

Pursuing Excellence!



LUMAX

AUTO TECHNOLOGIES

Lumax Auto Technologies Limited

Chairman's Message



Lumax Auto Technologies was founded in the year 1981, and since then, we have carved a strong position in manufacturing of a variety of Automotive parts for Two wheeler and Three wheeler industry.

Today, we are one of the rapidly growing and progressive companies in the Auto Components sector, serving with a commitment for Excellence, and we are going strong with a current growth of over 30% per annum.

A progressive set of associates, a dynamic management team, that believes in inclusive and sustained growth with the involvement of people and modern technology, and the lineage of the Lumax brand, are the vital ingredients that make us a name in reckoning for being at the forefront of Automotive components technology arena.

A name poised for being in a positive spiral of growth. A name you have placed your precious trust in.

D. K. Jain
Chairman

Lumax Auto Technologies Ltd.

BOARD OF DIRECTORS

Mr. D.K. Jain	(Chairman)
Mrs. Usha Jain	(Managing Director)
Mr. Anmol Jain	(Director)
Mr. Manmohan Sachdev	(Independent Director)
Mr. Sandeep Dinodia	(Independent Director)
Mr. A. V. Alexander	(Independent Director)
Mr. Dhiraj Dhar Gupta	(Independent Director)

HEAD FINANCE

Mr. Sandeep Jain

COMPANY SECRETARY

Mr. Rahul Singh

AUDITORS

M/s D. R. Barve & Co.
Chartered Accountants
461/1, Sadashiv Peth,
Above Dr. Phatak Hospital
Opp. New English High School,
Tilak Road, Pune-411030

BANKERS

State Bank of India
Syndicate Bank

REGISTRAR & TRANSFER AGENT

Bigshare Services Private Limited

E/2, Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri (E), Mumbai – 400 072
E-mail : bigshare@bom7.net.in

REGISTERED & CORPORATE OFFICE

W-230, 'S' Block, M.I.D.C. Bhosari, Pune - 411 026
E-mail : share@lumaxautotech.com

WORKS

- W-230, 'S' Block, M.I.D.C., Bhosari, Pune
- Plot No. 70, Sector-10, PCNTDA, Bhosari, Pune
- Gat No. 156/1, Mahalinge, Chakan, Pune
- Plot No. 54/8, D-II, Block-2, M.I.D.C., Chinchwad, Pune
- W-28, M.I.D.C., Industrial Area, Waluj, Aurangabad.
- A-8, M.I.D.C., Industrial Area, Waluj, Aurangabad
- Gat No. 261, Gangapur, Waluj, Aurangabad
- B-86, Mayapuri Industrial Area, Phase-1, New Delhi (Marketing Division)



26th Annual Report 2006-2007

CONTENTS	PAGE NO.
Financial Data at a Glance	03
Graphs	04
Directors' Report & Annexures	05-20
Auditors' Report on Accounts	21-22
Balance Sheet	23
Profit & Loss Account	24
Cash Flow Statement	25
Schedules to Balance Sheet and P&L Account	26-31
Notes Forming Part of Accounts	32-38
Balance Sheet Abstract	39
Statement pursuant to Section 212 of the Companies Act, 1956	40
Subsidiary Company	
Directors' Report	41-43
Auditors Report on Accounts	44-45
Balance Sheet	46
Profit & Loss Account	47
Cash Flow Statement	48
Schedules to Balance Sheet and P&L Account	49-53
Notes forming part of Accounts	54-61
Balance Sheet Abstract	62
Consolidated	
Auditors' Report on Consolidated Financial Statement	63
Consolidated Balance Sheet	64
Consolidated Profit & Loss Account	65
Consolidated Cash Flow Statement	66
Schedules forming part of Consolidated Account	67-72
Notes forming part of Consolidated Accounts	73-82

ANNUAL GENERAL MEETING ON 26th SEPTEMBER, 2007

Lumax Auto Technologies Ltd.

FINANCIAL DATA AT A GLANCE

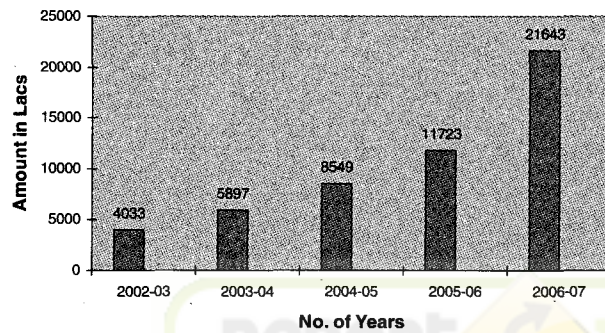
(Rs. In Lacs)

PARTICULARS	*2006-07	*2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Net Sales	21642.57	11723.18	8,549.29	5,897.28	4,032.57	4,824.03	3,969.19
% Growth	84.61	37.12	44.97	46.24	(16.41)	21.54	19.28
Other Income	25.92	15.33	13.49	9.88	10.95	9.54	20.03
Total Income	21668.49	11738.51	8,562.78	5,907.16	4,043.52	4,833.57	3,989.22
Total Expenses	20349.60	10828.11	8,144.06	5,611.61	3,823.98	4,514.00	3,799.31
Earning Before Depreciation, Interest & Tax	1318.89	910.40	418.72	295.55	219.54	319.57	189.91
Interest	128.91	120.43	45.47	38.51	56.28	75.69	86.36
Cash Profit	1189.98	789.97	373.25	257.04	163.26	243.88	103.55
% Rise In Cash Profits	50.64	111.65	45.21	57.44	(33.06)	135.52	(36.07)
Depreciation	236.30	166.53	88.52	86.10	74.31	67.94	59.72
Earning Before Tax	953.68	623.44	284.73	170.94	88.95	175.94	43.83
% Of EBT To Total Income	4.40	5.31	3.33	2.89	2.20	3.64	1.10
Provision for Tax	340.02	239.91	92.66	66.84	24.79	0.30	5.57
Earning After Tax	613.66	383.53	192.07	104.10	64.16	175.64	38.26
% To Total Income	2.83	3.26	2.24	1.76	1.59	3.63	0.96
Gross Block	5432.95	4083.26	1649.20	1382.92	1231.04	1118.71	1028.98
Net Block	4390.54	3276.53	1121.28	938.11	856.56	815.21	792.78
Capital Work In Progress	2052.20	116.44	132.43	14.23	44.61	8.56	3.08
Investments	0.01	0.01	0.01	0.01	0.02	41.53	41.53
Current Assets	6261.69	3207.91	1622.26	1626.87	964.35	1064.25	634.85
Current Liabilities	5718.39	3117.82	1612.76	1641.85	986.95	924.73	576.30
Net Current Assets	543.30	90.09	9.50	(14.98)	(22.60)	139.52	58.55
Deferred Revenue Expenditure	41.94	61.31	24.24	32.32	-	-	-
Equity Share Capital Including Share Application Money	1163.15	714.46	343.53	343.53	345.53	396.03	253.84
Reserve & Surplus	3360.59	673.38	161.44	47.91	3.98	103.74	126.41
Loan Funds	2151.14	1889.19	643.69	444.69	410.35	505.05	515.69
Deferred Tax Liabilities	353.11	267.35	138.80	133.56	118.73	-	-

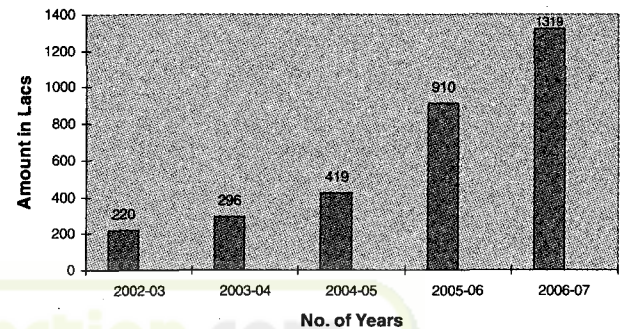
*Figures given on consolidated basis

GRAPHS

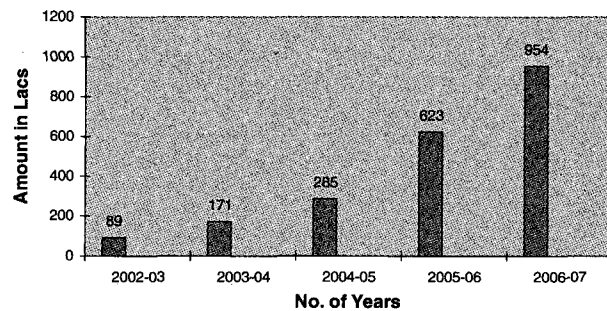
Turnover



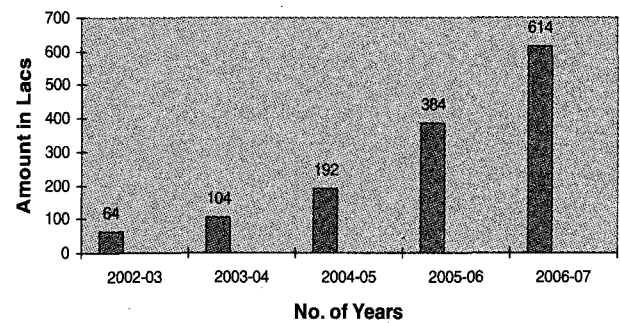
Earning Before Depreciation Interest And Tax



Earning Before Tax



Earning After Tax



Lumax Auto Technologies Ltd.

DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting the 26th Annual Report on the business and operations together with Audited Financial Statements for the year ended March 31, 2007

FINANCIAL RESULTS

The audited financial results for the year ended March 31, 2007 are as follows:

	(Rs. in Lacs)	
FINANCIAL RESULTS	2006-07	2005-06
Sales Excluding Excise Duty	16035.18	9430.76
Gross Profit (GP)	642.65	612.03
(-) Interest	54.89	78.43
(-) Depreciation	152.20	112.94
Profit Before Taxation (PBT)	435.56	420.66
(-) Provision for Taxation, Deferred Tax Adjustment and FBT	160.71	152.30
Profit After Tax	274.85	268.36
(+) Balance in the P&L A/c b/f	170.59	135.12
(+) Capitalize during the year	—	(68.71)
(+) Adjustments made during the year.	12.11	(0.42)
PROFIT-FOR Appropriation-PAT	457.55	334.35
Proposed Equity Dividend	174.47	119.94
Tax on Dividend	29.65	16.82
Transfer to General Reserve	27.50	27.00
Balance retained in P&L A/c	225.93	170.59

DIVIDEND

Your Directors are pleased to recommend a dividend of 15% (Rs.1.50 per share) for the year ended March 31, 2007, in the first year of Listing of its Equity Shares on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. An amount of Rs.27.50 Lacs is proposed to be transferred to General Reserve and the balance amount of Rs.225.93 Lacs is retained in the Profit and Loss account.

FINANCIAL PERFORMANCE

For the Financial Year ended 2006-07, your Company has achieved a sales of **Rs.16035.18** Lacs during the year against the sales of **Rs.9430.76** Lacs in the previous year, showing an impressive growth of 70% in this financial year. Your Company has reported standalone after tax, profit of **Rs.274.85** Lacs as against Rs. 268.36 Lacs of the corresponding previous year, and a consolidated profit of Rs.613.66 Lacs.

BUSINESS OVERVIEW AND OPERATION

India is emerging as one of the most attractive destination for global players of Auto Industry. Global Original Equipment Manufacturers (OEM) and Tier 1 supplier in the automotive industry are increasingly looking at India as a Low Cost Country (LCC) for outsourcing.

In order to capture the growth opportunities in the booming Auto Industry, Your Directors are happy to report that two new units have been commissioned in the current year one at PCMC Bhosari Pune for manufacture of chassis assembly and Sheet metal components for scooter and scooterettes and another at Pantnagar Uttarakhand through our 100% subsidiary, Lumax DK Auto Industries Limited to manufacture Automotive Lighting. Both Units are exclusively for supply to Bajaj Auto Limited at Pune & Pantnagar respectively.

INITIAL PUBLIC OFFER

The year 2006-07 saw a successful Initial Public Offering of 30,12,000 Equity Shares of Rs.10 each at an issue price of Rs.75 each aggregating to Rs.2259 Lacs of the Company. The issue was over subscribed by 3.33 times and the equity shares were listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited on 16th January, 2007 at a premium to the issue price. Your Directors are happy to report that the listing has enhanced our visibility and brand value.

DIRECTORS

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of Corporate functioning. In accordance with the provisions of Companies Act, 1956 and Article of Association of the Company, Mr. Manmohan Sachdev, and Mr. A. V. Alexander, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.



Mr. Dhiraj Dhar Gupta has been appointed as an Additional Director of the Company with effect from June 25, 2007 by the Board of Directors and holds office up to the date of the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956. The Company has received a Notice in respect of Mr. Dhiraj Dhar Gupta from a member under Section 257 of the Companies Act, 1956, proposing his appointment as Director of the Company liable to retire by rotation.

The Board of Directors of the Company on 17th May, 2007 based on recommendation of Remuneration Committee and subject to approval of the Members of the Company approved the re-appointment of Mrs. Usha Jain as Managing Director of the Company with effect from 1st April, 2007 for a period of five years.

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, 2007, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the Annual Accounts on a "going concern" basis.

FIXED DEPOSITS

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

AUDITORS

M/s. D.R. Barve & Co., Chartered Accountants, Pune the Auditors of the Company retiring at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Auditors have given true & fair view of the State of Affairs, Profit & Loss, Cash Flow of the company for the financial year 2006-07. They have commented in their report that company has made short provision of accrued earned leave encashment and Gratuity Liability of Rs.9,307,845.23.

Your Directors state that the company follows accrual system of accounting except earned leaves & gratuity due to the employees which is accounted for in the year of actual payment / retirement. However the Company has started following the accrual basis of accounting in this regard also from the next financial year.

SUBSIDIARY COMPANY

Lumax DK Auto Industries Limited is engaged in the business of manufacturing and supplying of gear shifter assembly for various four wheeler products of Maruti Udyog Ltd. Lumax DK Auto Industries Limited became a wholly owned subsidiary of the Company on 31st January, 2006.

In accordance with section 212 of the Companies Act, 1956 the audited statement of the accounts of the company's subsidiary Lumax DK Auto Industries Limited, together with reports of the director's and auditor's thereon for the year ended 31st March, 2007 are annexed here to and form part of this report.

CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statement of Lumax Auto Technologies Limited and its subsidiary Lumax DK Auto Industries Limited as prepared in accordance with accounting standard 21 is annexed. Consolidated net profit for the group for the year ended March 31st 2007 amounted Rs. 613.66 Lacs (Previous Year Rs. 383.53 Lacs)

MANAGEMENT DISCUSSION & ANALYSIS

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

OTHER INFORMATION

Disclosure of information regarding Conservation of Energy, R & D, Technology Absorption and Foreign Exchange Earning and Outgo etc. under Section 217(1)(e) of the Companies Act, 1956 is annexed separately as **Annexure - B**. None of the Employees was in receipt of Remuneration exceeding the limits prescribed pursuant to Section 217(2A) of the Companies Act, 1956 (Particulars of Employees) Rules, 1975 during the year ended March 31, 2007.

Lumax Auto Technologies Ltd.

CORPORATE GOVERNANCE

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

INDUSTRIAL RELATIONS

Your Directors wish to place on record their appreciation for the contribution made by the Company's workforce at all levels of operations for the success and progress of the Company.

ACKNOWLEDGEMENT

The directors wish to place on record the co-operation and support received from Government and Semi- Government agencies, all state level Nodal Agencies and all State Electricity Boards.

The Directors are thankful to the bankers for their support to the Company. The Board places on record its appreciation of continued support provided by the valued customers, suppliers, equipment vendors, partners and consultants.

The Directors also acknowledge the hard work and persuasive efforts put in by the employees of the company in carrying forward company's visions and mission. The enthusiasm and continuous efforts of the employees have enabled the company to establish itself as a major player. The Directors also express their sincere gratitude to the shareholders for their continuing confidence in the company.

For and on behalf of the Board of Directors

D.K. JAIN
Chairman

Place : New Delhi

Dated : June 26, 2007

Annexure - A

MANAGEMENT DISCUSSION & ANALYSIS

a) INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

The past few years have witnessed a continuous influx of global majors in India. Many auto majors have established manufacturing facilities which have also been aided by liberal government policy. Automotive Industry has a strong multiplier effect and is capable of being the driver of economic growth. Indian Auto Component Industry has seen major growth with arrival of world vehicle manufacturers from Japan, Korea, USA and Europe. Today, India is emerging as one of the auto components center in Asia and is expected to play a significant role in the global automotive supply chain in the near future.

The present size of the Auto components industry in India is estimated at \$15 billion. It has been growing at a CAGR of 27% per annum for last five years which is highest in the Industrial Sector.

b) OPPORTUNITIES & THREATS

The Indian auto component industry has been growing at a CAGR 27% p.a. for past five years. As per estimates provided by Automobile Components Manufacturer Association of India (ACMA), auto component exports are expected to reach USD 40.45 billion by 2016, growing at a CAGR of 13%. The main growth drivers for these are

- i. Growth of domestic automobile market.
- ii. The entry of foreign vehicle manufacturers and Growing cost pressures in the global automotive market.

In addition to this, exports provide another huge opportunity in view of the out sourcing potential that India offers on account of low cost skilled labour and world class manufacturing facilities.

The two wheeler industry accounted for 77% of production followed by passenger cars, comprising of cars and utility vehicles 14.5%, commercial vehicles 4% and three wheelers 4.5%.

The unorganized sector is also very large and includes counterfeits of reputed brands, a host of local brands and reconditioning of old components.

Geographically, Indian automotive component manufacturers have come up in four clusters:

- Bangalore / Hosur / Chennai in South India
- Delhi / Ghaziabad / Gurgaon / Faridabad / Lucknow in North India
- Mumbai / Nasik / Pune in Western India
- Uttarpara / Jamshedpur in Eastern India.

LUMAX

AUTO TECHNOLOGIES

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

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

c) PRODUCT WISE PERFORMANCE

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

(Rs. In Lacs)	
Products	Turnover 2006-07
Chassis	3907.97
Frame Sub assembly	6228.30
Head Lamp Assembly	647.59
Silencer	160.40
Lamp shed Assembly	290.63
Rear Assembly/Fender Assembly	1409.12
Tail Lamp	216.46
Others	3174.71
Total	16035.18

d) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

e) RISK AND CONCERN

We are relying on only two customers for its major off take. Also, about 90% of sales of proposed expansion would be coming from these customers. Although automotive industry is booming, any sudden downward trend / recession will have impact on the business of the Company. In case the customer changes/cancels the plans, the entire project would be at risk. Any events adversely affecting automobile industry, government policy and slow down of economy would affect our performance. Any termination of contract would lead to fall in revenue and would impact our performance.

We have been an established player in the automotive lighting and component sector and we are in this business for last-26 years. Our major customers are Bajaj Auto Limited and Lumax Industries Limited and both are established players in the field. We have built up a strategic relationship with OEM suppliers and are also in the process of increasing the customer base. In view of the above, in the normal course we do not envisage any event significantly affecting the business of LATL.

f) DISCUSSION ON FINANCIAL PERFORMANCE WITH REFERENCE TO OPERATIONAL PERFORMANCE

The company achieved a record turnover of Rs16035.18 Lacs during the FY07 as against Rs.9430.76 Lacs during the previous year registering a growth of 70% as compared to previous year. This increase was achieved as a result of continuing efforts of the company to build brand loyalty among the customers by providing them the best value product at competitive price. The sale of Chassis and frame sub-assembly achieved the figure of Rs.3907.97 Lacs and Rs.6228.30 Lacs, respectively during the FY07 as against Rs.2601.66 Lacs and Nil in the previous year, registering a growth of 50% in chassis sales.

The raw material consumption as a percentage of sales has increased from 71.62% to 82.02% during the current financial year, primarily as a result of increase in prices of raw material components like steel, plastic powder & bulbs. New business Frame Sub Assembly Platina model of Bajaj Auto Limited also contributed toward increase in raw material cost. The company's continuing cost control efforts in variable and fixed financial cost have been able to offset part of the absolute increases in expenditure during the year.

The Earning Before Depreciation Interest & Tax (EBDIT) and Earning Before Tax have register a growth of 10% and 5% over previous year. As a result of timely fulfillment of the company's debt repayment obligation and healthy negotiation with the bankers, the company was able to achieve a decline in financing cost from Rs.78.43 Lacs in the previous year to Rs 54.89 Lacs in FY07.