



LUMAX AUTO TECHNOLOGIES LIMITED

ANNUAL REPORT 2010-11



Chairman's Message

Dear Shareholder Friends,

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

In line of the above trend, your company posted a phenomenal growth of 50% in its top line, which is two times higher than the industry growth rate. At the same time, the PAT of the company grew from Rs. 67.75 million in 2009-10 to Rs. 178.98 million in 2010-11, registering a whopping growth of 163%.

With increased growth comes stiffer competition and higher expectations. The flexibility to adapt to the changing environment and advancement in R&D shall hold the key to sustainability in the future. Keeping this in mind, we have taken proactive measures to enhance our R&D capabilities and have thereby set up a state of the art R&D facility at Manesar, Haryana with emphasis towards higher localization of technology. This facility, I believe shall give your company a competitive edge and will go a long way to enhance our market share.

Business plans for the ongoing financial year are in place and further project a healthy growth on both topline and bottom line as well. Your company shall also be looking towards capacity expansion by adding new facilities and upgrading the existing facilities as well.

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

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

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

D. K. Jain
Group Chairman

Lumax Auto Technologies Ltd.

BOARD OF DIRECTORS

Mr. D. K. Jain
Mrs. Usha Jain
Mr. Anmol Jain
Mr. Manmohan Sachdev
Mr. Sandeep Dinodia
Mr. A. V. Alexander
Mr. Dhiraj Dhar Gupta

(Chairman)
(Managing Director)
(Director)
(Independent Director)
(Independent Director)
(Independent Director)
(Independent Director)

FINANCE HEAD

Mr. Ashish Dubey

REGISTRAR & SHARE TRANSFER AGENT

Big Share Services Pvt. Ltd.
E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka,
Andheri (E) Mumbai - 400 072
E-mail: investor@bigshareonline.com

COMPANY SECRETARY

Ms. Swapnal B. Pawar

AUDITORS

D. R. Barve & Company
Chartered Accountants
461/1, Sadashiv Peth,
Pune

REGISTERED OFFICE

W-230-E, 'S' Block, M.I.D.C.
Bhosari, Pune, Maharashtra -411026
E-mail: shares@lumaxautotech.com
Website: www.lumaxautotech.com

BANKERS

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

WORKS

- 1) Plot No. 70, Sector-10, PCNTDA, Bhosari, Pune, Maharashtra.
- 2) W-230-E, 'S' Block, M.I.D.C. Bhosari, Pune, Maharashtra.
- 3) Gat No. 156/1, Mahalunge, Chakan, Pune, Maharashtra.
- 4) A-8, M.I.D.C., Waluj, Industrial Area Aurangabad, Maharashtra.
- 5) W-28, M.I.D.C., Waluj, Industrial Area Aurangabad, Maharashtra.
- 6) Plot No. 54/8, D-II, Block-2, M.I.D.C. Chinchwad, Pune, Maharashtra.
- 7) B-85, Mayapuri Industrial Area, Phase-I, New Delhi.
- 8) Plot No. 165, Sector-5, IMT Manesar, Gurgaon, Haryana.
- 9) Khasra No 817/73, Mauza - Moginand, Tehsil - Nahan, District- Sirmour, Himachal Pradesh.
- 10) G-1, Ranjangaon Industrial Area, Tal Shirur, Pune, Maharashtra. *

* Under Construction

30th Annual Report 2010-2011

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ANNUAL GENERAL MEETING ON WEDNESDAY 17TH AUGUST, 2011

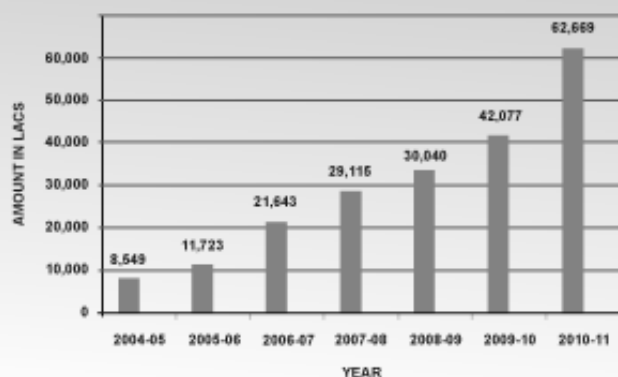
Lumax Auto Technologies Ltd.

FINANCIAL DATA AT A GLANCE

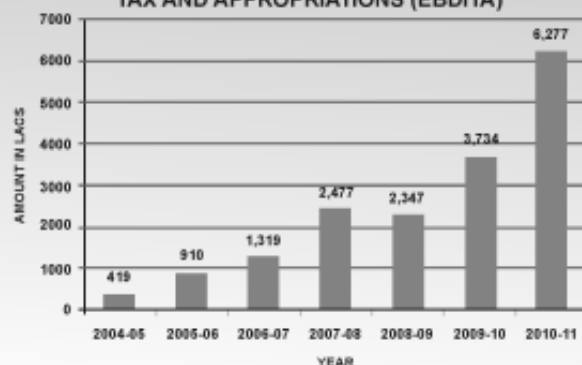
(Rs. in Lacs)

PARTICULARS	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Net Sales	62,669	42,077	30,040	29,115	21,643	11,723	8,549	5,897	4,033
Growth (%)	49	42	2	35	85	37	45	46	(16)
Other Income	400	96	70	104	26	15	13	10	11
Total Income	63,069	42,173	30,110	29,219	21,668	11,739	8,563	5,907	4,044
Earning Before Depreciation, Interest, Tax and Appropriations (EBDITA)	6,277	3,734	2,347	2,477	1,319	910	419	296	220
% to Net Sales	10.01	8.87	7.92	8.50	6.09	7.76	4.90	5.01	5.45
Earning Before Tax (EBT)	5,483	2,907	1,638	1,805	954	623	285	171	89
Earning After Tax (EAT)	4,551	2,317	1,140	1,191	614	384	192	104	64
Equity Share Capital	1,363	1,163	1,163	1,163	1,163	714	344	344	344
Earning Per Share (EPS) Rs.	35.23	19.71	9.80	10.24	6.90	7.57	55.91	30.30	20.43
Dividend (%)	60	40	15	15	15	30	20	15	12.5
Net Worth	14,154	8,190	6,378	5,436	4,482	1,327	481	359	350

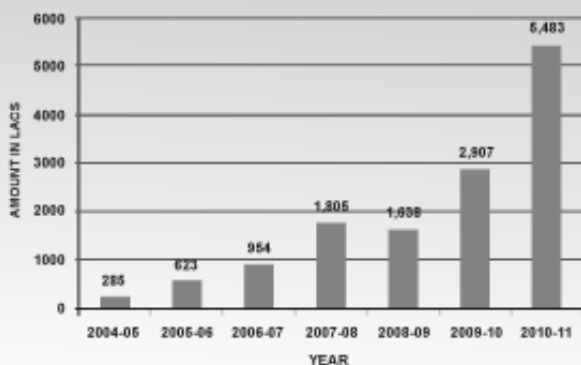
TURNOVER



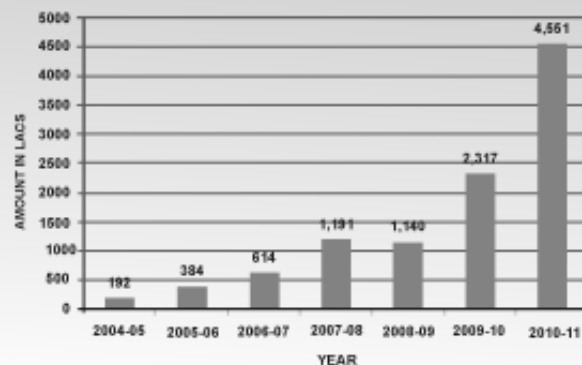
EARNING BEFORE DEPRECIATION, INTEREST, TAX AND APPROPRIATIONS (EBDITA)



EARNING BEFORE TAX (EBT)



EARNING AFTER TAX (EAT)



Note: Figures for Financial Year 2009-10 and 2010-11 include results of 50% Joint Venture Company - Lumax Cornaglia Auto Technologies Pvt. Ltd. and Figures from Financial Year 2005-06 onwards are on Consolidated basis.

DIRECTORS' REPORT

To The Members,

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

FINANCIAL RESULTS

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

Rupees in Lacs		
Particulars	2010-11	2009-10
Sales (Excluding Excise Duty)	34,080.47	22,702.74
Gross Profit (GP)	3,002.16	1,283.51
(-) Finance Expenses	51.95	136.10
(-) Depreciation	274.40	270.68
Profit Before Taxation (PBT)	2,675.81	876.73
(-) Provision for Taxation & Deferred Tax	885.97	199.25
Profit After Tax (PAT)	1,789.84	677.48
(+) Balance in the P&L A/c b/f	185.07	69.32
Profit for Appropriation	1,974.91	746.80
Appropriation :		
Proposed Equity Dividend :		
(For 2009 - 10, Include Interim Dividend of Rs.116.32 Lacs)	817.90	465.26
Tax on Dividend	132.68	28.72
Transfer to General Reserve	179.43	67.75
Balance retained in P & L Account	844.91	185.07
	1974.91	746.80

DIVIDEND

Keeping in view of the remarkable Financial Performance during the year under review, as also the philosophy of your Company to reward its shareholders, the Board of Directors are pleased to recommend a Dividend of 60% (Rs.6/- per Equity Share) for the Financial Year 2010-2011 as against 40% (including 10% Interim Dividend) for the corresponding last year. The total amount of Dividend proposed to be distributed and tax thereon aggregates to Rs. 950.58 Lacs (including Dividend Tax) as against Rs.493.98 Lacs. The Dividend payout ratio comes to 53%.

A sum of Rs. 179.43 Lacs has been transferred to the General Reserve of the Company. This reaffirms the inherent financial strength of your Company.

BUSINESS PERFORMANCE

India's economic scenario has passed through a systematic transition from being a closed to an open economy since the beginning of economic reforms in 1991. These reforms have had a far-reaching impact and have unleashed its enormous growth potential. Today, the Indian economy has grown to become a trillion dollar economy with a largely self-sufficient agricultural sector, a diversified industrial base and a stable financial and services sector.¹

After the gloom of global economic crisis, Indian economy has well recovered at a steady pace during the last Financial Year (FY) 2010-11² and has so far vastly exceeded expectations. Apparently, the Gross Domestic Product (GDP) is estimated to have grown at 8.60% during the FY 2010-11 (in real terms) and further is likely to touch the figure of 9.00% during the next FY 2011-12.³

Consequently, due to strong linkages with the economy, introduction of the liberalization policy, various tax reliefs by the Government of India and rapid growth in industrialization process in recent years, the Indian Automobile Industry has made a remarkable growth. It has recorded a noteworthy Production Growth of 27%, as compared to the last year. India is expected to become the world's 7th largest automobile market by 2016 and third largest by 2030. Further, the total sales are expected to reach US\$ 120 -160 Billion by 2016 and the investment requirement is estimated to be US\$ 35-40 Billion.⁴

1. Book on Doing Business in India by Ernst & Young, India (E&Y)

2. Economic Survey 2010-2011

3. Dun & Bradstreet Sectoral Outlook Report 2011-12

4. Book on Doing Business in India by Ernst & Young, India (E&Y)

Lumax Auto Technologies Ltd.

Surge in the automobile Industry since the nineties has also led to robust growth of the auto component sector in the country. In tandem with the Industry trends, the Indian auto component Sector has shown great advances in recent years in terms of growth, spread, absorption of new technologies and flexibility. Indian auto component industry has seen major growth with the arrival of world vehicle manufacturers from Japan, Korea, U.S.A and Europe. Today, India is emerging as one of the key auto components center in Asia and is expected to play a significant role in the global automotive supply chain in the near future. As per ACMA Vision 2020 for India the Indian Auto Component Industry is expected to grow beyond US \$ 110 billion by 2020 from the current level of around US \$ 26 Billion in 2010-11.

In the above backdrop, during the year under review your Company has registered a remarkable growth of 50% in top line which is much above the industry growth, by achieving a Sales Turnover (Net of Excise) of Rs. 34,080.47 Lacs (on Standalone Basis) as against Rs. 22,702.74 Lacs (on Standalone Basis) in the corresponding previous year, much above the industry growth.

The Profit Before Tax (PBT) reported for the current year increased to Rs. 2,675.81 Lacs (on Standalone Basis) from Rs. 876.73 Lacs (on Standalone Basis) as compared to previous year, resulting 205% rise, as compared to the previous year.

On Consolidated Basis, your Company registered a growth of 49% during the year under review by achieving a Sales Turnover (net of excise) of Rs. 62,669.15 Lacs as against Rs. 42,076.54 Lacs in the corresponding previous year.

On consolidated basis your Company has recorded a Profit Before Tax (PBT) of Rs. 5,482.56 Lacs for the year under review as against Rs. 2,907.33 Lacs as compared to the corresponding previous year, registering a growth of 89%.

SUBSIDIARY COMPANY

100% SUBSIDIARY- LUMAX DK AUTO INDUSTRIES LIMITED (LDK)

During the year under review LDK has reported an impressive growth of 49% by recording net sales of Rs 28,385.78 Lacs as against Rs.19,112.66 Lacs as compared to the previous year. The Profit after Tax has also grown by 43% to Rs. 2,731.40 Lacs from Rs. 1,903.54 Lacs over the previous year.

The Gear Shifter Division has received prestigious Gold Award for Design & Development for the year 2010-11 from the customer Maruti Suzuki and best localization supplier award from Toyota Kirloskar for its small car "ETIOS".

JOINT VENTURE COMPANY

LUMAX CORNAGLIA AUTO TECHNOLOGIES PRIVATE LIMITED (LCAT)

During the year under review LCAT has reported an impressive growth of 24% by recording net sales of Rs 889.50 Lacs as against Rs.714.89 Lacs for the previous year. The Profit after Tax has also grown by 23% to Rs. 60.31 Lacs from Rs. 49.15 Lacs over the previous year.

Presently, LCAT is supplying Air Intake System (AIS) to two leading automobile manufactures in India viz. TATA & FIAT and during the year it has also started supplying AIS to two new world renowned Automobile manufactures viz. VOLKSWAGEN & SKODA, thereby making itself a single source for all the new programs. LCAT has also received orders from General Motors India for the development of AIS and CAC Ducts for a new Commercial Vehicle program, from FIAL for development of Oil Vapor separator and from Piaaggio, India, RFQ for Air Intake System for Vespa Scooter.

Further, it has initiated discussion with Tata Motors for development of complete Exhaust Systems for the Nano Europa & Nano Diesel programs. A formal LOI is expected very soon.

LCAT has a VISION - 2015, to become a full service provider for Automotive Exhaust & Air Intake Systems with the application of innovative and cost effective solutions that will add value to the customers as well as to the organization.

During the year the Joint venture partners have proposed to make an investment of Rs. 40 Mn in the 3D Blow Moulding Project for Intake & CAC Ducts in phased manner by way of equity, out of which Rs. 20 Mn has already been invested by the Joint Venture Partners in January, 2011. LCAT has already secured orders for the Intake Ducts from TATA, FIAT, VW & GM.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company Mr. Sandeep Dinodia and Mr. D.D.Gupta, 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 March 31, 2011, 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, having its Firm Registration Number FRN 101034W, 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 the Members in the ensuing Annual General Meeting.

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.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements of the Company are prepared in accordance with the Accounting Standard, Companies Act and all other laws for the time being in force (if applicable) and the same forms part of this Annual Report.

Further, in accordance with the Circular issued by Ministry of Corporate Affairs (MCA), granting the general exemption from the provisions of Section 212 of the Companies Act, 1956, your Company is not attaching the Annual Accounts for the year ended 31st March 2011 and other related documents of its subsidiary Company Lumax DK Auto Industries Ltd (LDK) with this Annual Report. Any shareholder interested in obtaining a copy of the Annual Accounts of LDK may write to the Company Secretary at the registered office of the Company and the company undertakes to supply the same along with all related detailed information. In addition, the Company shall also keep the same Annual Accounts for inspection by any Shareholders in the registered office of the Company and LDK.

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 Earnings and Outgo etc. under Section 217(1)(e) of the Companies Act, 1956, is annexed separately as **Annexure - B**.

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

GROUP

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Place : Gurgaon
Dated : 27th May, 2011

D. K. JAIN
CHAIRMAN

MANAGEMENT DISCUSSION & ANALYSIS REPORT

a) INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

ECONOMIC ENVIRONMENT

After the interception by global economic crisis, FY 2010-11 has ended as a remarkable year as it proved to be a year of correction. Indian economy augmented swiftly and expeditiously to regain its pre-crisis growth trajectory. While agriculture has shown a rebound, industrial sector has also shown signs to repossess its earlier momentum. GDP is estimated to have grown at 8.60% in 2010-11 in real terms, with agriculture sector estimated to have grown at 5.40%, industry at 8.10% and services at 9.60%. More importantly, the economy has shown remarkable resilience to both external and domestic shocks.⁵

The growth in 2010-11 has been swift and broad-based. The economy is back to its pre-crisis growth trajectory. While agriculture has shown a rebound, industry is regaining its earlier momentum services sector continues its near double digit run. Fiscal consolidation has been impressive. This year has also seen significant progress in those critical institutional reforms that would set the pace for double digit growth in the near future. However, food inflation, higher commodity prices and volatility in global commodity markets were some of the causes of great concerns underscoring the need of fiscal consolidation and stronger reserves.⁶

Nevertheless, the fundamentals of the Indian Economy are very sound and thus a steady improvement is expected in the coming years. Both present and future reforms are predicted to get a further boost by the Indian Government as well as by the respective State Governments.

India Outlook FY 2011-12

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

Therefore, by elucidating the current macroeconomic developments that would play a crucial role in determining the prospect of the Indian economy over the span of next one year, it is important to note that after nearing the pre-crisis growth levels of 9.00%, during the early part of FY 2010-11, the GDP growth moderated to near 8.20% during Q - 3 2010-11, thereby highlighting the moderation in the overall economic activity.

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

At the backdrop of the current economic environment, it is expected that the GDP will grow from the current levels, which likely to touch the figure of 9.00% during the next fiscal year.⁷

AUTOMOBILE INDUSTRY

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

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

Indian Automotive Industry

India is:

- World's 2nd largest two wheeler market
- Asia's 3rd largest passenger vehicle market
- World's 4th largest commercial vehicle market
- World's 4th largest Tractor Market in the World
- World's 5th largest bus and truck market (by volume)

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

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

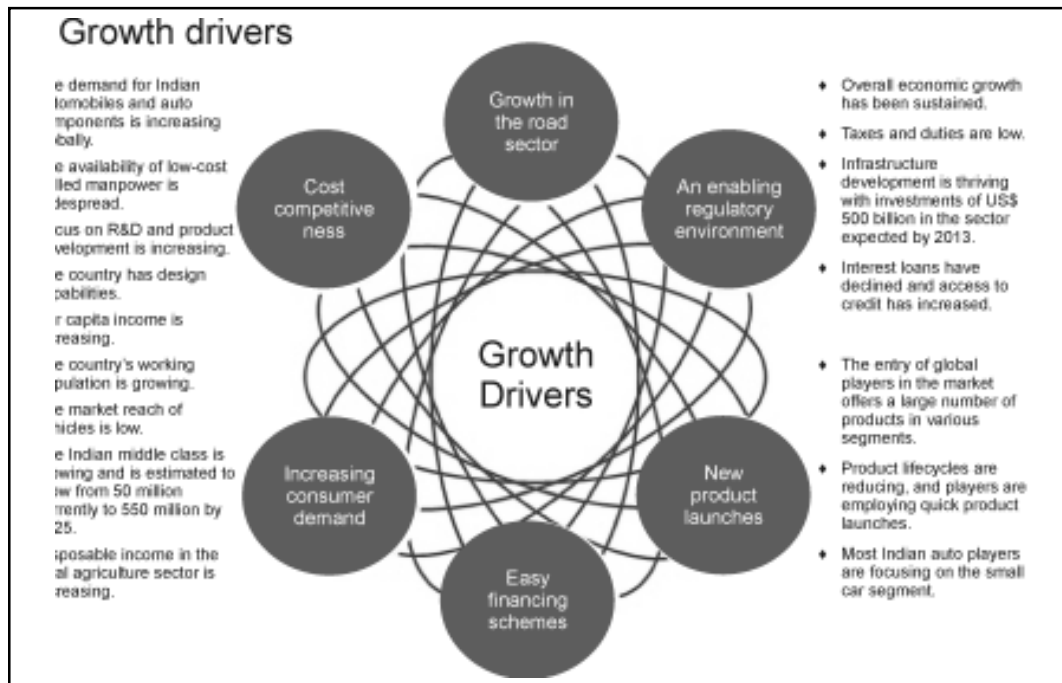
5. Economic Survey 2010-2011

6. Budget Speech of Hon'ble Finance Minister, February 28, 2011

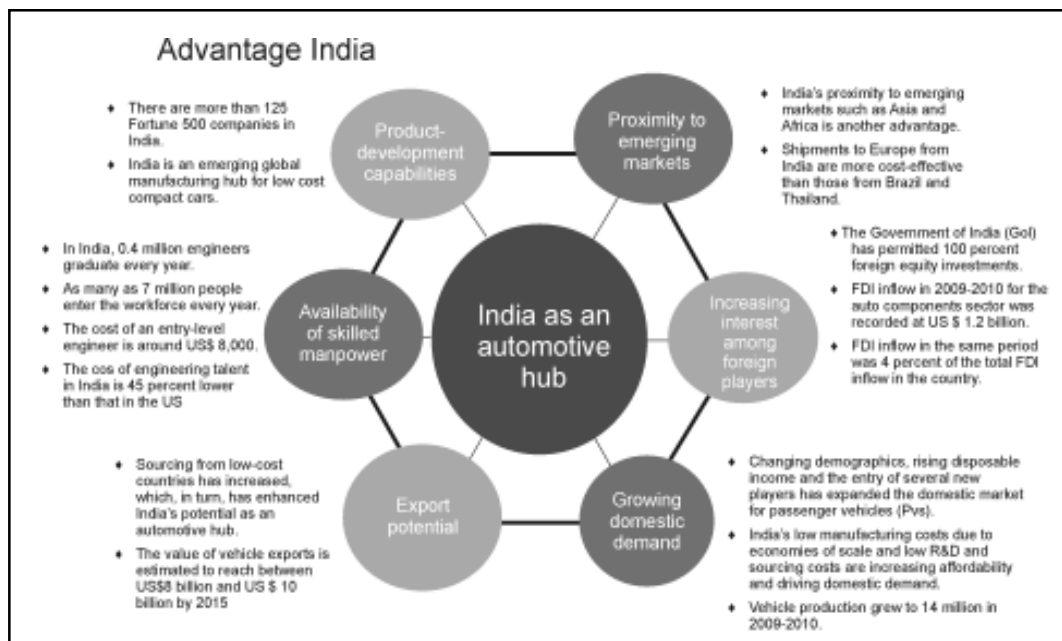
7. Dun & Bradstreet Sectoral Outlook Report 2011-12

The well-developed Indian Automotive industry comprising of two segments, automobiles and auto component is one of the key drivers of the national economy as it provides large-scale employment along with having a strong multiplier effect. It fulfils the catalytic role by producing a wide variety of passenger vehicles, commercial vehicles, three wheelers, two wheelers and auto components. Further these segments include medium & heavy commercial vehicles (M&HCVs), light commercial vehicles, mopeds, motorcycles, scooters, among others.

MAIN GROWTH DRIVERS OF INDIAN AUTOMOBILE MARKET ⁸



INDIA'S ADVANTAGE IN AUTOMOBILE SECTOR⁹



⁸ Report on Automotives by India Brand Equity Foundation (IBEF) and E&Y, November 2010

⁹ Report on Automotives by India Brand Equity Foundation (IBEF) and E&Y, November 2010