

**LUMAX**

# 23<sup>rd</sup> ANNUAL REPORT 2003-2004

Lighting The Path To A Brighter Future



**Partners in Growth**



**LUMAX**

Lumax Industries Ltd.



# Lumax Industries Limited

## BOARD OF DIRECTORS

Mr. D.K. Jain	(Chairman & Managing Director)	}	Nominees of Stanley, Japan
Mr. Deepak Jain	(Executive Director)		
Mr. Anmol Jain	(Executive Director)		
Mr. Y. Muraga	(Executive Director)		
Mr. Hiroshi Kanazawa (Mr. Prem Nath Rai - Alternate)	(Director)		
Mr. H.D. Maheshwari	(Director)		Nominee of IDBI
Mr. A.P. Gandhi	(Director)		
Mr. Deep Kapuria	(Director)		
Mr. Gursaran Singh	(Director)		
Mr. Suman Jyoti Khaitan	(Director)		

## SECRETARY

Mr. K.V. Vijayan

## AUDITORS

M/s K.S. Gupta & Company  
Chartered Accountants, Delhi

M/s D.R. Barve & Company  
Chartered Accountants, Pune (Branch Auditors)

## BANKERS

Syndicate Bank  
Punjab National Bank  
ICICI Bank Ltd.  
HDFC Bank Ltd.  
State Bank of India

## REGISTERED OFFICE & SHARE DEPT.

2nd Floor, Harbans Bhawan-II  
Nangalraya Business Centre,  
New Delhi - 110046  
Tele : 28520010, 28521975  
Fax : 28521233  
E-mail : lumxshre@del6.vsnl.net.in

## CORPORATE OFFICE

B-86, Mayapuri Industrial Area  
New Delhi - 110064

## WORKS

- Plot No. 16, Sector-18, Maruti Complex, Gurgaon
- Plot No.6, Indl. Area, Dharuhera, Dist. Rewari
- 131, Roz-Ka-Meo Industrial Estate, Sohna
- Plot No.2, Near Daultabad Chungi, Daultabad, Dist. Gurgaon
- D2-43/2. M.I.D.C. Industrial Area, Chinchwad, Pune
- 84/5, Pavender Salai, NH-1, Maralsalai Nagar, Chengalpattu
- Plot No.37, WMDC, Kharabwadi, Ambethan Road, Chakan, Tal : Khed, Dist. Pune.



## Lumax Industries Limited

Regd. Office : 2nd Floor, Harbans Bhawan-II,  
Nangalraya Business Centre, New Delhi-110 046.

### NOTICE TO MEMBERS

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Members of the Company will be held on **FRIDAY the 27<sup>th</sup> AUGUST 2004 at 11.00 A.M. at FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI-110001** to transact the following business.

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2004 and the Directors' and Auditors' Report thereon.
2. To declare the Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Deepak Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A.P. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Deep Kapuria, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors M/s K.S. Gupta & Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

#### SPECIAL BUSINESS :

7. To consider and if thought fit, to pass with or without modification the following as an ordinary resolution :-

"Resolved that M/s D.R. Barve & Company, Pune be and is hereby re-appointed as Branch Auditors for the audit of the accounts of Pune and Chakan branches of the Company, and the Company hereby authorise the Board of Directors/Audit Committee to fix the terms and conditions of their appointment including the remuneration payable to them".

8. To consider and if thought fit, to pass with or without modification the following as a special resolution :-

"In partial modification of members resolution dated 31-08-01, and subject to the provisions of Section 198, 269, 309 & 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, the approval of members be and is hereby accorded for the revision of remuneration comprising a basic salary of Rs.80000/- p.m. (in the scale of Rs.80000-100000) plus other allowances, perquisites and commission to Mr. D.K. Jain, Managing Director of the Company w.e.f. 01-08-04 for his remaining period of appointment up to 31-07-08 as approved by the Board and the brief details of which are set out in the Explanatory Statement annexed hereto."

"Resolved further that in the absence of or inadequacy of net profit during any Financial Year Mr. D.K. Jain be paid the salary and other perquisites except commission as set out in the Explanatory Statement as minimum remuneration."

"Resolved further that the Board of Directors be and is hereby authorised to increase, vary or amend the salary, perquisites, minimum remuneration and other terms and conditions of his appointment from time to time as deemed fit and necessary subject to the relevant provisions of the Companies Act, 1956 and amendments thereof."

9. To consider and if thought fit, to pass with or without modification the following as a special resolution :-

"In partial modification of members resolution dated 31-08-01, and subject to the provisions of Section 198, 269, 309 & 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, the approval of members be and is hereby accorded for the revision of remuneration comprising a basic salary of Rs.50000/- p.m. (in the scale of Rs.50,000-1,00,000) together with other allowances and perquisites to Mr. Deepak Jain, Executive Director of the Company w.e.f. 01-08-04 for his remaining period of appointment up to 31-01-06 as approved by the Board and brief details of which are set out in the Explanatory Statement annexed hereto."

"Resolved further that in the absence of or inadequacy of net profit during any Financial Year Mr. Deepak Jain be paid the salary and other perquisites as set out in the Explanatory Statement as minimum remuneration."

"Resolved further that the Board of Directors be and is hereby authorised to increase, vary or amend the salary, perquisites, minimum remuneration and other terms and conditions of his appointment from time to time as deemed fit and necessary subject to the relevant provisions of the Companies Act, 1956 and amendments thereof."

10. To consider and if thought fit, to pass with or without modification the following as a special resolution :-

"Resolved that subject to the provisions of Section 198, 269, 309 & 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, the consent of members be and is hereby accorded for the appointment and payment of remuneration comprising a basic salary of Rs.40000/- p.m. (in the scale of Rs.40,000-80,000) together with other allowances and perquisites to Mr. Anmol Jain, Executive Director of the Company for a period of 5 years from 23-07-04 as approved by the Board and brief details of which are set out in the Explanatory Statement annexed hereto."

"Resolved further that in the absence of or inadequacy of net profit during any Financial Year Mr. Anmol Jain be paid the salary and other perquisites as set out in the Explanatory Statement as minimum remuneration."

"Resolved further that the Board of Directors be and is hereby authorised to increase, vary or amend the salary, perquisites, minimum remuneration and other terms and conditions of his appointment from time to time as deemed fit and necessary subject to the relevant provisions of the Companies Act, 1956 and amendments thereof."

11. To consider and if thought fit, to pass with or without modification the following as a special resolution :-

"Resolved that pursuant to Section 314 and other applicable provisions of the Companies Act, 1956, the consent of the members be and is hereby accorded for the payment of quarterly retainer of Rs.1,50,000/- to Mr.S.C. Jain, Chairman Emeritus (Ex Chairman & Sr. Managing Director) w.e.f. 01-06-2004 for his continued guidance and advice on the business matters to the company."





12. To consider and if thought fit, to pass with or without modification the following as an ordinary resolution :-

"Resolved that pursuant to relevant provisions of the Companies Act, 1956, the consent of the company be and is hereby accorded to the re-appointment of Mr. Y. Muraga, a Nominee of Stanley Electric Co. Ltd., Japan as Executive Director for another two years w.e.f. 27-07-04 on the existing terms and conditions i.e. a salary of Rs.50000/- p.m. plus other allowances and perquisites as approved by the Board and the brief details of which are set out in the Explanatory Statement annexed to this notice."

"Resolved further that in the absence of or inadequacy of net profit during any Financial Year, Mr. Y. Muraga shall be paid the salary and other perquisites as detailed in the Agreement entered with him, as minimum remuneration which shall further be within the overall ceiling as specified in Section II of Part II of Schedule XIII of the Companies Act, 1956."

"Resolved further that the Board of Directors be and is hereby authorised to increase, vary or amend the salary, perquisites, minimum remuneration and other terms and conditions of his appointment from time to time as deemed fit and necessary subject to the relevant provisions of the Companies Act, 1956 and amendments thereof."

13. To consider and if thought fit, to pass with or without modification the following as a special resolution :-

"Resolved that pursuant to Section 314 and other relevant provisions of the Companies Act/ Rules made there-under, the appointment and payment of salary of Rs.22,000/- p.m. together with usual allowances and benefits, amenities and facilities including staff superannuation fund, provident fund benefits as applicable to other employees occupying similar post provided, however, that the aggregate of the remuneration paid to him shall not exceed Rs.50000/- p.m. to Mr. Anmol Jain, a relative of the Promoter Directors, as Vice President of the Company w.e.f. 01-11-03 to 22-07-04 be and is hereby approved."

14. To consider and if thought fit, to pass with or without modification the following as a special resolution :-

"Resolved that the equity shares of the company be De-listed from Delhi Stock Exchange Association Ltd. in accordance with the provisions of Securities and Exchange Board of India (De-listing of Securities) Guidelines 2003, the Companies Act 1956 and the Securities Contracts (Regulation) Act, 1956 and subject to other compliances and clearances as may be required from any other authority."

"Resolved further that for the purpose of giving effect to this resolution, the Board of Directors of the company be and is hereby authorised to take all necessary steps, acts, deeds, matters and things as it may, in its absolute discretion be necessary, proper or desirable and settle any question, difficulty, doubt that may arise in regard to the De-listing of equity shares of the company."

BY ORDER OF THE BOARD

Place : New Delhi  
Dated : 23.07.2004

D.K. JAIN  
Chairman & Managing Director

#### NOTES :

1. **Proxies :** A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf and such proxy need not be a member of the company. The Proxy Form duly filled up and signed should reach to the Company's Regd. Office atleast 48 hours before the scheduled time of the meeting. Proxy form is attached.

2. **Book Closure :** The Register of Members and Share Transfer Books of the Company will remain closed from 16-08-04 to 27-08-04 (both days inclusive).

3. **Dividend Entitlement :** Dividend on equity shares, as recommended by the Directors, if declared at the meeting will be payable to those members whose names appear on the Register of Members of the Company as on 27-08-04. In the case of beneficial owners holding shares in electronic form the dividend will be paid as per the beneficial ownership data furnished by NSDL/CDSL for the purpose.

Dividend Amount of Shareholders holding shares in Electronic Form and to those Shareholders holding in Physical Form, who have given their Bank details, will be credited to their respective Bank Account through Electronic Clearing Service (ECS), wherever such facilities are available, immediately after the declaration of the Dividend in the AGM. If there is any change in the Bank Account of Demat Shareholders, they are requested to intimate the same to their respective Depository Participants for their further action.

Dividend Warrants in respect of Shareholders holding shares in Physical Form will be sent by post by 10-09-04. In order to avoid the fraudulent encashment, such Shareholders are requested to furnish their Bank Account Number and Bank's name so as to incorporate the same in the Dividend Warrant, immediately, if not submitted earlier.

Consequent upon the amendment to Section 205 A of the Companies Act, 1956 and introduction of Section 205C of the Companies Act the amount of Dividend unclaimed or unpaid for a period of 7 years from the date of transfer to Unpaid Account shall be transferred to the Investor Education & Protection Fund set up by Govt. of India and no payment shall be made in respect of any such claims by the Fund.

The amount lying in the Unpaid Dividend Account for the year ended 31-03-1996 has been transferred to the Investor Education & Protection Fund on 08-12-03.

In respect of Unpaid Dividend Amount for the year ended 31-03-97 is due for transfer to the Investor Education & Protection Fund in October 2004. Members who have not encashed their Dividend for the year ended 31-03-97 and onwards are therefore, requested to make their claims to the Company immediately.

4. **Change of Address :** The Members holding shares in physical mode are requested to intimate the Company immediately, any change in their registered address. Demat Shareholders should inform the change of address to their respective Depository Participants.

5. **AGM-Attendance Slip :** Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting. Under no circumstance Duplicate Attendance Slip will be issued at the AGM venue.

6. **Explanatory Statement :** Pursuant to Section 173(2) of the Companies Act, 1956 Explanatory Statement in respect of special business is furnished here under.

**EXPLANATORY STATEMENT :****Item No. 7 :**

As per Section 228(3) of the Companies Act, 1956, approval of the Members in the Annual General Meeting is required for the audit of Branch Accounts by an Auditor other than the Statutory Auditor. M/s D.R. Barve & Company, Pune has been the Branch Auditors in respect of Pune and Chakan Units of the Company since its inception. It is therefore, considered desirable to continue their service as Auditors of the above said units. It is further recommended that the Board of Directors/Audit Committee may be authorised to decide the terms and conditions of their appointment including their remuneration.

**Item No. 8, 9 & 10 :**

In the AGM held on 31-08-2001, the Members have approved the re-appointment of Mr. D.K. Jain, MBA (62 years) as Managing Director for a period of 5 years w.e.f. 01-08-03 on a salary of Rs.40000/- p.m. (in the scale of Rs.40000-100000) plus other perquisites, allowances and one and a half per cent commission on Net Profit. This salary was increased w.e.f. 01-08-98 and for the last six years there is no increase in his salary. Mr.D.K Jain has since been appointed as Chairman and Managing Director (CMD) and in view of his additional responsibilities, the Board has proposed to revise his remuneration w.e.f. 01-08-04 for the remaining period of his appointment up to 31-07-08, as detailed below.

Similarly Mr. Deepak Jain, BBA (29 years) was appointed as Executive Director (ED) on 01-02-2001 on a salary of Rs.15000/- p.m. plus other perquisites and allowances. At present he is drawing a salary of Rs.26500/- p.m. plus other perquisites and allowances. The level of activities of the company has increased and he is in overall charge of Gurgaon Plant along with the responsibilities of customer care and R&D. The Board therefore proposes to revise his remuneration package w.e.f. 01-08-04, for the remaining period of his appointment up to 31-01-06 as detailed below.

Mr. Anmol Jain, B.A. Hon. (25 years) is co-opted to the Board and designated as Executive Director (ED) against the casual vacancy of Mr. U.K. Jain, Executive Director. Prior to his appointment he was working as Vice President in the company. He has been assigned to the responsibility of looking after the Dharuhera Unit of the Company. His appointment is for a period of 5 years w.e.f. 23-07-04 and he will be paid the remuneration package as detailed below.

Principal terms and conditions for the revised remuneration/appointment and payment of remuneration to CMD/EDs are as follows :

Particulars	Mr. D.K. Jain (CMD)	Mr. Deepak Jain (ED)	Mr. Anmol Jain (ED)
Tenure	Existing Tenure up to 31-07-08	Existing Tenure up to 31-01-06	For a period of five years w.e.f. 23-07-04
Salary	Rs.80,000/-p.m. (In the scale of Rs.80000-100000)	Rs.50,000/- p.m. (In the scale of Rs.50000-100000)	Rs.40,000/-p.m. (In the scale of Rs.40000-80000)
Commission	Maximum of 4% of net profit provided total remuneration shall not exceed 5% of net profit	Nil	Nil
House Rent Allowance	50% of the Salary	50% of the Salary	50% of the Salary
Other Allowances and Perquisites :	50% of the Salary	50% of the Salary	50% of the Salary
Reimbursement of expenses on Gas, Electricity, Power, Water, Furnishing, Medical reimbursement, Leave Travel Allowance, Membership Fee for Clubs & Personal Accident Insurance, and other allowances as per Company Rules.			

In addition to the above, they will be entitled to the following benefits

- (i) Company maintained car(s) with drivers (ii) Telephone(s) & Fax at residence. (iii) Company contribution to Provident Fund, Superannuation

Fund, Payment of Gratuity and other retirement benefits as per the Rules (iv) encashment of leave etc.

(Note : Allowances and perquisites to be valued as per the Income Tax Rules wherever applicable and at actual cost to the company in other cases)

No sitting fee shall be payable to CMD/EDs.

The Board is authorised to fix such increment as may deem fit from time to time to the CMD/EDs effective from 1<sup>st</sup> April every year. In the event of absence or inadequacy of net profit during any Financial Year, the remuneration mentioned above (except commission) shall be paid as minimum remuneration to CMD/EDs, which is within the ceiling specified in Clause 1(A) of Section II of Part II of Schedule XIII of the Companies Act, 1956. The Remuneration Committee has already recommended for the payment of above detailed remuneration package to the above three directors. The Company has not made any default in repayment of any of its debts or interest payable thereon.

All the above three directors are related to each other and they are all interested in these resolutions. The above may be treated as an abstract of the terms and conditions of the appointment/payment of remuneration to the whole time directors under section 302 of the Companies Act 1956.

**Item No.11 :**

Mr. S.C. Jain is the founder promoter of the company. With the help of his business acumen and hard work the company achieved tremendous growth from a small partnership firm to the present level of a leading Auto Lighting Equipment company in India. Mr. S.C. Jain has completed 83 years and he wishes to retire from active involvement in business affairs of the company. He has consented to help the company by giving consultancy and advices on business matters.

Considering his long outstanding service to the company, the Board has appointed Mr. S.C. Jain as Chairman Emeritus. He has more than 50 years of business experience in the Auto Ancillary Industry and the Board proposes to continue to take his advice and consultancy on business matters and to pay quarterly retainer of Rs.1,50,000/- w.e.f. 01-06-04. As Mr. S.C. Jain is related to the other three promoter directors viz. Mr. D.K. Jain, Mr. Deepak Jain and Mr. Anmol Jain, they may be treated as concerned or interested in this resolution. The Board recommends this resolution for the approval of the members.

**Item No.12 :**

Mr. Y. Muraga, Executive Director is a Nominee of the Collaborator viz. Stanley Electric Co. Ltd., Japan. His initial appointment w.e.f. 27-07-01 was for a period of 2 years and it was extended for one more year with the approval of members. His one year term expires on 26-07-04. In accordance with the Service Agreement entered into between the Company and the Collaborator, the Board of Directors in its meeting held on 23-07-04 decided to extend his tenure for two more years without any change in his remuneration, as specified in the earlier Agreement. The company has not made any default in repayment of any of its debts or interest payable thereon.

The remuneration package of Mr. Y. Muraga, Executive Director, which has been already recommended by Remuneration Committee is as follows :

- Salary : Rs.50,000/- p.m.  
Increment : The Board of Directors to fix such annual increment as may be deemed fit, effective from 1<sup>st</sup> April every year.
- Family Allowance: Rs.25000/- being 50% of the Salary (Payable for the period when the family stay with the appointee)



#### Perquisites & other Allowances :

- a. Proceeding allowance and outfitting allowance to self and his family : The Executive Director shall be eligible for proceeding/ departure allowance at the rate of two months salary. Further he will be paid all travelling expenses and incidentals incurred in India. His spouse and each of his children of above 12 years age are eligible for proceeding & outfit allowances at the rate of 50% of 2 months salary and at the rate of 25% in case of children below 12 years.
- b. Housing : The Company to provide free, fully furnished accommodation with the facilities of Telephone, Gas, Electricity and Water etc. The Company also to bear the actual expenses incurred on maintenance, repairs and other facilities as required from time to time. The taxable perquisite value on the free furnished accommodation will be taken as per the Income Tax Rules.
- c. Medical Aid : Expenses in connection with the medical check up twice a year, Air fare from India to Japan and return and other medical expenses etc. as per the Service Agreement between the Company and Stanley.
- d. Other benefits : i) The Company will provide to the Executive Director a chauffeur driven car. The Company shall bear all the expenses in respect of the car such as garaging charges, servicing, repairs, fuel, taxes, comprehensive insurance premium etc. including the salary for the driver. Use of Car for personal purpose shall be billed by the company.  
ii) The Company to pay to and fro travelling expenses to the Executive Director and to his family when he goes on special leave/holiday passage granted to him.

All the perquisites and benefits shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules perquisites shall be evaluated at actual cost.

In the event of absence of or inadequacy of net profit during any of the Financial Year, the remuneration to the Executive Director as mentioned above shall be paid as minimum remuneration which is within the ceiling specified in Clause 1(A) of Section-II of Part-II of Schedule-XIII of the Companies Act, 1956.

None of the Director except Mr.Y. Muraga, is interested in this resolution. The Board of Directors recommends his appointment for approval of the Members.

#### Item No.13 :

Mr. Anmol Jain (B.A.Hon.) from Michigan University, USA, joined M/s GHSP, USA as Management Trainee up to Sept. 2000. Thereafter he returned to India and joined M/s Lumax GHSP Industries Ltd. one of the group companies.

To strengthen the management team, the board appointed him as Vice President w.e.f. 01-11-03 and fixed his total monthly remuneration not exceeding Rs.50000/- p.m. as per the Appointment of Directors' Relatives (Office or Place of Profit) Rules 2003. He has vacated his post on 22-07-04 on his appointment as Executive Director in the Company.

Pursuant to Section 314 of the Companies Act, the appointment of a relative of a Director to an office or place of profit needs the approval of the members, by a special resolution. Therefore Members are requested to approve the resolution for the payment of the remuneration of not exceeding Rs.50000/- p.m. for the period from 01-11-03 to 22-07-04. As Mr. Anmol Jain is related to other promoter Directors viz. Mr. D.K. Jain and Mr. Deepak Jain, all of them may be considered as interested in this resolution.

#### Item No. 14 :

Members are aware that Company's shares are listed at Delhi (DSE), Mumbai (BSE) and National (NSE) Stock Exchanges. Our shares are traded in Dematerialized Form way back from Sept. 2001. For the past six years shares are not traded in Delhi Stock Exchange. However, the company is liable to pay Listing Fee to Delhi Stock Exchange without taking any benefits.

As per SEBI (De-listing of Securities) Guidelines 2003 company is allowed to De-list its shares with the approval of the shareholders by a special resolution, provided its shares are continued to be listed in a Stock Exchange having nation wide trading terminals. As the company's shares will be continued to be listed with BSE and NSE investors/ shareholders will not have any difficulties in trading their shares. The Board recommends this resolution for the approval of the members.

None of the Director is concerned or interested in the proposed resolution.

BY ORDER OF THE BOARD

Place : New Delhi  
Dated : 23.07.2004

D.K. JAIN  
Chairman & Managing Director

Brief details of Directors seeking appointment/re-appointment on retirement by rotation in the AGM (pursuant to Clause 49(VI) of the Listing Agreement.

	Mr. Deepak Jain (Re-appointment)	Mr. A.P. Gandhi (Re-appointment)	Mr. Deep Kapuria (Re-appointment)	Mr. Anmol Jain (Appointment)
Date of Birth	06.04.1975	01.10.1938	06.08.1949	29.04.1979
Date of Appointment	01.02.2001	31.07.2002	31.07.2002	23.07.2004
Qualification	B.B.A.	B.E. (Mech. Eng.)	B.E. (Hon.)	B.A. (Hon.)
Experience	8 years	42 years	31 years	4 years
Name of Companies in which Directorship held	1. Deepak Auto Pvt. Ltd. 2. Dhanesh Auto Elec. Ltd. 3. Lumax DK Auto Inds. Ltd. 4. Lumax Samlip Inds. Ltd. 5. Sheela Finance Pvt Ltd.	1. Fag Bearings India Ltd. 2. Class India Ltd. 3. Uniproducts India Ltd. 4. Fairfields Atlas Ltd. 5. MLR Motors Ltd.	1. Hi-Tech Gears Ltd. 2. Dev Darshan Construction (P) Ltd. 3. Hi-Tech & Associates (P) Ltd. 4. Getrag Hi-Tech Gears (India) Pvt. Ltd.	-

Chairman/Member of the Committee of the Board of other Companies

# 23rd Annual Report 2003-2004

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**ANNUAL GENERAL MEETING ON 27TH AUGUST 2004**





# Lumax Industries Limited

## DIRECTORS' REPORT

To the Shareholders,

The Board of Directors of your company are happy to present the 23<sup>rd</sup> Annual Report together with Audited Balance Sheet and Profit & Loss A/c for the year ended 2003-2004.

### FINANCIAL RESULTS

	2003-2004 Rs. in million	2002-2003
SALES (Excluding Excise Duty)	<b>2308.83</b>	1797.82
Gross Profit (GP)	<b>284.15</b>	220.72
(-) Interest	<b>56.99</b>	62.41
(-) Depreciation	<b>141.60</b>	121.67
Profit before Taxation	<b>85.56</b>	36.64
(-) Provision for Taxation	<b>7.83</b>	2.06
(+) Deferred Tax	<b>14.14</b>	-
Profit after Tax (PAT)	<b>91.87</b>	34.58
(+) Balance in the P&L A/c b/f	<b>12.61</b>	0.03
(+) Transfer from Revaluation Reserve	<b>-</b>	0.62
PROFIT - for appropriation	<b>104.48</b>	35.23
<b>Appropriation :</b>		
Proposed Equity Dividend	<b>18.37</b>	12.52
Tax on Dividend	<b>2.35</b>	1.60
Transfer to General Reserve	<b>80.00</b>	8.50
Balance retained in P & L A/c	<b>3.76</b>	12.61
	<b>104.48</b>	35.23

### DIVIDEND

In view of the improved Financial Results, the Board of Directors has recommended a Dividend of Rs.2.20 (22%) per share of Rs.10/- each for the year ended 31<sup>st</sup> March 2004 (previous year 15%). This will absorb an amount of Rs.20.72 million, including Dividend Tax. It is also proposed to appropriate the net profit by transferring Rs.80 million to the General Reserve after retaining Rs.3.76 million in P & L Account.

### INVESTMENTS

With the object of providing uninterrupted supply to Ford India Ltd., Chennai, the company has started a new assembly/manufacturing base at Chengalpattu Dist. (near Chennai, Tamil Nadu) by shifting the existing assembly lines installed at Dhuruhera Factory. The company has spent a sum of Rs.0.25 million for shifting this facility. Apart from this, the company has made an investment of Rs.192.08 million in the Fixed Assets, out of which Rs.97.64 million has been towards New Moulds & Dies, majority of which were financed through the customer.

The Board has also decided to start a new manufacturing unit with state of the art facilities, primarily for catering the enhanced needs of customers in Western India, with a budgeted expenditure of Rs.150 million during the current Financial Year at Chakan, near Pune.

### DEMERGER

Members are aware that Air Cleaner and Rear View Mirror business of the company along with the respective assets and liabilities pertaining to this business worth Rs.59.28 million were transferred to and vested as a going concern to Lumax Automotive Systems Ltd. (LASL) as per the Scheme of Arrangement & Demerger duly approved by the members, Hon'ble Delhi High Court and other Authorities. The Scheme was operative w.e.f. 01-04-2002 and therefore the previous year

Balance Sheet figures as on 31-03-2003 reflects the Demerged Accounts by making necessary adjustment in the Share Premium Account of the company. In consideration of the transfer of the business, 4,173,866 Equity Shares of Rs.10/- each aggregating Rs.41.73 million of the new company (LASL) were allotted to the shareholders of Lumax and the balance amount of net worth have been shown as Capital Reserve in the Balance Sheet of that company.

### FIXED DEPOSITS

The company has not accepted any Fixed Deposits during the year.

### DIRECTORS

Mr. S.C. Jain, Chairman & Sr. Managing Director who is the founder promoter of the company resigned on 31-05-04. His continued long association for almost six decades as leading light resulted to the growth of the company to the present level. The Board records its deep gratitude and indebtedness to Mr. S.C. Jain for his invaluable and dedicated service to the company from its very inception.

Considering his long outstanding service to the company, the Board has appointed Mr. S.C. Jain as Chairman Emeritus w.e.f. 01-06-04. To make use of his vast business experience in the Auto Component Industry, the Board proposes to continue to take advice/consultancy on business matters from him by paying a quarterly retainer of Rs.1,50,000/-.

As a part of restructuring of the Board, Mr. U.K. Jain, Executive Director resigned from the company on 21-10-03 and he has taken over the management of the Demerged company Lumax Automotive Systems Ltd. Mr. S. Watanabe, Executive Director (Nominee of Stanley, Japan) went back to his parent company after resigning on 23-10-03. Mr. A. Nakamura, Director (Nominee of Stanley, Japan) has resigned w.e.f. 23-07-04. The Board place on record their appreciation to the valuable services rendered by these Directors.

Mr. Anmol Jain is appointed against the casual vacancy of Mr. U.K. Jain and he has been designated as Executive Director w.e.f. 23-07-2004. His appointment as Executive Director is subject to the approval of members, and the Board recommends his appointment for the approval of members.

Mr. Hiroshi Kanazawa, nominated by Stanley, Japan to the Board, has been appointed against the vacancy of Mr. A. Nakamura. Mr. Prem Nath Rai is co-opted as Alternate Director to Mr. Hiroshi Kanazawa.

Mr. D.K. Jain has been appointed as Chairman & Managing Director of the Company. The Board also proposes to revise the remuneration of Mr. D.K. Jain and Mr. Deepak Jain for their remaining period of tenure w.e.f. 01-08-04.

The extended tenure of Mr. Y. Muraga, Executive Director (Nominee of Stanley, Japan) has expired on 26<sup>th</sup> July 2004 and it is proposed to extend his term as Executive Director for another two years subject to the approval of members.

Mr. Deepak Jain, Executive Director, Mr. A.P. Gandhi and Mr. Deep Kapuria retire by rotation, and being eligible they are proposed for re-appointment.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibilities Statement, it is stated :

- that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view





## Lumax Industries Limited

of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the Annual Accounts on a going concern basis.

### AUDITORS

M/s K.S. Gupta & Co. (Statutory Auditors) and M/s D.R. Barve & Co., Pune (Branch Auditors) are to be re-appointed and for the same the members' approval is needed. They have already given certificates pursuant to Section 224(1B) of the Companies Act, 1956.

With regard to the auditors observation on the continuation of Air Cleaner business at Dharuhera Unit of the company even after the effective date of Demerger i.e. 03-10-2003, it is stated that the same has since been transferred to the Demerged company viz. Lumax Automotive Systems Ltd. and all transactions relating to that business have been formally excluded from the books of the company. All other observations of the auditors are dealt with in the notes on accounts at appropriate places.

### OTHER INFORMATION

Information pursuant to Section 217(1)(e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, details are given below :

#### A. Conservation of Energy :

As a responsible corporate citizen, your company gives high priority to conserve energy and reduce energy cost. Some of the initiatives taken by your company are as follows :

- Change of Diesel to LDO.
- Provision of Censors in Rest Rooms.
- Use of Thermal Jackets on Injection Moulding Machines.
- Provision of on-station switch on every tubelight in Administration and shop floor area.
- Usage of CFL Lamps instead of regular tubelights.

The above energy initiatives have resulted in over all savings of more than 5% on energy cost.

#### B. Technology Absorption and Research & Development.

As a trend in the Auto industry is changing from import of technology to provide and develop local competency, the company has taken following initiatives to improve local technical capabilities :

##### a) Product Technology

- To comply with AIS regulations, the company has initiated development to localize Head Lamp Adjuster Leveling Devices.
- Local development of MFR Technology in 4 wheeler Head Lamp Reflectors.
- Designing and manufacturing of checking fixtures for Head Lamp & Tail Lamp.

##### b) Process Technology

- Straight lay out assembly line has been changed to 'U', 'T', 'V', or 'L' shaped as assessed by the production engineering department resulting into improvement in productivity.

##### c) New Technology Initiatives

- Initiatives have been taken to plan and absorb new technology like LED applications.

#### d) Expenditure on R & D :

	Rs.
a. Recurring	8,702,997
b. Capital	572,000
Total	9,274,997
c. Total R&D expenditure percentage to turnover	0.40%

#### C Foreign Exchange Earning and Outgo :

This information is given in Notes on Accounts at Sl.No.11-13.

#### D Information under Section 217 (2A) on remuneration to employees.

None of the employees was in receipt of remuneration exceeding Rs.24 lakhs or above per annum or Rs.2 lakhs or above per month during the Financial year 2003-2004.

### MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to Clause 49 of the Listing Agreement, Management Discussion & Analysis is annexed as part of this report separately.

### CORPORATE GOVERNANCE

The report on Corporate Governance together with the Auditor's Certificate regarding the Compliance of Conditions of Corporate Governance annexed below forms part of this Annual Report.

### DELISTING OF SHARES

Company's shares are at present listed with Delhi, Mumbai and National Stock Exchanges. For the past many years no trading is done through Delhi Stock Exchange. Therefore, a proposal for voluntary De-listing of shares at Delhi Stock Exchange is placed before the shareholders for their approval in the next AGM. Company's shares would continue to be listed with Mumbai and National Stock Exchanges, both having nation wide trading terminals.

### ACKNOWLEDGEMENT

The Board wishes to place on record its sincere thanks to the Collaborators, Customers, Financial Institution, Banks, Vendors etc. for their continued help and patronage. The Board is also pleased to convey its appreciation for the dedicated services rendered by all the employees of the Company

for and on behalf of the Board of Directors

Place : New Delhi

Dated : 23-07-2004

D.K. JAIN

Chairman & Managing Director

### MANAGEMENT DISCUSSION & ANALYSIS

#### a. Industry – over view

Indian Auto Industry has been in growth orbit for the last 2-3 years, thanks to the revival of economy. During the fiscal 2003-04, a robust industrial and agricultural growth and increased domestic demand driven by low interest rate and other feel good factors have catapulted the Indian Auto Industry to a buoyancy level. Almost all vehicle manufacturers have recorded an average of over 30% growth in production.

Keeping in pace with this trend, the ancillary sector too performed well during the year 2003-04. After catering the domestic demand some of the prominent players in the field have scaled exports and are now looking for global recognition. Indian auto component industry has tremendous growth opportunity as it contributes only 0.1% of the total pie of world wide ancillary business. Having registered a global presence, this sector is now looking forward for better opportunity to meet the ever increasing demand from global market.

#### b. Opportunities & Threats

The Company continues to enjoy a major market share of

Automotive Lighting Equipment for both OE and Replacement Market. Our continued effort towards control on cost, improvement in quality and delivery has enhanced the customers' confidence. The Company has great opportunity for sustainable business as compared to our competitors.

All our customers are bringing newer models and also face lifting the existing models to gain market share. Our lighting equipments have tremendous aesthetic and safety value and as such there is great opportunity for enhanced business.

The Company has started focusing on export markets and is now in constant touch with International Buying Houses working in India. Recently, we have secured orders from two OEMs, which will result in sizeable jump in the export turnover of the Company in the coming years.

In the present day market driven economy, the company may have to face multifarious challenges and some of them are as follows :

- i. Cyclical nature of the Auto Industry.
- ii. Increase in input cost of raw materials like Plastic Powder, Steel Sheet and other components.
- iii. Competition from international and indigenous auto components manufacturers.
- iv. Price cutting measures adopted by customers, resulting pressure in profit margin.

Taking a strategic position of keeping the supplies to OEM, Replacement and Export Market at a balanced level, with the help of good customer relationship and maintaining high standard of quality the company hope to mitigate the impact of the above stated threat to a considerable minimum level.

#### c. Product wise performance

After the transfer of filter and mirror divisions consequent to the Demerger, the company now manufactures only lighting equipments and other related miscellaneous parts.

Products	Turnover (Rs.in Million)	% increase over last year
Head Lamp Assembly	1217.55	36.57
Tail Lamp Assembly	545.33	44.82
Miscellaneous Items	545.95	3.06

Following are the details of the customer wise supply :

Customer Name	Value of Supply (Rs.in Million)	% of Total Turnover
Maruti Udyog Ltd.	647.48	28.05
Tata Motors	350.07	15.16
Hero Honda	158.18	06.85
Honda Siel	153.18	06.63
Mahindra & Mahindra	115.53	05.01
Other OEMs	532.04	23.04
Replacement Market	330.62	14.32
Exports	21.73	00.94

#### d. Internal Control Systems and their Adequacy

The company has adequate internal control system to ensure that all assets are secured and all transactions are made under proper authorization and they are properly accounted for. Internal Control System is supported by regular internal audit and review by the management.

The Audit Committee consisting three independent Directors of the Board review the report of internal audit and make necessary recommendations to the Board.

#### e. Discussion on Financial Performance with reference to Operational Performance

After the De-merger of Filter and Mirror Divisions as per the Scheme of Arrangement, the company has streamlined and synchronized its operations to the best of its advantage and the result of the sale is reflected in the Financial performance during the year. The company achieved an all time high turnover of Rs.2308.83 million (net of excise duty) as against Rs.1797.82 million in the previous year registering a growth of 28.42%. While Gross Profit (GP) is up by 28% at Rs.284.15 million, Profit After Tax (PAT) registered a growth of 166% at Rs.91.87 million as against Rs.34.58 million in the previous year. Higher rate of growth in profit was achieved on account of higher volume in sales and Internal cost reduction through operational efficiency and control over administrative costs at all levels inspite of increase in cost of raw material consumption due to factors like increase in imported Plastic Powder and Steel Sheet and other indigenous materials.

As an extra ordinary item, liability in respect of Leave encashment of employees to the tune of Rs.22.72 million has been provided for in the accounts during the year in compliance of Accounting Standard 21. Similarly, Deferred Tax Liability also has been ascertained and Rs.120.01 million for the period up to 31-03-03 has been adjusted with the General Reserve. A sum of Rs.14.13 million towards Deferred Tax Asset has been recognized and credited in P & L A/c.

#### f. Industrial Relations

Being a labour oriented sector, the company recognizes and value the importance of the labour force in the company. During the year the company has maintained cordial relationship with the workers. Periodical wage agreements are entered into with them in each unit. Company has taken up steps to upgrade the skills of workers by conducting in-house and outside training programmes. Some of the skilled personnel have been deputed to the Collaborator's Plant in Japan for training.

#### g. Quality Assurance and Environment Management

The company is committed to total customer satisfaction in terms of quality and services for the entire range of lighting products. Our continued commitment to excellence and innovation has resulted in enhanced quality thereby becoming market leader. The quality standards are achieved by putting systems in place, giving higher attention to customer complaint resolution, better communication, formation of quality circles and by benchmarking our operations with the best.

During the year 2003-04 our Chennai operations received Quality Management System ISO/TS-16949:2002 certification. Our Dharuhera and Gurgaon plants are already ISO/TS-16949 certified.

Our approach towards environmental issues is on the perspective of conservation of resources. As a policy, continue attempts are made to reduce, reuse, recycle and eliminate waste, which results in better use of resources. Accordingly in the last few years company could substantially reduce material losses in manufacturing processes.

The company's efforts received accolades during the year when its Gurgaon, Dharuhera and Chennai Plants were credited with Environment Management System certification as per International Standard ISO:14001:1996.