




Lumax Automotive Systems Limited

8th ANNUAL REPORT

2007-2008



LUMAX
AUTOMOTIVE PARTS



“ Converting imagination
into reality...”

Reaching paramount of
SUCCESS...”

“ Smart moves

Consistent Growth

”

FROM CHAIRMAN'S DESK

Dear Friends,

India's automobile industry is perhaps the biggest showpiece of its liberalization intent. Easy access to low cost credit, wide choice across various price points, accelerated introduction of new models and international standard of automobile safety, comfort and fuel efficiency has widened the market for automobile components. In turn, this widened the market for automobile components, enhanced scale, reduced costs and migrated Indian from a mere captive supplier into a low-cost global outsourcing destination.



According to the ACMA (Auto Components Manufacturers Association of India), the automobile sector is set to grow at a CAGR of 15 per cent till fiscal 2012. This sector is now working towards an open market. A large number of joint ventures with leading global manufacturers have already been set up in the auto-components sector. And with India estimated to have the potential to become one of the top five auto component economies by 2025, the pace is expected to pick up even further. When a long-suppressed economic potential of a country like India gets unleashed, the dream of any manufacturer is to be comprehensively present across the entire breadth of the industry and emerge as a longstanding supplier to its largest and fastest growing entities. Amazingly, we at Lumax have already arrived at this distinction.

We want to grow faster than our competitors; we want to effectively capture every upturn in India's automobile economy and want to capitalize on every positive development among its largest players. Your support, confidence and interest in our Company is required at every step.

U. K. JAIN
Chairman & Managing Director

CORPORATE SKETCH

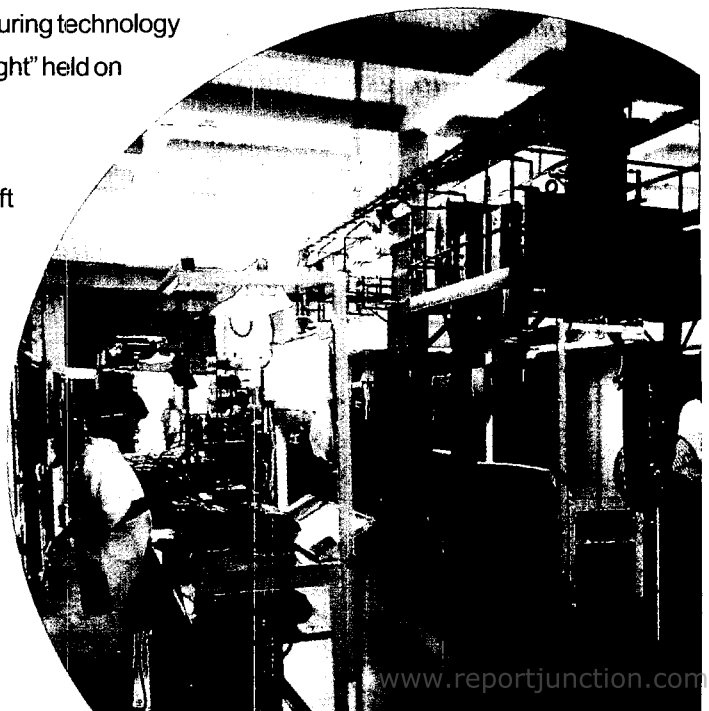
Lumax Automotive Systems Limited is known worldwide for its International Standard and high quality automotive components. Being one of the leaders of this industry, LUMAX is holding major market share of the same. LUMAX's success lies in their huge range of safe & environment friendly automotive components like rear view mirrors, automotive filters & plastic moulded parts.



Lumax Automotive Systems Limited is the largest Tier-I supplier of these products to all the major OEM's in India. Their product range caters completely to passenger cars, light & heavy commercial vehicles, tractors, earth moving equipments and two & three wheelers. With eight state-of-art manufacturing plants located all over India and determination to provide both quality and quantity at the same time, the Company is successfully providing automotive components to most prestigious and prominent names like HMT, TATA Motors, General Motors, Maruti-Suzuki, Bajaj Auto, M&M, Eicher Group, Yamaha, Piggio, Ashok Leyland etc. Not only this, Lumax has also started export of their products in the global market.

Over the years Lumax has emerged as a name to reckon with and is strongly committed to quality and customer satisfaction with its ISO/TS 16949 accreditation for various manufacturing locations. With high believe in teamwork and collaboration, Lumax has gone for a technical tie-up with Toyo Roki Co., Ltd., Japan for air cleaners & filters and a Joint Venture with Magna Donnelly U.S.A. for rear view mirrors for passenger cars to ensure the better results. With technology advancement and innovations in products, Lumax Automotive Systems Ltd. has achieved the Top Indian Manufacturing SMB Rank 3 award in Auto Ancillary Sector for the year 2007 based on the ranking of the Top 500 Indian Manufacturing SMBs, initiated by Industry 2.0, a monthly manufacturing technology publication at the second "Industry 2.0 SMB Conclave & Awards Night" held on May 30, 2008 at New Delhi.

The focused and dynamic Management with a vision to craft new strategies and growth plans towards success have made "Lumax" the most trusted brand to believe. Today, the Company is providing its support to hundreds of business associates like customers, suppliers and other organizations in India and Abroad. Backed by the workforce of thousands of well qualified, trained people with enormous years of expertise in the similar industry, Lumax is slating the new parameter of consistency and high standards of services in the industry.



Meeting the deadline on time is the key to success and deadlines.

are met when you are producing the quantity with quality of International Standards and that's what the Lumax is producing. At all the stages of mass production of the products, stringent quality control measures are monitored on key parameters of the process and the product. To produce the best, the quality department at Lumax has mechanical engineer, industrial engineers and experts. With the growing needs of automobile sector in Indian and overseas market; Lumax is also planning some new projects for which the Company is seeking the participation from some foreign automotives manufacturers.

Brief History:

The Lumax group was established in 1945 in the name of Globe Auto Industries as a trading concern by Mr. S. C. Jain (Founder of the Company). In 1965, Globe Auto started the manufacturing activities in the name of Globe Auto Industries (P) Limited. Later on it commenced manufacturing of automotive components mainly lighting, filters and mirrors. In 1981, the name of the Company was changed to Lumax Industries (P) Limited. In 1984, the name of the Company was changed to Lumax Industries Ltd. In the year 2003 the Company de-merged from Lumax Industries Limited to Lumax Automotive Systems Limited to ensure more focus on their premium products i.e. filters and mirrors. In February 2005, the another two group companies M/s Toshi Auto Industries (P) Ltd. and Metal Pressing Industries (P) Ltd. were merged into Lumax Automotive Systems Limited. Ever since, Lumax Automotive Systems Limited has grown very rapidly to become a multi-locational, multi-product Company under the aegis of Sh. U. K. Jain (Chairman & Managing Director) and his sons Mr. Nitin Jain and Milan Jain.



Lumax Automotive Systems Ltd.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. U. K. Jain- Chairman & Managing Director
Mr. Nitin Jain- Executive Director
Mrs. Kamlesh Jain
Mr. Prem Das Gandhi
Mr. Vinay Panchmiya
Mr. Virender Ganda

COMPANY SECRETARY

Ms. Monika Gupta

AUDITORS

M/s R. Jain & Sanjay Associates
Chartered Accountants, New 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,
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)
- Plot No.99, Phase-IV, Udyog Vihar, Gurgaon (Haryana)
- D-2 Block, Plot No.29/5, MIDC Industrial Area, Chinchwad, Pune (Maharashtra)
- D-2/44, MIDC Industrial Area, Chinchwad, Pune (Maharashtra)
- C-10, MIDC Industrial Area, Waluj, Aurangabad (Maharashtra)

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Lumax Automotive Systems Ltd.

NOTICE

NOTICE is hereby given that the 8th Annual General Meeting of the Members of Lumax Automotive Systems Limited will be held on Friday, the 26th Day of September 2008 at 10.00 A.M. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi- 110 074 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2008 and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. Vinay Panchmiya who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Kamlesh Jain who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:-
"RESOLVED THAT Mr. Prem Das Gandhi, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing under Section 257 proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, who will be liable to retire by rotation."
6. To re-appoint Mr. U.K. Jain as Managing Director and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution: -
"RESOLVED THAT in accordance with the provisions of section 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. U.K. Jain, as Managing Director of the Company, for a period of 5 (five) years with effect from November 1, 2008 on the terms and conditions including remuneration as set out in the Explanatory Statement herein, with authority to the Remuneration Committee/Board of Directors (herein after referred as "The Board", which term shall deem to include any committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and to vary the terms and conditions of the said appointment and/or remuneration not exceeding the limits specified under Schedule XIII to the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof.
RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."
7. To re-appoint Mr. Nitin Jain as a Whole-time-Director designated as Executive Director and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution: -
"RESOLVED THAT in accordance with the provisions of section 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. Nitin Jain, as a Whole-time-Director, designated as Executive Director of the Company, for a period of 5 (five) years with effect from November 1, 2008 on the terms and conditions including remuneration as set out in the Explanatory Statement herein, with authority to the Remuneration Committee/Board of Directors (herein after referred as "The Board", which term shall deem to include any committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and to vary the terms and conditions of the said appointment and/or remuneration not exceeding the limits specified under Schedule XIII to the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof.
RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

NOTES:

1. A member entitle 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 28th August 2008 to 26th September 2008 (both days inclusive).
3. Members/ Proxies should bring the attendance slip sent herewith, duly filled in and signed and handover the same at the entrance of the hall.
4. Members should bring their copies of Annual Report, as no separate copy would be provided at the venue of the Annual General Meeting.
5. 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

Monika Gupta
Company Secretary

Place: New Delhi
Date: 26/08/2008

Lumax Automotive Systems Ltd.

Annexure to the Notice

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

Item No. 5 :

Mr. Prem Das Gandhi was appointed as Additional Directors (Non-executive and independent) of the Company with effect from April 28, 2008 to hold office up to conclusion of this Annual General Meeting. Mr. Prem Das Gandhi aged about 70 years, has over 20 years of experience in trading business of computers and office products. He worked as General Manager (Marketing) with Roussel India Ltd. and worked as General Manager (Consumer Product) in Oman and The UAE for the range of American Companies.

Notice under Section 257 of the Companies Act, 1956, has been received from Mr. Prem Das Gandhi signifying his intention to propose his appointment as a Directors of the Company, along with a deposit of rupees five hundred.

The Board of Director recommends the resolutions at item no.5 for the approval of shareholders.

None of the Directors, except himself are interested in the resolution.

Item No. 6 & 7 :

Mr. U.K. Jain has been the Chairman and Managing Director of the Company since November 1, 2003. The term of office of Mr. U.K. Jain, as Managing Director of the Company will expire on October 31, 2008.

The term of office of Mr. Nitin Jain, Whole-time-Director, designated as Executive Director, will expire on October 31, 2008.

The present proposal is to seek the members' approval for the re-appointment of and remuneration payable to Mr. U.K. Jain as Managing Director and Mr. Nitin Jain as Whole-time-Director, designated as Executive Director, in terms of the applicable provisions of the Companies Act, 1956.

The Board of Directors of the Company at its meeting held on August 26, 2008 has, subject to the approval of Members, re-appointed Mr. U.K. Jain and Mr. Nitin Jain for a further period of 5 years from the expiry of their term, on the remuneration determined by the Remuneration Committee of the Board at its meeting held on August 26, 2008.

Mr. U.K. Jain upon re-appointment as Managing Director shall continue to hold office of the Chairman and Managing Director.

Brief particulars of the terms of re-appointment of and remuneration payable to Mr. U.K. Jain and Mr. Nitin Jain are as under:

(a) Salary, Perquisites and Allowances:

Name and Designation	Salary Rs. per month	Perquisites & Allowances Rs. per month
Mr. U.K. Jain, Chairman and Managing Director	1,20,000	30,000
Mr. Nitin Jain, Executive Director	1,00,000	50,000

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; club fees, medical insurance and such other perquisites and allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income-Tax Act, 1961 or any rules there under or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the company and to the extent not taxable under the Income tax law, shall not be included for the purposed of computation of the overall ceiling of remuneration. Further, employee stock options granted / to be granted, from time to time, are not to be considered as perquisite and not to be included for the purpose of computation of the overall ceiling of remuneration.

(b) Commission:

In addition to the salary, perquisites and allowances as above, Mr. U.K. Jain shall also be entitled to receive commission on net profits. The commission payable to him for each financial year shall not exceed 3% of the net profits of the Company, only in case of adequacy of profits, subject to overall limits of the remuneration prescribed under section 198 of the Companies Act, 1956.

(c) Reimbursement of Expenses:

Reimbursement of expenses incurred for traveling, boarding and lodging including for their respective spouses and attendant(s) during business trips; provision of car for use on the company's business and telephone expenses at residence shall be reimbursed and not considered as perquisites.



Lumax Automotive Systems Ltd.

(d) Minimum Remuneration:

Notwithstanding anything herein above stated, where in any financial year, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. U.K. Jain and Mr. Nitin Jain by way of salary, perquisites and any other allowance shall not exceed the ceiling limits prescribed under Schedule XIII to the Companies act, 1956 or any amendments thereto.

(e) General:

1. The office of Managing Director and Whole-time Directors may be terminated by the Company or the concerned Director by giving the other 3 months prior notice in writing.
2. The terms and conditions set out for re-appointment and payment of remuneration herein may be altered and varied by the Board as it may, from time to time, deem fit.

Mr. U.K. Jain and Mr. Nitin Jain satisfy the conditions set out in Part I of Schedule XIII to the Companies Act, 1956 for being eligible for the re-appointment.

The salary and other allowances mentioned above shall be within the limit specified under para 1(A) of section II, part II of Schedule XIII of the Act.

Wherein any financial year during the currency of the tenure of the Managing Director and Executive Directors, the Company has no profit or its profit is inadequate, the Company will pay the above mentioned salary and other perks as minimum remuneration.

The appointees shall not be entitled to sitting fee for attending the meeting of Board of Directors or Committee thereof.

The above may be treated as an abstract of the terms of re-appointment of Mr. U.K. Jain and Mr. Nitin Jain under Section 302 of the Companies Act, 1956.

Mr. U.K. Jain and Mr. Nitin Jain are interested in the resolutions set out respectively at Item Nos. 6 & 7 of the Notice, which pertain to their re-appointments and remuneration payable to each of them. Further, Mrs. Kamlesh Jain may be deemed to be interested in the Resolutions to Mr. U.K. Jain, Mr. Nitin Jain, as they are related to each other. Save and except the above, none of the other directors of the Company is, in any way, concerned or interested in the resolutions.

The Board recommends the resolutions set out at Item Nos. 6 & 7 of the notice for your approval.

By Order of the Board

For Lumax Automotive Systems Limited

Place: New Delhi
Date: 26/08/2008

Monika Gupta
Company Secretary

Details of the Directors seeking re-appointment in Annual General Meeting scheduled on 26th September, 2008.

Name of Director	Date of Birth	Date of Appointment	Qualifications	Expertise in Specific functional area	Name of the Companies in which also Holds Directorship	Name of Companies in the Committees which holds Membership/ Chairmanship
Mr. U.K. Jain	11/10/1950	15/01/2003	BA	Wide experience in Automobile Industry	1. Lucky Capital Pvt. Ltd. 2. Toray Auto Industries Pvt. Ltd.	Nil
Mr. Nitin Jain	10/01/1976	31/10/2003	MBA	Wide experience in Automobile Industry.	1. Toray Auto Industries Pvt. Ltd. 2. Lumax Automotive Care Pvt. Ltd. 3. Nine Land Developers Ltd. 4. Rich Auto Pvt. Ltd.	Nil
Mrs. Kamlesh Jain	12/02/1952	31/10/2003	BA	Wide experience in Automobile Industry.	1. Lumax Automotive Care Pvt. Ltd. 2. Lucky Capital Pvt. Ltd.	Nil
Mr. Prem Das Gandhi	04/03/1938	28/04/2008	MA	Wide experience in trading business of computers, office products and Pharmaceuticals	Nil	Nil
Mr. Vinay Panchmiya	26/08/1951	18/05/2004	B.Sc.	Wide experience in trading business of furniture and garments.	Nil	Nil

Lumax Automotive Systems Ltd.

DIRECTORS' REPORT

To the Members of
LUMAX AUTOMOTIVE SYSTEMS LIMITED

Your Directors have pleasure in presenting the 8th Annual Report together with audited accounts of the Company for the year ended 31st March 2008.

Financial Results:

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

Rs. in million

	2007-2008	2006-2007
SALES (Excluding Excise Duty)	1002.92	965.52
Profit (before Interest, Dep. & Tax)	101.36	101.00
(-) Interest	34.85	28.58
(-) Depreciation	31.64	33.65
PROFIT/(LOSS):	34.87	38.77
(-) Tax provision	21.72	14.31
(+) Deferred tax credit	(0.42)	(2.49)
(+) Balance in the P&L A/c b/f	38.16	27.24
(+) Transfer from Revaluation Reserve	0.33	0.33
PROFIT - for appropriation	51.22	49.54
Appropriation :		
Proposed Equity Dividend	-	8.88
Transfer to General Reserve	5.00	2.50
Balance retained in P&L A/c	46.22	38.16

Dividend:

After considering the long-term perspective of the finance need, your Director's has decided to reinvest the profits in the Company. Hence no dividend is recommended for this financial year by the Board.

Operations:

Your Company's total turnover during the year under review was Rs.1002.92 million as compared to Rs. 965.52 million during the previous year, showing a rise of Rs.37.40 million.

Marketing:

Since April 1, 2008, your Company has established its own marketing division. This will help to explore the potential area in the Indian as well as global market for our products, which will increase the sales and profitability of the Company.

Directors:

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

Mr. Jagdeep Kapoor was associated with the Company as a director for about 3 years and 11 months. He resigned from the directorship of the Company with effect from April 28, 2008. The directors placed on record their appreciation for the valuable advices given by him during his tenure as an Independent Director of the Company.

Mr. Prem Das Gandhi has been appointed as Independent Director of the Company on April 28, 2008. Notices along with the deposit of Rs. 500/- (Rs. Five Hundred Only) as required under Section 257 of the Companies Act, 1956 have been received by your Company from Mr. Prem Das Gandhi signifying his candidature for the office of the director liable to retire by rotation.

Mr. U.K. Jain, Managing Director and Mr. Nitin Jain, Executive Director whose office of Managing Director and Executive Director respectively is subject to renewal with effect from October 31, 2008, and the board has proposed to reappoint them as Managing Director and Executive Director respectively with effect from November 1, 2008.

Brief resume of the directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se, as stipulated under clause 49 of the Listing Agreements with the Stock Exchanges, are annexed elsewhere in this report.