



**LUMAX**  
AUTOMOTIVE PARTS

**12th**

ANNUAL REPORT 2011-2012

**LUMAX AUTOMOTIVE SYSTEMS LIMITED**



## BOARD OF DIRECTORS

Mr. U. K. Jain- Chairman & Non-Executive Director  
 Mr. Nitin Jain- Managing Director  
 Mr. Milan Jain- Executive Director  
 Mr. Prem Das Gandhi  
 Mr. Vinay Panchmiya  
 Mr. Rajendra Prasad Agrawal

### AUDITORS

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

### VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Ms. Monika Gupta

### BANKERS

Syndicate Bank  
 IDBI Bank Ltd.

### REGISTERED OFFICE

63-64, Gokhale Market,  
 New Delhi-110054  
 Tel. No. : 23914320-21  
 Fax No. : 23916350  
 e-mail : cs@lumaxauto.com

### CORPORATE OFFICE

Plot No.99, Phase-IV,  
 Udyog Vihar, Gurgaon (Haryana)  
 e-mail : cs@lumaxauto.com

### REGISTRAR & TRANSFER AGENT

Skyline Financial Services Private Limited  
 D-153 A, Okhla Industrial Area,  
 Phase - I, New Delhi - 110 020  
 Tel. No. : 26812682-83-84  
 e-mail : admin@skylinerta.com

## WORKS

- Plot No.46, Sector-3, IMT, Manesar, Gurgaon (Haryana)
- 10, Indraprastha Estate, 12/2, Mathura Road, Faridabad (Haryana)
- Plot No.78, Sector-6, Faridabad (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)

CONTENTS	PAGE NO.
Notice	1
Directors' Report	5
Report on Corporate Governance	6
Management and Discussion Analysis	11
Auditors' Report	12
Balance Sheet	14
Profit & Loss Statement	15
Cash Flow Statement	29

## **NOTICE**

NOTICE is hereby given that the 12th Annual General Meeting of the members of Lumax Automotive Systems Limited will be held on Monday, the 24<sup>th</sup> day of September 2012 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 of the Company for the financial year ended March 31, 2012 and the Balance Sheet as at that date together with the Reports of Auditors and Directors 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 Mr. Prem Das Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. R. Jain & Sanjay Associates, Chartered Accountants, New Delhi, the retiring Auditors of the Company, as the Statutory Auditors of the Company having firm registration no.012377N on remuneration as may be fixed by the Board of Directors.

### **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. Rajendra Prasad Agrawal, 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 consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:-  
**“RESOLVED THAT** in modification of the earlier resolution passed in this regard and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to the approval of Central Government, if necessary, and such other approvals as may be required, the consent of the Company be and is hereby accorded to the payment of the remuneration set out in the explanatory statement herein, effective from April 1, 2012, to Mr. Nitin Jain, Managing Director, for the remaining period of his appointment i.e. up to May 23, 2016, on terms and conditions, as set out in explanatory statement herein and as approved by the Board of Directors.  
**RESOLVED FURTHER THAT** the remuneration payable to Mr. Nitin Jain as Managing Director by way of salary, ex-gratia payment or commission, perquisites and other allowances, shall not exceed the remuneration set out in the explanatory statement herein or as may be approved by the Central Government.  
**RESOLVED FURTHER THAT** notwithstanding anything herein above stated, where in any financial year during the currency of his tenure as Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay the

remuneration by way of salary and perquisites as set out in the explanatory statement herein as minimum remuneration subject to the approval of the Central Government and such other recommendations, approvals, sanctions, if and when necessary. **RESOLVED FURTHER THAT** in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956 or replacement of the present Companies Act, 1956 by a new Statute, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), that is, the salary, ex-gratia payment or commission, perquisites, allowances, etc. within such prescribed limit or ceiling as may be stipulated therein be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting, if so permitted by the shareholders and under the provisions of the Act.

**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 consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:-  
**“RESOLVED THAT** in supersession of the earlier resolution passed in this regard and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to the approval of Central Government, if necessary, and such other approvals as may be required, the consent of the Company be and is hereby accorded to the payment of the remuneration set out in the explanatory statement herein, effective from April 1, 2012, to Mr. Milan Jain, Whole-time-director designated as Executive Director, for the remaining period of his appointment i.e. up to August 30, 2015, on terms and conditions, as set out in explanatory statement herein and as approved by the Board of Directors.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Milan Jain as Whole-time-director designated as Executive Director by way of salary, ex-gratia payment or commission, perquisites and other allowances, shall not exceed the remuneration set out in the explanatory statement herein or as may be approved by the Central Government.

**RESOLVED FURTHER THAT** notwithstanding anything herein above stated, where in any financial year during the currency of his tenure as Executive Director, the Company has no profits or its profits are inadequate, the Company shall pay the remuneration by way of salary and perquisites as set out in the explanatory statement herein as minimum remuneration subject to the approval of the Central Government and such other recommendations, approvals, sanctions, if and when necessary. **RESOLVED FURTHER THAT** in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956 or replacement of the present Companies Act, 1956 by a new Statute, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), that is, the salary, ex-gratia payment or commission, perquisites, allowances, etc. within such prescribed limit or ceiling as may be stipulated therein be suitably amended

to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting, if so permitted by the shareholders and under the provisions of the Act.

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 September 14, 2012 to September 24, 2012(both days inclusive).
3. Members/Proxies are requested to bring the attendance slips duly filled in for attending the meeting and also their copy of annual report.
4. 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: 10/08/2012

**Monika Gupta  
Vice President (Legal) &  
Company Secretary**

**ANNEXURE TO THE NOTICE**

**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956**

**Item No. 5:**

Mr. Rajendra Prasad Agrawal was appointed as Additional Director (Non-executive and Independent) of the Company with effect from May 26, 2012 to hold office up to the conclusion of this Annual General Meeting. Mr. Rajendra Prasad Agrawal aged about 60 years, is graduate. He has over 35 years of rich experience in the business of steel trading and also provides the consultancy services in D.P.S. Megacity Kolkata.

The Company has received Notices under Section 257 of the Act from Mr. Rajendra Prasad Agrawal signifying his intention to propose his appointment as a Director of the Company along with the requisite deposit of Rupees five hundred.

The Board commends the resolutions set out at Item No. 5 of the notice for your approval.

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

**Item No. 6 & 7:**

At the Annual General Meeting of the Company, held on September 28, 2011, Mr. Nitin Jain was appointed as the Managing Director of the Company, with effect from May 24, 2011, for a period of five years and At the Annual General Meeting of the Company, held on September 30, 2010, Mr. Milan Jain was re-appointed as Whole-time-director designated as Executive Director of the Company, with effect from August 31, 2010, for a period of five years.

In view of the contributions made by Mr. Nitin Jain and Mr. Milan Jain and their extensive knowledge of Company's operations and rich experience and expertise in managing the affairs of the

Company; and in view of remuneration paid to professionals of similar experience, work profile and responsibility in the industry, the Board on the recommendation of the Remuneration Committee, has, subject to the approval of Members and the Central Government, revised the remuneration to be paid to Mr. Nitin Jain, Managing Director and Mr. Milan Jain, Executive Director, effective from April 1, 2012, for the remaining period of their term as Managing Director and Executive Director i.e. up to May 23, 2016 and August 30, 2015 respectively on the terms and conditions as set out in the explanatory statement herein. The revision is subject to the approval of members of the Company by way of a special resolution and approval from the Central Government, if necessary. In the event of loss or inadequacy of profits of the Company in any financial year(s), during the currency of tenure of Mr. Nitin Jain, Managing Director and Mr. Milan Jain, Executive Director, the remuneration as mentioned herein, shall be paid to them, as minimum remuneration, subject to the approval of Central Government, if necessary.

The revised remuneration to be paid to Mr. Nitin Jain, Managing Director and Mr. Milan Jain, Executive Director of the Company is subject to the approval by the Company in a General Meeting and the Central Government, if necessary, in accordance with the relevant provisions of the Companies Act, 1956 read with Schedule XIII to the said Act. The resolution set out in the notice is intended for this purpose.

The particulars required to be disclosed in the explanatory statement in accordance with provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956, are enclosed in a separate statement and forms a part of this notice.

The Board recommends the special resolution set forth at item no. 5 and 6 of the Notice for approval of the members.

None of the Directors of the Company, except Mr. Nitin Jain, Mr. Milan Jain and Mr. U.K. Jain, Non-Executive Director, is in any way concerned or interested in this resolution.

**Brief Particulars of the terms of remuneration payable to Mr. Nitin Jain and Mr. Milan Jain are as under:**

**Salary**

*Salary(basic) per month:*

Rs. 2,00,000/- (Two Lakhs to each of Director) in a time scale of Rs. 2,00,000/- - Rs. 4,00,000/-. Annual Increment shall be payable on 1<sup>st</sup> April of each year (starting from April, 2013) as may be decided by the Board of Directors or Remuneration Committee of Directors and will be merit based.

**Perquisites and Allowances:**

*Special Allowance*

Monthly Special Allowance of 20% of the Salary (basic) applicable for the relevant period.

*Leave Travel Allowance*

The yearly payment in the form of allowance shall be equivalent to one month's salary (basic).

*House Rent Allowance*

Monthly House Rent Allowance of 60% of the Salary (basic) applicable for the relevant period.

*Medical Reimbursement*

Expenditure incurred by them and their family, subject to a ceiling of Rs. 50,000/- (Fifty Thousand) per annum.

*Club Fees*

Actual fees for a maximum of two clubs, subject to a maximum

## Lumax Automotive Systems Ltd.

of Rs. 50,000/- (Fifty Thousand) per annum. This will not include Admission fees and Life Membership fees.

### *Hospitalization Insurance Scheme*

As per the scheme of the company, Hospitalization Insurance coverage shall be provided to them and dependent family members.

### *Provident Fund and Gratuity*

Contribution to Provident Fund and Gratuity will be as per the Rules/Scheme of the Company.

### *Leave Encashment Provision*

Leave as per the Rules of the company. Encashment of unexpired leaves at the end of the tenure at specified intervals will be as per Scheme of the Company.

### *Provision of car and other*

Provision for one car along with driver for use in relation to Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

### *Commission pay*

In addition to the above, they shall be entitled for a commission @ 1% on the Net Sales of the Company each year.

The above may be regarded as an abstract of the terms and conditions and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956 and the requirements of the said Act may be deemed to have been sufficiently complied with.

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

## **STATEMENT, PURSUANT TO THE PROVISIONS OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 WITH RESPECT TO ITEM NO.5 AND 6 OF THE NOTICE:**

### **I. General Information:**

- Nature of Industry:*  
The Company is engaged in manufacturing of auto ancillary components.
- Date of Commencement of Commercial Production:*  
March 31, 1999
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.*  
Not Applicable
- Financial performance based in given indicators:*

(Rs. in million)

Particulars	2011-12	2010-11	2009-10
Gross sales	1240.65	1238.53	1101.74
Profit Before tax	38.14	14.59	(37.71)
Profit After tax	31.95	11.64	(34.99)
Net Worth	344.93	342.49	343.73
Dividend On Equity (%)	nil	nil	nil

- Export performance and net Foreign exchange collaborations:*  
Nil
- Foreign investments or collaborators, if any:*  
Nil

### **II. INFORMATION ABOUT THE APPOINTEES:**

#### **A. Mr. Nitin Jain**

#### **1. Background details:**

Name - Mr. Nitin Jain  
Qualification - MBA  
Age - 36 years

#### **2. Past remuneration:**

The details of past remuneration are given below:

Particulars : Remuneration paid during Financial Year 2010-11  
Salary : Rs.16,38,592.00\*

\*includes allowances, perquisites and contribution towards provident fund.

#### **3. Recognition or awards:**

Nil

#### **4. Job profile and suitability:**

Mr. Nitin Jain, Managing Director, has been with LUMAX since 1996 and is responsible for the Human Resources, Administration and Operations of the Company. Being the Managing Executive Director, he is overall in-charge of the affairs of the Company, subject to superintendence, control and direction of the Board of Directors and accordingly, the day to day management and administration is vested in him. Taking into account, Mr. Nitin Jain's qualifications and prior experience and the responsibilities placed on him as Managing Director of the Company, and in view of his contribution to the Company since his appointment, the Board considers the revision in Mr. Nitin Jain's remuneration to be in the best interests of the Company. The Board is confident that Mr. Nitin Jain's management capabilities will enable the Company progress further.

#### **5. Remuneration proposed:**

The details of remuneration are given in the explanatory statement to the notice.

#### **6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**

The remuneration is comparable to companies of similar size, for the profile of the position and person.

#### **7. Pecuniary relationship directly/indirectly with the company or managerial personnel if any:**

Mr. Nitin Jain has no pecuniary relationship directly or indirectly with the company other than his remuneration in the capacity of a Managing Director and the shares held by him in the Company. Mr. Nitin Jain is related with Mr. Milan Jain, Executive Director of the Company as his Brother and with Mr. U.K. Jain, Chairman and Director of the Company as his son.

#### **B. Mr. Milan Jain**

#### **1. Background details:**

Name - Mr. Milan Jain  
Qualification - BBA  
Age - 31 years

#### **2. Past remuneration:**

The details of past remuneration are given below:

Particulars : Remuneration paid during Financial Year 2010-11  
Salary : Rs.14, 44,680.00\*

\*includes allowances, perquisites and contribution towards provident fund.

#### **3. Recognition or awards:**

Nil

#### **4. Job profile and suitability:**

The executive director shall perform such duties and services

and exercise such powers as shall from time to time be entrusted to him by the board. Mr. Milan Jain has been serving the company for more than 8 years and as a senior Management Team brought about the transformation of the company. The Company under his leadership became an Auto Parts Business focused entity and he is suitable for the current position.

5. *Remuneration proposed:*

The details of remuneration are given in the explanatory statement to the notice.

6. *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:*

The remuneration is comparable to companies of similar size, for the profile of the position and person.

7. *Pecuniary relationship directly/indirectly with the company or managerial personnel if any:*

Mr. Milan Jain has no pecuniary relationship directly or indirectly with the company other than his remuneration in the capacity of a Whole Time Director and the shares held by him in the Company. Mr. Milan Jain is related with Mr. Nitin Jain, Managing Director of the Company as his Brother and with Mr. U.K. Jain, Chairman and Director as his son.

**III. Other Information:**

1. *Reasons of loss or inadequate profits:*

Large upfront investments in facilities and equipment, apart from manpower, manufacturing and quality, by the Company for acquiring the new business affect its profitability. In the recent years and currently there is burning issue in the country of inflation due to which the interest rate of loan has been raised and purchasing power of the consumers has been reduced and as a result market of Automobile has also not been untouched and market came down. As Euro crisis and other country's economy slowdown the automobile sector has been reduced in terms of selling and as a result the production has also been reduced.

2. *Steps taken or proposed to be taken for improvement:*

The Company's profitability in the Automobile business continues to be governed by regulatory risks. Recognising the above the Company has embarked on a forward integration programme envisaging increased production of Auto parts. The Company's apex plan focuses in increasing capacities in its business to manufacture the

Auto parts.

3. *Expected increase in productivity and profits in measurable terms:*

The Company has taken initiatives to improve the position of LUMAX and start recording huge profits in the next few years

**By Order of the Board  
For Lumax Automotive Systems Limited**

Place: New Delhi

Date: 10/08/2012

**Monika Gupta  
Vice President (Legal) &  
Company Secretary**

**IMPORTANT COMMUNICATION TO MEMBERS**

The Company welcomes the "Green Initiatives" being promoted by the Ministry of Corporate Affairs (MCA), to encourage e-enabled regulatory compliances, in its efforts to conserve consumption of paper and preserve the environment. In furtherance of this important initiative, the MCA, has permitted companies to provide its Members documents, including the Annual Report, by electronic mode.

In support of MCA's endeavours in this direction, commencing this year, and in future, the Company will be sending its Annual Report as well as other correspondence by e-mail, to those Members whose e-mail addresses are registered with the Company/their depository participants.

Last year, the Company had communicated with its Members, for registering their e-mail addresses with the Company, which has resulted in a sizeable database of e-mail addresses. Also, many of the Members have registered their e-mail addresses with their Depository Participants who have provided the same to the Company. Members who have not registered their e-mail addresses, so far, are once again requested to please register their e-mail addresses, in respect of electronic holdings with their Depository Participants.

Members who hold shares in physical form are requested to please complete the enclosed Contact Details Updation form and register the same with our R&T Agent, Skyline Financial Services Pvt. Ltd.

In case any Member to whom an electronic copy of the Annual Report has been sent, desires to receive a physical copy, the Company will be happy to provide the same on their request.

**Details of the directors seeking re-appointment/appointment in annual general meeting scheduled on September 24, 2012.**

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 of which holds membership/ chairmanship
Mr. Vinay Panchmiya	26/08/1951	18/05/2004	B.Sc	Wide experience in trading business of furniture and garments	Nil	Nil
Mr. Prem Das Gandhi	04/03/1938	28/04/2008	M.A.	Wide experience in trading business of computers, office products and Pharmaceuticals	Nil	Nil
Mr. Rajendra Prasad Agarwal	02/10/1951	26/05/2012	B.Sc	Wide experience in trading business of steel and also provide consultancy in DPS Megacity Kolkata	Nil	Nil

## Lumax Automotive Systems Ltd.

### DIRECTORS' REPORT

To the members of

LUMAX AUTOMOTIVE SYSTEMS LIMITED

Your Directors have pleasure in presenting the 12th Annual Report together with audited accounts of the Company for the year ended 31<sup>st</sup> March 2012.

#### Financial Results:

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

	Rs in million	
	2011-2012	2010-2011
SALES (excluding excise duty)	1120.33	1114.57
Profit (before interest, dep., exceptional item & tax)	138.23	141.48
Exceptional item	(22.26)	6.04
Interest	86.39	77.13
Depreciation	35.97	43.72
Tax provision	6.18	2.94
<b>Profit/Loss after tax</b>	<b>31.95</b>	<b>11.65</b>

#### 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.1120.33 million as compared to Rs. 1114.57 million during the previous year, showing a rise of Rs. 5.76 million.

#### Directors:

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

Mr. Rajendra Prasad Agarwal has been appointed as an Independent Director on May 26, 2012. Notice along with the Deposit of Rs. 500/- (Rs. Five Hundred Only) as required under section 257 of the Companies Act, 1956 has been received by the Company from Mr. Rajendra Prasad Agarwal signifying his candidature for the office of the director of the Company liable to retire by rotation.

Brief resume of the directors 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 agreement with the stock exchanges, are annexed elsewhere in this report.

#### 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 within 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:

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Director's Report.

However, having regard to the provisions of section 219(1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any members interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

#### Listing:

The equity shares of the 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.

#### 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. Electricity and Fuel consumption per unit of production were monitored regularly at all the manufacturing plants and corrective actions have been taken wherever needed. During the period the Company has made additions in the machinery to the extent of Rs. 3.59 Crore.

#### 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.7 and 8.

#### 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:

- 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) ;
- 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;
- 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
- 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, its shareholders, investors and financial institutions for their continued support and co-operation.

**For & On behalf of the Board of Directors**

**Place: New Delhi**

**Date: 10/08/2012**

**U. K. Jain**

**Chairman**

**Nitin Jain**

**Managing Director**

## 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 three 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 10 board meetings were held on April 27, 2011, May 14, 2011, May 23, 2011, July 16, 2011, August 1, 2011, August 11, 2011, August 27, 2011, November 14, 2011, December 26, 2011, and February 14, 2012. 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	No. of Board Meeting attended	Last AGM attended	No. of Directorship in other public companies	No. of Committee positions held in other Public companies		Relationship, Inter-se
					Chairman	Member	
U.K. Jain	Non-Executive Chairman, Promoter	10	No	-	-	-	Related as father to Mr. Nitin Jain & Mr. Milan Jain
Nitin Jain	Executive, Promoter	10	Yes	-	-	-	Related as son to Mr. U.K. Jain
Milan Jain	Executive, Promoter	10	Yes	-	-	-	Related as son to Mr. U.K. Jain
Vinay Panchmiya	Non-Executive, Independent	10	Yes	-	-	-	Not related to any Director
Prem Das Gandhi	Non-Executive, Independent	10	Yes	-	-	-	Not related to any Director
Parmod Kumar Gupta*	Non-Executive, Promoter	3	No	-	-	-	Not related to any Director

\* Mr. Parmod Kumar Gupta resigned from the board on July 11, 2011.

### 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. 18<sup>th</sup> 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.



## Lumax Automotive Systems Ltd.

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	Meetings held	Meeting attended
Mr. Vinay Panchmiya –Chairman	5	5
Mr. Prem Das Gandhi- Member	5	5
Mr. U. K. Jain - Member	5	5
Mr. Parmod Kumar Gupta- Member	5	1

Mr. Prem Das Gandhi is having financial and accounting Knowledge. The Company Secretary acts as a Secretary of the Committee. During the year, the Committee met 5 times on May 14, 2011, August 11, 2011, August 27, 2011, November 14, 2011 and February 14, 2012.

### 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 August 27, 2011.

### Composition of the Remuneration Committee: -

Name of the Directors	Meetings held	Meeting attended
Mr. Parmod Kumar Gupta- Chairman	1	0
Mr. Prem Das Gandhi	1	1
Mr. Vinay Panchmiya	1	1

### Remuneration of whole time and Managing Directors:

Name	Salary (Rs.)	Perquisites & Allowances (Rs.)	Total (Rs.)
Mr. U.K. Jain, Non-Executive Director*	2,09,032	-	2,09,032
Mr. Nitin Jain, Managing Director	8,92,000	4,68,000	13,60,000
Mr. Milan Jain, Executive Director	7,80,000	4,20,000	12,00,000

\*Mr. U.K. Jain has resigned from the position of Managing Director on May 23, 2011. None of the Non-Executive Directors is drawing any remuneration.

Mr. U.K. Jain, Non-Executive Director holding 3523704 equity shares of the Company on March 31, 2012.

The Company has no Stock Option Scheme and hence, no Stock Options are granted to Non-Executive Directors.

### 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, One Shareholders' Committee meeting was held on August 27, 2011.

### Composition of the Shareholders' Committee: -

Members	Meetings held	Meeting attended
Mr. Prem Das Gandhi- Chairman	1	1
Mr. U.K. Jain	1	1
Mr. Nitin Jain	1	1

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

During the year, the Company received one complaint, which has been completely resolved to the satisfaction of stakeholder. As on date, there is no pending complaint of any stakeholder.

### 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
2010-11	28/09/2011	10.00 A.M.	The Executive Club, New Delhi	N.A.
2009-10	30/09/2010	10.00 A.M.	The Executive Club, New Delhi	N.A.
2008-09	24/09/2009	10.00 A.M.	The Executive Club, New Delhi	N.A.

The special resolution was not put to vote through postal ballot.

## 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 does not have a separate whistle blower policy. However, the code of conduct of the Company reflects the mechanism by which the employees may report to the management their concerns about unethical behaviours, actual or suspected frauds or violation of the Company's code of conduct or ethics policies.
- During the year under review, there are no materially significant related party transactions which have a potential conflict with the interests of the Company at large.
- The Company has laid down a code of conduct for prevention of Insider Trading in the shares of the Company in accordance with SEBI (Prohibition of Insider Trading) Regulation, 1992.
- The Company has complied with various rules and regulations prescribed by the stock exchanges, Securities and Exchange Board of India (SEBI) or any other statutory authorities on all matters relating to the capital markets, and no penalties or strictures have been imposed on the Company by any of them in this regard during the last three years.
- The Company has followed the accounting standards laid down by the Institute of Chartered Accountants of India.
- The Company is complying with all mandatory requirements of Clause 49 of the Listing Agreement.
- NON-MANDATORY REQUIREMENTS relating to Remuneration Committee have been adopted by the Company. Please see the para on Remuneration Committee for details.**

## Means of Communication

- The Company publishes un-audited Quarterly financial results normally in "Financial Express" (English) and "Jansatta" (Hindi) Newspapers. The results are displayed on the website of the Company at [www.lumaxauto.com](http://www.lumaxauto.com).
- Management discussion and analysis forms the part of the Annual Report.
- All material information about the Company is promptly sent through facsimile to the stock exchanges where the shares of the Company are listed.

## General information to shareholders:

- Date and Venue of the AGM** : 24<sup>th</sup> September 2012 at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi- 110 074
- Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March.
- Book Closure Date** : 14<sup>th</sup> Sept. to 24<sup>th</sup> Sept. 2012 (both days inclusive)
- 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.
- Unclaimed Suspense Account**  
As per clause 5A (II) of the listing agreement amended by Securities and Exchange Board of India (SEBI) vide their circular No. CIR/CFD/DIL/10/2010, the Company has opened an Unclaimed Suspense Account relating to unclaimed shares with the Depository participant Elite Wealth Advisors Ltd. Having the DPID / CLID IN301670/10286695 in the Name of Lumax Automotive Systems Ltd- Unclaimed Suspense Account at S-8, Second Floor, DDA Shopping Complex, Mayur Vihar, Phase-I, New Delhi-11009. The company has transferred 41965 equity shares belongs to 1344 shareholders in unclaimed suspense account.
- Unclaimed dividend when due for transfer to Investors' Education & Protection Fund (IEPF) is given below:**

Financial Year	Type of Dividend	Date of declaration of dividend	Due date of transfer
2004-2005	Final Dividend	01-08-2005	12-08-2012
2005-2006	Final Dividend	25-09-2006	10-10-2013
2006-2007	Final Dividend	25-09-2006	10-10-2014

Members who have not encashed their Dividend for above mentioned financial years are therefore, requested to make their claims to the Company immediately.