



ANNUAL REPORT 2004-2005



LUMAX AUTOMOTIVE SYSTEMS LIMITED

BOARD OF DIRECTORS

Mr. U. K. Jain- Chairman & Managing Director
 Mr. Nitin Jain- Executive Director
 Mr. Jagdeep Kapoor
 Mrs. Kamlesh Jain
 Mr. Vinay Panchmiya
 Mr. Virender Ganda

COMPANY SECRETARY

Ms. Monika Gupta

AUDITORS

M/s R. Jain & Sanjay Associates
 Chartered Accountants, Delhi

BANKERS

Syndicate Bank
 Canara Bank
 Bank Of India

REGISTRAR & TRANSFER AGENT

M/s Skyline Financial Services Pvt. Ltd.
 123, Vinoba Puri, Lajpat Nagar-II,
 New Delhi-110024
 Tel. No. : 29833777, 29847136
 Fax No. : 29848352
 e-mail : admin@skylinerta.com

REGISTERED & CORPORATE OFFICE

B-86, Mayapuri Industrial Area, Phase-I,
 New Delhi-110064
 Tel. No. : 28111777, 51031267
 Fax No. : 28116455
 e-mail : ho@lumaxauto.com

WORKS

- D-2/44, MIDC Industrial Area, Chinchwad, Pune
- Plot No.29, DLF Industrial Estate, Phase-II, Faridabad (Haryana)
- C-10, MIDC Industrial Area, Waluj, Aurangabad
- Plot No.78, Sector-6, Faridabad (Haryana)
- Plot No.46, Sector-3, IMT, Manesar, Gurgaon (Haryana)- Filter Division
- Plot No.46, Sector-3, IMT, Manesar, Gurgaon (Haryana)- Plastic Division
- Plot No.99, Phase-IV, Udyog Vihar, Gurgaon (Haryana)
- 10, Indraprastha Estate, 12/2, Mathura Road, Faridabad (Haryana)
- D-2 Block, Plot No.29/5, MIDC Industrial Area, Chinchwad, Pune.

CONTENTS	PAGE NO.
Notice	1
Directors' Report	4
Corporate Governance Report	7
Auditors' Report	15
Balance Sheet	18
Profit & Loss Accounts	19
Balance Sheet Abstract & Company's General Profile	37
Cash Flow Statement	38

**NOTICE**

NOTICE is hereby given that the 5th Annual General Meeting of the Members of M/s Lumax Automotive Systems Limited will be held on Monday, the 1st Day of August 2005 at 10.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi 110 010 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2005 and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mrs. Kamlesh Jain who retire by rotation and being eligible offers herself for reappointment.
4. To appoint a Director in place of Mr. Virender Ganda who retire by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution
 "RESOLVED THAT pursuant to Section 16, 94 and other applicable provisions, if any of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.8, 00,00,000 (Rupees Eight Crore Only) divided into 80,00,000 (Eighty Lac) Equity Shares of Rs.10 (Rupees Ten Only) each to Rs.12, 00,00,000 (Rupees Twelve Crore only) divided into 1,20,00,000 (One Crore Twenty Lac) Equity Shares of Rs.10 each.

RESOLVED FURTHER THAT the existing clause V of the Memorandum of Association of the company be replaced with the following clause V, as under:

The Authorised Share Capital of the Company is Rs.12, 00,00,000 (Rupees Twelve Crore only) divided into 1,20,00,000 (One Crore Twenty Lac) Equity Shares of Rs.10 each.

RESOLVED FURTHER THAT Mr. U.K. Jain, Managing Director be and is hereby authorized to sign all necessary documents and to take all necessary steps/actions as may be required in the above matter.

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution
 "RESOLVED THAT in terms of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Articles of Association of the Company and subject to the consent of the Securities and Exchange Board of India (SEBI), and all other concerned authorities and departments, if and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'The Board' which term shall be deemed to include any committee of the Board), at its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer and issue to such persons as are set out hereunder, such number of equity shares of the company of such face value as may be fixed and determined by the Board prior to the issue, so that the total paid up capital, excluding premium, after such issue does not exceed Rs.12 Crore (Authorized Share Capital) and offer the same to such category of persons in consultation with SEBI or such other Authorities as may be prescribed or in accordance with such guidelines or other provisions of law as may be prevailing at that time and ranking pari-passu with the equity shares of the company as then issued and to retain over-subscription, if any, in respect of such issue to such extent as may be then permissible, and at such time or times as the Board at its absolute discretion and in the best interest of the company may deem fit :
 - i) the public, such number of equity shares as the Board may decide, of such face value as may be fixed and determined by the Board, on such terms and conditions as may be decided by the Board in this respect.
 - ii) the employees of the company (including any Indian Working Directors) such number of equity shares, of such face value as may be fixed and determined by the Board, as would not exceed five percent of the number of equity shares or such higher proportion as may be prescribed under the relevant guidelines, and with such conditions of non-transferability and lock-in period as may be specified in the prevailing guidelines and with the

Lumax Automotive Systems Ltd.

provision that any un-subscribed portion from such category shall not lapse but shall at the absolute discretion of the Board be available for allotment by offering the same to Mutual Funds, Banks, Financial Institutions or Business Associates or any other person as the Board may deem fit and thereafter for meeting any under-subscription in the category referred to in i) Above

- iii) the promoters, directors and their relatives and friends, such number of equity shares of such face value as may be fixed and determined by the Board, with such minimum subscription and with such conditions of non-transferability and lock-in period as may be specified in the then prevailing guidelines.
- iv) Mutual Funds, Banks, Financial Institutions or Business Associates or any other person as the Board may deem fit, such number of equity shares of such face value as may be fixed and determined by the Board, with such minimum subscription and with such conditions of non-transferability and lock-in period as may be specified in the then prevailing guidelines.
- v) A trust constituted under a scheme approved by the Company for the purpose of issuing, allotting, transferring or otherwise bestowing equity shares of the company for the benefit of its employees or the employees of its subsidiary companies, such number of equity shares of such face value as may be fixed and determined by the Board, with such minimum subscription and with such conditions of non-transferability and lock-in period as may be specified in the then prevailing guidelines.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the Company be and is hereby authorized to take such steps and to do all such acts, deeds and things as may be required and also to accept any alterations and modifications as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to the issue and allotment of the said equity shares including the power to allot the un-subscribed equity shares, if any, in such manner as may appear to the Board of Directors to be most beneficial to the Company."

NOTES

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and on a poll, vote instead of himself and the Proxy need not be a member of the Company. Proxies in order to be effective must reach the company at its registered office at least 48 hours before the time fixed for the meeting. A Proxy form is attached herewith.
2. The Register of members and the Share transfer books of the Company will remain closed from 14th July 2005 to 1st August 2005 (both days inclusive)
3. The Relative Explanatory Statements pursuant to section 173(2) of the Companies Act, 1956 in respect of item no.6 and 7 are annexed hereto.
4. Members/Proxies should bring the attendance slip sent herewith, duly filled in and signed and handover the same at the entrance of the hall. Under no circumstance duplicate attendance slip will be issued at the AGM venue.
5. Members should bring their copies of Annual Report, as no separate copy would be provided at the venue of the Annual General Meeting.
6. Members are advised that no gift/gift coupons will be distributed at the Annual General Meeting of the Company.

By Order of the Board
For Lumax Automotive Systems Limited

Place: New Delhi
Date: 28/06/2005

(Monika Gupta)
Company Secretary



Lumax Automotive Systems Ltd.

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6:

The present Authorised Share Capital of the Company is Rs.8 Crore. In view of the proposal for further issue of shares, it is proposed to increase the Authorised Share Capital of the Company from Rs.8, 00,00,000 (Rupees Eight Crore Only) divided into 80,00,000 (Eighty Lac) Equity Shares of Rs.10 (Rupees Ten Only) each to Rs.12, 00,00,000 (Rupees Twelve Crore Only) divided into 1,20,00,000 (One Crore Twenty Lac) Equity Shares of Rs.10 (Rupees Ten Only) each.

The Board of Directors approved the proposal for increase in Authorised Share Capital of the Company and consequent amendments to the Memorandum and Article of Association of the Company. Increase in Authorised Share Capital would necessitate amendment to the clause V of the Memorandum of Association of Company and would require member's approval by passing an Ordinary Resolution.

None of the directors may be considered to be interested or concerned in this resolution.

The Memorandum & Articles of Association of the company is available for inspection at the registered office of the company on any working day during business hours.

Item No. 7:

The company is in growing phase. Since De-merger, the company is growing rapidly and to sustain this growth the company need to upgrade with the latest technology. Further, the company is planning to expand the business not only in the domestic market but also in the global market. For this restructuring of the company is required which will need advance technology, well-developed infrastructure, and heavy investment in fixed asset. This will involve the use of ample funds. To meet this requirement, the company proposes to raise the money form the public by issuing further shares through public offer. In this regard, the Board of Directors passed the resolution in the meeting held on 28th June 2005.

In terms of Section 81(1A) of the Companies Act, 1956, issue of shares to persons other than the existing shareholders of the company requires the approval of the shareholders in a general meeting by way of a special resolution. Since the shares are proposed to be offered to public, the approval of shareholders by way of special resolution is now sought.

The Board recommends the resolution for approval of members.

No director is interested in the resolution except to the extent of shares that may be allotted to them.

The Memorandum & Articles of Association of the company is available for inspection at the Registered Office of the company on any working day during business hours.

By Order of the Board
For Lumax Automotive Systems Limited,

Place: New Delhi
Date: 28/06/2005

Monika Gupta
Company Secretary

Lumax Automotive Systems Ltd.**DIRECTORS' REPORT**

To the Members of

LUMAX AUTOMOTIVE SYSTEMS LIMITED

Your Directors have pleasure in presenting the 5th Annual Report together with audited accounts of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS

The performance of the company for the financial year is summarized as under:

	(Rs in million)	
FINANCIAL RESULTS	2004-2005	2003-2004
SALES (Excluding Excise Duty)	815.93	427.55
Profit (before Interest, Dep. & Tax)	83.08	17.08
(-) Interest	20.77	6.35
(-) Depreciation	33.58	9.68
PROFIT /(LOSS) :	28.73	1.05
(-) Tax provision	3.55	0.10
(+) Deferred tax credit	1.41	-
(+) Balance in the P&L A/c b/f	(5.72)	(6.67)
(+) Transfer from Revaluation Reserve	0.33	-
PROFIT - for appropriation	21.20	(5.72)
Appropriation :		
Proposed Equity Dividend	8.88	-
Transfer to General Reserve	2.50	-
Balance retained in P&L A/c	9.82	(5.72)

DIVIDEND:

Your Directors are pleased to recommend a dividend of 12% for the financial year ended 31/03/2005. The dividend, if approved by the shareholders, will be paid to all the equity shareholders whose names appear in the Register of Members as on 14th July 2005 (being the date of book closure for the purpose of dividend entitlement).

OPERATIONS:

Your company's total turnover during the year under review was Rs.815.93 million as compared to Rs.427.55 million during the previous year, showing a rise of 90.84%.

DIRECTORS:

In accordance with the requirement of the Companies Act, 1956 and Articles of Association of the company, Mrs. Kamlesh Jain and Mr. Virender Ganda are liable to retire by rotation and are eligible for reappointment.

AUDITORS:

M/s R. JAIN & SANJAY ASSOCIATES, Auditors of the Company, are retiring at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.



Lumax Automotive Systems Ltd.

AUDITORS' REPORT:

The observations made by the Auditors with reference to notes on the accounts for the year under report are self-explanatory and need no further comments from the Directors.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on Management Discussion and Analysis as required under clause 49 of the Listing Agreement entered with the Stock Exchanges is annexed elsewhere.

CORPORATE GOVERNANCE:

A separate section on Corporate Governance forming part of the Directors' Report and the Certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of Listing Agreement is included in the annual report.

DEPOSITS:

During the year the Company has not accepted or invited any deposit from Public within the meaning of section 58A of the Companies Act, 1956 and the rules made there under.

PARTICULARS OF EMPLOYEES:

There was no employee throughout the financial year who was in receipt of remuneration in aggregate of Rs.24, 00,000/- or more per annum or employed for part of the year who was in receipt of remuneration at the rate of Rs.2, 00,000/- or more per month and therefore no particulars are given under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975.

LISTING OF SECURITIES:

The Company is listed with Bombay Stock Exchange and National Stock Exchange. The company has been complying with all the clauses of the listing agreement and the company has paid the requisite listing fees to both the Stock Exchanges.

MERGER:

The Hon'ble High court of Delhi approved the merger of Toshi Auto Industries Private Limited and Metal Pressing Industries Private Limited with the Company vide its order dated 23rd February 2005.

As per the scheme approved by the Court, the Company allotted 3179990 equity shares of Rs.10/- each to the shareholders of Toshi Auto Industries Private Limited and Metal Pressing Industries Private Limited in the ratio of 1:1 and 10:1 respectively on 20th April 2005.

DISCLOSURE U/S 217(1)(e):

Information as per section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Directors) Rule, 1988, details are given below:

Conservation of energy:

The Company has always been conscious about the need for conservation of energy. Energy saving is one of the factor for the economic growth of the economy it remained an area of high priority for the company.

Technology absorption:

In filter segment the company has obtained technical assistance from Toyo-Roki Manufacturing Company Ltd., Japan.

Foreign Exchange Earning and Outgo:

This information is given in notes to accounts at Point No.11 and 12.

DIRECTORS' RESPONSIBILITY STATEMENT U/S 217(2AA):

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representation received from the operative management, confirm that:

Lumax Automotive Systems Ltd.

- i) in the preparation of the annual accounts, all the applicable accounting standards have been followed and there are no material departures (Subject to Point No. 4 (d) of the Auditors Report);
- ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have 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 of the company for that period;
- iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of 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; and
- iv) they have prepared the annual accounts on a going concern basis.

PERSONNEL:

The employer-employee relations throughout the year were very cordial. The Company enjoys a healthy working atmosphere that inspires the employees to put their best foot forward in achieving a high-sustained growth. The Directors also wish to place on record the support and confidence reposed in the management by the employees. Total quality in every sphere of activities, employee training and development continues to be on the top priority of your management.

ACKNOWLEDGEMENT:

Directors place on record their thanks for the support extended to the company by its customers, dealers, suppliers, bankers, investors and other government and local authorities.

Your Directors also acknowledge the contribution made by the Company's personnel, who by dedication and drive for excellence have helped your company to achieve the desired performance and sustained growth in the year under review.

Place: New Delhi

For & On behalf of the Board of Directors

Date: 28/06/05

U.K. JAIN
Chairman & Managing Director



Lumax Automotive Systems Ltd.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY:

The company firmly believes that any meaningful policy on the Corporate Governance must provide empowerment to the executive management of the company, and simultaneously create a mechanism of checks and balances which ensures that the decision making power vested in the executive management are used with care and responsibilities to meet shareholders and stakeholders aspirations. The company recognizes the importance of Corporate Governance for the efficient conduct of business and committed to attain the Corporate Governance of the high standards and maximize the long-term shareholder value in a legal and ethical manner, ensuring fairness, courtesy and dignity in all transactions of the company.

BOARD OF DIRECTORS:

The Board of Directors comprises of Six Directors out of which four are Non-Executive Directors. The Board consists of three promoter Directors, being one Managing Director, one Executive Director and one Non-executive Director. The Company has an Executive Chairman and half of the total number of Directors comprises of Independent Director.

During the year under review 11 Board Meetings were held on 18th May, 24th June, 4th August, 10th August, 6th September, 9th September, 29th October, 2nd November, 4th November 2004 and 21st January, 24th March 2005. Details of composition and category of the Board, attendance of Directors in the Board Meetings and last AGM, number of directorships and chairmanships/memberships of committee of each director held in other public companies are shown below:

Name of Director	Category	FY 2004-05 Attendance at		As on June 28,2005		
		BM	AGM	No. of Directorship	Committee position	
					Member	Chairman
U.K. Jain	Executive Chairman, Promoter	11	Yes	1	-	-
Nitin Jain	Executive, Promoter	11	Yes	1	-	-
Kamlesh Jain*	Non-Executive, Promoter	9	Yes	1	-	-
Virender Ganda*	Non-Executive, Independent	9	Yes	3	-	-
Vinay Panchmiya	Non-Executive, Independent	9	No	-	-	-
Jagdeep Kapoor	Non-Executive, Independent	9	Yes	-	-	-

* Mrs. Kamlesh Jain and Mr. Virender Ganda are liable to retire by rotation and are eligible for reappointment.

AUDIT COMMITTEE

The Audit Committee of Directors comprises of three independent Directors.

Composition of the Audit Committee: -

Name of the Directors	Category
Mr. Vinay Panchmiya -Chairman	Independent
Mr. Jagdeep Kapoor	Independent
Mrs. Kamlesh Jain	Non-Executive

Mr. Jagdeep Kapoor is having financial and accounting Knowledge. The Company Secretary acts as a Secretary of the Committee.

During the year, the Committee met 3 times on 29th October 2004, 21st January 2005 and 22nd March 2005.

Lumax Automotive Systems Ltd.

The committee, in addition to other business reviews the quarterly/half-yearly/yearly financial results and places a report on the same to the Board for its consideration and approval.

REMUNERATION COMMITTEE

The terms of reference of the Remuneration Committee in brief pertain to determine the company's policy on and approve specific remuneration packages for Executive Directors after taking into account financial position of the company, interest of the company and shareholders etc.

During the year, the Committee met once on 18th May 2004.

Composition of the Remuneration Committee: -

Name of the Directors	Category
Mr. Virender Ganda- Chairman	Independent
Mr. Jagdeep Kapoor	Independent
Mr. U.K. Jain	Executive

None of the Non Executive Directors is drawing any remuneration. The Committee recommended the remuneration payable to Mr. U.K. Jain and Mr. Nitin Jain.

Remuneration of whole time and Mg. Directors:

Name	Salary (Rs.)	Perquisites & Allowances (Rs.)	Total (Rs.)
Mr. U.K. Jain, Managing Director	4,80,000	4,71,330	9,51,330
Mr. Nitin Jain, Executive Director	3,60,000	3,00,600	6,60,600

SHAREHOLDERS' COMMITTEE

The objective of the Committee is to monitor the redressal of shareholders and Investors complaints relating to transfer of shares, non-receipt of Annual Report, issue of duplicate shares etc.

During the period under review, 2 Shareholders' Committee meetings were held on 29th October 04 and 22nd March 05.

Composition of the Shareholders' Committee: -

Members	Category
Mr. Virender Ganda- Chairman	Independent
Mr. U.K. Jain	Executive
Mr. Nitin Jain	Executive

Ms. Monika Gupta, Company Secretary is the Compliance Officer of the Company.

During the year the company received 150 requests/applications for Change of Address, queries/complaints for non-crediting of their accounts etc. All cases have been attended and nothing is pending.