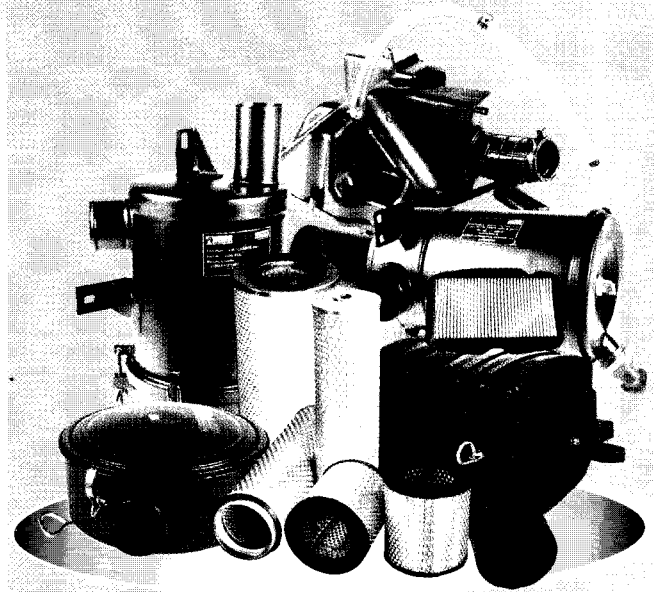


LUMAX

AUTOMOTIVE PARTS



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7th ANNUAL REPORT

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Automotive Systems Ltd.

Lumax Automotive Systems Ltd.



BOARD OF DIRECTORS

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

COMPANY SECRETARY

Ms. Monika Gupta

AUDITORS

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

REGISTRAR & TRANSFER AGENT

Skyline Financial Services Private Limited
 246, 1st Floor, Sant Nagar, East of Kailash,
 New Delhi-110065
 Tel. No.: 26292682-83
 Fax No.: 26292681
 e-mail : admin@skylinerta.com

BANKERS

Syndicate Bank

CORPORATE OFFICE

A-116/117, DDA Sheds, Okhla Industrial Area,
 Phase-II, New Delhi-110020
 Tel. No.: 40500400, 40500406
 Fax No.: 40500429
 e-mail : cs@lumaxauto.com

REGISTERED OFFICE

63-64, Gokhale Market,
 New Delhi-110054
 Tel. No. : 23915364, 23984652
 Fax No. : 23916350
 e-mail : cs@lumaxauto.com

WORKS

- Plot No.29, DLF Industrial Estate, Phase-II, Faridabad (Haryana)
- Plot No.78, Sector-6, Faridabad (Haryana)
- 10, Indraprastha Estate, 12/2, Mathura Road, 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)
- D-2 Block, Plot No.29/5, MIDC Industrial Area, Chinchwad, Pune.
- D-2/44, MIDC Industrial Area, Chinchwad, Pune
- C-10, MIDC Industrial Area, Waluj, Aurangabad

CONTENTS	PAGE NO.
Directors' Report	1
Report on Corporate Governance	4
Auditors' Report	11
Balance Sheet	14
Profit & Loss Account	15
Balance Sheet Abstract & Company's General Profile	16
Cash Flow Statement	32
Directors' Report of subsidiary Company	33
Auditors' Report of subsidiary Company	35
Balance Sheet and Profit & Loss Account of subsidiary Company	38



Lumax Automotive Systems Ltd.

DIRECTORS' REPORT

To the Members of

LUMAXAUTOMOTIVE SYSTEMS LIMITED

Your Directors have pleasure in presenting the 7th Annual Report together with audited accounts of the Company for the year ended 31st March 2007.

FINANCIAL RESULTS

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

Rs. in million

	2006-2007	2005-2006
SALES (Excluding Excise Duty)	965.52	895.33
Profit (before Interest, Dep. & Tax)	101.00	101.76
(-) Interest	28.58	23.68
(-) Depreciation	33.65	35.89
PROFIT/(LOSS) :	38.77	42.19
(-) Tax provision	14.31	4.78
(+) Deferred tax credit	(2.49)	(8.94)
(+) Balance in the P&L A/c b/f	27.24	9.82
(+) Transfer from Revaluation Reserve	0.33	0.33
PROFIT - for appropriation	49.54	38.62
Appropriation :		
Proposed Equity Dividend	8.88	8.88
Transfer to General Reserve	2.50	2.50
Balance retained in P&L A/c	38.16	27.24

Dividend:

Your Directors have recommend for your approval a dividend of 12% (Rs.1.20/- per share) [previous year 12% (Rs.1.20/- per share)] for the financial year 2006-07. The Dividend, if declared as above, would involve an outflow of Rs.8.88 million towards dividend and Rs.1.51 million towards dividend tax, resulting in a total outflow of Rs.10.39 million.

Transfer to Reserves:

The Company proposes to transfer Rs.2.50 million to the General Reserve out of the amount available for appropriations. An amount of Rs.38.16 million is proposed to be retained in the Profit and Loss Account.

Operations:

Your company's total turnover during the year under review was Rs.965.52 million as compared to Rs.895.33 million during the previous year, showing a rise of Rs.70.19 million.

Directors:

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

Subsidiary Company:

Lumax Magna Donnelly Automotive Mirrors Private Limited (LMD), a joint venture company with Magna Donnelly Corporation, USA, has become the subsidiary of the company on 11th January 2007.

Lumax Automotive Systems Ltd.



In compliance with the provisions of section 212 of the Companies Act, 1956, the audited statement of accounts along with Directors' Report of Lumax Magna Donnelly Automotive Mirrors Private Limited for the year ended 31st March 2007, are annexed.

Consolidated Financial Statements:

During the year Lumax Magna Donnelly Automotive Mirrors Private Limited become subsidiary company, as a result of the company's shareholding exceeding 51% of the share capital. As the subsidiary company operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company, the consolidated financial statements are not required to be prepared as per AS -21.

Postal Ballot:

During the year ended 31st March 2007, pursuant to Section 192A (1) of the Companies Act, 1956, the company passed a special resolution by way of postal ballot, empowering the company for preferential issue/ Qualified Institutional Placement/ public issue of Equity Shares. The said special resolution was passed on 12th March 2007.

Auditors and Auditors' report:

M/s R. JAIN & SANJAY ASSOCIATES, Auditors of the Company, are retiring at the conclusion of the ensuing Annual General Meeting of the Company and are eligible for reappointment and have confirmed that their reappointment if made, shall be with in the limits of the section 224 (1B) of the Companies Act, 1956. The Board recommends the reappointment of M/s R. JAIN & SANJAY ASSOCIATES as Auditors of the Company.

The observations of the Auditors in their report are self-explanatory and do not call for any 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 is annexed elsewhere.

Corporate Governance:

A separate section on Corporate Governance forming part of the Directors' Report and the Certificate from the Auditors of the Company confirming the compliance of 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:

No employee of the Company was in receipt of remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Listing:

The equity shares of your Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. 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.

Change of Registrar and Transfer Agent:

The company has changed its Registrar and Transfer Agent from Intime Spectrum Registry Limited to Skyline Financial Services Private Limited.

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.



Lumax Automotive Systems Ltd.

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:

- 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.

Industrial Relation:

Your Company has taken significant steps in developing human resource and strengthening human resource systems. During the year under review, industrial relation in the company continues to be cordial and peaceful.

Acknowledgement:

The Board wishes to thank the Company's esteemed customers, associates, suppliers, and above all, its shareholders and investors for their continued support and co-operation.

PLACE: NEW DELHI

DATE: 27th AUGUST, 2007

For & On behalf of the Board of Directors



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 6 Board Meetings were held on 28th April 2006, 28th July 2006, 23rd August 2006, 30th October 2006, 28th November 2006, 27th January 2007. 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 2006-07 Attendance at		As on August 27,2007		
				No. of Director- ship in other Public Companies	Committee position	
		BM	AGM		Member	Chairman
U.K. Jain	Executive Chairman, Promoter	6	Yes	-	-	-
Nitin Jain	Executive, Promoter	6	Yes	-	-	-
Kamlesh Jain	Non-Executive, Promoter	6	Yes	-	-	-
Virender Ganda	Non-Executive, Independent	6	Yes	2	-	-
Vinay Panchmiya*	Non-Executive, Independent	6	No	-	-	-
Jagdeep Kapoor*	Non-Executive, Independent	4	Yes	-	-	-

Code of Conduct :

The Board has laid down a Code of Conduct for all Board members and senior management of the Company, which is also available on the website of the Company. All Board members and senior management that includes company executives who report affirmed their compliance with the said Code. A declaration signed by the Chairman and Managing Director to this effect is provided elsewhere in the Annual Report.

Audit Committee :

The Company constituted Audit Committee w.e.f. 18th May 2004 in terms of the provisions of Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

The terms of reference of the Audit Committee of the Company includes all activities stipulated under Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement and, inter-alia, includes overseeing the audit functions, review of Company's financial performance, review of critical findings of internal audit, review of financial reporting systems & processes, review of the quarterly, half yearly and annual financial statements and other financial disclosures including their adequacy, correctness and credibility.

The Audit Committee comprises of three non-executive directors with majority of them being 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



Lumax Automotive Systems Ltd.

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 4 times on 28th July 2006, 23rd August 2006, 30th October 2006 and 27th January 2007.

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 27th January 2007.

Composition of the Remuneration Committee: -

Name of the Directors	Category
Mr. Virender Ganda- Chairman	Independent
Mr. Jagdeep Kapoor	Independent
Mr. Vinay Panchmiya	Independent

Remuneration of whole time and Managing Directors:

Name	Salary (Rs.)	Perquisites & Allowances (Rs.)	Total (Rs.)
Mr. U.K. Jain, Managing Director	4,80,000	4,23,965	9,03,965
Mr. Nitin Jain, Executive Director	3,84,000	2,64,360	6,48,360

None of the Non Executive Directors is drawing any remuneration.

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, 4 Shareholders' Committee meetings were held on 28th July 2006, 23rd August 2006, 30th October 2006 and 27th January 2007.

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 156 requests/applications for Change of Address, queries/complaints for non-crediting of their accounts etc. All cases have been attended and nothing is pending.

General Body Meeting:

Details of the Annual General Meeting held during the last three years are as follows: -

Year	Date	Time	Venue	Special Resolution Passed
2005-06	25/09/2006	3.30 P.M	Air Force Auditorium, New Delhi	N.A
2004-05	01/08/2005	10.00 A.M	Air Force Auditorium, New Delhi	Further issue of shares
2003-04	27/11/2004	12.30 P.M.	FICCI Auditorium, New Delhi	Further issue of shares

Special resolution passed during the year through postal ballot:

During the year under review, a postal ballot was conducted pursuant to section 192A of the Companies Act, 1956 read with

Lumax Automotive Systems Ltd.



Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 for obtaining the consent of shareholders by way of Special Resolution to raise the money through preferential issue/ Qualified Institutional Placement/ public issue of equity shares of the Company.

The notice of the postal ballot was published in Financial Express (English daily) and Jansatta (Vernacular newspaper) dated 7th February 2007 and 8th February 2007 respectively.

Mr. Anubhav Bindal, Company Secretary in practice, was appointed as scrutinizer by the Board. The scrutinizer submitted his report on 11th March 2007 and the result were declared by the Company on 12th March 2007.

The summary of the results are as follows:

Particulars	No. Postal Ballot Forms	No. of Shares	% of total Paid-up Equity Capital
Total postal ballot forms received	184	5389670	72.79
Less: Invalid postal ballot forms	10	800	0.01
Net valid postal ballot forms	174	5388870	72.78
Postal ballot forms with assent for the resolution	174	5388870	72.78
Postal ballot forms with dissent for the resolution	NIL	NIL	NIL

The Chairman after receiving the Scrutinizer's report announced that the Special Resolution as per the postal ballot notice was duly passed with requisite majority and directed that the resolution be recorded in the minute book.

Subsidiary Companies:

The revised clause 49 of the listing agreement defines a "Material Non Listed Indian Subsidiary" as an unlisted subsidiary, incorporated in India whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively of the listed holding company and its subsidiary in the immediately preceding accounting year.

In the immediately preceding accounting year the Company did not have any material non-listed Indian subsidiary.

Disclosure:

During the year under review, the company had entered into transactions in the normal course of business with some of the entities in which some of the directors are interested and which have been disclosed adequately in the notes forming part of the accounts. There was no potential conflict of interest with that of the company.

The company has complied with various rules and regulations prescribed by the stock exchanges, SEBI or any other statutory authority relating to the capital markets. No penalties, strictures imposed on the company by them.

Means of Communication:

The Company publishes un-audited Quarterly financial results normally in "Financial Express" (English) and "Jansatta" (Hindi) Newspapers. The results are promptly furnished to the Stock Exchanges for display on their respective website.

Management discussion and analysis forms the part of the Annual Report.

General information to shareholders:

- **Date and Venue of the AGM** : 25th September 2007 at Air Force Auditorium, Subroto Park, New Delhi-110010
- **Financial Year** : 1st April to 31st March.
- **Book Closure Date** : 5th September to 25th September 2007
- **Dividend Payment Date** : 10th October 2007 Shareholders who have opted for ECS, dividend amount will be credited directly to their respective bank accounts through ECS. For others, dividend warrants will be posted by 10th October 2007.
- **Listing on Stock Exchanges & Stock Code** : The Stock Exchange, Mumbai (532537), National Stock Exchange (Lumaxauto). ISIN No. "INE547G01019". No dues are pending towards Listing Fee.

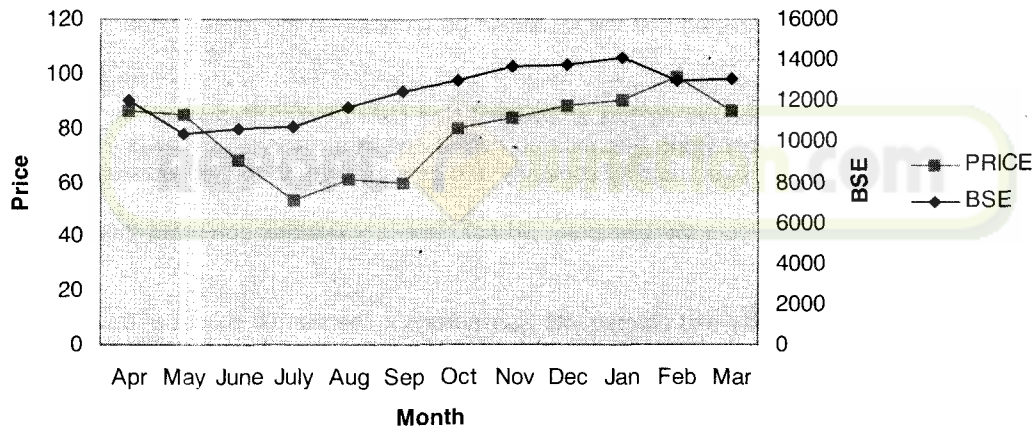


Lumax Automotive Systems Ltd.

● Stock Market Data :

Stock Exchange	The Bombay Stock Exchange		National Stock Exchange of India Ltd.	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Mar-07	83.50	68.00	86.00	65.15
Feb-07	97.80	73.15	98.45	75.00
Jan-07	90.45	68.40	90.00	68.10
Dec-06	87.45	68.40	88.40	70.50
Nov-06	83.25	61.60	83.50	62.30
Oct-06	81.00	54.00	79.90	53.00
Sep-06	60.00	53.00	59.90	51.60
Aug-06	61.45	46.55	61.00	47.65
Jul-06	51.95	46.80	53.00	47.65
Jun-06	65.00	47.05	67.90	47.15
May-06	85.50	64.65	85.00	64.40
Apr-06	86.15	62.35	86.35	61.10

● Share Price Performance :



● Registrar and Transfer Agent :

Skyline Financial Services Private Limited
246, 1st Floor, Sant Nagar, East of Kailash, New Delhi-110065
Ph: 26292682-83, Fax: 26292681

● Share Transfer System :

The Company has appointed M/s Skyline Financial Services Private Limited as the common agency to handle electronic as well as physical transfer of shares. The company ensures that physical transfers are generally registered in less than 15 days, if documents are clear in all respect.

● Distribution of Shareholding :

As on 31st March, 2007

No. of Shares	No. of Shareholders		Total Amount in Rs.	%
	Number	%		
Up to 5000	15494	98.52	7033360	9.50
5001 – 10000	124	0.79	903170	1.22
10001 – 20000	46	0.29	649730	0.88

Lumax Automotive Systems Ltd.



20001 – 30000	12	0.08	302010	0.41
30001 – 40000	6	0.04	208440	0.28
40001 – 50000	9	0.06	435460	0.59
50001 – 100000	7	0.04	518980	0.70
100001 and above	29	0.18	63989910	86.42
Total	15727	100	74041060.00	100

● **Shareholding pattern:**

As on 31st March, 2007

Category	No. of shares held	(%) of shareholding
Promoters/Group Companies	5441014	73.49
Mutual Funds & UTI	690	0.01
Banks/Financial Institutions	125	0.00
FII's	110	0.00
Private Corporate Bodies	664696	8.98
Indian Public	1283966	17.34
NRI's/OCBs	13505	0.18
Any other (clearing member)	0	0
Total	7404106	100

● **Dematerialization of shares and liquidity:**

As on 31st March 2007, 20.62% of the paid up equity capital of the Company was in the dematerialized mode. The shares of the Company are tradable compulsorily in electronic form.

● **Outstanding GDRs/ADRs/ Warrants:**

The Company has not issued any GDRs/ADRs/ Warrants or Convertible instruments.

● **Plant Locations:**

Haryana

- Plot No. 78, Sector-6, Faridabad (Mirror Unit)
- Plot No.29, DLF Industrial Estate, Phase-II, Faridabad (Filter Unit)
- Plot No.46, Sector-3, IMT, Manesar, Gurgaon (Filter Unit)
- Plot No.46, Sector-3, IMT, Manesar, Gurgaon (Plastic Unit)
- Plot No.99, Phase-IV, Udyog Vihar, Gurgaon (Plastic Unit)
- 10, Indraprastha Estate, 12/2, Mathura Road, Faridabad (Plastic Unit)

Maharashtra

- D-2/44, MIDC Industrial Area, Chinchwad (Filter Unit)
- D-2 Block, Plot No.29/5, MIDC Industrial Area, Chinchwad (Filter Unit)
- C-10, MIDC Industrial Area, Waluj (Mirror Unit)

● **Correspondence Address:**

Of the Company-

Ms. Monika Gupta, Company Secretary
Lumax Automotive Systems Limited,
A-116/117, DDA Sheds, Okhla Industrial Area, Phase-II, New Delhi-110020.
Ph.: 40500400, 40500406, Fax: 40500429
e-mail : cs@lumaxauto.com

Regarding Shares-

Skyline Financial Services Private Limited
246, 1st Floor, Sant Nagar, East of Kailash, New Delhi-110065.
Ph: 26292682-83, Fax: 26292681
e-mail:admin@skylinerta.com

e-mail ID for investor grievances : cs@lumaxauto.com