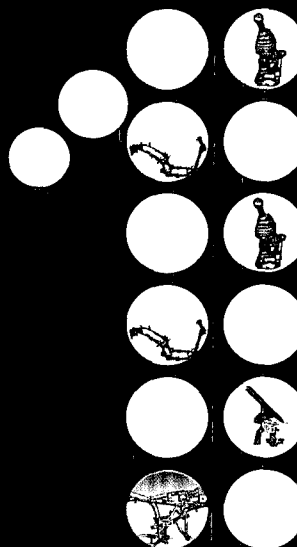


LUMAX
AUTO TECHNOLOGIES



Annual Report 2008
Lumax Auto Technologies Limited

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Focus on Cust☺mer Delight



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The Lumax journey began with a very focused approach of achieving cent percent customer delight through qualitative excellence in all aspects of the organization. To continue this quest, the group is focusing on the goal of 'Moving Up the Ladder of Excellence', to provide quality and above all satisfaction to its delighted customers. The growing markets and Customer base is an indicator of the organizations continuous efforts towards the achievement of the goal of Customer Delight.

The "Quality Centered" team approach of manufacturing ensures Products of the finest Quality, giving drive to some of the most advanced vehicles manufactured globally. Total Productive Maintenance is a new way of looking at maintenance and another milestone in the journey of achieving excellence through quality measures at all levels of the organization, not just the shop floor.

The organization has worked its way up to produce the best quality for its customers because Lumax started as a customer centric organization and even crossing more than half the century they still are dedicated to provide customer satisfaction. It takes a lot to be a leader and Lumax dedicates its success of leadership to its customers who have over the years trusted the leadership brand.

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)

FINANCE HEAD

Mr. Ashish Dubey

COMPANY SECRETARY

Ms. Milita Bhar

REGISTRAR & TRANSFER AGENT

M/s Big Share Services Pvt. Ltd.
E/2, Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri (E) Mumbai – 400 072.

E-mail : prema@bigshareonline.com

AUDITORS

M/s D. R. Barve & Co.
Chartered Accountants
4th Floor, Above. Dr. Phatak Hospital,
Opp. New English High School,
Tilak Road, Pune-411030

REGISTERED & CORPORATE OFFICE

W-230, 'S' Block,
M.I.D.C. Bhosari,
Pune - 411 026
Website: www.lumaxautotech.com

BANKERS

ABN Amro Bank NV
HDFC Bank Ltd.
State Bank of India

WORKS

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



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ANNUAL GENERAL MEETING ON 13th AUGUST, 2008

Lumax Auto Technologies Ltd.

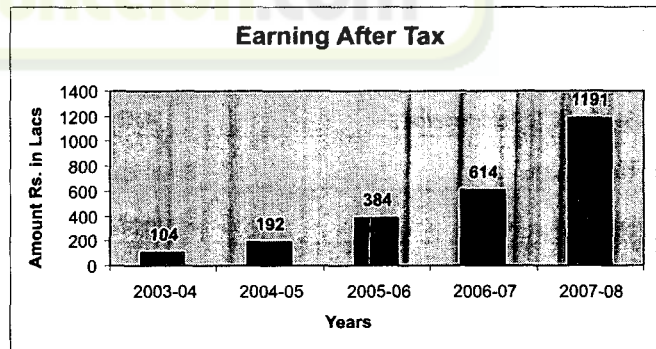
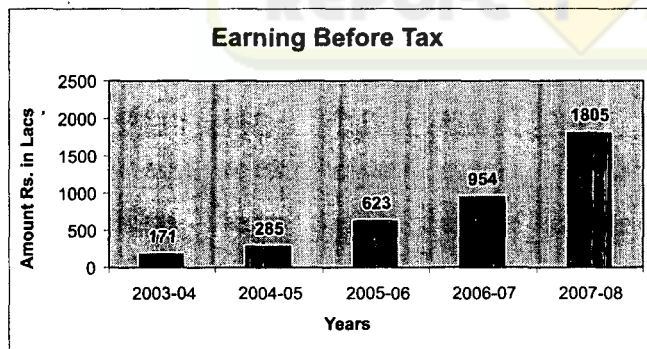
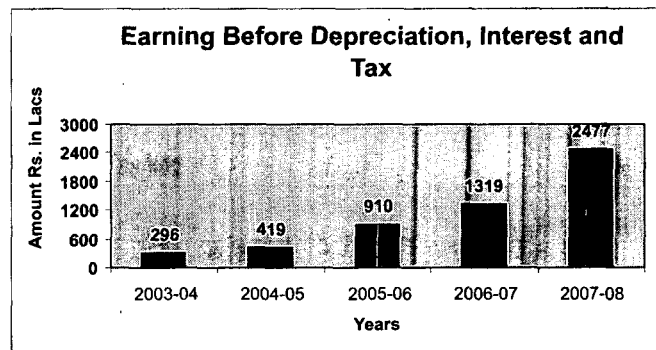
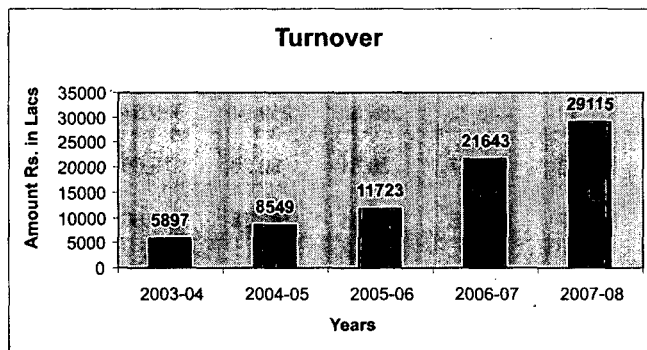
FINANCIAL DATA AT A GLANCE

PARTICULARS	(Rs. in lacs)							
	2007-08 *	2006-07 *	2005-06 *	2004-05	2003-04	2002-03	2001-02	2000-01
Net Sales	29,114.90	21,642.57	11,723.18	8,549.29	5,897.28	4,032.57	4,824.03	3,969.19
% Growth	34.53%	84.61%	37.12%	44.97%	46.24%	(16.41)%	21.54%	19.28%
Other Income	103.70	25.92	15.33	13.49	9.88	10.95	9.54	20.03
Total Income	29,218.60	21,668.49	11,738.51	8,562.78	5,907.16	4,043.52	4,833.57	3,989.22
Total Expenses	26,741.33	20,349.60	10,828.11	8,144.06	5,611.61	3,823.98	4,514.00	3,799.31
Earning Before Depreciation, Interest & Tax	2,477.27	1,318.89	910.40	418.72	295.55	219.54	319.57	189.91
Interest	264.88	128.91	120.43	45.47	38.51	56.28	75.69	86.36
Cash Profit	2,212.39	1,189.98	789.97	373.25	257.04	163.26	243.88	103.55
% Rise In Cash Profits	85.92%	50.64%	111.65%	45.21%	57.44%	(33.06)%	135.52%	(36.07)%
Depreciation	407.14	236.30	166.53	88.52	86.10	74.31	67.94	59.72
Earning Before Tax (EBT)	1,805.25	953.68	623.44	284.73	170.94	88.95	175.94	43.83
% of EBT To Total Income	6.18%	4.40%	5.31%	3.33%	2.89%	2.20%	3.64%	1.10%
Provision for Tax	614.66	340.02	239.91	92.66	66.84	24.79	0.30	5.57
Earning After Tax (EAT)	1,190.59	613.66	383.53	192.07	104.10	64.16	175.64	38.26
% of EAT To Total Income	4.07	2.83	3.27	2.24	1.76	1.59	3.63	0.96
Gross Block	8,140.13	5,432.95	4,083.26	1,649.20	1,382.92	1,231.04	1,118.71	1,028.98
Net Block	6,710.37	4,390.54	3,276.53	1,121.28	938.11	856.56	815.21	792.78
Capital Work In Progress	693.56	2,052.20	116.44	132.43	14.23	44.61	8.56	3.08
Investments	139.49	0.01	0.01	0.01	0.01	0.02	41.53	41.53
Current Assets	7,980.16	6,261.69	3,207.91	1,622.26	1,626.87	964.35	1,064.25	634.85
Current Liabilities	6,974.62	5,718.39	3,117.82	1,612.76	1,641.85	986.95	924.73	576.30
Net Current Assets	1,005.54	543.30	90.09	9.50	(14.98)	(22.60)	139.52	58.55
Deferred Revenue Expenditure	22.58	41.94	61.31	24.24	32.32	-	-	-
Equity Share Capital	1,163.15	1,163.15	714.46	343.53	343.53	343.53	396.03	253.84
Reserve & Surplus	4,295.04	3,360.59	673.38	161.44	47.91	3.98	103.74	126.41
Loan Funds	2,576.31	2,151.14	1,889.19	643.69	444.69	410.35	505.05	515.69
Deferred Tax Liabilities	537.03	353.11	267.35	138.80	133.56	118.73	-	-

* Figures given on Consolidated basis.



GRAPHS



*Figures given on consolidated basis

Lumax Auto Technologies Ltd.

DIRECTORS' REPORT

To The Members,

Your Directors are pleased to present the 27th Annual Report on the business and operations together with Audited Balance Sheet and Profit & Loss A/c of your Company for the year ended 31st March, 2008.

	Rs. In Lacs	
FINANCIAL RESULTS	2007-2008	2006-2007
Sales (Excluding Excise Duty)	17,719.26	16,035.18
Gross Profit (GP)	778.84	642.65
(-) Interest	133.85	54.89
(-) Depreciation	209.97	152.20
Profit Before Taxation (PBT)	435.02	435.56
(-) Provision for Taxation, Deferred Tax Adjustment and FBT	158.10	160.71
Profit After Tax (PAT)	276.92	274.85
(+) Balance in the P&L A/c b/f	225.93	170.59
(-) Prior Period Adjustment	50.01	-
(+) Adjustments made during the Year	-	12.11
Profit for Appropriation	452.84	457.55
Appropriation :		
Proposed Equity Dividend	174.47	174.47
Tax on Dividend	29.65	29.65
Transfer to General Reserve	27.00	27.50
Balance retained in P & L A/c	221.72	225.93

DIVIDEND

Your Directors are pleased to recommend a Dividend of 15% (Rs. 1.50 per share) for the year ended 31st March, 2008 as against 15% Dividend declared in the previous year. The total amount of Dividend proposed to be distributed is Rs. 174.47 Lacs (excluding Dividend Tax). The Dividend payout ratio for the year works out to 62.55%. An amount of Rs.27.00 Lacs is proposed to be transferred to General Reserve and the balance amount of Rs.221.72 Lacs is retained in the Profit & Loss account.

BUSINESS PERFORMANCE

For the Financial Year 2007-2008, your Company has achieved a Sales Turnover (net of excise) of Rs.17,719.26 Lacs (on Standalone Basis) as against Rs.16035.18 Lacs (on Standalone Basis) in the previous year, showing a marginal growth of around 10.50%. The Profit After Tax (PAT) for the current year has increased to Rs. 276.92 Lacs (on Standalone Basis) from Rs.274.85 Lacs (on Standalone Basis) as compared to previous year.

However, on Consolidated Basis, for the Financial Year 2007-2008, your Company has achieved a Sales Turnover (net of excise) of Rs. 29,114.90 Lacs as against Rs. 21,642.57 Lacs in the previous year, showing an impressive growth of around 34.52%. The Profit After Tax (PAT) for the current year has increased to Rs. 1,190.59 Lacs (on Consolidated Basis) from Rs.613.66 Lacs (on Consolidated Basis) of the previous year having a jump of 94.01% in the Consolidated Profit After Tax of the Company as compared to last Financial Year.

The financial performance of the Company, on Standalone Basis, was largely impacted by the steep decline in the two wheelers sales, which commands 75% market share, being dropped by 7.92% to 72.48 Lacs units in FY 08 against the previous years 78.72 Lacs. The substantial Capital Investments made by the Company during the year 2006-2007, further kept the margins under pressure. However, the Company was able to maintain its profitability due to introduction of new models and better business with the existing OEM customers.

Further, on Consolidated Basis, the operations of the Company have shown remarkable improvement. This growth has been contributed, among others by new business on account of new models viz SX4 and Dzire introduced by Maruti Suzuki India Ltd. for which the Subsidiary of your Company- Lumax DK Auto Industries Ltd (LDK) is the single source supplier of Gear-Shifter and Parking Brakes. In addition, the LDK has also commenced commercial production of its Pantnagar Plant- Uttarakhand for supplies to Bajaj Auto Ltd. and its operations have been stabilized during the year. Your directors feel pleasure to inform that all major Original Equipment Manufacturers (OEMs) like Bajaj Auto Ltd. and Maruti Suzuki India Ltd. who visited the unit have appreciated the operations of the unit and rated this plant as best plant of its kind. Further, Total Productive Maintenance (TPM) activities at this plant have enabled it to considerably improve product quality and cost reduction & control leading to further improvement in the profitability of the Subsidiary Company.

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

SETTING UP OF NEW JOINT VENTURE COMPANY- LUMAX CORNAGLIA AUTO TECHNOLOGIES PRIVATE LIMITED

During the year under review your Company has entered in to Joint Venture Agreement with Officine Metallurgiche G. Cornaglia, S.p.A, Italy through its subsidiary Cornaglia Metallurgical Products India Private Limited to manufacture and supply Air Intake Systems and Exhaust Systems to Automobile manufacturers. The JV Company is in the process of setting up the new project and the first phase of the project is expected to be completed in the year 2008-2009.



AUTO TECHNOLOGIES

DIRECTORS

Mr. Anmol Jain, Mr. Sandeep Dinodia, Directors are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors recommend the re-appointment of the above said 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, 2008, 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

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

SUBSIDIARY COMPANY

100% SUBSIDIARY- LUMAX DK AUTO INDUSTRIES LIMITED

In accordance with Section 212 of the Companies Act, 1956 the Audited Statements of the Accounts of the Companies Subsidiary Lumax DK Auto Industries Limited together with the reports of the Directors and Auditors thereon for the year ended March 31, 2008 are annexed hereto and form part of this Report.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements of the Company and its 100% subsidiary Lumax DK Auto Industries Limited as prepared in accordance with the Accounting Standard 21 are annexed hereto and forms part of this Report.

MANAGEMENT DISCUSSION & ANALYSIS

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

OTHER INFORMATION

Disclosure of information regarding Conservation of Energy, Research & Development, Technology Absorption and Foreign Exchange Earning and Outgo etc. under Section 217(1)(e) of the Companies Act, 1956 is annexed separately as **Annexure - B**. None of the employees were in receipt of remuneration exceeding the limits prescribed pursuant to Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 during the year ended March 31, 2008.

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**.

Lumax Auto Technologies Ltd.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere thanks to all its highly valued customers, its Technical Collaborators, all other business partners, all the Shareholders, Financial Institutions, Banks, Vendors and various Government agencies for their continued support and patronage.

The Board would also like to acknowledge the co-operation & commitment rendered by all the associates & employees of the Company.

For and on behalf of the Board of Directors

Place : Gurgaon
Dated : 28th June 2008

D.K. JAIN
Chairman

ANNEXURE - A

MANAGEMENT DISCUSSION & ANALYSIS

a) INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

The economy has moved decisively to a higher growth phase. Till, few years ago, there was still a debate among informed observers about whether the economy had moved above the 5 to 6 percent average growth seen since the 1980s. There is now no doubt that the economy has moved to a higher growth plane, with growth in GDP at market prices exceeding 8 percent in every year since 2003-04. The economic growth of 9% in 2007-08, faster than the advance estimate of 8.7%, is fully in line with this trend. Agriculture was principally responsible for the faster growth. (Source: Central Statistical Organisation) However, the auto component industry turnover increased from \$15 Billion in the year 2006-07 to \$18 Billion in the year 2007-08 registering a growth of 20% over the previous year. (Source: ACMA)

AUTO AND AUTO COMPONENT INDUSTRY

A well developed transport network indicates a well developed economy. For rapid development a well-developed and well-knit transportation system is essential. As India's transport network is developing at a fast pace, Indian Automobile Industry is growing too. Also, the Automobile industry has strong backward and forward linkages and hence provides employment to a large section of the population. Thus the role of Automobile Industry is very important in Indian Economy. Various kinds of vehicles are produced by the Automobile Industry. India Automobile Industry includes the manufacture of trucks, buses, passenger cars, defense vehicles, two-wheelers, etc.

However, after seven straight years of growth, automobile sales slumped by 4.70% to 96.48 Lacs units in 2007-08 against the previous financial year's 101 Lacs units. The industry was largely impacted by the steep decline in the two wheelers sales, which commands 75% market share, being dropped by 7.92% to 72.48 Lacs units in FY 08 against the previous years 78.72 Lacs unit. The industry plagued by high interest rates hitting local consumer demand, a credit squeeze and rising input costs, however, reported a robust growth of 22.44% in exports.

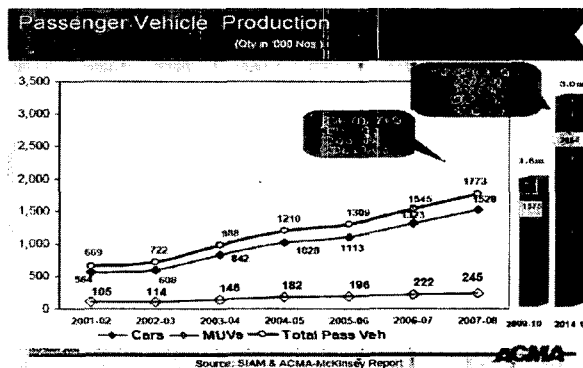
The Indian automobile component industry is emerging as a world-class outsourcing destination for global auto majors. The Indian automobile component industry is fully equipped to deliver compelling value to the world in design, engineering and component manufacture. The opportunity for India is to plug into all aspects of the global value chain. It has also the opportunity and the potential to dramatically increase its share of global automobile market.

The present size of the Auto Components industry in India is estimated at US \$18 Billion. It has been growing at a CAGR 27.2% p.a. for last five years which is highest in the Industrial Sector.

b) OPPORTUNITIES & THREATS

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

The area of major competition for the Indian Auto Industry is in the component sector. Firstly, global sourcing of components from China brings savings of nearly 17-20% as against the 15% - 17% in the case of India which is mainly due to their scale economies, lower power costs, reduced freight, local government concessions, lower transactional costs etc. With the increasing competition from global OEM's, Indian Component exporters might lose out in the price wars, if they start with higher base. Further, the structure of the component industry in India shows a largely fragmented industry (implying low scale operations). Hence the Chinese dragon could eat away a diverse set of small and medium enterprise in India through low cost imports of components (primarily in low end, low technology parts). The other challenges being faced by the Auto Component Industry is presence of Counterfeit Components, Rising Input Costs, Higher Interest rates, continuous pressure from OEM's to reduce prices.



LUMAX

AUTO TECHNOLOGIES

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)		
S.No.	Products	Turnover
1	Chassis	3,425.78
2	Frame Sub Assembly	2,266.39
3	Head Lamp Assembly	700.94
4	Silencer	244.51
5	Lamp Shed Assembly	754.51
6	Rear Assembly/Fender Assembly	991.27
7	Tail Lamp	46.05
8	Others	9,289.81
	Total	17,719.26

d) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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 appointed Independent firm of Internal Auditors who regularly conducts Audit of all the functional areas and is responsible to examine the adequacy and the compliance with policies and plans of the Company. Continuous audit and verification of the systems enables the 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.

e) RISK AND CONCERN

In order to promote a common risk language, improved understanding of risk and the ability to consolidate risk information across all units, risk identification framework has been developed which will continue to be updated with the specific risks identified through various risks assessments from time to time.

f) DISCUSSION ON FINANCIAL PERFORMANCE WITH REFERENCE TO OPERATIONAL PERFORMANCE

The Company has achieved a Sales Turnover (net of excise) of Rs. 17,719.26 Lacs as against Rs.16,035.18 Lacs in the previous year, showing a marginal growth of around 10.50%. The Profit After Tax (PAT) for the current year has increased to Rs. 276.92 Lacs from Rs.274.85 Lacs as compared to the previous year.

g) HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company has given emphasis to upgrade the skills of its technical and marketing personnel. This is in keeping with its policy of enhancing the individual's growth potential within the framework of corporate goals.

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

During the year under review the Company maintained cordial relationship with all employees.

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.