the fortunes of the developed countries affect the emerging economies today, the fortunes of China and India will, in the future, have a significant impact on the rest of the world.³

The World Economic Outlook update released by the International Monetary Fund in January 2014 has revised the growth projection for the world economy slightly upwards to 3% and 3.7% for 2013 and 2014 respectively. From 2014 onwards, global growth prospects are projected to improve over the medium term at a gradual pace.

In India, several reform measures have been undertaken including clearance of several large projects by the Cabinet Committee on Investment. These steps could help in revival of investment and growth in the economy. In addition, resurgence of exports, prospects of revival in the global economy and moderation in inflation observed recently, point to a better outlook for the Indian economy in 2014-15 vis-à-vis 2013-14.⁵

The formation of new Government at the Centre with clear mandate has revived hope for structural reforms and better investment climate and the country's growth is likely to accelerate as the new government will be able to undertake previously stalled reforms which can help in increasing economic growth. The new government's reforms agenda includes removing

³ Budget Speech 2014, Government of India

⁴ Mid-Year Economic Analysis 2013-14, Government of India

⁵ Macro-Economic Framework Statement 2014-15

supply-side bottlenecks to growth, reducing the fiscal deficit, incentivising infrastructure investment, focusing on labour incentive manufacturing and improving governance.

AUTO AND AUTO COMPONENT INDUSTRY OUTLOOK

India represents one of the world's largest car markets. Easy availability of finance and rising income levels are encouraging the middle class population to choose from the vast range of passenger vehicles.

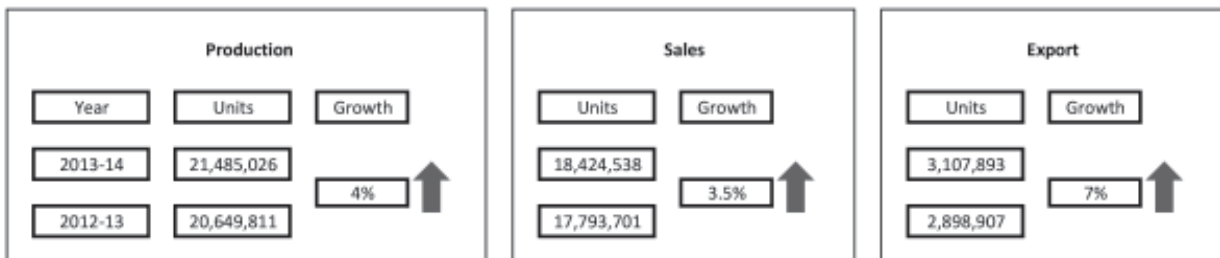
The Indian auto industry has been recording tremendous growth over the years and has emerged as a major contributor to India's gross domestic product (GDP). The industry currently accounts for almost 7% of the country's GDP and employs about 19 million people both directly and indirectly.

While Indian auto market has been witnessing cyclic ups and downs in the past, the current recession is the worst it has ever experienced. There is a slowdown across segments and the sentiment is very negative. The prolonged spell of the current downturn has cast a gloom in the market. The historical evidence clearly suggests that the fate of auto market is essentially linked with the pace of economic growth & development.

The current uncertainties notwithstanding, the Indian automotive market is poised for a steady growth going forward. Growth drivers such as rising income levels and changing life styles, particularly the growing aspirations of rural India, increasing urbanisation necessitating the increased mobility needs, low penetration levels and changing consumption pattern, are in place to fuel healthy demand in medium and long runs.

The year 2013 was marked by a broad based slowdown in auto sales owing to sustained deceleration in economic activity and consequent weakness in consumer and business sentiment. The domestic automobile sales grew marginally by 3.53% during 2013-14, as compared to a growth of 2.61% over the same period last year. While an immediate upturn in the auto industry is not expected, the worst may be behind us. Expectations of improvement in economic environment from the second half of 2014 along with potential interest rate cuts are likely to provide support to auto sales in the year ahead. It is expected that the deferred purchases will get converted into actual sales, mainly after the initial two quarters, owing to pick up in industrial activity and increase in infrastructure spending. Improvement in consumer sentiments particularly in rural areas would act as a positive trigger for certain segments and companies within the Auto industry.⁶

Automobile Industry Trend



Source : SIAM

DOMESTIC SALES

COMMERCIAL VEHICLE

The sales of commercial vehicles (CVs) entered into the negative territory as slowdown in industrial activity coupled with sluggish infrastructure spending, tight financing environment and frequent diesel price increases led to de-growth of (-) 20.23% in April-March 2014 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) registered negative growth at (-) 25.33% and Light Commercial Vehicles also dropped by (-) 17.62%.

PASSENGER VEHICLE

The buoyancy in domestic passenger vehicle (PV) sales has been on a wane since the beginning of 2013 as rising fuel prices and high interest rates led to sharp increase in ownership costs, deterring customers from making vehicle purchases. The sales of Passenger Vehicles declined by (-) 6.05% during April-March 2014 over the same period last year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicles and Vans dropped by (-) 4.65%, (-) 5.01% and (-) 19.58% respectively.

⁶ Sectoral Outlook-Dun & Bradstreet

THREE WHEELERS

Three Wheelers sales declined by (-) 10.90% in April-March 2014 over the same period last year. Passenger Carriers and Goods Carriers declined by (-) 12.74% and (-) 2.53% respectively.

TWO WHEELERS

The slowdown in two-wheeler domestic sales continued into 2013 as increase in fuel prices, high interest rates and inflation significantly weighed down urban consumer sentiment. Two Wheelers sales registered growth of 7.31% during April-March 2014 over April-March 2013. Within the Two Wheelers segment, Scooters and Motorcycles grew at 23.24% and 3.91% respectively, while Mopeds declined by (-) 8.35%.

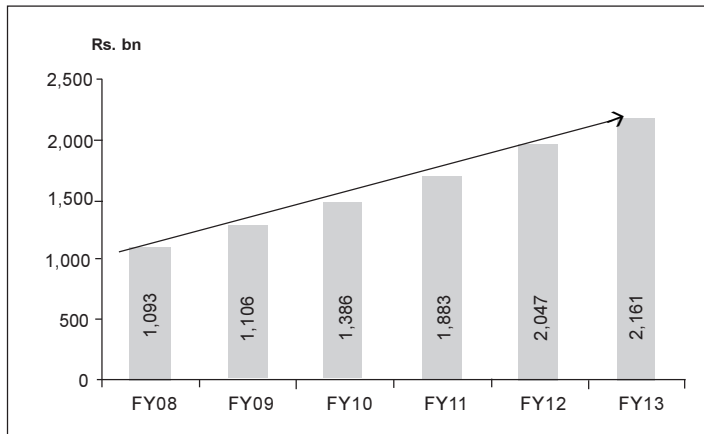
EXPORTS

Auto companies increased their focus on overseas markets (mainly emerging markets) in an attempt to offset slowing sales growth in the domestic market. As a result, during April-March 2014, overall automobile exports grew by 7.21%. Passenger Vehicles, Three Wheelers and Two Wheelers registered growth at 6.09%, 16.60% and 6.52% respectively, while Commercial Vehicles declined by (-) 3.71%.⁷

AUTO COMPONENT INDUSTRY

The Indian auto components industry is one of the fastest growing industries in the country. It has grown at a CAGR of 14.6% during the last five years ended 2012-13. The industry has a distinct global competitive advantage in terms of cost and quality and this has aided in its transformation from a local supplier to a global auto parts supplier catering to some of the big names in the global automobile industry. The cost advantage stems from the cost-competitiveness in raw material and labour, while its established manufacturing base is a compelling attraction for global OEMs to outsource components from India. The industry is transforming itself from a low-volume highly fragmented industry into a competitive industry backed by competitive strengths, technology and transition up the value chain. The annual turnover of Indian auto component industry was around Rs. 2,161 billion during FY13, almost twice the size in FY08.

Indian Auto Component Industry



Source: ACMA

Several factors have enabled this transformation of the Indian auto components industry. The government's role has been in the form of initiatives and incentives, additional subsidies and formation of various clusters as also economic liberalisation. The gradual increase witnessed in the per capita income in India has led to leading aspirations and greater demand for automobiles, which in turn has boosted the demand for auto components. In addition, the entry of various foreign players in the Indian market led to companies adopting innovative marketing strategies to fend competition. The competitive intensity led to the improvement in the end products.⁸

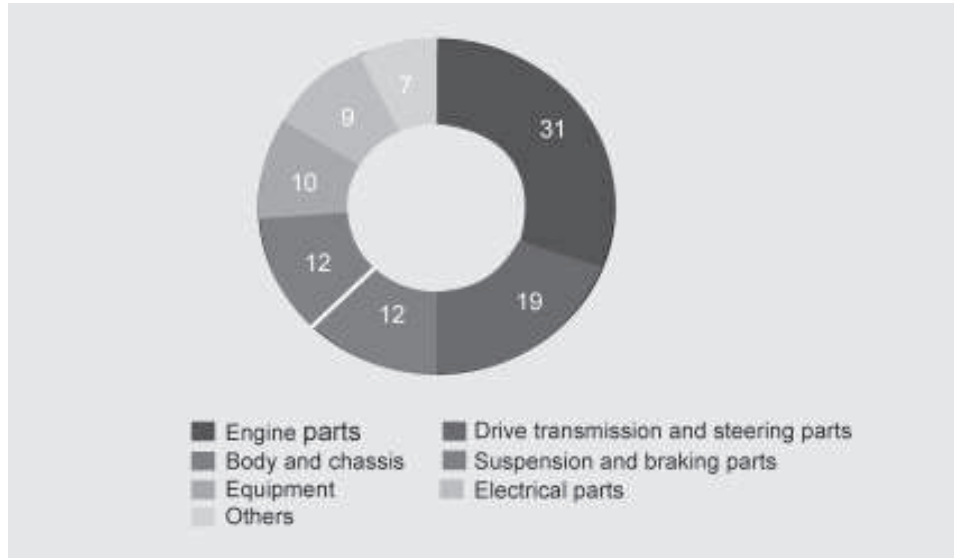
Product Range

The Indian auto components industry offers a comprehensive product range, consisting of approximately 20,000 components required for vehicle manufacturing. The entire product range is grouped into seven categories. Engine parts and drive transmission and steering parts are the two main product categories, contributing to 50% of the Indian auto component industry in FY13.

⁷ SIAM

⁸ Dun & Bradstreet Auto Component Industry Overview

Product Range- Share of Products in FY13 (%)



Falling Exports due to Global Slowdown

Indian auto component makers are facing the heat of a global auto slowdown thereby resulting in falling exports, which is further aggravated by weak domestic demand. Europe, which accounts for one-third of India's component exports, is still reeling under the pressure of slow economic growth.⁹

IMPACT OF VUCA ON INDIA'S AUTO COMPONENT INDUSTRY¹⁰

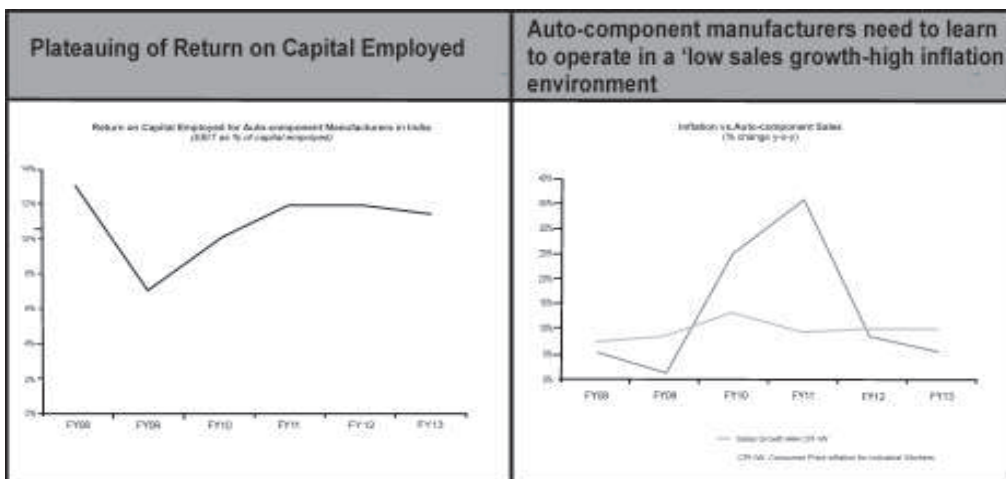
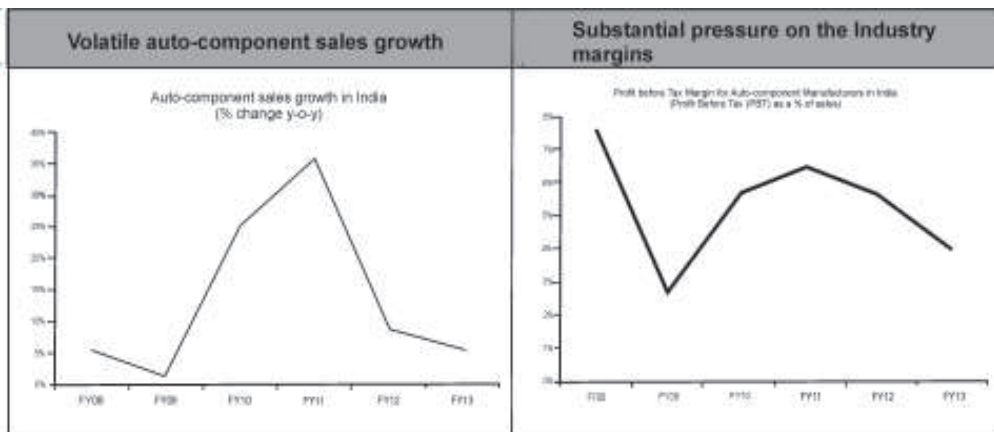
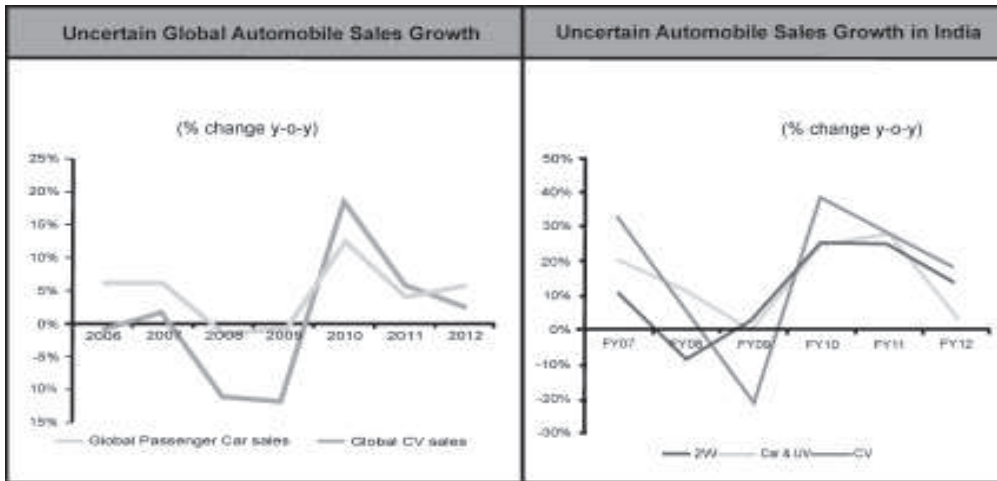
The auto-components industry is currently challenged with strategizing and executing plans to sustain and grow in a business environment characterized by increased volatility, uncertainty, complexity and ambiguity (VUCA). A strong domestic macro economy and robust market conditions had sheltered the auto-components industry from the short-term negative impact of the 'global VUCA-effect' that hit industries across the world in the aftermath of the recent international economic crisis. Beginning FY2011, the Indian economy started slowing down. Since then, the automobile and auto-components industry have steadily been exposed to the pressures of a global and a local VUCA effect simultaneously.

VUCA means, an era of permanent:

- ❖ *Volatility: E.g. intense price and exchange rate variation*
- ❖ *Uncertainty: E.g. unpredictable future growth*
- ❖ *Complexity: E.g. fast changing consumer tastes and preferences*
- ❖ *Ambiguity: E.g. lack of clear policy guidance*

India is no longer insulated from the VUCA environment. Key operating and profit indicators of auto component manufacturers are coming under increased pressure as they continue to operate in a VUCA environment.

⁹ Dun & Bradstreet Auto Component Industry Overview
¹⁰ ACMA-Accenture Study Report



**OEM - Component manufacturers expectations from each other in the current environment
Auto Component Makers Face**

OEM Expectations from Auto-Component Manufacturers		Auto-Component Manufacturers' Expectations from OEMs
Price cut	↔	Collaborative cost-down
Flexibility in operations	↔	Accurate and timely demand estimates
Design/technology capability	↔	Resource sharing
Develop human resources	↔	Mentoring support
Better quality products	↔	Support with Tier 2 and Tier 3 development

To survive and thrive in such challenging times, and grow in an environment characterized by permanent volatility, Indian auto-component companies will need to transform themselves into High Performance Businesses (HPBs).

Building blocks for High Performance Business

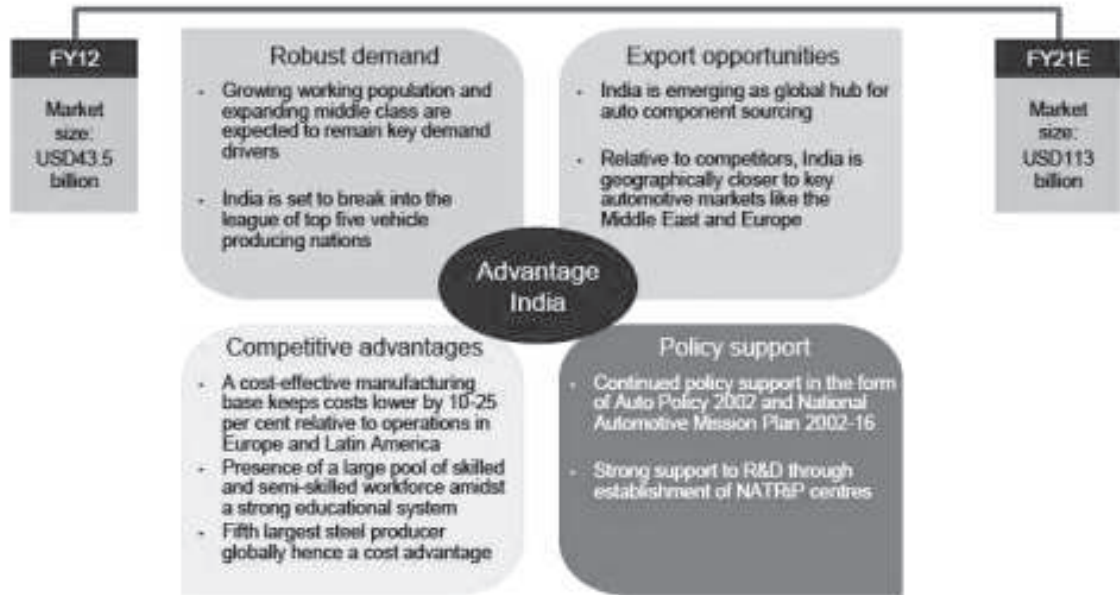


The rapidly globalising world is opening new dimensions for the transportation industry, generating need for more efficient, safe and reliable modes of transportation. The cars will become 'smart devices on wheels', so much so that the car will become an extension of smartphone or vice versa. Today, several companies – including Google and Apple – are working on connected vehicles. By 2020, the industry estimates that nearly 90% of vehicles on the road will be wired, while the connected car market will hit US\$ 600 billion – making it the single largest market for connected devices and services.¹¹

¹¹ IBEF Report

b) OPPORTUNITIES & THREATS

1. Advantage India



Notes: NATRIP - National Automotive Testing and R&D Infrastructure Project; FY - Indian Financial Year (April to March); FY21E - Estimated figure for the financial year 2021; Estimates are from Automotive Component Manufacturers Association of India (ACMA); R&D - Research and Development

2. High growth expected in motor vehicle penetration in India - Motor Vehicle Penetration per 1,000 people

Country	2004	2010	2030	Average Annual Growth Rate (2004-2030)
India	13	18	110	8.6%
Indonesia	36	60	166	6.1%
Thailand	127	157	592	6.1%
Malaysia	271	361	677	3.6%
Mexico	200	275	491	3.5%
Brazil	171	209	377	3.1%

3. Connected Cars

Connected cars and infotainment are the future. Auto manufacturers are increasingly focusing on connected cars to significantly advance the driving experience of drivers. A connected vehicle could also have Predictive Diagnostic Tools to check vehicle's health and accordingly warn the driver in case there are any issues with the vehicle, eliminating any unexpected breakdowns. With additional features like parking assistance, driver warning systems, weather and traffic reports, and music streaming, connected cars promise to make driving more safe, convenient and enjoyable.

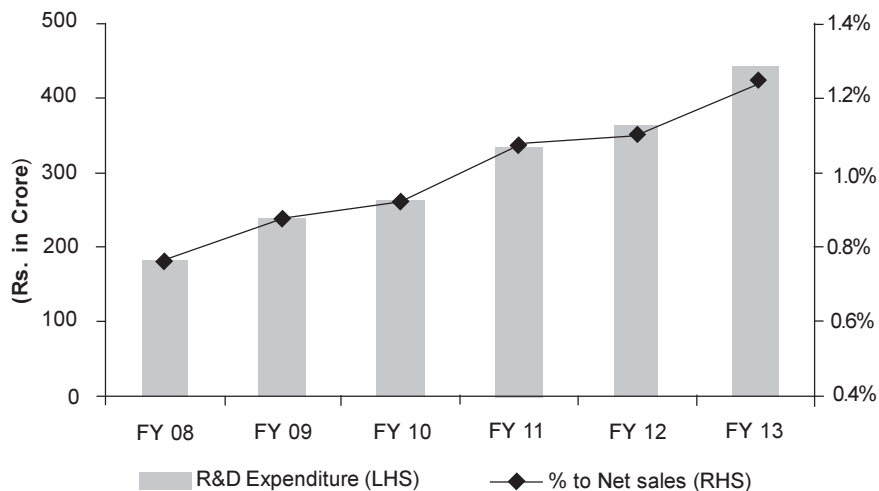
4. Going Green

Indian Government is on a serious mission to go green. Rising fuels costs and pollution levels are some of the reasons for this endeavour. In fact, the India National Electric Mobility Mission Plan 2020 envisages that by 2020, there will be 5-7 million electric vehicles (EVs) on the roads. There has also been a conscious shift by auto manufacturers to move towards energy efficient vehicles and hybrid/ electric vehicles.

5. Increased investments towards technology would benefit component suppliers to reap the benefit of indigenization drive among global OEMs

R&D and technical knowhow expenditure of the major players although miniscule (i.e. less than 2% of net sales) have been gradually increasing. As imports form substantial portion of inputs in automobile manufacturing, uncertainties arising out of sharp currency fluctuation are adding to the woes of OEMs. Hence, in order to curtail the burden of growing import bill almost all global OEMs are resorting to increased local sourcing. Indian auto component manufacturers offer advantages like low-cost and adequate production capacity and ability to absorb advance technological changes. Further, cost cutting drive amongst all major OEMs across the globe has led substantial rise in component sourcing from low cost destinations like India during last 5-6 years. This presents a significant growth opportunity for the domestic manufacturers to become a part of the supply chain of global OEMs.

Trend in R&D expenditure for major auto component manufacturers



6. OEM demand to remain subdued in short term, however, exports and replacement demand would continue to grow

OEM demand constitutes around 62% of total auto component turnover. This segment witnessed a strong growth of around 30% in FY11, on the back of robust automobile sales. However, slowdown in the growth levels in automobile sales also led to moderation in OEM demand to around 15% in FY12. Since FY13, OEM demand plunge even further as it dropped by around 8%. As the economic concerns are expected to fade away in the medium term, vehicle demand will revive gradually, providing support to OEM segment demand.

Huge pile up of vehicles owing to strong demand scenario during last one decade has fuelled demand from the replacement market during last 3-4 years. During FY08-FY13 period replacement demand has increased at a CAGR of around 18%. Even in FY13, replacement market has clocked growth of around 8% YOY. It is expected that replacement demand would continue to remain healthy and auto component exports would continue to remain strong on the back of cost effectiveness of Indian auto component suppliers.¹²

¹² CARE report on Indian Auto Component Industry

Issues and Challenges

The growth prospects for the Indian auto components industry are bright. However, to continue to report healthy growth, the industry has to overcome certain challenges facing them. The major challenges facing the industry that are acting as bottlenecks in exploiting the full market potential include :

- Low capital base of players in the industry.
- Limited generation of surplus funds for re-investment due to tight working capital cycle.
- Lack of awareness of business opportunities.
- Lack of experience to international environment.
- Limited geographical diversity of markets.
- Obsolete technology.
- Poor infrastructure facilities.
- Volatile factors of production, mainly due to frequent fluctuations & instability in the prices of commodities & raw materials such as steel, aluminium, polymers etc.
- Power cost in India is amongst the highest when compared with the other competing countries globally.
- Product substitutes due to emergence of new technologies.
- Increasing need for technology up gradation/ innovation to compete and survive in the global market.
- High level of dependence on traders and agents to perform business in overseas markets that threatens their competitiveness in the global market.
- Less than five domestic players with revenues more than US \$ 250 million; the industry has highly fragmented market.
- High interest rates in India as compared to other competing countries.
- Direct and indirect taxes burden are relatively higher than the tax rates followed in other competing countries.¹³

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)
Automotive Lamps	10371.96
Gear Shifter	34.68
Tools	695.97
Miscellaneous Items	64.37
Total	11166.98

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.

¹³ Dun & Bradstreet Auto Component Industry Overview

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 base and geographic reach. The Company is exposed to strong competitive pressures from 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 implemented adequate risk management approach.

f) DISCUSSION ON FINANCIAL PERFORMANCE WITH REFERENCE TO OPERATIONAL PERFORMANCE

The auto industry In India has been experiencing one of the most challenging times ever. The production of Automobiles in the financial year 2013-14 has grown by 4% as compared to the last financial year ended on March 31, 2013. Your Company clocked a growth of 4.34% year on year, which is in line with the Industry growth.

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. 11166.98 Million for the year ended March 31, 2014 as compared to Rs. 10702.06 Million in the previous year, a growth of 4.34%, which is in line with the Industry growth.

PROFITS

Your Company has recorded a Profit Before Tax (PBT) of Rs. 37.91 Million for the year ended March 31, 2014 as compared to Profit Before Tax (PBT) of Rs. 155.63 Million in the previous year.

DIVIDEND

The Company has been declaring dividend for the last 29 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 29 years, your Directors are pleased to recommend a Dividend of 35% (Rs. 3.50/- per Equity Share) for the Financial Year 2013-14 (Rs. 4.50/- per Equity share in the previous year).

The total amount of Dividend proposed to be distributed is Rs. 32.72 Million (excluding Dividend Tax).

g) HUMAN RESOURCES

At Lumax, our people are essential and fundamental to our existence and business objectives can only be achieved through their dedication and professionalism. The rapidly changing economic environment, characterized by the globalization and deregulation of markets, changing customer and investor demands, and ever-increasing product-market competition has an important bearing on our performance. To compete this, we continuously improve our performance by reducing costs, innovating products and processes and improving quality, productivity and speed to market. With special focus on Human Resource Management and organizational performance, we hope to contribute to a better understanding of the role of human resource decisions in creating and sustaining organizational performance and competitive advantage.

Further the improvement activities through Kaizen, Quality Circles, Total Productive 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. Also the Company provides a workplace that is safe, hygienic and humane and which upholds the dignity of employees.

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 2,135 numbers of employees.

CAUTIONARY STATEMENT

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

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, 2014.

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 reducing energy cost.

(a) Energy conservation measures taken:

(1) Change of Power Connection from 22 KVA to 33 KVA at Chakan, Pune :

The Company has changed the existing power connection from 22KVA to 33KVA at its Chakan Plant, with an investment of Rs. 130 Lacs. By using this measure, the Company is expecting to save electricity consumption by approximately 10%.

(2) Introduction of Moulding Machine with Servo Motor at Pantnagar, Uttrakhand:

The Company has introduced Moulding Machine with Servo Motor at its Plant at Pantnagar at an Investment of approximately Rs. 5 lacs, thereby expecting to save electricity consumption by approximately 25% to 30%.

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

Further, the Company is proposing to convert Heating Control System of Ovens from contactor or Solid State Relay (SSR) to Silicon Control Rectifier (SCR) across all Plants gradually. By using SCR, the Company is expecting to reduce electricity consumption approximately by 30%.

(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. For the first time in Indian market Front position LED light guide is introduced in a 2-wheeler. Using LED saves energy as less power is used to glow the lamp also with LIGHT GUIDE the appearance is improved and act as a signature lighting.
- b. Sleek 10 LED tail lamp with Tail and Stop function designed and developed for 2 wheeler.
- c. New generation cost effective HID lamp for the first time for Indian market is under designing.
- d. Designing of new sleek LED front position light (integrated with Headlamp).
- e. Formation of New Technology Group.
- f. Initiative of in-house design studio for new technology solutions at affordable cost.
- g. Initiative of in-house Sketching and styling.
- h. Signature Concept DRL Lamp with LED light source.
- i. Signature Concept Tail Lamp with LED and Translucent Lens application.
- j. Rigid Flexible PCB Development for Aerodynamic lamps.
- k. Scuff Plate Lamp with Customer LOGO. This is new trend adoption in India.

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

- a. With focus on strengthening self-reliance on designing capability within the company, various drives were initiated such as, Inner Part Localization (IPL) which leads to import substitution of various parts.

- b. Stanley Electric Co. Ltd, Japan is providing extensive support and under this support Stanley design manager was deputed to Lumax enabling prompt and quick technical response to our esteemed customers.
- c. Following the various activities of product and process maturation and potential failure analysis we are enhancing our design and process capabilities to establish "Zero defect launch".
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year i.e March 31, 2014), following information may be furnished:

a.	Technology Imported	:	Vibration Welding	Three Color Three Shot Moulding Technique
b.	Year of Import	:	2011 – 2012	2011-2012
c.	Has Technology been fully absorbed	:	Absorbed in 2 wheeler and introduced for 4 wheeler products in 2013. Technology has been fully absorbed.	Absorbed in 4 wheeler tail lamps
d.	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	:	-	-

Research and Development (R & D)

Technology in the Auto industry is rapidly changing with ever evolving regulations on emission and safety, increasing industry responsibility towards society and the need for moving towards alternate energy resources. To maintain and enhance its competitiveness, the Company is making significant investment in Research and Development (R&D), Technology Development and Innovation for achieving growth, business profitability and sustainability. The Company continues to enhance its R&D capability 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:
- Designing for HID Headlamp for 4 Wheeler.
 - Designing for LED front position for 4 Wheeler.
 - Designing and Proto developed for a new generation sleek 4 Wheeler Headlamp.
 - Designing and development of LED Tail lamp for 2 Wheeler.
 - Designing and development of LED Light Front position for 2 Wheeler.
 - Designing and development for new generation Headlamp and Tail lamp for new styled 2 Wheeler.
 - Designing of Halogen Projector.

2. Benefits derived as a result of the above R & D:
- Complete in house designing with minimal support from Stanley on the HID headlamp.
 - With in-house designing gaining confidence on fulfilling the self-reliance journey.
 - Thermal simulation done during design validation stages.

3. Future plan of action:

Further enhancing the technology gained after working on HID and LED based Lamps. Understanding the technology, especially for 4 wheelers using different HID sources as for Low beam and High beam.

- Introduction of LED for License plate lamp.
- Alignment with STANLEY design procedures.

4. Expenditure on R & D:

(Rs. In Million)

(i)	Capital	15.65
(ii)	Recurring	182.76
	Total	198.41
(iii)	Total R&D Expenditure as a percentage of Total Turnover (%)	1.78

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 the export market. During the year under review, the following export development and promotion measures were taken:

- ❖ Start of Production of LED High Mounted Stop Lamp to Audi, Germany.
- ❖ Increase in business with Truck-Lite, Europe.
- ❖ Re-start of our business with ADIVA, Italy for 2W Head Lamp.
- ❖ Sustaining the current business in small lamps with Nissan, Europe.
- ❖ Sustaining the current business in Head Lamps and Tail Lamps with John Deere, USA.
- ❖ Continuous conversation with major OEMs in Central Europe & USA to introduce Lumax brand with the target of increasing our OEM Export in 2014.

- b) Total foreign exchange used and earned.

- i. This information is given in Notes to financial statements at Sl.No. 38,39,41 & 42.

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, Four (4) Directors are Executive Director(s), Two (2) including the Chairman are Non Executive Directors and Six (6) are Non Executive Independent Director(s). The Managing Director is assisted by two Senior Executive Directors, one Executive Director and Senior Managerial Personnel in overseeing the functional matters of the Company. The Board of Directors have met Four 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.
 - The Information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- (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 framed there under and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

F. Composition, Category and Attendance of Directors at Board Meetings, Last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/Memberships of Committees of each Director in various Companies as on March 31, 2014.

Sl. No	Name of the Directors	Category of Directorship	No. of Board Meetings Attended	No. of Directorships in other public companies ¹	No. of Committee positions held in other public Companies ²		Last AGM Attended	Relationship Interse
					Chairman	Member		
1	Mr. D.K. Jain	Non-Executive Chairman	4	3	-	1	Yes	Related as Father to Mr. Deepak Jain and Mr. Anmol Jain.
2	Mr. Deepak Jain	Managing Director	4	5	-	-	Yes	Related as Son to Mr. D.K Jain and as Brother to Mr. Anmol Jain.
3	Mr. Anmol Jain	Sr. Executive Director	3	3	-	-	Yes	Related as Son to Mr. D.K Jain and as Brother to Mr. Deepak Jain.
4	Mr. Eiichi Hirooka	Sr. Executive Director (Stanley Nominee)	4	-	-	-	Yes	Related as Nominee Directors of Stanley.
5	Mr. Norihisa Sato	Executive Director (Stanley Nominee)	2	-	-	-	No	Related as Nominee Directors of Stanley.
6	Mr. Shigeki Muto	Non-Executive Director (Stanley Nominee)	-	-	-	-	No	Related as Nominee Directors of Stanley.
7	Mr. A.P.Gandhi	Non-Executive Independent Director	4	6	2	3	Yes	Not related to any Director.
8	Mr. Gursaran Singh	Non-Executive Independent Director	2	3	-	-	Yes	Not related to any Director.
9	Mr. Suman Jyoti Khaitan	Non-Executive Independent Director	1	6	2	5	Yes	Not related to any Director.
10	Mr. M.C.Gupta	Non-Executive Independent Director	4	2	2	1	Yes	Not related to any Director.
11	Mr. Dhiraj Dhar Gupta	Non-Executive Independent Director	3	5	1	1	Yes	Not related to any Director.
12	Mr. Rattan Kapur	Non-Executive Independent Director	3	4	-	-	Yes	Not related to any Director.

Note : Mr. D.K.Jain, Chairman of the company was Managing Director till August 6, 2013, Mr. Deepak Jain has been elevated to the position of Managing Director of the Company.

Stanley Electric Co.Ltd (Stanley-Technical & Financial Collaborator) has withdrawn the nomination of Mr. Makio Natsusaka, Non Executive Director and Mr. Toshio Masuda, Executive Director from the Board of the Company. Consequent to withdrawal of their nomination, Mr. Makio Natsusaka and Mr. Toshio Masuda (Nominees of Stanley) resigned from the Board of the Company w.e.f August 6, 2013 and October 28, 2013 respectively.

Mr. Shigeki Muto and Mr. Norihisa Sato (Nominees of Stanley) have been appointed as Non-Executive Director and Executive Director of the Company w.e.f August 6, 2013 and October 28, 2013 respectively. Thereafter, Stanley- Japan has withdrawn the nomination of Mr. Shigeki Muto from the Board of the Company, consequent to which Mr. Shigeki Muto resigned from the Board w.e.f. May 30, 2014. Stanley nominated Mr. Toru Tanabe, who was appointed as Additional Director of the Company in the Board Meeting held on May 30, 2014 subject to his regular appointment in the ensuing Annual General Meeting.

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

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

Lumax Industries Limited

Directors who relinquished office during the year ended March 31, 2014.

Sl. No.	Name of the Directors	Category of Directors	No. of Board Meetings attended	No. of other Directorship	Committee Member-ships	Committee Chairman-ship	Last AGM Attended
1	Mr. Makio Natsusaka	Non-Executive Director (Stanley Nominee)	0	-	-	-	No
2	Mr. Toshio Masuda	Executive Director (Stanley Nominee)	1	-	-	-	No

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

The Board of Directors met Four times during the Financial Year ended March 31, 2014. 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.	27-05-2013	12	09
2.	06-08-2013	12	10
3.	28-10-2013	12	08
4	03-02-2014	12	08

3. COMMITTEES OF THE BOARD

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

A. Audit Committee

a) Composition and Attendance

The Audit Committee comprises of Five Non-Executive Independent Directors, Mangaging Director and the Executive Directors. The Composition of the Audit Committee during the Financial Year April 2013 to March 2014 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	Mangaging Director
7.	Mr. Eiichi Hirooka	Member	Senior Executive Director

The Audit Committee had met four times during the Financial Year April 1, 2013 to March 31, 2014. 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	4
4.	Mr. D.D.Gupta	3
5.	Mr. Rattan Kapur	3
6.	Mr. Deepak Jain	4
7.	Mr. Eiichi Hirooka	4

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:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgement by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with Listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in draft Audit Report.
- 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 Independent Director and have sound knowledge of management practices. The Chairman of the Committee is a Non-Executive Independent Director nominated by the Board. The power and role of the Remuneration Committee is as per guidelines set out in the listing agreement.

The Remuneration Committee had met three times during the financial year April 2013 to March 2014 to consider and recommend to the Board :-

1. Re-structuring of the salary of Mr. Eiichi Hirooka, Senior Executive Director and Mr. Toshio Masuda, Executive Director to comply with employment visa-norms in India.
2. Payment of commission @ 1% to Mr. D. K. Jain, Non-Executive Chairman, as per Section 198 read with Section 309(4) of the Companies Act, 1956 for a period of 5 years from the Financial Years 2013-14 onwards.
3. Elevation and re-designation of Mr. Deepak Jain as Managing Director of the Company and approval of revised remuneration.
4. Appointment of Mr. Norihisa Sato as Executive Director, Nominee of Stanley, Japan and fixation of remuneration.

The constitution of the Remuneration Committee and attendance of the meeting is as under :

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

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

The Company did not have any pecuniary relationship or transactions with the Non-Executive Independent Directors during the year 2013-14.

b) The details of Remuneration paid to Whole Time Directors during the financial year ended March 31, 2014 are as follows:

S. No.	Name of the Directors	Salary (Rs.)	Perquisites and other Benefits (Rs.)	Commission (Rs.)	Total (Rs.)
1.	Mr. D.K. Jain	1,404,839	971,174	-	2,376,013
2.	Mr. Deepak Jain	4,713,387	4,099,506	-	8,812,893
3.	Mr. Anmol Jain	3,120,000	2,589,319	-	5,709,319
4.	Mr. Eiichi Hirooka	288,000	2,043,403	-	2,331,403
5.	Mr. Toshio Masuda	139,200	764,877	-	904,077
6.	Mr. Norihisa Sato	123,097	830,125	-	953,222

c) Details of Commission paid to Non Executive Chairman during the financial year ended March 31, 2014 are as under:

Name of Director	Commission (Rs.)
Mr. D. K. Jain	557,735

None of the Non-Executive Directors held shares in the Company except Mr. D.K. Jain, who is holding 1952255 (20.88%) equity shares of 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 of Managing Director, One Executive Director, One Non-Executive Director and One Non-Executive Independent Director. The composition of this Committee during the year April 2013 to March 2014 was as under :

Lumax Industries Limited

S. No.	Name of the Directors	Status	Category of Membership
1.	Mr. D.D. Gupta	Chairman	Non-Executive Independent Director
2.	Mr. D.K. Jain	Member	Non-Executive Chairman
3.	Mr. Deepak Jain	Member	Managing Director
4.	Mr. Eiichi Hirooka	Member	Senior Executive Director

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

The Quorum for the functioning of the Committee is any two Members present. The board has delegated the authority for approving transfers, transmission etc once in a fortnight to the Chairman /or Company Secretary of the Company. A summary of transfer, transmission of shares of the Company so approved by the Chairman /or Company Secretary is placed at every Shareholders/Investors Grievance & Share Transfer Committee meeting. 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 within the prescribed time.

The total complaints received and replied to the shareholders during the year ended March 31, 2014 were 18. There were no complaints which were not solved to the satisfaction of the shareholders and pending during the year.

During the year 4 meetings of Committee were held. The following is the attendance record at the Committee during the year:

S.No.	Name of the Directors	No. of Meetings Attended
1.	Mr. D.D. Gupta	3
2.	Mr. D.K. Jain	4
3.	Mr. Deepak Jain	4
4.	Mr. Eiichi Hirooka	4

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
2010-11	09-08-2011	10.30 A.M.	Air Force Auditorium, Subroto Park, New Delhi
2011-12	07-08-2012	10.30 A.M.	Air Force Auditorium, Subroto Park, New Delhi
2012-13	06-08-2013	10.30 A.M.	Air Force Auditorium, Subroto Park, New Delhi

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

- (i). AGM held on 09-08-2011:
 - a) Re-appointment of Mr. D.K.Jain, as Chairman & Managing Director of the Company.
 - b) Re-appointment of Mr. Deepak Jain, as Senior Executive Director of the Company.
 - c) Re-appointment of Mr. Anmol Jain, as Senior Executive Director of the Company.
- (ii). AGM held on 07-08-2012:
 - a) Appointment of Mr. Eiichi Hirooka, as Director and also as Senior Executive Director of the Company.
 - b) Appointment of Mr. Toshio Masuda, as Director and also as Executive Director of the Company.

(iii). AGM held on 06-08-2013:

- a) Re-structure of the salary of Mr. Eiichi Hirooka, Senior Executive Director to comply with employment visa norms in India.
- b) Re-structure of the salary of Mr. Toshio Masuda, Executive Director to comply with employment visa norms in India.

(iv) Postal Ballot Resolution passed on October 22, 2013:

During the year the Company has passed two Special Resolutions for payment of commission @ 1% to Mr. D.K.Jain, Non-Executive Chairman, as per Section 198 read with Section 309(4) of the Companies Act, 1956 for a period of 5 years from the financial year 2013-14 onwards and elevation and re-designation of Mr. Deepak Jain as Managing Director of the Company & approval of the revised remuneration through Postal Ballot mechanism. Mr. Maneesh Gupta, Practicing Company Secretary was appointed as Scrutinizer. The Company followed the procedure as prescribed under the Companies Act, 1956 read with The Companies (Passing of Resolution by Postal Ballot), Rules, 2011 for conducting the Postal Ballot Process. Mr. D.K Jain, Chairman , Mr. Deepak Jain, Managing Director, Mr. Anmol Jain, Senior Executive Director and Mr. B.S. Bhadauriya, Vice President (Legal) and Company Secretary, were authorised by the Board of Directors to conduct the Postal Ballot Process and were responsible for the entire postal ballot process. The details of Special resolutions passed in the through Postal Ballot are as follows.

Date of Notice	Date of passing of Resolution	Particulars of Resolution	Percentage of votes cast in favour of Resolution
August 6, 2013	October 22, 2013	Resolution for payment of commission @ 1% to Mr. D.K.Jain, Non-Executive Chairman, as per Section 198 read with Section 309(4) of the Companies Act, 1956 for a period of 5 years from the financial year 2013-14 onwards.	99.91%
August 6, 2013	October 22, 2013	Resolution regarding elevation and re-designation of Mr. Deepak Jain as Managing Director of the Company and approval of revised remuneration.	99.91%

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 Managing Director of the Company.

7. DISCLOSURES

- a) During 2013-14, 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, 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) Regulations, 1992.

8. MEANS OF COMMUNICATION

The quarterly/yearly results of the Company are published in leading and widely circulated English dailies viz. (1) Financial Express – All Editions (English) (2) Jansatta-New Delhi Edition (Hindi) (3) Mint- All Editions (English).

NSE Electronic Application System (NEAPS)

The NEAPS is a web based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the Listing Centre)

BSE's Listing centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

The Company's financial results are displayed on the Company's website at 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.

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

10. GENERAL SHAREHOLDERS INFORMATION

- a) **Annual General Meeting** : The 33rd Annual General Meeting is scheduled as under:
 Date : August 22, 2014
 Time : 10.30 AM
 Venue : Air Force Auditorium, Subroto Park, New Delhi-110010
- b) **Date of Book Closure** : August 16, 2014 to August 22, 2014
 (Both days inclusive)
- c) **Registered Office** : Lumax Industries Limited, B-85-86, Mayapuri Industrial Area
 Phase - I New Delhi - 110064
- d) **Financial Year** : 1st April to 31st March
- e) **For the Financial Year 2013-14 results were announced on:**

Adoption of Quarterly Results Ended	Dates
June 30, 2013	August 06, 2013
September 30, 2013	October 28, 2013
December 31, 2013	February 03, 2014
March 31, 2014 (Audited Annual Accounts)	May 30, 2014

- f) **Financial Calendar for 2014-15 (Provisional):**

Adoption of Quarterly Results Ended	Tenative Calendar #
June 30, 2014	2nd week of August 2014
September 30, 2014	2nd week of November 2014
December 31, 2014	2nd week of February 2015
March 31, 2015 (Audited Annual Accounts)	4th week of May 2015

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

g) Dividend & Dividend Payment Date:

A dividend of Rs. 3.50/- per share (35%) has been recommended by the Board of Directors for the Financial Year 2013-14 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. 3.50/- 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 September 11, 2014 (tentative).

h) Unclaimed Dividends:

Unclaimed Dividend for the Financial year 2006-2007 shall become transferable to the Investor Education & Protection Fund by Fourth week of September, 2014. 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 Financial year 2006-07 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 Share Transfer Agent. The Company has appointed M/s Karvy Computershare Pvt. Ltd. as the Registrar & Share Transfer Agent. SEBI vide Circular No.CIR/MIRSD/8/2012 Dated July 05, 2012 has reduced the time –line for registering the transfer of shares to 15 days instead of the existing provision of 30 days from the date of lodgment w.e.f. October 01, 2012. To adhere to the aforesaid time–line, our Registrar & Share Transfer Agent has changed the processing cycle to once in a week instead of 15 days. The Share transfers in physical form are approved by the Chairman 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 2013-14 was 2088, which were registered and returned to the respective transferees within a period ranging from one to two weeks, provided the documents lodged with the Registrars/Company are clear in all respects.

j) Registrar 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

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
Plot No.16, Sector-18,
Maruti Complex, Gurgaon, Haryana
Tel : 0124-2341090, 2397298, Fax : 0124-2342149
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

Lumax Industries Limited

m) ISIN No. : INE162B01018

Listing Fee for the year 2014-15 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, 2014

S. No.	Category	No. of Shares held	% age of Share holding
A.	Promoters' Holding		
1.	Promoters		
	Indian Promoters	3,380,076	36.16
	Foreign Promoters	3,505,399	37.50
2.	Persons acting in concert	-	-
	SUB - TOTAL (A)	6,885,475	73.66
B.	Non-Promoters Holding		
3.	Institutional Investors		
	a. Mutual Funds and UTI	1,740	0.02
	b. Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions/ Non-Government Institutions.	400	0.00
	c. Foreign Institutional Investors.	54,947	0.59
	SUB - TOTAL (B3)	57,087	0.61
4.	Others:-		
	a. Bodies Corporate & Clearing Members	811,109	8.68
	b. Indian Public	1,515,347	16.21
	c. NRIs (Including Foreign Company)	78,714	0.84
	SUB - TOTAL (B4)	2,405,170	25.73
	SUB -TOTAL (B) (B3+B4)	2,462,257	26.34
	GRAND TOTAL (A + B)	9,347,732	100.00

p) Distribution of Shareholding as on March 31, 2014

Range of Shares		No. of Shareholders	% of Shareholders	Amount (Rs.)	% of Equity Capital
1	5,000	17,031	98.41	6,728,760	7.20
5,001	10,000	124	0.72	908,400	0.97
10,001	20,000	52	0.30	755,530	0.81
20,001	30,000	20	0.12	493,830	0.53
30,001	40,000	7	0.04	262,620	0.28
40,001	50,000	5	0.03	228,390	0.24
50,001	1,00,000	20	0.12	1,512,910	1.62
1,00,001	& above	46	0.26	82,586,880	88.35
Total		17305	100.00	93,477,320	100.00

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, 2014 :**

Dematerialisation:

No. of Shares Dematerialised	8,893,546 (95.14% of the total share capital)
No. of Shareholders in Demat form	7,653 (44.22% of the total No. of Shareholders)

Liquidity:

The Numbers of Shares of the Company traded in the Stock Exchange for the financial year 2013-2014 is given below:

Particulars	BSE	NSE	Total
No. of shares Traded	622,422	351,666	974,088
% of total Equity	6.66%	3.76%	10.42%

s) **Stock Market Data during the Financial Year 2013-14**

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&P CNX Nifty	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
April 2013	369.00	325.00	19,622.68	18,144.22	365.00	325.00	5962.30	5477.20
May 2013	369.00	335.00	20,443.62	19,451.26	369.10	337.75	6229.45	5910.95
June 2013	355.00	320.00	19,860.19	18,467.16	346.00	320.00	6011.00	5566.25
July 2013	344.95	319.40	20,351.06	19,126.82	340.00	318.05	6093.35	5675.75
August 2013	340.00	310.00	19,569.20	17,448.71	340.00	300.00	5808.50	5118.85
September 2013	375.00	301.55	20,739.69	18,166.17	368.00	292.15	6142.50	5318.90
October 2013	364.00	316.00	21,205.44	19,264.72	342.50	315.00	6309.05	5700.95
November 2013	385.00	315.65	21,321.53	20,137.67	341.00	318.40	6342.95	5972.45
December 2013	344.00	320.00	21,483.74	20,568.70	339.95	315.00	6415.25	6129.95
January 2014	338.20	314.55	21,409.66	20,343.78	340.00	322.05	6358.30	6027.25
February 2014	335.00	320.00	21,140.51	19,963.12	330.00	311.15	6282.70	5933.30
March 2014	348.00	287.10	22,467.21	20,920.98	362.00	287.05	6730.05	6212.25

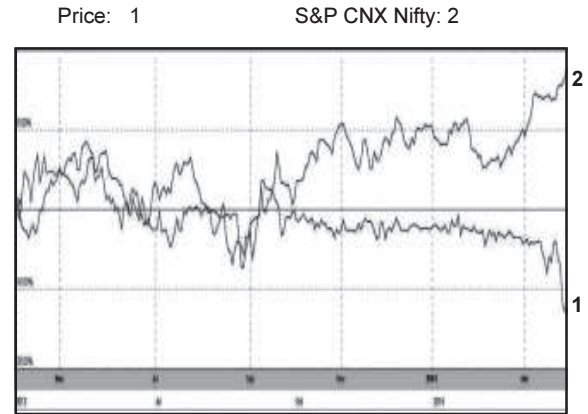
Lumax Industries Limited

(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 2013 to March 2014 is given below :

Monthly Closing Share Price on BSE & NSE along with Sensex and Nifty Points (April 2013 to March 2014)

The performance of the Company's Share related to Nifty is given in the chart below:

Month	BSE (Rs.)	Sensex	NSE (Rs.)	Nifty
April 2013	354.15	19,504.18	354.85	5930.20
May 2013	342.85	19,760.30	344.70	5985.95
June 2013	327.50	19,395.81	330.00	5842.20
July 2013	339.40	19,345.70	338.05	5742.00
August 2013	330.60	18,619.72	325.90	5471.80
September 2013	339.05	19,379.77	337.45	5735.30
October 2013	329.50	21,164.52	328.60	6299.15
November 2013	329.55	20,791.93	332.35	6176.10
December 2013	334.00	21,170.68	330.05	6304.00
January 2014	331.75	20,513.85	328.50	6089.50
February 2014	325.45	21,120.12	324.35	6276.95
March 2014	290.30	22,386.27	291.50	6704.20



u) Plant Locations of the Company as on March 31, 2014

The Company has 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.	Plot No.195-195A, Sector 4, Phase-II, Bawal, Distt. Rewari, Haryana.
4.	Plot No. 51, Sector 11, IIE, Pant Nagar, Distt. Udham Singh Nagar, Uttarakhand.
5.	Plot No. 5, Industrial Park-II, Village Salempur Mehdood, Haridwar, Uttarakhand.
6.	D2-43/2, M.I.D.C. Industrial Area, Chinchwad, Pune, Maharashtra.
7.	608-609, Chakan Talegaon Road, Mahalunge Ingle, Chakan, Pune, Maharashtra.
8.	Plot No. D-1, Vendors Park, Sanand, Distt. Ahmedabad, Gujarat.
9.	Plot No.69, Bidadi Industrial Area, 2 nd Phase, Bangalore, Karnataka.

11. UNCLAIMED SUSPENSE ACCOUNT

Pursuant to Clause 5A(II) of the Listing Agreement, the company has opened a demat account named "Lumax Industries Limited - Unclaimed Suspense Account" with Karvy Stock Broking Limited. The details of Unclaimed shares of the Company are as under:

Particulars	No. of Shareholders	No. of Shares
Aggregate number of shareholders and outstanding shares at the beginning of the year i.e. as on April 1, 2013	673	21,121
Number of shareholders who approached for issue/transfer of Shares during the year 2013-14	0	0
Number of shareholders to whom shares were issued/transferred	0	0
Aggregate number of shareholders and the Outstanding shares lying at the end of the year i.e. March 31, 2014	673	21,121

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. The voting rights on the 21,121 shares shall remain frozen till the rightful owner of such shares claims the shares.

12. NON-MANDATORY REQUIREMENTS

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

- The Chairman of the Company was Managing Director till August 6, 2013. Effective from August 7, 2013, the Non-Executive Chairman is entitled to maintain a separate office space at the Company's expenses.
- The Company has constituted a Remuneration Committee of Independent & Non-Executive Directors. A detailed note on the Remuneration Committee has already been provided in the foregoing paras of the report.

13. CEO/CFO CERTIFICATE

The Managing Director, Mr. Deepak 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) / National Electronic Clearing Service (NECS)

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.

As per RBI circular no RBI/2008-2009/509/DPSS (CO) EPPD No 2283/04.01.04/2008-2009 dated June 25, 2009, RBI has introduced National Electronic Clearing System (NECS) which aims at increasing efficiency and simplification of the ECS process. 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 nomination in the prescribed Form 2B for this purpose



CEO & CFO Certification under Clause 41 & 49(V) of the Listing Agreement.

- a. We certify to the Board that we have reviewed Financial Statements and Cash Flow Statement for the year ended March 31, 2014 and that to the best of our knowledge and belief;
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies, if any.
- d. We have indicated to the Auditors and the Audit Committee
- (i) significant changes in internal control over financial reporting during the year, if any;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
 - (iii) There were no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Gurgaon
Date : May 30, 2014

(NAVAL KHANNA)
GROUP FINANCE HEAD

(DEEPAK JAIN)
MANAGING DIRECTOR

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

I, Deepak Jain, 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 2013 - 2014.

Place : Gurgaon
Date : May 30, 2014

(DEEPAK JAIN)
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, 2014, 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 & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E

per Vikas Mehra
Partner
Membership No. 94421

Place : Gurgaon
Date : May 30, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Lumax Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Lumax Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") 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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S. R. BATLIBOI & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per Vikas Mehra
Partner
Membership Number: 94421

Place of Signature: Gurgaon
Date: May 30, 2014

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" 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 verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

Lumax Industries Limited

- (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 Order are not applicable to the Company and hence not commented upon.
- (b) 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 (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of items of inventories and certain fixed assets are of proprietary nature and alternative sources are not available to obtain comparable quotations, 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. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of items of inventories and certain fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices are reasonable, having regard to the 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 of the Company 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, relate to the manufacture of auto components and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*
- (b) According to the information and explanations given to us, 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 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
The Central Excise Act, 1944	Excise duty demand against excess credit taken against the material procured from 100% EOU	461,370	1999-2000 to 2001-02	Supreme Court
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	Demand for disallowance of Cenvat credit in respect of service tax paid on certain services i.e. catering and CHA (export).	927,306	2010-11 and 2012-13	Deputy Commissioner Central excise
Service Tax, Finance Act, 1994	Demand for disallowance of Cenvat credit against outward transportation.	1,284,845	2013-2014	Additional Commissioner of Excise
The Central Sales Tax Act, 1956	Demand against non-submission of C Forms	2,470,457	From 1997-98 to 2007-08	Joint Sales Tax Commissioner and Sales Tax Appellate Tribunal
Income Tax Act, 1961	Income tax demand on various disallowances	6,363,390	Assessment year 2008-09	High Court

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not issued any debentures during the year.
- (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 the 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 *the Company has used funds raised on short term basis for long term investment. Short*

term funds amounting to Rs. 178,875,417 raised through increase in current liabilities and short term borrowings have been invested for the acquisition of fixed assets.

- (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 year.

For **S. R. BATLIBOI & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Vikas Mehra**
Partner
Membership Number: 94421

Place of Signature: Gurgaon
Date: May 30, 2014

Lumax Industries Limited

Balance Sheet as at March 31, 2014

	Notes	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
I EQUITY & LIABILITIES			
Shareholders' funds			
(a) Share capital	3	93,477,320	93,477,320
(b) Reserves and surplus	4	1,639,321,124	1,600,909,935
		<u>1,732,798,444</u>	<u>1,694,387,255</u>
Non-Current Liabilities			
(a) Long term borrowings	5	744,621,525	1,010,181,586
(b) Deferred tax liabilities (net)	6	198,830,243	233,723,401
(c) Other long term liabilities	7	251,761,000	254,441,130
(d) Long term provisions	8	72,789,955	72,400,040
		<u>1,268,002,723</u>	<u>1,570,746,157</u>
Current Liabilities			
(a) Short term borrowings	9	379,965,416	271,538,231
(b) Trade payables	10	2,861,531,776	2,881,951,763
(c) Other current liabilities	10	974,878,559	874,830,993
(d) Short term provisions	8	74,183,354	77,355,611
		<u>4,290,559,105</u>	<u>4,105,676,598</u>
	TOTAL	<u>7,291,360,272</u>	<u>7,370,810,010</u>
II ASSETS			
Non-Current Assets			
(a) Fixed assets			
Tangible assets	11	3,814,831,572	4,007,332,665
Intangible assets	12	33,521,723	48,474,400
Capital work in progress		340,379,409	189,584,675
(b) Non-Current Investments	13	45,074,204	45,677,204
(c) Long term loans and advances	14	177,527,796	163,261,163
(d) Other Non-Current assets	15.2	108,101,000	81,049,438
		<u>4,519,435,704</u>	<u>4,535,379,545</u>
Current Assets			
(a) Current investments	16	564,235	814,275
(b) Inventories	17	772,135,246	1,079,722,959
(c) Trade receivables	15.1	1,310,721,266	1,098,548,870
(d) Cash and bank balances	18	159,849,847	282,530,615
(e) Short-term loans and advances	14	369,530,293	246,212,309
(f) Other current assets	15.2	159,123,681	127,601,437
		<u>2,771,924,568</u>	<u>2,835,430,465</u>
	TOTAL	<u>7,291,360,272</u>	<u>7,370,810,010</u>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E

per **Vikas Mehra**
Partner
Membership No. 94421

Place : Gurgaon
Date : May 30, 2014

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

D. K. Jain
Chairman

Naval Khanna
Group Finance Head

Deepak Jain
Managing Director

B.S. Bhadauriya
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2014

	Notes	For the year ended March 31, 2014 (Rs.)	For the year ended March 31, 2013 (Rs.)
INCOME			
Revenue from Operations (Gross)	19	12,434,457,023	11,936,296,472
Less: Excise duty		(1,267,475,621)	(1,234,237,347)
Revenue from Operations (Net)		11,166,981,402	10,702,059,125
Other income	20	67,424,676	46,947,494
TOTAL REVENUE (I)		11,234,406,078	10,749,006,619
EXPENDITURE			
Cost of raw material and components consumed	21.1	7,310,166,315	7,114,025,535
Cost of moulds, tools & dies	21.2	656,240,852	460,869,921
Purchase of traded goods	22	21,100,724	19,203,878
(Increase)/ decrease in inventories of finished goods work-in-progress and traded goods	22	33,995,639	(16,398,403)
Employee benefits expense	23	1,076,551,061	970,311,646
Other expenses	24	1,558,123,430	1,543,362,046
Depreciation and amortisation expense	25	366,504,611	316,595,616
Less: recoupment from revaluation reserve		(296,675)	(321,612)
Net depreciation and amortisation expense		366,207,936	316,274,004
Finance costs	26	174,110,096	185,732,871
TOTAL (II)		11,196,496,053	10,593,381,498
Profit before tax (I-II)		37,910,025	155,625,121
Tax expenses			
Minimum alternate tax		7,205,112	30,000,000
Less : MAT credit entitlement		(7,205,112)	(30,000,000)
Net current tax liability		-	-
Current Tax for earlier years		(4,182,008)	11,863
Deferred tax		(34,893,158)	19,762,127
Total tax expense		(39,075,166)	19,773,990
Profit for the year		76,985,191	135,851,131
Earnings per equity share - Basic and diluted			
{Nominal value of share Rs. 10 (Previous year : Rs. 10)}	27	8.24	14.53
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E

per Vikas Mehra
Partner
Membership No. 94421

Place : Gurgaon
Date : May 30, 2014

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

D. K. Jain
Chairman

Naval Khanna
Group Finance Head

Deepak Jain
Managing Director

B.S. Bhadauriya
Company Secretary

Lumax Industries Limited

Cash Flow Statement for the year ended March 31, 2014

S.No	Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
A.	Cash flow from operating activities		
	Profit before tax	37,910,025	155,625,121
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation/ amortisation	366,207,936	316,274,004
	Provision for doubtful debts / advances	2,919,602	-
	Bad debts/advances written off	1,666,938	442,072
	Loss on sale of fixed assets	-	426,010
	Profit on sale of fixed assets	(8,629,970)	-
	Provision against diminution in the value of current investments	250,040	24,675
	Unrealised foreign exchange (gain)/ loss	(9,379,867)	195,652
	Finance cost	174,110,096	185,732,871
	Interest income	(20,091,803)	(16,975,484)
	Dividend income	(5,143,294)	(5,101,289)
	Operating profit before working capital changes	539,819,703	636,643,632
	Movements in working capital:		
	Decrease/ (increase) in inventories	307,587,713	(179,129,916)
	Decrease/ (increase) in trade receivables	(210,439,767)	162,576,383
	Decrease/ (increase) in loans and advances	(118,054,735)	62,844,777
	Decrease/ (increase) in other current assets	8,683,526	(44,410,064)
	Increase/ (decrease) in liabilities and provisions	109,538,295	222,789,255
	Cash generated from operations	637,134,735	861,314,067
	Direct taxes paid	26,866,800	16,645,998
	Net cash flow from operating activities (A)	610,267,935	844,668,069
B.	Cash flow from investing activities		
	Purchase of fixed assets	(353,422,920)	(557,535,004)
	Proceeds from sales of fixed assets	63,726,241	6,498,401
	Sale of non-current investments	603,000	-
	Interest received	12,354,783	18,295,093
	Dividends received	5,143,294	5,101,289
	Investments in bank deposits (having original maturity of more than three months)	-	(170,679,632)
	Redemption/maturity of bank deposits (having original maturity of more than three months)	90,393,793	-
	Net cash flow used in investing activities (B)	(181,201,809)	(698,319,853)
C.	Cash flow from financing activities		
	Proceeds from long term borrowings	129,411,038	309,583,828
	Repayment of long term borrowings	(421,616,032)	(316,017,457)
	Proceeds from/(repayment) of bank borrowings and short term loans (net)	108,427,185	(28,969,677)
	Repayment of sales tax deferment	(53,338,798)	(57,714,420)
	Interest Paid	(175,072,788)	(184,443,494)
	Dividend Paid	(42,064,794)	(56,086,392)
	Tax on dividend paid	(7,148,912)	(9,098,615)
	Net cash flow from/ (used in) financing activities (C)	(461,403,101)	(342,746,227)
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(32,336,975)	(196,398,011)
	Cash and cash equivalents at the beginning of the year	51,376,487	247,774,498
	Cash and cash equivalents at the end of the year	19,039,512	51,376,487
	Components of cash and cash equivalents		
	Cash on hand	2,555,632	1,854,628
	Cheques on Hand	-	8,646,762
	Balances with banks:		
	On current accounts	12,938,086	37,592,735
	On unpaid dividend accounts*	3,545,794	3,282,362
	Total cash and cash equivalents (note 18)	19,039,512	51,376,487

* The Company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our report of even date

For S.R. BATLIBOI & CO. LLP

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

Chartered Accountants

ICAI Firm registration number: 301003E

per Vikas Mehra

Partner

Membership No. 94421

D. K. Jain

Chairman

Deepak Jain

Managing Director

Place : Gurgaon

Date : May 30, 2014

Naval Khanna

Group Finance Head

B.S. Bhadauriya

Company Secretary

Notes to financial Statements for the year ended March 31, 2014

1. Corporate Information

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. Its shares are listed on two exchanges in India.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. 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 and derivative financial instruments which have been measured at fair value.

The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible Fixed Assets

Fixed assets, are stated at cost (or re-valued amounts, as the case may be), net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

The Company has revalued some of the Land, Building and Plant & Machinery existing on different dates. These Land, Building and Plant & Machinery are measured at fair value less accumulated depreciation and impairment losses, if any, recognised after the date of the revaluation. In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from the derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c. Depreciation on Tangible fixed assets

Depreciation on fixed assets is provided on Straight Line basis as per the rates computed based on estimated useful life of the assets which are equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956.

Leasehold land is amortized over the period of lease ranging from 90 years to 99 years.

Assets individually costing less than or equal to Rs. 5,000 are fully depreciated in the year of purchase.

d. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

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

Intangible Assets	Estimated Useful Life (Years)
Computer Software	Over the estimated economic useful lives ranging from 3.5 to 4 years
Technical Know-how	Over the period of Technical Assistance Agreement i.e. 8 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e. Research costs

Research costs are expensed as incurred.

f. Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value of leased property 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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

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 statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

g. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h. Government Grant and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, the grant is shown as a deduction from the gross value of the asset concerned in arriving at its book value.

The grant is thus recognised in the statement of profit and loss over the useful life of a depreciable asset by way of a reduced depreciation charge.

i. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

j. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

Current investments are carried in the financial statements 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 the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

k. 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 includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis. Cost of finished goods includes excise duty.
Scrap	At net realizable value.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.	

I. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised.

Sale of goods

Revenue from sale of Goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer usually on delivery of Goods to the customer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of services

Revenues from service contracts are recognized as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

m. 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 .

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

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 period.

n. Retirement and other Employee Benefits

i. Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

ii. Gratuity liability is a defined benefit plan and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gain and loss for defined benefit plan is recognized in full in the period in which it occur in the statement of profit and loss.

iii. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

- iv. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.
- v. Retirement benefit in the form of "Lumax Industries Limited Employees Superannuation Scheme" administered by the trustees is a defined contribution scheme. The contribution for the scheme is charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the scheme.

o. Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, as at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences 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 realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become 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 realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become 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 realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of 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 assets can be realized. Any such write-down is 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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

p. Segment Reporting Policies

Business Segment

The Company is engaged in the business of manufacture of various types of Automotive Lighting Equipment. The entire operations are governed by the same set of risks and return hence the entire operations represent a single primary segment.

Geographical Segment

The analysis of geographical segments is based on the geographical location of the customers i.e. customers located within India and customers located outside India.

q. 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 equity shares outstanding during the period.

For the purpose of calculating diluted earnings per equity 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.

r. 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.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

s. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

t. 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.

u. Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

Notes to financial statements for the year ended March 31, 2014

3 Share Capital

	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Authorized shares		
12,000,000 (Previous year 12,000,000) equity shares of Rs. 10/- each	120,000,000	120,000,000
Issued, subscribed and fully paid up shares		
9,347,732 (Previous year 9,347,732) equity shares of Rs. 10/- each	93,477,320	93,477,320

a Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2014		As at March 31, 2013	
	Nos.	(Rs.)	Nos.	(Rs.)
At the beginning of the year	9,347,732	93,477,320	9,347,732	93,477,320
Issued during the year	-	-	-	-
Outstanding at the end of the year	9,347,732	93,477,320	9,347,732	93,477,320

b Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2014, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 3.50 (Previous year: Rs. 4.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2014		As at March 31, 2013	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of Rs. 10 each fully paid				
Stanley Electric Co. Limited	3,343,381	35.77%	3,343,381	35.77%
Dhanesh Kumar Jain	1,938,025	20.73%	1,938,025	20.73%
Lumax Auto Technologies Limited	525,000	5.62%	525,000	5.62%

4 Reserves and Surplus

	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Capital reserve	65,138	65,138
Securities premium account	679,665,909	679,665,909
Revaluation reserve		
Balance as per the last financial statements	77,931,685	78,253,297
Less: amount transferred to the statement of profit and loss as reduction from depreciation	(296,675)	(321,612)
Closing Balance	77,635,010	77,931,685
General reserve		
Balance as per the last financial statements	575,000,000	561,171,329
Add: amount transferred from surplus balance in the statement of profit and loss	7,700,000	13,828,671
Closing Balance	582,700,000	575,000,000
Surplus in the statement of profit and loss		
Balance as per the last financial statements	268,247,203	195,438,449
Profit for the year	76,985,191	135,851,131
Less:- Appropriations		
Proposed equity dividend (amount per share Rs. 3.50 (Previous year: Rs. 4.50))	(32,717,062)	(42,064,794)
Tax on proposed equity dividend	(5,560,265)	(7,148,912)
Transfer to general reserve	(7,700,000)	(13,828,671)
Total appropriations	(45,977,327)	(63,042,377)
Net surplus in the statement of profit and loss	299,255,067	268,247,203
Total reserves and surplus	1,639,321,124	1,600,909,935

Lumax Industries Limited

5 Long Term Borrowings

	Non-current portion		Current maturities	
	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)	As at March 31, 2014 (Rs.)	As at March, 31 2013 (Rs.)
Term loans				
Indian rupee loan from banks (secured)	89,301,215	56,256,746	64,585,316	113,783,493
Foreign currency loan from banks (secured)	655,320,310	938,437,500	374,468,750	307,125,000
Indian rupee loan from other than banks (secured)	-	14,541	14,546	707,539
Other loans and advances				
Deferred sales tax loan (unsecured)	-	15,472,799	15,472,001	53,338,000
	744,621,525	1,010,181,586	454,540,613	474,954,032
The above amount includes				
Secured borrowings	744,621,525	994,708,787	439,068,612	421,616,032
Unsecured borrowings	-	15,472,799	15,472,001	53,338,000
Amount disclosed under the head "other current liabilities" (Note 10)			(454,540,613)	(474,954,032)
Net amount	744,621,525	1,010,181,586	-	-

Notes:

1 Indian Rupee Loan from Bank includes:

- Rs. Nil (Previous year Rs. 67,546,915/-) taken in the Financial Year 2008-09 carried interest @ base Rate 10.25 + 3.75% i.e. 14% p.a. The loan was repayable in 16 equal quarterly installments of Rs. 16,875,000/- (excluding interest) after one year moratorium period from the disbursement date i.e. from 01.11.2009. The Loan was secured by extension of charges by way of hypothecation on the plant and machinery alongwith the UREM on land and building, situated at Chakan-II Unit. This facility was further secured by UREM of land and building of Dharuhera Unit along with hypothecation on plant & machinery of Dharuhera (both present and future) and those of Gurgaon Unit (acquired from proceeds of this facility). The Loan has been repaid during the year.
- Rs. 89,400,000/- (Previous year Rs. Nil) taken in the Financial Year 2013-14 carries interest @ 10% p.a. at present. The loan is repayable in 16 equal quarterly installments of Rs. 5,587,500/- (excluding interest) after one year moratorium period from the disbursement date i.e. from 04.04.2013. The Loan is secured by way of first pari passu charge on the land and building situated at Sohna, Gurgaon (Haryana) unit.
- Rs. 52,044,266/- (Previous year Rs. 93,687,266/-) taken in the financial year 2010-11 carries interest @ base Rate 10.25 +3% i.e. 13.25% p.a. at present. The loan is repayable in 16 equal quarterly installments of Rs. 10,410,750/- (excluding interest) after one year moratorium period from the disbursement date i.e. from 10.05.2011. The Loan is secured by way of first pari passu charge on the land and building along with all the plant and machineries, situated at Sanand (Gujarat) unit both present and future.
- Rs. 12,442,265/- (Previous year Rs. 8,806,058/-) vehicle loans from banks at interest @ 8% - 12% aggregating to are secured by way of hypothecation of the respective vehicles acquired out of the proceeds thereof. These loans are repayable over a period of three years from the date of availment.

2 Foreign Currency Loan from Bank includes:

- Rs. 168,510,935/- (Previous year Rs. 221,812,500/-) taken in the financial year 2011-12 carries interest @ LIBOR plus 260 BSP. The loan is repayable in 16 quarterly installments of Rs. 14,026,563/- after one year moratorium period from the disbursement date i.e. from 03.06.2012. The loan is secured by way of first & exclusive charge on the land and building along with all the plant and machineries, situated at Bawal (Haryana) unit both present and future.
- Rs. 374,468,750/- (Previous year Rs. 477,750,000/-) taken in the financial year 2011-12 carries interest @ LIBOR plus 260 BSP. The loan is repayable in 16 quarterly installments of Rs. 30,568,750/- after one year moratorium period from the disbursement date i.e. from 29.09.2012. The loan is secured by way of first & exclusive charge on the land and building along with all the plant and machineries, situated at Bawal (Haryana) unit both present and future.
- Rs. 224,681,250/- (Previous year Rs. 273,000,000/-) taken in the financial year 2011-12 carries interest @ LIBOR plus 350 BSP. The loan is repayable in 16 quarterly installments of Rs. 15,521,875/- after one year moratorium period from the disbursement date i.e. from 31.01.2013. The loan is secured by way of first and exclusive pari passu charge on the land and building alongwith all other moveable fixed assets, situated at Pant Nagar (Uttarakhand) unit both present and future.
- Rs. 262,128,125/- (Previous year Rs. 273,000,000/-) taken in the financial year 2012-13 carries interest @ LIBOR plus 350 BSP. The

loan is repayable in 16 quarterly installments of Rs. 17,437,500/- after one year moratorium period from the disbursement date i.e. from 28.08.2013. The loan is secured by way of first and exclusive pari passu charge on the land and building alongwith all other moveable fixed assets, situated at Haridwar (Uttarakhand) and all other movable fixed assets of Bangalore (Karnataka) unit both present and future.

- 3 Indian Rupee Loan from other than Bank includes Vehicle loans at interest @ 8% - 12% aggregating to Rs. 14,546/- (Previous year Rs. 7,22,080/-) are secured by way of hypothecation of the respective vehicles acquired out of the proceeds thereof. These loans are repayable over a period of three years from the date of availment.
- 4 Deferred sales tax loan is interest free and repayable monthly after seven year from its due months respectively starting from July, 2007.

6 Deferred tax liabilities (net)

	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Deferred tax Liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	394,366,199	384,211,551
Unrealised forex gain of capital nature	1,789,640	176,248
Gross deferred tax liability (A)	396,155,839	384,387,799
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	35,595,392	29,504,072
Provision for doubtful debts and advances	3,128,101	2,135,728
Unabsorbed depreciation	158,602,103	119,024,598
Gross deferred tax asset (B)	197,325,596	150,664,398
Net deferred tax liability (A-B)	198,830,243	233,723,401
7 Other long-term liabilities		
Payable for capital goods (including payable towards leasehold land)	225,561,000	228,241,130
Security deposits (Interest free)	26,200,000	26,200,000
	251,761,000	254,441,130

8 Provisions

	Long-term		Short-term	
	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Provision for employee benefits				
Provision for leave benefits	72,789,955	67,043,591	10,597,112	8,025,928
Provision for gratuity (Note 28)	-	5,356,449	9,985,915	10,821,977
	72,789,955	72,400,040	20,583,027	18,847,905
Other provisions				
Provision for warranties	-	-	15,323,000	9,294,000
Proposed equity dividend	-	-	32,717,062	42,064,794
Provision for tax on proposed equity dividend	-	-	5,560,265	7,148,912
	-	-	53,600,327	58,507,706
	72,789,955	72,400,040	74,183,354	77,355,611

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the last one year, based on past experience of the level of repairs and returns. It is expected that all of these costs will be incurred in the next financial year after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about warranty based on the one-year period for all products sold.

Lumax Industries Limited

The table below gives information about movement in warranty provisions.

	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
At the beginning of the year	9,294,000	8,353,000
Arising during the year	33,339,785	18,501,883
Utilized during the year	<u>(27,310,785)</u>	<u>(17,560,883)</u>
At the end of the year (current portion)	15,323,000	9,294,000

9 Short-term borrowings

Cash credit/Working Capital facility from banks (secured)	<u>379,965,416</u>	<u>271,538,231</u>
	379,965,416	271,538,231

Notes:

- (a) Cash credit facility of Rs. 50,081,965/- (Previous year Rs. Nil) is 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 charges against movable Fixed Assets at Chinchwad Unit of the Company, repayable on demand & carries interest @ 13.50%.
- (b) Cash credit facility of Rs. 35,079,855/- (Previous year Rs. Nil) is 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 charges against movable Fixed Assets at Chinchwad Unit of the Company, repayable on demand & carries interest @ 12.30% .
- (c) Cash credit facility of Rs. 97,714,016/- (Previous year Rs. 76,047,687/-) is secured by way of first pari passu charge on all current assets of the Company. This facility is further secured by extension of charge by way of hypothecation on the Plant and Machinery along with the UREM on Land and Building situated at Chakan Unit of the Company, repayable on demand & carries interest @ 13.50%.
- (d) WCDL Facility of Rs. 75,000,000/- (Previous year Rs. 75,000,000/-) & Cash Credit facility of Rs. 23,630,829/- (Previous year Rs. 24,541,737/-) is 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 charges against movable Fixed Assets at Chinchwad Unit of the Company, repayable on demand & carries interest @ 10.60% & 11.50% respectively.
- (e) Cash Credit Facility of Rs. 98,458,752/- (Previous year Rs. 95,948,807/-) is 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 charges against movable Fixed Assets at Chinchwad Unit of the Company, repayable on demand & carries interest @ 11.75%.

10 Other current liabilities

Trade payables* (refer note 37 for details of dues to micro and small enterprises)

	<u>2,861,531,776</u>	<u>2,881,951,763</u>
	2,861,531,776	2,881,951,763
Other liabilities		
Current maturities of long term borrowings (Note 5)	454,540,613	474,954,032
Interest accrued but not due on borrowings	9,490,347	9,983,900
Interest accrued and due on borrowings	585,209	1,054,348
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	3,545,794	3,282,362
Others		
Payable for capital goods	71,899,984	31,534,746
Interest free deposits from customers #	383,390	383,390
Advances from customers *	359,432,457	275,415,131
Statutory dues payable	75,000,765	78,223,084
	<u>974,878,559</u>	<u>874,830,993</u>
	3,836,410,335	3,756,782,756

* Refer note 33 for related party transactions

Customer deposits are repayable on demand.

11. Tangible Fixed Assets

(Rs.)

Particulars	Land		Buildings	Plant and Machinery	Furniture & Fixtures	Office equipment	Vehicles	Total
	Leased	Freehold	Owned					
Cost or Valuation								
At 01.04.2012	280,236,142	259,094,226	880,728,686	3,979,554,833	62,988,408	1,995,683	71,472,779	5,536,070,757
Additions	-	-	216,644,177	605,726,005	18,839,225	2,247,386	6,850,082	850,306,875
Deductions/adjustments	-	-	-	(29,088,710)	(457)	-	(2,001,457)	(31,090,624)
At 31.03.2013	280,236,142	259,094,226	1,097,372,863	4,556,192,128	81,827,176	4,243,069	76,321,404	6,355,287,008
Additions	-	-	12,279,774	174,252,220	5,203,318	3,520,393	14,636,740	209,892,445
Deductions/adjustments	-	-	-	(85,249,351)	(1,607,531)	-	(1,690,105)	(88,546,987)
At 31.03.2014	280,236,142	259,094,226	1,109,652,637	4,645,194,997	85,422,963	7,763,462	89,268,039	6,476,632,466
Depreciation / Amortisation								
At 01.04.2012	25,434,233	-	145,888,946	1,844,563,331	34,894,584	251,448	21,824,518	2,072,857,060
For the year	7,211,595	-	29,504,103	251,109,674	4,201,385	281,023	6,955,716	299,263,496
Deductions/adjustments	-	-	-	(23,736,390)	(457)	-	(429,366)	(24,166,213)
At 31.03.2013	32,645,828	-	175,393,049	2,071,936,615	39,095,512	532,471	28,350,868	2,347,954,343
For the year	7,211,595	-	36,740,085	290,948,181	4,205,059	365,187	7,827,160	347,297,267
Deductions/adjustments	-	-	-	(31,329,840)	(1,312,022)	-	(808,854)	(33,450,716)
At 31.03.2014	39,857,423	-	212,133,134	2,331,554,956	41,988,549	897,658	35,369,174	2,661,800,894
Net Block								
At 31.03.2013	247,590,314	259,094,226	921,979,814	2,484,255,513	42,731,664	3,710,598	47,970,536	4,007,332,665
At 31.03.2014	240,378,719	259,094,226	897,519,503	2,313,640,041	43,434,414	6,865,804	53,898,865	3,814,831,572

Notes :

- Fixed Assets comprising of Land, Buildings and Plant & Machinery were revalued by a firm of valuers on different dates in earlier years, resulting in increase in their net values by Rs. 82,669,280, Rs. 1,351,067 and Rs. 24,251,565 respectively, which was credited to Revaluation Reserve.
- Depreciation for the year includes Rs. 291,041 (Previous Year Rs. 769,471) being depreciation either capitalised / transferred on in-house development of tools.
- Leasehold land includes Rs. 16,050,000 (Previous Year Rs. 16,050,000) pending registration in the name of the company (refer note 44).
- Written down value of Building constructed on Leasehold land is Rs. 229,549,207 (Previous Year Rs. 238,434,094).
- Deductions during the year includes government grant of Rs.29,852,000 (Previous year Rs. Nil).

12. Intangible Fixed Assets

(Rs.)

Particulars	Computer Software	Technical Knowhow	Total
Cost or Valuation			
At 01.04.2012	82,319,702	34,441,989	116,761,691
Additions	14,935,622	-	14,935,622
At 31.03.2013	97,255,324	34,441,989	131,697,313
Additions	4,545,708	-	4,545,708
Deductions/adjustments	(6,083,152)	-	(6,083,152)
At 31.03.2014	95,717,880	34,441,989	130,159,869
Depreciation / Amortisation			
At 01.04.2012	42,965,202	22,156,120	65,121,322
For the year	13,796,342	4,305,249	18,101,591
At 31.03.2013	56,761,544	26,461,369	83,222,913
For the year	15,193,136	4,305,249	19,498,385
Deductions/adjustments	(6,083,152)	-	(6,083,152)
At 31.03.2014	65,871,528	30,766,618	96,638,146
Net Block			
At 31.03.2013	40,493,780	7,980,620	48,474,400
At 31.03.2014	29,846,352	3,675,371	33,521,723

Lumax Industries Limited

13 Non-Current Investments

	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
a) Trade investments (valued at cost unless stated otherwise)		
i) Unquoted equity instruments		
Investment in associates		
3,298,986 (Previous year 3,298,986) equity shares of Rs. 10 each fully paid-up in SL Lumax Limited	35,474,204	35,474,204
Other		
15,832 (Previous year 15,832) equity shares of Rs. 10 each fully paid-up in Caparo Power Limited	158,320	158,320
ii) Preference shares (unquoted)		
944,168, (Previous year 944,168) 2% Redeemable Preference shares of Rs. 10 each fully paid-up in Caparo Power Limited	9,441,680	9,441,680
b) Non-trade investments (valued at cost unless stated otherwise)		
i) Unquoted equity instruments		
Nil (Previous year 60,000) equity shares of Rs. 10 each fully paid up in Inapex Private Limited.	-	603,000
	45,074,204	45,677,204

14 Loans and Advances

	Non-current		Current	
	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Capital advances*				
Unsecured, considered good (A)	862,000	12,380,926	-	-
Security deposit*				
Unsecured, considered good (B)	15,071,663	20,216,252	-	-
Advances recoverable in cash or kind*				
Unsecured, considered good	-	-	214,963,109	107,482,977
Unsecured, considered doubtful	2,516,938	2,516,938	-	-
	2,516,938	2,516,938	214,963,109	107,482,977
Provision for doubtful advances (C)	(2,516,938)	(2,516,938)	-	-
	-	-	214,963,109	107,482,977
Other loans and advances (unsecured, considered good)				
Advance income-tax (net of provision for taxation)	34,989,315	6,073,917	-	-
MAT credit entitlement	125,633,410	123,500,000	-	-
Prepaid expenses	-	-	28,729,136	14,722,467
Loans to employees	971,408	1,090,068	7,767,210	7,075,500
Balances with statutory/ government authorities (D)	-	-	118,070,838	116,931,365
	161,594,133	130,663,985	154,567,184	138,729,332
TOTAL (A+B+C+D)	177,527,796	163,261,163	369,530,293	246,212,309

* Refer note 33 for related party transactions

15 Trade receivables and other assets

15.1 Trade receivables*

	Non-current		Current	
	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	8,409,137	12,995,933
Unsecured, considered doubtful	6,686,065	3,766,463	-	-
	6,686,065	3,766,463	8,409,137	12,995,933
Provision for doubtful receivables	(6,686,065)	(3,766,463)	-	-
(A)	-	-	8,409,137	12,995,933
Other receivables				
Unsecured, considered good	-	-	1,302,312,129	1,085,552,937
(B)	-	-	1,302,312,129	1,085,552,937
TOTAL (A + B)	-	-	1,310,721,266	1,098,548,870

* Refer note 33 for related party transactions

Trade receivables include:

Due from Lumax Cornaglia Auto Technologies Private Limited in which the Company's chairman is a chairman and the Company's managing director & senior executive director are non-executive directors	-	-	-	647,194
--	---	---	---	---------

15.2 Other assets

Unsecured, considered good unless stated otherwise

Non-current bank balances (note 18)	(A)	4,876,000	4,926,000	-	-
Others					
Fixed assets held for sale (at net book value or estimated net realisable value, whichever is lower)		-	-	6,565,100	6,565,100
Unbilled revenue		-	-	77,554,555	86,238,081
Interest accrued on fixed deposits		-	-	10,754,026	3,017,006
Derivative assets		103,225,000	76,123,438	64,250,000	31,781,250
(B)		103,225,000	76,123,438	159,123,681	127,601,437
TOTAL (A+B)		108,101,000	81,049,438	159,123,681	127,601,437

16 Current Investments

	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Valued at lower of cost and fair value, unless stated otherwise		
Quoted equity instruments		
32,900 (Previous year 32,900) equity shares of Rs. 10 each fully paid up in PNB Gills Limited *	564,235	814,275
	564,235	814,275
* Aggregate amount of quoted equity investments		
Cost	987,000	987,000
Market Value	564,235	814,275
Provision for diminution in value of investment	422,765	172,725

Lumax Industries Limited

17 Inventories (valued at lower of cost and net realisable value)

	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Raw materials and components {including stock in transit Rs. 30,782,617 (Previous year Rs. 52,932,166)} (refer note 21)	426,832,467	540,036,330
Work-in-progress (refer note 22)	66,419,985	66,065,688
Finished goods {including transit stock Rs. 34,134,981 (Previous year Rs. 52,934,222)} (refer note 22)	141,195,517	173,532,761
Traded goods (refer note 22)	6,588,125	8,600,817
Stores and spares (including packing material) {including transit stock Rs. 238,544 (Previous year Rs. 679,312)}	67,059,866	62,527,732
Moulds, tools and dies in process {including transit stock Rs. 10,399,658 (Previous year Rs. 27,751,624)}	64,039,286	228,959,631
	<u>772,135,246</u>	<u>1,079,722,959</u>

18 Cash and bank balances

	Non-current		Current	
	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	12,938,086	37,592,735
On unpaid dividend account	-	-	3,545,794	3,282,362
Cash on hand	-	-	2,555,632	1,854,628
Cheques on Hand	-	-	-	8,646,762
	<u>-</u>	<u>-</u>	<u>19,039,512</u>	<u>51,376,487</u>
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	133,457,335	231,034,228
Deposits having original maturity of more than 12 months*	4,876,000	4,926,000	7,353,000	119,900
	<u>4,876,000</u>	<u>4,926,000</u>	<u>140,810,335</u>	<u>231,154,128</u>
Amount disclosed under non-current assets (note 15.2)	<u>(4,876,000)</u>	<u>(4,926,000)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>159,849,847</u>	<u>282,530,615</u>

* Deposits include Rs. 12,229,000 (Previous year Rs. 5,045,900) pledged with banks for guarantees given.

19 Revenue from operations

	For the Year ended March 31, 2014 (Rs.)	For the Year ended March 31, 2013 (Rs.)
Sale of products		
Finished goods #	11,574,955,930	11,214,284,306
Traded goods	30,554,251	29,652,467
Moulds, tools and dies	764,576,949	634,322,508
Sale of services	32,180,565	27,106,890
Other operating revenue		
Scrap sales	16,973,286	15,907,130
Other	15,216,042	15,023,171
Revenue from operations (gross)	<u>12,434,457,023</u>	<u>11,936,296,472</u>
Excise duty*	1,267,475,621	1,234,237,347
Revenue from operations (net)	<u>11,166,981,402</u>	<u>10,702,059,125</u>

* Excise duty on sales amounting to Rs.1,267,475,621 (Previous year: Rs.1,234,237,347) has been reduced from sales in statement of profit & loss and excise duty on (increase)/decrease in inventory amounting to Rs.(9,224,047) (Previous year: Rs. 3,736,693) has been considered as expense/(income).

	For the year ended March 31, 2014 (Rs.)	For the year ended March 31, 2013 (Rs.)
Details of products sold		
Finished goods sold #		
Automotive Lamps	11,534,347,871	11,130,213,842
Gear shifter	40,608,059	84,070,464
Total	11,574,955,930	11,214,284,306
# Includes Raw material & components amounting to Rs. 435,656,743 (Previous year Rs. 452,390,675)		
Traded goods sold		
Automotive Lamps	30,554,251	29,652,467
Total	30,554,251	29,652,467
Tools, moulds & dies sold		
Tools & moulds	764,576,949	634,322,508
Total	764,576,949	634,322,508
Details of services rendered		
Sale of designs	32,180,565	27,106,890
Total	32,180,565	27,106,890
20 Other Income		
Interest income on		
Bank deposits	19,149,077	16,034,879
Others	942,726	940,605
Dividend income on long-term investments	5,143,294	5,101,289
Profit on sale / discard of fixed assets (net)	8,629,970	-
Gain on sale of non-current investment (unquoted)	477,010	-
Rent	12,874,000	12,159,000
Provisions/creditors no longer required written back	10,543,453	7,917,949
Other non-operating income	9,665,146	4,793,772
Total	67,424,676	46,947,494
21.1 Cost of raw material and components consumed		
Inventory at the beginning of the year	540,036,330	457,063,609
Add: Purchases	7,196,962,452	7,196,998,256
	7,736,998,782	7,654,061,865
Less: Inventory at the end of the year	426,832,467	540,036,330
	7,310,166,315	7,114,025,535
Details of raw material and components consumed		
Plastic Powder	1,253,154,625	1,128,147,750
Bulbs	1,132,265,180	1,089,916,012
Adjustor Motors	748,899,425	707,542,836
Others	4,175,847,085	4,188,418,937
Total	7,310,166,315	7,114,025,535
	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Details of inventory		
Raw material and components		
Plastic Powder	67,513,917	78,941,172
Bulbs	60,316,778	102,393,024
Adjustor Motors	25,380,999	21,362,814
Others	273,620,773	337,339,320
Total	426,832,467	540,036,330

Lumax Industries Limited

21.2 Cost of moulds, tools & dies

	For the Year ended March 31, 2014 (Rs.)	For the Year ended March 31, 2013 (Rs.)
Inventory at the beginning of the year	228,959,631	156,896,287
Add: Purchases	491,320,507	532,933,265
	<u>720,280,138</u>	<u>689,829,552</u>
Less: Inventory at the end of the year	64,039,286	228,959,631
	<u>656,240,852</u>	<u>460,869,921</u>

22 (Increase)/ decrease in Inventories

	For the Year ended March 31, 2014 (Rs.)	For the Year ended March 31, 2013 (Rs.)	(Increase)/ Decrease (Rs.)
Inventories at the end of the year			
Work-in-progress	66,419,985	66,065,688	(354,297)
Finished goods	141,195,517	173,532,761	32,337,244
Traded goods	6,588,125	8,600,817	2,012,692
	<u>214,203,627</u>	<u>248,199,266</u>	<u>33,995,639</u>
Inventories at the beginning of the year			
Work-in-progress	66,065,688	61,176,207	(4,889,481)
Finished goods	173,532,761	155,502,712	(18,030,049)
Traded goods	8,600,817	15,121,944	6,521,127
	<u>248,199,266</u>	<u>231,800,863</u>	<u>(16,398,403)</u>
	<u>33,995,639</u>	<u>(16,398,403)</u>	

Details of purchase of traded goods

	For the year ended March 31, 2014 (Rs.)	For the year ended March 31, 2013 (Rs.)
Automotive Lamps	21,100,724	19,203,878
Total	<u>21,100,724</u>	<u>19,203,878</u>

Details of Inventory

	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Work-in-progress		
Automotive Lamps	61,995,086	61,708,174
Gear shifter	4,424,899	4,357,514
Total	<u>66,419,985</u>	<u>66,065,688</u>
Finished goods		
Automotive Lamps	135,405,429	165,439,634
Gear shifter	5,790,088	8,093,127
Total	<u>141,195,517</u>	<u>173,532,761</u>
Traded Goods		
Automotive Lamps	6,588,125	8,600,817
Total	<u>6,588,125</u>	<u>8,600,817</u>

23 Employee benefits expense

	For the year ended March 31, 2014 (Rs.)	For the year ended March 31, 2013 (Rs.)
Salaries, wages and bonus	927,979,387	830,783,360
Contribution to provident and other fund	41,228,351	34,766,225
Gratuity expense (note 28)	4,629,144	15,038,401
Staff welfare expenses	102,156,444	89,723,660
Commission to Directors	557,735	-
	<u>1,076,551,061</u>	<u>970,311,646</u>

24 Other expenses

Consumption of stores and spares	38,014,656	40,732,148
Packing material consumed	178,066,638	182,809,407
Power and fuel	395,004,014	468,445,461
Rent	15,470,522	11,251,345
Rates and taxes	17,960,245	24,580,333
Insurance	10,417,290	8,661,414
Repairs and maintenance		
-Plant and machinery	75,535,074	59,456,578
-Buildings	7,579,028	6,066,304
-Others	69,205,974	63,104,206
Freight and forwarding charges	201,514,474	196,852,272
Discount, rebates and claims	2,383,845	3,137,713
Cash discount on sales	66,500,797	66,761,035
Commission on sales - other than sole selling agent	834,648	690,576
Travelling and conveyance	77,917,436	74,076,019
Legal and Professional Fees	15,037,159	14,899,134
Management Support fees	54,991,740	52,221,380
Design, support and testing charges	49,161,098	22,535,695
Directors' sitting fees	820,000	560,000
Payment to auditors (Refer details below)	5,165,319	5,085,908
Donations	2,472,000	1,497,000
Royalty	155,977,220	149,459,195
Warranty costs	33,339,785	18,501,883
(Increase)/ decrease of excise duty on inventory (note 19)	(9,224,047)	3,736,693
Exchange difference (net)	21,445,223	9,823,791
Loss on sale / discard of fixed assets (net)	-	426,010
Bad and doubtful debts/advances written off	1,666,938	442,072
Provision for doubtful debts / advances (net)	2,919,602	-
Provision against diminution in the value of current investments	250,040	24,675
Miscellaneous expenses	67,696,712	57,523,799
	<u>1,558,123,430</u>	<u>1,543,362,046</u>

Payment to Auditor

As auditor:

Audit fee	2,960,000	2,960,000
Tax audit fee	350,000	350,000
Limited Review	1,290,000	1,290,000

In other capacity:

Certification fees	80,000	160,000
Reimbursement of expenses	485,319	325,908
	<u>5,165,319</u>	<u>5,085,908</u>

Lumax Industries Limited

25 Depreciation and amortization expense

	For the year ended March 31, 2014 (Rs.)	For the year ended March 31, 2013 (Rs.)
Depreciation of tangible assets	347,006,226	298,494,025
Amortization of intangible assets	19,498,385	18,101,591
	366,504,611	316,595,616
Less: recoupment from revaluation reserve	(296,675)	(321,612)
	366,207,936	316,274,004

26 Finance costs

	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Interest to banks		
- on term loans	118,780,904	141,052,044
- on cash credit	38,389,792	32,754,472
Interest others	8,846,463	1,681,186
Bank charges	8,092,937	10,245,169
	174,110,096	185,732,871

27 Earnings per share (EPS)

	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
The following reflects the profit and share data used in the basic and diluted EPS computations		
Net profit for calculation of basic and diluted EPS	76,985,191	135,851,131
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))}	8.24	14.53

28. Gratuity benefit plan

The Company operates defined benefit plan for gratuity for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn basic salary including DA for each completed year of service, subject to a maximum amount of Rs.1,000,000. The scheme is funded with an insurance Company in the form of qualifying insurance policy.

The following tables summarize the components of net (benefit) / expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of profit and loss

Net employee (benefit) / expense recognized in the employee cost

Particulars	Gratuity	
	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Current service cost	8,900,762	8,256,975
Interest cost on benefit obligation	9,252,471	6,762,587
Expected return on plan assets	(7,954,441)	(7,006,072)
Net actuarial (gain) / loss recognized in the year	(5,569,648)	7,024,911
Net (benefit) / expense	4,629,144	15,038,401
Actual return on plan assets	8,352,308	7,458,839

Balance sheet

Benefit asset / (liability)

Particulars	Gratuity	
	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Present value of defined benefit obligation	112,940,497	103,391,956
Fair value of plan assets	102,954,582	87,213,530
Plan asset / (liability)	(9,985,915)	(16,178,426)

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

Particulars	Gratuity	
	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Opening defined benefit obligation	103,391,956	85,058,345
Current service cost	8,900,762	8,256,975
Interest cost	9,252,471	6,762,587
Benefits paid	(3,432,911)	(4,163,629)
Actuarial (gains) / losses on obligation	(5,171,781)	7,477,678
Closing defined benefit obligation	112,940,497	103,391,956

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

Particulars	Gratuity	
	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Opening fair value of plan assets	87,213,530	71,075,716
Expected return	7,954,441	7,006,072
Contributions by employer	10,821,977	12,843,141
Benefits paid	(3,433,233)	(4,164,166)
Actuarial gains / (losses)	397,867	452,767
Closing fair value of plan assets	102,954,582	87,213,530

The Company expects to contribute **Rs.10,502,208** to gratuity in the next year (Previous year: Rs.10,821,977)

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

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Investments with insurer	100%	100%

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

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Discount rate	9.10%	8.15%
Expected rate of return on assets	8.75%	9.29%
Attrition rate / Employee turnover	5.00%	5.00%

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.

Lumax Industries Limited

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

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)	March 31, 2012 (Rs.)	March 31, 2011 (Rs.)	March 31, 2010 (Rs.)
Gratuity					
Defined benefit obligation	112,940,497	103,391,956	85,058,345	68,872,613	50,791,078
Plan assets	102,954,582	87,213,530	71,075,716	50,788,842	48,221,652
Surplus / (deficit)	(9,985,915)	(16,178,426)	(13,982,629)	(18,083,771)	(2,569,426)
Experience adjustments on plan liabilities	2,769,944	2,796,180	6,913,810	1,098,617	N/A
Experience adjustments on plan assets	490,903	449,071	(5,794)	(23,620)	N/A

29. Leases

Operating lease: Company as lessee

The Company has entered into commercial leases on Plant & machinery (DG Set). There are no contingent rents in the lease agreements. The lease terms is for 1-5 years and are renewable at the mutual agreements of both the parties. There are no restrictions imposed by lease arrangements. There are no sublease and all the leases are non-cancellable in nature.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Within one year	1,550,000	16,800,000
After one year but not more than five years	-	1,550,000
More than five years	-	-
Total	1,550,000	18,350,000

Finance lease commitments - Company as lessor

The Company has entered into finance leases for certain items of plant & machinery and furniture. The lease term was for three years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There were no restrictions imposed by lease arrangements.

Particulars	March 31, 2014 (Rs)	March 31, 2013 (Rs)
Total Gross Investment in the Lease	-	1,040,000
Less Unearned Finance Income	-	704,284
Present Value Of Minimum Lease Payment Discounted At Interest 10%	-	335,716
Within one year [Present value of minimum lease payments receivable Rs. Nil as on 31.03.2014(Rs. 335,716 as on 31.03.2013)]	-	500,000
After one year but not more than five years [Present value of minimum lease payments receivable Rs. Nil as on 31.03.2014 (Rs.Nil as on 31.03.2013)]	-	-
More than five years	-	-

30. 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 cost of moulds, tools and dies capitalized, as the case may be.

Particulars	March 31, 2014 (Rs.)	March 31 2013 (Rs.)
Salaries, wages and bonus	722,174	1,474,406
Repair and Maintenance – Plant & Machinery	116,143	15,656
Repair and Maintenance – Others	1,180,918	431,225
Deprecation	291,041	769,471
Miscellaneous Expenses	15,474,329	21,839,307
Total	17,784,605	24,530,065

31. Expenditure during Construction Period including Result of Trial Run (included in capital work in progress)

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
As per last accounts	-	9,882,526
Pre-operative expenses other than trial run		
Personnel Expenses		
Salaries, wages, allowances, bonus etc.	-	42,254
Workmen & staff Welfare expenses	-	8,003
Operating and Other Expenses		
Rates & Taxes	-	1,069,420
Miscellaneous expenses	-	1,132,985
Trial Run Expenses		
Power and fuel	-	210,627
Freight outwards	-	6,129
	-	2,469,418
Less:-Transferred to Fixed Assets	-	12,351,944
Closing Balance	-	-

32. 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:

Revenue from operations by Geographical Market (Net of Excise Duties)

S.No.	Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
1	Domestic Market	10,772,713,711	10,338,980,989
2	Overseas Market	394,267,691	363,078,136
	Total	11,166,981,402	10,702,059,125

Trade Receivables: The following table shows the distribution of the Company's trade receivables by geographical market:

S.No.	Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
1	Domestic	1,201,673,870	1,024,995,692
2	Overseas	109,047,396	73,553,178
	Total	1,310,721,266	1,098,548, 870

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

Lumax Industries Limited

33. Related party disclosures

Names of related parties and related party relationship

Related parties with whom transactions have taken place during the year

S.No.	Particulars	Name of Related Parties
1.	Enterprise having significant influence	Stanley Electric Co. Ltd., Japan
2.	Associate	SL Lumax Limited
3.	Key Management Personnel	Mr. D. K. Jain (Chairman) Mr. Deepak Jain (Managing Director) Mr. Anmol Jain (Sr. Executive Director) Mr. E. Hirooka (Sr. Executive Director) Mr. T. Masuda (Executive Director) (till October 28,2013) Mr. N. Sato (Executive Director) (w.e.f. October 28, 2013)
4.	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)
5.	Enterprise owned or significantly influenced by Key Management Personnel or their Relatives	Lumax Auto Technologies Limited Lumax DK Auto Industries Limited Lumax Tour & Travels Limited Lumax Finance Private Limited Lumax Ancillary Limited Mahavir Udyog D.K. Jain & Sons (HUF) Lumax Automotive Systems Limited Bharat Enterprises Lumax Cornaglia Auto Technologies Private Limited Lumax Gill-Austem Auto Technologies Private Limited Lumax Mannoh Allied Technologies Limited

Details of Related Party Transactions for the Financial Year 2013-14

(Amount in Rs.)

S. No.	Account Head	Enterprise having significant influence		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Associate		TOTAL	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
A	TRANSACTIONS												
i)	Sale of Raw Materials and Components												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	37,552,549	42,871,674	-	-	37,552,549	42,871,674
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	7,360,034	6,752,173	-	-	7,360,034	6,752,173
	Lumax Ancillary Ltd.	-	-	-	-	-	-	40,771,243	40,971,342	-	-	40,771,243	40,971,342
	Bharat Enterprises	-	-	-	-	-	-	191,776	282,317	-	-	191,776	282,317
	Total (i)	-	-	-	-	-	-	85,875,602	90,877,506	-	-	85,875,602	90,877,506
ii)	Sale of finished goods												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	532,375,752	498,788,257	-	-	532,375,752	498,788,257
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	45,896,867	47,635,511	-	-	45,896,867	47,635,511
	Lumax Ancillary Ltd.	-	-	-	-	-	-	-	(86,890)	-	-	-	(86,890)
	Total (ii)	-	-	-	-	-	-	578,272,619	546,336,878	-	-	578,272,619	546,336,878
iii)	Sale of Fixed Assets												
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	-	14,308,847	-	-	-	14,308,847
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	78,121,874	4,139,125	-	-	78,121,874	4,139,125
	Total (iii)	-	-	-	-	-	-	78,121,874	18,447,972	-	-	78,121,874	18,447,972
iv)	Sale of services												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	286,946	89,888	-	-	286,946	89,888
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	653,273	53,618	-	-	653,273	53,618
	Lumax Ancillary Ltd.	-	-	-	-	-	-	7,776	-	-	-	7,776	-
	Stanley Electric Co. Ltd.	2,517,353	692,187	-	-	-	-	-	-	-	-	2,517,353	692,187
	Total (iv)	2,517,353	692,187	-	-	-	-	947,995	143,506	-	-	3,465,348	835,693
v)	Purchase of Raw Materials, Components and Moulds												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	768,609,678	821,379,678	-	-	768,609,678	821,379,678
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	267,183,752	286,842,345	-	-	267,183,752	286,842,345
	Lumax Ancillary Ltd.	-	-	-	-	-	-	365,259,609	436,081,100	-	-	365,259,609	436,081,100
	Bharat Enterprises	-	-	-	-	-	-	201,100,588	159,024,541	-	-	201,100,588	159,024,541
	Mahavir Udyog	-	-	-	-	-	-	20,625,851	27,500,434	-	-	20,625,851	27,500,434
	Stanley Electric Co. Ltd.	75,803,292	87,930,928	-	-	-	-	-	-	-	-	75,803,292	87,930,928
	Total (v)	75,803,292	87,930,928	-	-	-	-	1,622,779,478	1,730,828,098	-	-	1,698,582,770	1,818,759,026
vi)	Purchase of Packing Material												
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	-	40,791	-	-	-	40,791
	Mahavir Udyog	-	-	-	-	-	-	107,756,807	93,814,788	-	-	107,756,807	93,814,788
	Total (vi)	-	-	-	-	-	-	107,756,807	93,855,579	-	-	107,756,807	93,855,579
vii)	Purchase of Spares & Samples												
	Stanley Electric Co. Ltd.	-	212,683	-	-	-	-	-	-	-	-	-	212,683
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	17,133	-	-	-	17,133	-
	Total (vii)	-	212,683	-	-	-	-	17,133	-	-	-	17,133	212,683
viii)	Purchase of Fixed Assets												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	139,277	1,021,968	-	-	139,277	1,021,968
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	439,750	17,157,026	-	-	439,750	17,157,026
	Lumax DK Electric Engg. India Pvt. Ltd.	-	-	-	-	-	-	575,206	199,975	-	-	575,206	199,975
	Stanley Electric Co. Ltd.	10,342,793	4,109,328	-	-	-	-	-	-	-	-	10,342,793	4,109,328
	Total (viii)	10,342,793	4,109,328	-	-	-	-	1,154,233	18,378,969	-	-	11,497,026	22,488,297
ix)	Purchase of Finished Goods												
	Stanley Electric Co. Ltd.	-	192,610	-	-	-	-	-	-	-	-	-	192,610
	Total (ix)	-	192,610	-	-	-	-	-	-	-	-	-	192,610
x)	Purchase Of Services												
	Lumax Tours & Travels Ltd.	-	-	-	-	-	-	27,562,905	26,245,923	-	-	27,562,905	26,245,923
	Total (x)	-	-	-	-	-	-	27,562,905	26,245,923	-	-	27,562,905	26,245,923
xi)	Technical Charges												
	Design, Drawing & Testing Charges												
	Stanley Electric Co. Ltd.	63,201,718	160,499,537	-	-	-	-	-	-	-	-	63,201,718	160,499,537
	Management Support Fee												
	Stanley Electric Co. Ltd.	54,991,740	52,221,380	-	-	-	-	-	-	-	-	54,991,740	52,221,380
	Total (xi)	118,193,458	212,720,917	-	-	-	-	-	-	-	-	118,193,458	212,720,917
xii)	Rent Received												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	2,837,473	2,879,671	-	-	2,837,473	2,879,671
	Lumax Tours & Travels Ltd.	-	-	-	-	-	-	106,812	87,261	-	-	106,812	87,261
	Lumax Cornaglia Auto Technologies Pvt. Ltd.	-	-	-	-	-	-	4,382,040	3,883,162	-	-	4,382,040	3,883,162
	Total (xii)	-	-	-	-	-	-	7,326,325	6,850,094	-	-	7,326,325	6,850,094
xiii)	Managerial Remuneration												
	Mr. D. K. Jain	-	-	2,376,013	6,874,086	-	-	-	-	-	-	2,376,013	6,874,086
	Mr. Deepak Jain	-	-	8,812,893	6,264,401	-	-	-	-	-	-	8,812,893	6,264,401
	Mr. Anmol Jain	-	-	5,709,319	5,722,409	-	-	-	-	-	-	5,709,319	5,722,409
	Mr. E.Hirooka	-	-	2,331,403	1,773,272	-	-	-	-	-	-	2,331,403	1,773,272
	Mr. T.Masuda	-	-	904,077	1,388,547	-	-	-	-	-	-	904,077	1,388,547
	Mr. N.Sato	-	-	953,222	-	-	-	-	-	-	-	953,222	-
	Total (xiii)	-	-	21,086,927	22,022,715	-	-	-	-	-	-	21,086,927	22,022,715

Lumax Industries Limited

(Amount in Rs.)

S. No.	Account Head	Enterprise having significant influence		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Associate		TOTAL	
		2013-14	2012-13	2013-14	2012-13	2013-14	2013-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
xiv)	Royalty (gross)												
	Stanley Electric Co. Ltd.	155,977,220	149,261,154	-	-	-	-	-	-	-	-	155,977,220	149,261,154
	Total (xiv)	155,977,220	149,261,154	-	-	-	-	-	-	-	-	155,977,220	149,261,154
xv)	Commission												
	Mr. D. K. Jain	-	-	557,735	-	-	-	-	-	-	-	557,735	-
	Total (xv)	-	-	557,735	-	-	-	-	-	-	-	557,735	-
xvi)	Dividend Paid												
	Mr. D. K. Jain	-	-	8,785,148	11,713,530	-	-	-	-	-	-	8,785,148	11,713,530
	Mr. Deepak Jain	-	-	642,200	856,266	-	-	-	-	-	-	642,200	856,266
	Mr. Anmol Jain	-	-	249,201	332,268	-	-	-	-	-	-	249,201	332,268
	Mr. M. K. Jain	-	-	-	-	793,611	1,070,874	-	-	-	-	793,611	1,070,874
	Mr. U. K. Jain	-	-	-	-	7,011	9,348	-	-	-	-	7,011	9,348
	Mrs. Usha Jain	-	-	-	-	678,074	904,098	-	-	-	-	678,074	904,098
	D K Jain and Sons (HUF)	-	-	-	-	-	-	562,365	749,820	-	-	562,365	749,820
	Lumax Finance Pvt. Ltd.	-	-	-	-	-	-	1,877,639	2,503,518	-	-	1,877,639	2,503,518
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	2,362,500	3,150,000	-	-	2,362,600	3,150,000
	Lumax Automotive Systems Ltd.	-	-	-	-	-	-	4,860	6,480	-	-	4,860	6,480
	Stanley Electric Co. Ltd.	15,045,215	20,060,286	-	-	-	-	-	-	-	-	15,045,215	20,060,286
	Total (xvi)	15,045,215	20,060,286	9,676,549	12,902,064	1,478,696	1,984,320	4,807,364	6,409,818	-	-	31,007,824	41,356,488
xvii)	Others (Net Income/Expenditure)												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	(144,365)	(1,143,500)	-	-	(144,365)	(1,143,500)
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	(12,827,141)	(8,000,274)	-	-	(12,827,141)	(8,000,274)
	Lumax Ancillary Ltd.	-	-	-	-	-	-	157,031	136,718	-	-	157,031	136,718
	Lumax Tours & Travels Ltd.	-	-	-	-	-	-	-	1,320	-	-	-	1,320
	Bharat Enterprises	-	-	-	-	-	-	-	5,300	-	-	-	5,300
	Mahavir Udyog	-	-	-	-	-	-	1,348	10,339	-	-	1,348	10,339
	SL Lumax Ltd.	-	-	-	-	-	-	-	-	186,197	-	186,197	-
	Stanley Electric Co. Ltd.	(2,657,492)	(946,650)	-	-	-	-	-	-	-	-	(2,657,492)	(946,650)
	Total (xvii)	(2,657,492)	(946,650)	-	-	-	-	(12,813,127)	(8,990,097)	186,197	-	(15,284,422)	(9,936,747)
B)	BALANCES AT THE YEAR END												
i)	Receivables												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	179,759,919	145,579,054	-	-	179,759,919	145,579,054
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	14,502,246	17,997,614	-	-	14,502,246	17,997,614
	Lumax Ancillary Ltd.	-	-	-	-	-	-	6,423,302	1,183,146	-	-	6,423,302	1,183,146
	Lumax Cornaglia Auto Technologies Pvt. Ltd.	-	-	-	-	-	-	-	647,194	-	-	-	647,194
	Total (i)	-	-	-	-	-	-	200,685,467	165,407,008	-	-	200,685,467	165,407,008
ii)	Payables												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	261,369,714	291,863,763	-	-	261,369,714	291,863,763
	Lumax DK Auto Industries Ltd.	-	-	-	-	-	-	120,557,539	148,454,099	-	-	120,557,539	148,454,099
	Lumax DK Electric Engg. India Pvt. Ltd.	-	-	-	-	-	-	-	199,975	-	-	-	199,975
	Lumax Tours & Travels Ltd.	-	-	-	-	-	-	866,555	814,198	-	-	866,555	814,198
	Lumax Ancillary Ltd.	-	-	-	-	-	-	114,397,455	131,042,169	-	-	114,397,455	131,042,169
	Bharat Enterprises	-	-	-	-	-	-	64,411,265	52,558,829	-	-	64,411,265	52,558,829
	Mahavir Udyog	-	-	-	-	-	-	39,974,706	37,390,188	-	-	39,974,706	37,390,188
	Lumax Automotive Systems Ltd.	-	-	-	-	-	-	875,088	1,016,209	-	-	875,088	1,016,209
	SL Lumax Ltd.	-	-	-	-	-	-	-	-	186,197	-	-	186,197
	Stanley Electric Co. Ltd.	214,984,977	201,719,175	-	-	-	-	-	-	-	-	214,984,977	201,719,175
	Mr. D. K. Jain	-	-	557,735	-	-	-	-	-	-	-	557,735	-
	Total (ii)	214,984,977	201,719,175	557,735	-	-	-	602,452,322	663,339,430	-	186,197	817,995,034	865,244,802
iii)	Security Deposit Payable												
	Lumax Auto Technologies Ltd.	-	-	-	-	-	-	25,000,000	25,000,000	-	-	25,000,000	25,000,000
	Total (iii)	-	-	-	-	-	-	25,000,000	25,000,000	-	-	25,000,000	25,000,000

34. Capital and other commitments

S.No.	Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
1.	Estimated amount of contracts (Net of advances paid during the year Rs. 862,000 (previous year Rs. 12,380,926)) remaining to be executed on capital account and not provided for	40,484,608	34,593,113
2.	Other commitments relate to lease arrangements, refer Note 29		

35. Contingent liabilities

S.No.	Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
(i)	Bills of exchange discounted from a bank	357,107,357	343,269,211
(ii)	Demand raised by ESIC department against short contribution paid by the Company, being disputed by the Company	1,480,605	1,480,605
(iii)	Demand raised by Sales Tax authorities against purchase tax on inter unit stock transfers, being disputed by the Company	781,111	906,111
(iv)	Various other claims of Sales Tax Matters made against the Company not acknowledged as debts, being disputed by the Company	1,318,497	1,318,497
(v)	Various other claims of Sales Tax Matters made against the Company on account of non-submission of statutory forms etc. being disputed by the Company.	2,520,457	7,014,753
(vi)	In respect of additions made by the Assessing officer for Assessment Year 2004-05 for which the department has filed an appeal before Hon'ble High Court against the order of Income Tax Appellate Tribunal (ITAT).	1,243,823	1,441,121
(vii)	In respect of additions made by the Assessing officer for Assessment Year 2005-06 for which the department has filed an appeal before Hon'ble High Court against the order of ITAT.	11,535,338	27,884,526
(viii)	In respect of additions made by the Assessing officer for Assessment Year 2006-07 for which the department has filed an appeal before ITAT against the additions confirmed by DRP.	4,319,110	5,699,097
(ix)	In respect of additions made by the Assessing officer for Assessment Year 2007-08 for which the department has filed an appeal before Hon'ble High Court against the order of ITAT.	14,444,388	30,685,279
(x)	In respect of additions made by the Assessing officer for Assessment Year 2008-09 for which the department has filed an appeal before Hon'ble High Court against the order of ITAT.	26,851,164	38,855,315
(xi)	In respect of additions made by the Assessing officer for Assessment Year 2009-10 for which the department has filed an appeal before ITAT against the additions confirmed by DRP.	27,806,888	84,556,059*
(xii)	The Company is currently under litigation against the draft order of Assessing Officer in relation to transfer pricing additions and disallowances of leave encashment expense, provision for warranty and expenses under section 14A of the Income Tax Act, 1961 in relation to Assessment year 2010-11. The Company has filed an appeal before DRP against the said order.	32,334,792	-
(xiii)	Liability of Customs duty towards export obligation undertaken by the Company under EPCG licenses	115,591,506	112,689,546
(xiv)	Letter of credit	156,407,683	57,691,315
(xv)	Bank Guarantees	183,075,350	133,960,218

* The amount reflects disallowances made by the assessing officer.

The current year amount relating to income tax does not include interest.

Based on the favourable decisions in similar cases/advice taken by the Company & based on management's internal assessment, the Company believes that it has good case in respect of all the items listed above and hence no provision there against is considered necessary.

36. Derivative instruments and unhedged foreign currency exposure

(a) Derivatives outstanding as at the reporting date

Particulars	Purpose
Cross Currency cum interest rate swap – USD 17,187,500 (March 31, 2013: USD 22,812,500) Notional amount INR 1,029,789,060 (March 31, 2013: INR 1,245,562,500)	Hedge against exposure to outflow for USD loan repayment and its interest payments. Swap to pay fixed interest @ 9.78%, 7.55% and 10.65% p.a. and receive a variable interest @ LIBOR plus Margin.

(b) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Foreign Currency	Amount (in Rs.)		Amount (in Foreign Currency)		Exchange Rate (Rs.)	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Trade Payable	EUR	118,641	5,737,688	1,435	81,722	82.69	70.21
	GBP	-	427,137	-	5,145	-	83.02
	JPY	22,816,249	51,820,898	39,297,708	88,840,902	0.5806	0.5833
	USD	396,747,563	246,290,770	6,621,840	4,501,751	59.92	54.71
	CHF	-	2,355,224	-	40,904	-	57.58
Advance Recoverable	EUR	2,007,221	692,931	24,276	9,869	82.69	70.21
	CHF	828,174	-	12,210	-	67.83	-
	JPY	119,836	-	206,400	-	0.5806	-
	USD	160,262,721	72,270,220	2,674,835	1,320,969	59.92	54.71
Trade Receivable	EUR	11,742,400	21,424,069	142,014	311,668	82.69	68.74
	GBP	44,513,425	26,548,054	446,183	325,783	99.77	81.49
	USD	44,538,360	31,160,561	743,359	577,047	59.92	54.00

37. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	309,177	472,189
Interest due on above	1,980	3,436
	311,157	475,625
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
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 the MSMED Act 2006.	49,380	78,755
The amount of interest accrued and remaining unpaid at the end of each accounting year	281,317	229,957
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 MSMED Act 2006	-	-

38. Value of imports calculated on CIF basis

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Raw materials	723,303,448	703,741,584
Components and spare parts	33,992,712	19,140,270
Capital goods	488,384,800	652,030,277
Traded Goods	39,477,854	20,884,173
Total	1,285,158,814	1,395,796,304

39. Expenditure in foreign currency (accrual basis)

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Royalty	155,977,220	149,459,195
Management Support Fees	54,991,740	52,221,380
Travelling Expenses	14,703,194	18,873,844
Packing & Forwarding Expenses	3,959,391	7,619,682
Salary & Allowances	2,788,468	6,661,138
Finance Cost	9,449,353	3,496,456
Commission	815,616	409,928
Repair & Maintenance	167,653	2,859,345
Design & Testing Charges	102,455,070	150,333,833
Legal & Professional Expenses	6,689,903	-
Miscellaneous Expenses	2,011,831	250,910
Warranty Expense	1,211,775	727,902
Total	355,221,214	392,913,613

40. Imported and indigenous raw materials, components and spare parts consumed

Particulars	% of total consumption March 31, 2014	Value (Rs.) March 31, 2014	% of total consumption March 31, 2013	Value (Rs.) March 31, 2013
Raw Materials & Components				
Imported	9.43	689,002,308	8.18	582,000,384
Indigenously obtained	90.57	6,621,164,007	91.82	6,532,025,151
Total	100.00	7,310,166,315	100.00	7,114,025,535
Spare parts				
Imported -	-	-	1.17	477,326
Indigenously obtained	100.00	38,014,656	98.83	40,254,822
Total	100.00	38,014,656	100.00	40,732,148

41. Net dividend remitted in foreign exchange

Year of remittance (ending on)	March 31, 2014	March 31, 2013
Period to which it relates	1 April 2012 to 31 March 2013	1 April 2011 to 31 March 2012
Number of non-resident shareholders	2	2
Number of equity shares held on which dividend was due	3,505,399	3,505,399
Amount remitted (in USD)	242,197	371,138

Lumax Industries Limited

42. Earnings in foreign currency (accrual basis)

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Exports at F.O.B. Value	365,464,873	335,412,904
Recovery of testing charges/Service Income	3,831,124	14,768,927
Total	369,295,997	350,181,831

43. Details of Research and Development expenses are as follows:

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

a. Capital Expenditure

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Capital expenditure	12,907,133	5,798,879

b. Revenue Expenditure

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Salaries, Allowances and Bonus	52,323,521	44,433,432
Contribution to Provident Fund	2,879,718	2,225,490
Contribution to Other Funds	207,358	127,744
Staff Welfare	5,454,658	4,412,008
Provision for Retirement Benefit	(681,950)	1,931,269
Insurance	355,257	362,391
Repair & Maintenance	5,751,475	3,447,644
Travelling & Conveyance	19,199,823	18,639,727
Research & Development	256,811	129,804
Electricity	493,357	617,133
Miscellaneous	5,073,910	4,842,238
Material/Consumable/Spares	5,069	1,514
Depreciation	11,713,325	10,421,290
Financial Cost	195,741	231,891
Total	103,228,073	91,823,575

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

a. Capital Expenditure

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Capital expenditure	2,750,610	40,482

b. Revenue Expenditure

Particulars	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Salaries, Allowances and Bonus	22,626,731	18,149,773
Contribution to Provident Fund	1,065,892	874,614
Contribution to Other Funds	149,585	126,473
Staff Welfare	2,718,421	1,850,824
Provision for Retirement Benefit	(117,364)	370,121
Insurance	75,051	56,695
Repair & Maintenance	2,996,545	2,444,536
Travelling & Conveyance	5,257,174	4,229,576
Research & Development	1,478,991	321,111
Design, Support & Testing Charges	38,639,032	-
Electricity	444,000	72,000
Miscellaneous	488,187	940,600
Depreciation	3,655,715	3,612,831
Financial Cost	59,863	133,658
Total	79,537,823	33,182,812

44. The Company has filed the writ petition against Government of West Bengal challenging Singur Land Rehabilitation & Development Act, 2011 for cancellation of allotment of land allotted by West Bengal Industrial Development Corporation. The court has clubbed the vendors' petitions with Tata Motors Petition and the matter is pending for decision. The management is confident that no losses are expected in this regard.
45. The assets of Rs. 125,633,410 (Previous year Rs. 123,500,000) recognized by the Company as 'MAT Credit Entitlement' under Loans and Advances' represents that portion of MAT, which can be recovered and set off in subsequent years based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT credit assets.
46. Previous year's figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E

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

per Vikas Mehra
Partner
Membership No. 94421

D. K. Jain
Chairman

Deepak Jain
Managing Director

Place : Gurgaon
Date : May 30, 2014

Naval Khanna
Group Finance Head

B.S. Bhadauriya
Company Secretary

Lumax Industries Limited
www.lumaxindustries.com

www.lumaxworld.in