



Lighting The Path To A Brighter Future



Lumax Industries Limited

24th Annual Report

2004-2005



Lumax Industries Limited

BOARD OF DIRECTORS

Mr. D.K. Jain	Chairman & Managing Director
Mr. Deepak Jain	Executive Director
Mr. Anmol Jain	Executive Director
Mr. Y. Muraga	Executive Director – Stanley Nominee
Mr. Hiroshi Kanazawa	Director – Stanley Nominee
(Mr. Prem Nath Rai –Alternate)	
Mr. P.S. Dubey	Director – IDBI Nominee
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
ABN Amro Bank–NV
Punjab National Bank
ICICI Bank Ltd.
HDFC Bank Ltd.
State Bank of India

REGISTERED OFFICE

2nd Floor, Harbans Bhawan-II
Nangalraya Business Centre, New Delhi-110 046
Tele : 91-11-28520010/28521975
Fax : 91-11-28521233
E-mail : lumaxshare@vsnl.com

REGISTRAR & TRANSFER AGENT

M/s Karvy Computershare Pvt. Ltd.
"Karvy House"
46, Avenue 4, Street No.1,
Hyderabad – 500034 (Andhra Pradesh).
Tele : 91-40-23312454/23320751/752/251
Fax : 91-40-23311968, 23323049
E-mail : mailmanager@karvy.com

CORPORATE OFFICE

B-86, Mayapuri Industrial Area, New Delhi-110 064

WORKS

- Plot No.16, Sector-18, Maruti Complex, Gurgaon (Haryana)
- Plot No.6, Indl. Area, Dharuhera, (Haryana)
- D2-43/2, M.I.D.C. Industrial Area, Chinchwad, Pune (Maharashtra)
- Plot No.37, WMDC, Kharabwadi, Ambethan Rd., Chakan, Pune (Maharashtra)
- 608, Chakan Talegaon Road, Mahalunge Ingle, Chakan, Pune (Maharashtra)
- 245, GST Road, Oorapakam, Kanchipuram Dist., (Tamil Nadu).



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 24th Annual General Meeting of the Members of Lumax Industries Limited will be held as under:-

Day - **Monday**

Date - **29th August, 2005**

Time - **11.30 A.M.**

Venue - **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 2005 and the Auditors' and Directors' Reports, thereon.
2. To declare the Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Gursaran Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Suman Jyoti Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

Note : Existing Statutory Auditors M/s K.S. Gupta & Co., New Delhi and M/s D.R. Barve & Co., Pune, Branch Auditors have expressed their unwillingness to be re-appointed as Auditors of the Company. M/s S.R. Batliboi & Associates, Chartered Accountants, New Delhi, have consented and confirmed their willingness to act as Auditors of the Company, if appointed.

Accordingly a resolution for the appointment of M/s S.R. Batliboi & Associates, New Delhi is placed before the shareholders for their approval.

"Resolved that M/s S.R. Batliboi & Associates, Chartered Accountants, New Delhi be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM on such remuneration and out of pocket expenses as may be fixed by the Audit Committee/Board of Directors."

SPECIAL BUSINESS :

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

"Resolved that Mr. Anmol Jain who was appointed as Director and designated as Executive Director, u/s 262(1)

of the Companies Act, 1956 read with Clause 120 of the Articles of Association of the Company and who holds the office up to the date of this AGM, and in respect of whom the Company has received a notice in writing from a member as required u/s 257 of the Companies Act, 1956 proposing the candidature of Mr. Anmol Jain for the office of the Director, be and is hereby appointed as Director of the Company.

BY ORDER OF THE BOARD

Place : **New Delhi**
Date : **28-07-2005**

K.V. VIJAYAN
COMPANY SECRETARY

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 at least 48 hours before the scheduled time of the meeting. Proxy form is enclosed.
2. **Book Closure :** The Register of Members and Share Transfer Books of the Company will remain closed from 20-08-05 to 29-08-05 (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 29-08-05. 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, soon after the declaration of the Dividend in the AGM.

Dividend Warrants in respect of Shareholders holding shares in Physical Form will be sent by post by 10-09-05.

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. 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.

(P. T. O.)



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 Dividend Account, shall be transferred to the Investor Education & Protection Fund set up by Govt. of India and no claim shall lie against the Fund or the company after the transfer of dividend amount to the Government.

The amount lying in the Unpaid Dividend Account for the year ended 31-03-1997 has been transferred to the Investor Education & Protection Fund on 01-10-04 (of Lumax) and 10-12-04 (of erstwhile Laser Lamps (Haryana) Ltd.).

In respect of Unpaid Dividend Amount for the year ended 31-03-98 is due for transfer to the Investor Education & Protection Fund in 04-12-2005. Members who have not encashed their Dividend for the year ended 31-03-98 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. 6 :

Mr. Anmol Jain was appointed and designated as Executive Director against the casual vacancy of Mr.U.K. Jain on 23-07-04. His appointment as Executive Director for a period of five years was approved by the members in the last AGM. As per Section 262(2) of the Companies Act, 1956 he holds the post of Director up to the end of this AGM and therefore his appointment as Director requires the approval of members.

Notice u/s 257 of the Companies Act, 1956 proposing his candidature as Director has been received from a member. He is related to other promoter Directors and therefore they may be considered as interested in this resolution. The Board recommends his appointment as Director of the Company.

BY ORDER OF THE BOARD

Place : New Delhi
Date : 28-07-2005

K.V. VIJAYAN
COMPANY SECRETARY

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

	<u>Mr. Gursaran Singh (Re-appointment)</u>	<u>Mr. Suman Jyoti Khaitan (Re-appointment)</u>	<u>Mr. Anmol Jain (Appointment)</u>
Date of Birth	20-04-1936	09-02-1959	29-04-1979
Date of Appointment	30-01-2003	30-01-2003	23-07-2004
Qualification	Intermediate	B.A.(Hon.) Econ, LLB	B.A. (Hon.)
Experience	50 years	28 years	5 years
Name of Companies in which Directorship held	1. GNA Axles Ltd. 2. GNA Udyog Ltd. 3. GNA Duraparts 4. Guru Nanak Transmission Punjab Ltd.	1. Hindustan Vidyut Products Ltd. 2. Jindal Poly Films Ltd. 3. KPL International Ltd. 4. Oriental Carbon & Chemicals Ltd. 5. Rameswara Transport Ltd. 6. Jindal Stainless Ltd.	1 Dhanesh Auto Elec. Ltd. 2 Lumax DK Auto Ind. Ltd. 3 D & A Enterprises Pvt. Ltd.
Chairman/Member of the Committee of the Board of other Companies.	—	1. Jindal Stainless Ltd. – Audit Committee (Chairman) 2. KPL International Ltd. – Share Transfer Committee (Chairman) 3. Oriental Carbon & Chemicals Ltd. – Shareholders / Investors Grievance Committee/ Share Transfer Committee & Remuneration Committee (Member) 4. Hindustan Vidyut Products Ltd. – Remuneration Committee & Investors / Shareholders Grievance Committee (Member)	—



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ANNUAL GENERAL MEETING ON 29TH AUGUST 2005



Lumax Industries Limited

DIRECTORS' REPORT

TO THE MEMBERS,

Your directors have pleasure in presenting the 24th Annual Report together with Audited Balance Sheet and Profit & Loss A/c of your company for the year ended 31st March, 2005.

FINANCIAL RESULTS:

	2004-2005	2003-2004
	Rs. in million	
SALES (Excluding Excise Duty)	2946.64	2308.83
Gross Profit (GP)	357.73	284.15
(-) Interest	53.59	56.99
(-) Depreciation	140.47	141.60
Profit before Taxation	163.67	85.56
(-) Provision for Taxation	13.01	7.83
(-) Provision for Deferred Tax	78.67	-
(+) Deferred Tax	-	14.14
Profit after Tax (PAT)	71.99	91.87
(+) Balance in the P&L A/c b/f	3.76	12.61
(+) Transfer from Revaluation Reserve	0.09	-
PROFIT - for appropriation	75.84	104.48
Appropriation :		
Proposed Equity Dividend	25.04	18.37
Tax on Dividend	3.51	2.35
Transfer to General Reserve	45.00	80.00
Balance retained in P & L A/c	2.29	3.76
	75.84	104.48

DIVIDEND

Keeping in view of the better performance, your Directors are pleased to recommend a Dividend of 30% (Rs.3/- per share) for the Financial Year 2004-2005 as against 22% declared in the previous year. The total amount of Dividend proposed to be distributed is Rs.28.55 million (including dividend tax) which is 31.4% higher than the amount distributed in the previous year. The Dividend payout ratio for the year works out to 34.78%. Your Directors propose to transfer Rs.45 million to General Reserve and to retain the balance amount of Rs.2.29 million in the P & L Account.

OPERATIONS

Taking forward your Company's core philosophy of enhancing customer satisfaction by being geographically closer to the customer facilities, your company has expanded its operations by setting up a new state of the art plant at Chakan, near Pune, (known as Chakan-II plant) in the Financial Year 2004-2005. This is the Company's third plant in the Western Region.

As a restructuring measure, the Business and related Plant & Machinery of Sohna Unit have been relocated/transferred to Chakan-I Unit during the year and the Sohna Unit has been closed. The additional capacity created in the Western Region is helpful in meeting the increased demand for our products from Tata Motors, Mahindra & Mahindra and others

Members are aware that, last year an Assembly Line was started in a rented factory at Maramalai Nagar, near Chennai for catering the supply to Ford India Ltd. It is now proposed to establish a fully independent plant to meet the demand of Customers located in the Southern region as well as export markets.

FIXED DEPOSITS

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

DIRECTORS

Mr. Gursaran Singh & Mr. Suman Jyoti Khaitan are retiring by rotation and being eligible they are proposed for re-appointment.

Mr. Anmol Jain was appointed as Director by the Board and designated as Executive Director w.e.f. 23-07-04 against the casual vacancy caused by the resignation of Mr. U.K. Jain. As per section 262(2) of the Companies Act, 1956 he will continue to hold the office till the period Mr.U.K. Jain would have held office, if he had not vacated the same. Therefore Mr. Anmol Jain is proposed for appointment as Director in the ensuing AGM and for which the Company has received a notice from a member u/s 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

The Board recommends the appointment of Mr. Anmol Jain.

Mr. H.D. Maheshwari, nominee of IDBI was replaced by Mr. P.S. Dubey who joined the Board on 04-05-05. The Board places on record its appreciation for the valuable services rendered by Mr.Maheshwari and welcomes Mr. P.S. Dubey.

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 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;
- 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;
- that the directors had prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s K.S. Gupta & Co., New Delhi & M/s D.R. Barve & Co., Pune (Existing Statutory Auditors & Branch Auditors respectively) have expressed their unwillingness to be re-appointed at the conclusion of the ensuing AGM. The Board therefore proposes to appoint M/s S.R. Batliboi & Associates (Indian arm of Ernst & Young) as the Statutory Auditors of the Company from the conclusion of the ensuing AGM till the conclusion of the next AGM. They have given their consent to act as Auditors of the Company and have further confirmed that their appointment would be in conformity of the provision of Section 224(1B) of the Companies Act, 1956.

With the appointment of the new auditors, the Company would be able to adopt best global practices. Therefore the Board recommends the appointment of M/s S.R. Batliboi & Associates, New Delhi

With regard to the Auditors observation, the respective notes to the accounts are self-explanatory and do not call for any further comments.

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 :

Though the Company does not come under the category of power



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intensive unit, adequate measures have been taken for energy conservation and thereby to reduce energy cost.

B. Technology Absorption and Research & Development.

As an ongoing process, the Company has been absorbing and localizing the latest technology in production and processing received from its collaborator M/s Stanley Electric Co. Ltd., Japan.

The Company has established a modern R & D division by making substantial investment over the years. R & D activities are the integral part of the Company's overall operations and it focuses on process engineering, research & designing and new product development. The R & D activities have also helped to improve overall plant performance with the target of reducing the cost and optimizing processes.

Through the R & D activities, the Company has developed new products for domestic customers like Maruti Suzuki, Hero Honda, Tata Motors, Mahindra & Mahindra and Honda Motorcycles and Scooters (India) among others and for overseas customers like Flexible Lamps & John Deere.

During the year the R & D has added "SPEOS", a design and analyzing tool for optical and lighting applications. Working with CAD models imported via standard CAD interface, it is possible to do virtual prototyping. SPEOS helps in analyzing the system starting from concept, visualization and validation of optical results. In other words, SPEOS's main function in the context is to create real life simulations to determine optical performance at the designing stage.

Expenditure on R & D :

	Rs.
a. Recurring	1,37,24,519
b. Capital	23,66,802
Total	1,60,91,321
c. Total R&D expenditure percentage to turnover	0.54%

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 2004-2005.

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.

ACKNOWLEDGEMENT

The Board of Directors acknowledge with gratitude the co-operation and unstinted support extended by the company's Customers, Collaborators, the Financial Institutions, Banks, Suppliers and various agencies of the government.

Your Director's wish to place on record its sincere appreciation of the services rendered by all the employees of the Company and are thankful to the shareholders for their continued patronage without which the Company could not have achieved these results.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 28/07/2005

D.K. JAIN
Chairman & Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

a. Industry-Overview

It was yet another year of growth for Indian Economy despite a deficient monsoon. The GDP and Industrial Production Growth were 6.9% and 8.3% respectively during the year 2004-05 as compared to previous year. The Auto Industry continues to show a robust growth. Encouraged by the favourable economic condition, easy availability of lower cost financing, the overall average growth of the Auto Industry was around 28% on year on year basis.

While this demand driven growth in the automobile sector augured well for most auto-component manufacturers, profitability continued to be under pressure. Firstly, being a price sensitive industry, the need for being price competitive forced vehicle manufacturers to seek price reductions from suppliers. Secondly, a disproportionate rise in input costs such as plastics also put pressure on the margins.

However, through improvement in internal efficiencies, your company could significantly offset these pressures on profitability. Apart from the above, the cyclical nature of the industry and factors like fuel price, which have a direct impact on the Auto Industry, will ultimately put adverse pressure on the revenues and the margins of your Company in the future as well. Your company has already initiated TQM activities across all plants to adopt all modern techniques of production and quality control in order to maintain a healthy profitability.

Considering the positive indicators such as higher GDP growth, renewed investment in infrastructures, low penetration levels, growing

purchasing power of mid and high income groups, the aggregate demand for automobiles in India is bound to surge in the coming years. The Indian Auto Component Industry is going to become the next big success story. Last year, the total Indian Auto Component Industry was valued at approximately US \$ 6 Billion out of which only 2% of the revenue came from direct exports and the domestic auto industry was the backbone of auto components industry by contributing 98% of the total revenues. However, according to analysts, there will be a paradigm shift over the next decade. Direct Exports are expected to grow exponentially and contribute more than the Domestic industry to the total revenues. India is becoming an outsourcing hub for global manufacturers.

Continuing in this spirit, your Company has already established contracts with global players like John Deere, Case New Holland & Flexible Lamps and has been proactive in expanding its manufacturing capacities and upgrading technology by setting up a new plant closer to the port to better service overseas customers.

Coming to the aspect of threats, risks and concerns, a trend is noted that some of the vehicle manufacturers, both domestic and multinational, are entering into the component segment, eyeing the better opportunity in the auto component industry. The idea is not only for captive consumption but also to make supply to other Indian and Global vehicle manufacturers, by taking advantage of low cost production in the country. However, your Company is confident to remain competitive and has a strategy in place to penetrate newer markets.



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b. Segment-wise Performance

The Company is engaged only in one segment of products viz. manufacture of Auto Components, mainly Automotive Lighting Systems. The Company continued to perform well during the year as shown below

Products	Turnover (Rs.in Million)	% increase over last year
Head Lamp Assembly	1727.44	41.87
Tail Lamp Assembly	706.83	29.61
Miscellaneous Items	512.37	(-)06.15

All major two wheeler/four wheeler manufacturers procure goods as OE Fitments from us and these manufacturers consume around 89% of the turnover of the Company.

Customer Name	Value of Supply (Rs.in Million)	% of Total Turnover
Maruti Udyog Ltd.	887.84	30.13
Tata Motors	476.03	16.16
Hero Honda	263.42	8.94
Honda Siel	223.10	7.57
Mahindra & Mahindra	142.81	4.85
Honda Motorcycles & Scooters	136.10	4.62
Ford India Ltd.	110.34	3.74
Other OEMs	367.67	12.48
Replacement Market	314.85	10.69
Exports	24.45	0.83

c. 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 of the Board of Directors is supervising Internal Audit and Compliance functions. To strengthen the system and to have a better focus and control on the operations, the Company proposes to take the services of the outgoing statutory auditors for Internal Audit purpose.

d. Discussion on Financial Performance with reference to Operational Performance

The Company achieved a record turnover of Rs.2946.64 million during the FY05 as against Rs.2308.83 million during the previous year, registering a growth of 27.62%. This increase was achieved as a result of continuing efforts of the Company to build brand loyalty among the customers by providing them the best value product at competitive prices. The sale of headlamps and tail lamps achieved the figure of 4.26 million and 4.46 million units, respectively during the FY05 as against 3.30 million and 3.21 million units in the previous year, registering a growth of 29% & 38% respectively.

The Raw Material Consumption as a percentage of sales has increased from 62.15% to 64.91% during the current Financial Year, primarily as a result of increase in prices of raw material components like Plastic Powder & Bulbs. The introduction of Adjuster in Headlamps of Passenger Cars as a requirement of Central Motor Vehicle Rules (CMVR), also contributed towards increase in percentage of raw material cost. The Company's continuing cost control efforts in variable and fixed financial costs have been able to offset part of the absolute increases in expenditure during the year.

The Profit Before Depreciation & Tax (PBDT) and Profit Before Tax (PBT) increased from 9.84% and 3.71% respectively in the previous year to 10.32% and 5.55% respectively in the current Financial Year.

As a result of timely fulfillment of Company's debt repayment obligations and healthy negotiation with the Financial Institutions, the Company was able to achieve a decline in financing cost from Rs.56.99 million (2.47%) in the previous year to Rs.53.59 million (1.82%) in FY05.

However, Profit After Tax (PAT) reduced from Rs.91.87 million to Rs.71.99 million in FY05. This decline resulted only because of the incidence of Deferred Tax liability amounting to Rs.78.67 million in the FY05 as compared to Deferred Tax Asset amounting to Rs.14.14 million in the previous year. The incidence of Deferred Tax liability during the current Financial Year also resulted in decline of basic earning per share to Rs.8.62 as against Rs.11.01 in the previous year.

e. Industrial Relations

Recognizing the fact that knowledge and skill levels of the employees are the key to the achievement of better productivity and quality, Company has been imparting training and also recruiting qualified engineers.

During the year the Company has maintained by and large cordial relationship with the workers. The Company has entered into wage agreements with the workers in each unit, which are renewed every three years.

f. Quality Assurance & Customer Satisfaction

Today, the customer demands zero defect in letter & in spirit. To meet these challenges, the Company has a well-defined quality management system that permeates to every aspect of the business. The quality system is focused in maintaining uniform quality at all manufacturing processes. Quality continues to be the core philosophy even in the smallest processes, bearing in mind that these small processes lead to the final output. Every action of individual process is guided by this policy. This new Quality policy was unveiled on January 1, 2005. It calls upon everybody in the organization for adhering to the basics of excellence in quality as core philosophy, market leadership through cost competence and timely delivery through innovative business processes.

The Company enjoys market leadership position based on its continued commitment to total customer satisfaction in terms of excellent Quality & services for its entire range of lighting products. The superior quality standards are achieved by our continued commitment to excellence in all the processes and innovating these processes by every passing day. Through the inbuilt stringent quality system the company is able to decisively resolve to all the customer complaints resulting into the customer delight at all levels.

During the FY05 we have started ISO/TS-16949-2002 certification activities at our new facility in Chakan, Pune and final certification audit is due in August 2005. Our Dharuhera, Gurgaon and Chennai plants are already ISO/TS-16949 certified.

The Company has once again started the TQM initiative, under the guidance of Dr. H. Osada, a widely acclaimed TQM Guru. This will be a fruitful learning exercise for the whole Company and give rise to further improvement in Quality, Cost, Delivery and Development.

g. Environment, Health and Safety

The company accords a very high priority to Environment, Health and Safety. Everybody aims to achieve improvement in environmental performance. As a policy continued attempts are made to Reduce, Reuse, Recycle, elimination of waste resulting in efficient use of all available resources. The Company makes all efforts to achieve and maintain world-class health and safety standards for all its employees. Every effort is made to develop, improve and sustain process for systematic elimination of health and safety hazards there by minimizing risks involved.



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CORPORATE GOVERNANCE REPORT

1. **Company's Philosophy on Corporate Governance** : The Company is committed to become a world class Auto Component Manufacturer by giving utmost satisfaction to its customers and ultimately increasing the shareholder value.
The Company recognises the importance of Corporate Governance for the efficient conduct of business and in meeting its obligations towards shareholders and other stakeholders. It has always been an investor friendly company in the past and it shall continue to be so with more efforts, in future.
2. **Board of Directors** : The Board of Directors (BOD) has an optimum number of Executive and Non-Executive Directors. The BOD comprises of ten Directors, out of which four are Executive and Six are Non-Executive Directors. Out of Six Non-Executive Directors, five are Independent Directors including one IDBI Nominee.
Mr. D.K. Jain, Chairman & Managing Director is assisted by three whole time Directors for looking after the day-to-day affairs of the Company.
During the year the Company has held four Board Meetings on 21st May, 23rd July, 25th Oct.2004 & 28th Jan.2005.
Details of composition, change and attendance of Directors in the Board Meeting during the year 2004-05 are shown below :

Name of the Directors	Category	Attendance at the Board Meetings	Whether attended last AGM	No. of directorships in other Companies		No. of committee position held in other companies	
				Chairman	Member	Chairman	Member
Mr. D.K.Jain	Executive (CMD) (Promoter)	4/4	Yes	-	5	-	-
Mr. Deepak Jain	Executive (Promoter)	3/4	Yes	-	3	-	-
Mr. Anmol Jain	Executive (Promoter) (w.e.f. 23-07-04)	2/4	Yes	-	3	-	-
Mr. Y. Muraga	Executive (Stanley-Nominee)	4/4	Yes	-	-	-	-
Mr. A. Nakamura	Non-Executive (Stanley-Nominee) (up to 25-06-04)	-	No	-	4	-	-
Mr. H. Kanazawa	Non-Executive (Stanley-Nominee) (w.e.f. 25-06-04)	-	No	-	1	-	-
Mr.H.D. Maheshwari	Non-Executive Independent (IDBI-Nominee)	4/4	No	-	1	-	-
Mr. A.P. Gandhi	Non-Executive Independent	3/4	No	1	7	-	-
Mr. Deep Kapuria	Non-Executive Independent	4/4	Yes	1	4	-	-
Mr. Prem Nath Rai	Non-Executive (Alternate Director to Mr.A.Nakamura/ Mr.H. Kanazawa)	1/4	No	-	3	-	-
Mr.Gursaran Singh	Non-Executive Independent	2/4	No	-	4	-	-
Mr. Suman Jyoti Khaitan,	Non-Executive Independent	2/4	No	-	6	2	4

Note : IDBI has since nominated Mr. P.S. Dubey in place of Mr. H.D. Maheshwari w.e.f. 04-05-05.



Lumax Industries Limited

- 3. Audit Committee** : The Company has constituted an Audit Committee in May 2001 as per the Corporate Governance Guidelines. At present the Audit Committee comprises of three independent Directors. Mr. Deep Kapuria is Chairman and Mr. A.P. Gandhi & Mr. Gursaran Singh are the other two Members.

During the year the Committee met three times on 21st May 2004, 25th October 2004 and 28th January 2005.

Details of their attendance at the Audit Committee Meeting are as follows :

Name of Directors	Designation	No. of Meetings attended
Mr. Deep Kapuria	Chairman	3/3
Mr. A.P. Gandhi	Member	3/3
Mr. Gursaran Singh	Member	2/3

Apart from overseeing Company's Financial reporting procedures and disclosure of its Financial information, the Audit Committee held discussions with the management, Statutory Auditors and Internal Auditors of the Company with regard to the Implementation of Accounting Standards, Material Management System, Internal Control Systems, Scope of Audit and Observations of the Auditors/Internal Auditors etc. It has reviewed the compliance of Internal Control System and Quarterly/Half-Yearly and Final Accounts of the Company before submission to the Board.

- 4. Remuneration Committee** : Remuneration Committee is headed by Mr. A.P. Gandhi and Mr. Deep Kapuria & Mr. Suman Jyoti Khaitan are the other two members.

The Committee met once during the year on 23-07-04 for recommending the existing remuneration package of Mr.Y. Muraga on his re-appointment, remuneration package of Mr.Anmol Jain on his appointment and revised payment of remuneration to Mr. D.K. Jain, CMD & Mr. Deepak Jain, ED.

None of the Non Executive Directors are drawing any remuneration, other than sitting fees.

- Remuneration to the Managing Director & Executive Directors** : Details of remuneration paid to the Mg. Director / whole time Directors for the 2004-05 are given below:-

Name	Salary (Rs.)	Perquisites & Allowances (Rs.)	Total (Rs.)
Mr. S.C. Jain, Chairman Emeritus (*)	78,585	35,340	1,13,925
Mr. D.K. Jain, CMD	9,09,435	71,48,639 (**)	80,58,074
Mr. Deepak Jain, ED	6,29,972	4,20,630	10,50,602
Mr. Y. Muraga, ED	6,00,002	4,55,706	10,55,708
Mr. Anmol Jain, ED	4,04,570	1,80,500	5,85,070

(*) Mr. S.C. Jain demitted the office of the Chairman and Sr. Managing Director on 31-05-04 and thereafter he was appointed as Chairman Emeritus.

(**) Includes Commission of Rs.65,45,000/-

- 5. Shareholders'/Investors' Grievance Committee** :
- Mr. Deep Kapuria heads the Share Transfer/ Shareholders Grievance Committee of the Company. Mr.D.K. Jain and Mr. Deepak Jain are the members. The committee oversee that all requests/complaints related to share transfers/transmissions, issue of duplicate share certificates/dividend warrants, demat/remat of shares etc. are properly attended. The Committee approves share transfers twice a month.
 - Mr.K.V. Vijayan, Company Secretary is the Compliance Officer.
 - During the year the Company received 723 requests/ applications for Change of Address, Issue of Duplicate Dividend Warrants, Addition/Deletion of Shareholders' details in the record etc.
 - All cases have been attended and nothing is pending.

- 6. General Body Meetings** : i) Details of the Annual General Meeting (AGM) held during the last 3 years are as follows :

Nature of Meeting	Date	Time	Venue
21 st AGM	12-09-02	11.00 a.m.	FICCI Auditorium, New Delhi
22 nd AGM	16-09-03	11.00 a.m.	FICCI Auditorium, New Delhi
23 rd AGM	27-08-04	11.00 a.m.	FICCI Auditorium, New Delhi

- Though special resolutions were passed in the last AGM, no special resolution was put through Postal Ballot.
- At the ensuing Annual General Meeting there is no resolution proposed to be passed by Postal Ballot.