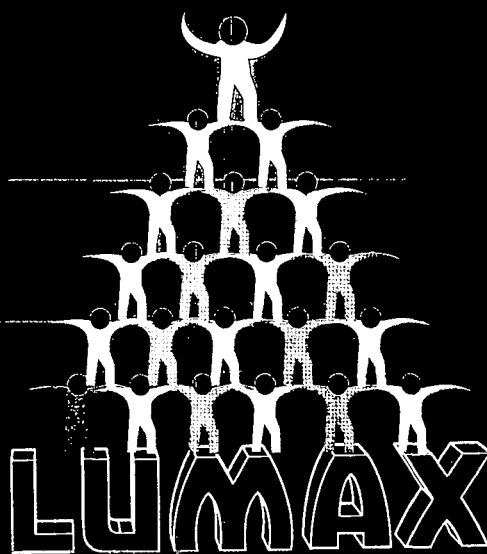




2008 Annual Report

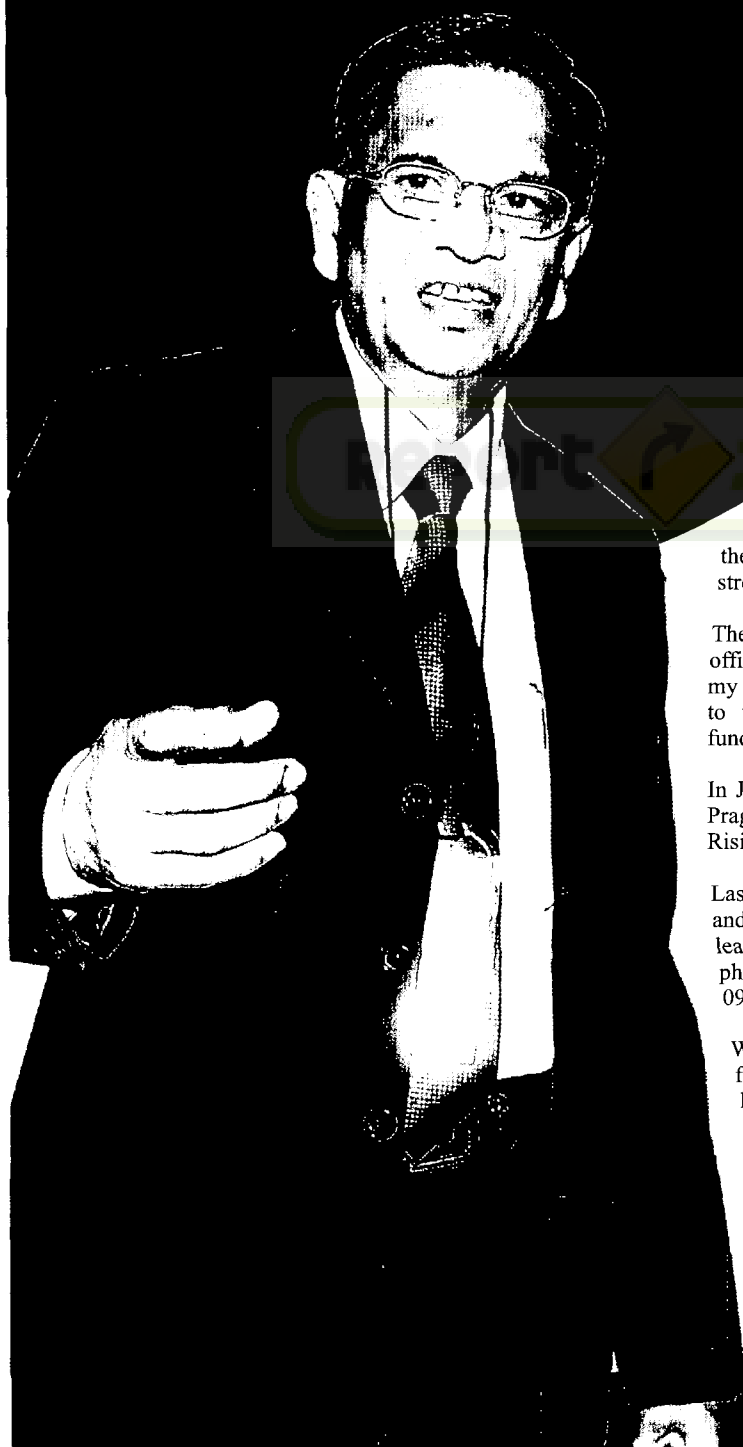
- Aiming Towards New & Higher Goals
- Building Relationships
- Strengthening Alliances
- Maintaining a Strong Presence



Defining Leadership

Annual Report 2008

Aiming Towards New & Higher Goals



The last financial year has been a landmark year for the company and for me personally.

On the personal front, I was blessed with two grandchildren Amara and Khrish. I request all of you to shower your blessings to the newborns.

On the company front, in February 2008, we had the honor of Mr. T. Kitano, President Stanley Electric Co. LTD's maiden visit to India. The strong bond of over two decades between Stanley and Lumax was further strengthened. Mr. T. Kitano visited the Dharuhera plant and appreciated the facilities. He also suggested implementation of a program called "SNAP" which has been very successful in Japan to increase the productivity and profitability.

I personally believe that Stanley's increasing focus in the Indian market will add a new chapter to our co-operation. For Lumax, it will mean greater know how of the futuristic lighting technologies and will also, in future, help us get a larger global foot print.

Lumax, got the privilege of securing order for total lighting solutions for the much talked about TATA NANO, the 1 lakh small car. A dedicated plant for the "NANO" is being set up in Singur, West Bengal.

In order to meet the growing business opportunities, last year, the group also streamlined its strategy to have a footprint across the country, in order to serve our esteemed customers. These include greenfield projects like Singur, Pantnagar, Haridwar, Bangalore & modernization/capacity expansion of our Dharuhera & Chakan plants. Post the implementation of the envisaged projects, the DK Jain Group would have a strong presence covering the length and breadth of India.

The 18th of November 2007, saw a Founder's day celebration across all the offices and units of the DK Jain group of companies. This day is the birthday of my father and the Chairman Emeritus, Mr. SC Jain. All employees took a pledge to work with integrity, loyalty and passion towards the company, the fundamentals on which our Chairman Emeritus worked throughout his career.

In January 2008, the group participated in the 9th Auto Expo held at Delhi's Pragati Maidan. The theme of our exhibition revolved around the concept of "The Rising Sun". The stall was visited and appreciated by our esteemed customers.

Last year has been a rather tough year for the auto sector. The growing inflation and the increase in the rate of interest had an adverse effect on the sector, which lead to a negative growth. However, it is my belief that this is a temporary phase and the auto sector is set to bounce back in the financial year 2008-09.

We have put together strong business plans for the next financial year, which will ensure a good top line and bottom line growth.

DK Jain
Chairman & Managing Director

Chairman's Message

Lumax Industries Limited

BOARD OF DIRECTORS

Mr. D.K. Jain	(Chairman & Managing Director)	
Mr. Deepak Jain	(Senior Executive Director)	
Mr. Anmol Jain	(Senior Executive Director)	
Mr. Ikuo Abe	(Senior Executive Director)	- Stanley Nominee
Mr. Atsushi Ishii	(Executive Director)	- Stanley Nominee
Mr. A. Nakamura	(Non- Executive Director)	- Stanley Nominee
Mr. A.P. Gandhi	(Independent Director)	
Mr. Deep Kapuria	(Independent Director)	
Mr. Gursaran Singh	(Independent Director)	
Mr. Suman Jyoti Khaitan	(Independent Director)	
Mr. M.C. Gupta	(Independent Director)	
Mr. Dhiraj Dhar Gupta	(Independent Director)	

GROUP FINANCE HEAD

Mr. Naval Khanna

VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Mr. B.S. Bhadauriya

REGISTRAR & SHARE TRANSFER AGENT

M/s Karvy Computershare Pvt. Ltd.

"Karvy House"

46, Avenue 4, Street No.1, Banjara Hills,
Hyderabad – 500034 (Andhra Pradesh).

E-mail : mailmanager@karvy.com

AUDITORS

M/s S.R. Batliboi & Associates
Chartered Accountants,
Gurgaon.

REGISTERED & CORPORATE OFFICE

B-85-86, Mayapuri Industrial Area,
Phase – I,
New Delhi – 110064
E-mail : lumaxshare@lumaxmail.com

BANKERS

Syndicate Bank
Citi Bank. NA
ABN Amro Bank NV
Punjab National Bank
ICICI Bank Ltd.
HDFC Bank Ltd.
State Bank of India
IDBI Bank

WORKS

- Plot No.16, Sector-18, Maruti Complex, Gurgaon , Haryana.
- Plot No.6, Industrial Area, Dharuhera, District Rewari, Haryana.
- D2-43/2, M.I.D.C. Industrial Area, Chinchwad, Pune, Maharashtra.
- Plot No.37, WMDC, Kharabwadi, Ambethan Road, Chakan, Tel. Khed, District Pune, Maharashtra.
- 608-609, Chakan Talegaon Road, Mahalunge Ingle, Chakan, District Pune, Maharashtra.
- Plot No. 51, Tata Vendor Park, Industrial Estate, Pant Nagar Uttarakhand.
- Plot No C-3, T.M.L Vendor Park, Singur, Distt. Hoogly, West Bengal.
- Warehouse at Plot No.C-15, Site-IV, Greater Noida, District Gautam Budh Nagar, Uttar Pradesh.

27th

Annual Report

2007-2008

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ANNUAL GENERAL MEETING ON SEPTEMBER 1, 2008

Lumax Industries Limited

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are pleased to present the 27th Annual Report on the business and operations together with Audited Balance Sheet and Profit & Loss Account of your Company for the year ended 31st March, 2008.

	Rs. In million	
FINANCIAL RESULTS	2007-2008	2006-2007
Sales (Excluding Excise Duty)	5081.05	5,353.84
Gross Profit (GP)	460.37	504.28
(-) Financial Expenses	65.12	57.75
(-) Depreciation	191.57	165.39
(-) Adjustment of Prior Period items	1.74	1.21
Profit Before Taxation (PBT)	201.94	279.93
(-) Provision for Taxation, Deferred Tax Adjustment and FBT	60.47	97.09
Profit After Tax (PAT)	141.47	182.84
(+) Balance in the P & L A/c b/f (After AS-15 Impact)	37.77	1.44
Profit for Appropriation	179.24	184.28
Appropriation :		
Proposed Equity Dividend	37.39	42.07
Tax on Dividend	6.35	7.15
Transfer to General Reserve	80.00	80.00
Balance retained in P & L A/c	55.50	55.06
	179.24	184.28

DIVIDEND

Your Directors are pleased to recommend a Dividend of 40% (Rs.4.00 per share) for the Financial Year 2007-2008. The total amount of Dividend proposed to be distributed is Rs. 43.74 Million (including Dividend Tax). The Dividend Payout Ratio for the year works out to 30.91%. An amount of Rs.80 Million is proposed to be transferred to General Reserve and the balance amount of Rs. 55.50 Million is retained in the Profit & Loss Account.

BUSINESS PERFORMANCE

For the Financial Year 2007-2008, your Company has achieved a Sales Turnover (Net of Excise) of Rs. 5,081.05 Million as against Rs. 5,353.84 Million in the previous year. In comparison to the previous year the Profit After Tax (PAT) has decreased from Rs.182.84 Million to Rs.141.47 Million in the year 2007-2008. The Earning Per Share of your Company is Rs. 15.30 after taking in to consideration Preferential Allotment of 10,00,000 Equity Shares to Stanley Electric Co. Ltd., Japan

Your Company has completed setting up Greenfield project in Pantnagar - Uttarakhand for supplies to TATA Motors which has commenced commercial production in July 2008. Further, one more Greenfield project is being set up in Singur-West Bengal for supplies to TATA Motors for their prestigious NANO Car project and the same is expected to start production in the current year. Apart from above, the Company has also undertaken substantial expansion of the existing manufacturing facilities at its Dharuhera and Chakan-II Unit to meet the growing demand from its customers.

Last year has been a rather tough year for the Auto Sector. The growing inflation and the increase in the rate of interest had an adverse effect on the sector, which lead to a negative growth. However, your Board of Directors are confident that this is a temporary phase and the Auto Sector is set to bounce back.

A detailed discussion on the business performance and future outlook is provided in the Chapter on Management Discussion & Analysis (MDA) as Annexure - A.

TOTAL QUALITY MANAGEMENT

Your Company is committed to achieve excellence in quality of its products and services with focus on customer satisfaction and market leadership. Your Company has the most modern manufacturing and testing facilities in India having the following certifications:

- ISO/TS 16949 : 2002
- ISO 14001 : 2004



AUTOMOTIVE PARTS

Your Company has been following Total Quality Management (TQM) practices since 1998. The first phase of TQM journey was done under guidance of Prof. T. Suda till the end of 2002. Next phase of TQM journey is undergoing till date with world renowned TQM Guru Dr. H. Osada. During this ongoing journey the main emphasis has been on the following aspects:

- Total Employee Involvement
- Use of : • Poka Yoka • First Time Thru • 5 'S' • 3K • Kanban
 - Lean Manufacturing • Focus on Internal Customer Concept
- Customer Satisfaction through Manufacturing Excellence.

Your Company is unendingly striving towards improvement of Quality Management Systems with the objective of doing the things right, the first time and every time.

Your Company's TQM practices are being recognised and appreciated by the Customers, as a result of which the Company has received the following awards and recognitions from our Customers:

- Award by Honda Motorcycle & Scooter India Pvt. Ltd. for achieving Excellent Quality & Delivery targets in the year of 2007-08.
- Award by Hero Honda Motors Ltd for achieving Excellent Quality & Delivery targets in the year of 2007-08.
- ACMA Bronze Medal Award in 'Excellence of Manufacturing' for the year of 2006-07.
- Bronze Medal from Honda Motors India Pvt. Ltd. for maintaining Excellent Quality, Cost & Delivery Targets.
- Appreciation Certificate from Toyota Kirloskar for maintaining Excellent Delivery.
- 2nd Runner up award in "Kaizen Festival" Organized by 'Toyota Kirloskar'.
- 5-S Bench Mark given by Maruti Centre for Excellence (MACE) Team for maintaining Excellent 5-S.
- Silver Award from Bajaj Auto Ltd for quality excellence performance in Bajaj Vendor Convention.
- Certificate from Maruti Suzuki India Ltd for appreciation in All India Vendor Conference.
- Meritorious Case Study Award from Quality Circle Forum of India Delhi Chapter organised by CII.
- Appreciation for successful implementation of MPS Projects by T. Kobayashi San, Sr. JMD of Maruti Suzuki India Limited.
- Award of Excellence from Maruti Suzuki India Limited for outstanding overall performance for the period 2006-2008.
- Incoming Quality improvement Award by Maruti Suzuki India Limited for the period 2006-08.
- Award by Maruti Suzuki India Limited for VA/VE and for successful implementation of MPS through MACE cluster activity in 2007-08.

STRENGTHENING OF RELATIONS WITH STANLEY ELECTRIC CO. LTD JAPAN

The long association of more than two decades of your Company with Stanley Electric Co. Ltd - Japan (Stanley), has helped the Company to increase its business with Japanese OEMs every year and make your Company full-capability provider of high quality automotive lighting solutions for four wheelers and two wheeler applications, serving almost all Automobile manufacturers in India and to some of the renowned one worldwide.

As members are aware that the Company has made a Preferential Allotment of 10,00,000 Equity Shares of Rs.10/-each being 10.69% of the total capital of the Company to Stanley in accordance with SEBI (Disclosure and Investor Protection), Guidelines 2000. Pursuant to the said Preferential Allotment, Stanley has made a Public Announcement on May 14, 2007 in terms of Regulation 14 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and acquired 20% more Shares from the existing Shareholders of the Company, excluding Promoters. The aforesaid acquisition process has since been completed consequent upon which the Stanley along with its associates holds 48.03% Equity Shares of the Company.

Your Board of Director firmly believes that Stanley's increasing focus in the Indian market will add a new chapter to our co-operation. For Lumax, it will mean greater know how of the futuristic lighting technologies and will also, in future, help the Company get a larger global foot print.

DIRECTORS

The Board of Directors have appointed Mr. Dhiraj Dhar Gupta as an Additional Director on the Board of the Company at their Meeting held on July 31, 2008 in compliance with the provisions of Clause 49 of Listing Agreement. He is a graduate from Delhi University (Shri Ram College of Commerce) and an Industrialist by profession. He has more than two decades of rich and wide experience in manufacturing Automobile Components, Finance and Marketing.

The Board of Directors have also appointed Mr. Ikuo Abe and Mr. Atsushi Ishii Nominee(s) of Stanley, as Additional Director on the Board of the Company at their meeting held on July 31, 2008 and also as a Senior Executive Director and Executive Director respectively, subject to the approval of the members in the ensuing Annual General Meeting and Central Government.

Lumax Industries Limited

Mr. Ikuo Abe has outstanding knowledge and experience in the area of Automotive Lamps manufacturing and proficient in SNAP thought and its practical activities. He is mainly responsible for transfer of product and process technology from Stanley - Japan to Lumax. He is also responsible for reformation of Quality and Manufacturing System in Lumax to Benchmark with Stanley's Global Operations.

Mr. Atsushi Ishii joined Stanley - Japan in 1981 in Production Plan Section and since then he has held various positions in Stanley - Japan. He has rich and wide experience of more than 27 years in the Automotive Lighting Industry. He is responsible for the Commercial Operations pertaining to business from Japanese Customers of the Company.

In accordance with the Articles of Association of the Company and the Companies Act, 1956, Mr. Dhiraj Dhar Gupta, Mr. Ikuo Abe and Mr. Atsushi Ishii shall hold office till the ensuing Annual General Meeting. The Company has received a Notice in respect of Mr. Dhiraj Dhar Gupta, Mr. Ikuo Abe and Mr. Atsushi Ishii, from a member under Section 257 of the Companies Act, 1956 proposing their appointment as Director(s) of the Company liable to retire by rotation.

Mr. Deepak Jain, Mr. Gursaran Singh and Mr. Suman Jyoti Khaitan, Directors are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The term of Mr. D.K Jain as Chairman and Managing Director is also expiring on July 31, 2008, accordingly the Board of Directors at their meeting held on July 31, 2008 has appointed Mr D.K Jain as Chairman and Managing Director of the Company for a further period of 3 years commencing from August 1, 2008, on revised remuneration, subject to the approval of members in the ensuing Annual General Meeting and Central Government.

Keeping in view the increase in operations of the Company and the experience of the Executive Directors, requiring them to take up additional responsibilities, in the respective areas of operations, to meet the new challenges in the fast changing business environment and growing competition, the Remuneration Committee after considering the current trend in the industry and economic norms among others, has recommended to promote Mr. Deepak Jain by re-designating him from Executive Director to Senior Executive Director for the remaining term of his appointment on revised remuneration considering his experience in the Automotive Lighting Industry and contribution in the progress of the Company. Similarly, it is also proposed to re-appoint Mr. Anmol Jain, for a further period of 3 years as Senior Executive Director, one year earlier from the present term, which is expiring on July 22, 2009 on the revised remuneration.

Your Directors recommend the appointment and re-appointment of the above said Directors at the ensuing Annual General Meeting.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act 1956, the Directors state:

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2008, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have 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;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate 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;
- (iv) that the Directors have prepared the Annual Accounts on a "going concern" basis;

FIXED DEPOSITS

During the year under review the company has not accepted any Deposit under Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS

M/s S.R. Batliboi & Associates, Chartered Accountants are proposed for re-appointment as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. 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. The Board recommends their re-appointment for the approval of members in the ensuing Annual General Meeting.

The observations of the Auditors in their report, read with the relevant notes to accounts are self explanatory and therefore do not require further explanation, except in respect of slight delay in payment of Statutory Dues in some cases, which have since been paid.

During the year, all the recommendations of the Audit Committee were accepted by the Board. Hence there is no need for disclosure of the same in this Report.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the provisions of Clause 49 of the Listing Agreement, Management Discussion & Analysis is annexed as part of this report separately as **Annexure - A**



AUTOMOTIVE PARTS

OTHER INFORMATION

Disclosure of information regarding Conservation of Energy, Research & Development, Technology Absorption and Foreign Exchange Earning and Outgo etc. under Section 217(1)(e) of the Companies Act, 1956 and Particulars of Employees under Section 217(2A) of the Companies Act, 1956 are annexed separately as **Annexure B & C** respectively.

CORPORATE GOVERNANCE

The report on Corporate Governance together with the Auditor's Certificate regarding the Compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed and forms part of this Annual Report as **Annexure - D**.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere thanks to all its highly valued customers, its Technical and Financial Collaborator- M/s Stanley Electric Co. Ltd., Japan, all other business partners, all the Shareholders, Financial Institutions, Banks, Vendors and various Government Agencies for their continued support and patronage.

The Board would also like to acknowledge the co-operation & commitment rendered by all the Associates & Employees of the Company.

For and on behalf of the Board of Directors

Place : Gurgaon
Dated : July 31, 2008

D.K. JAIN
Chairman & Managing Director



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Lumax Industries Limited

ANNEXURE - A

MANAGEMENT DISCUSSION & ANALYSIS

a). INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

The economy has moved decisively to a higher growth phase. Till, few years ago, there was still a debate among informed observers about whether the economy had moved above the 5 to 6 percent average growth seen since the 1980s. There is now no doubt that the economy has moved to a higher growth plane, with growth in GDP at market prices exceeding 8 percent in every year since 2003-04. The economic growth of 9% in 2007-08, faster than the advance estimate of 8.7%, is fully in line with this trend. Agriculture was principally responsible for the faster growth. (Source: Central Statistical Organisation) However, the auto component industry turnover increased from \$15 Billion in the year 2006-07 to \$18 Billion in the year 2007-08 registering a growth of 20% over the previous year. (Source: ACMA)

AUTO AND AUTO COMPONENT INDUSTRY

A well developed transport network indicates a well developed economy. For rapid development a well-developed and well-knit transportation system is essential. As India's transport network is developing at a fast pace, Indian Automobile Industry is growing too. Also, the Automobile Industry has strong backward and forward linkages and hence provides employment to a large section of the population. Thus the role of Automobile Industry is very important in Indian Economy. Various kinds of vehicles are being produced by the Automobile Industry which include trucks, buses, passenger cars, defense vehicles, two-wheelers, etc.

However, after seven straight years of growth, automobile sales slumped by 4.70% to 96.48 Lacs units in 2007-08 against the previous financial year's 101 Lacs units. The Industry was largely impacted by the steep decline in the two wheelers sales, which commands 75% market share, being dropped by 7.92% to 72.48 Lacs units in FY 08 against the previous years 78.72 Lacs unit. The industry plagued by high interest rates hitting local consumer demand, a credit squeeze and rising input costs. However, reported a robust growth of 22.44% in exports.

The Indian Automobile Component Industry is emerging as a world-class outsourcing destination for global auto majors. The Indian Automobile component Industry is fully equipped to deliver compelling value to the world in design, engineering and component manufacture. The India's Automotive Component Industry manufactures the entire range of parts required by the automobile industry. The Auto Component manufacturers supply to two kind of buyers- Original Equipment Manufacturers (OEM) and the replacement market. India being a cheap destination for parts is a favoured destination for Multi Nationals to source its parts and achieve overall global competitiveness.

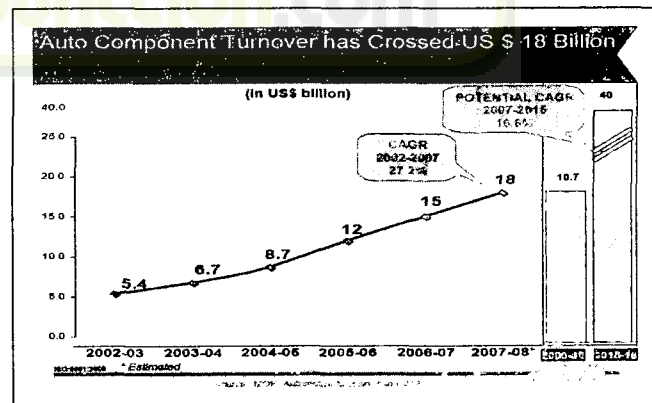
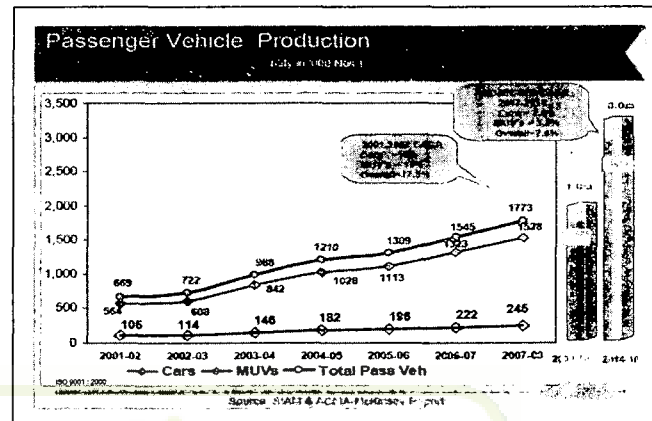
The present size of the Auto Components industry in India is estimated at US \$18 Billion. It has been growing at a CAGR 27.2% for last five years (2002-2007) and has the potential to grow at a CAGR of 10.50% between the period 2007-2015.

The Government has released Automotive Mission Plan 2006-2016 (AMP) on 29 January 2007 with a vision "to emerge as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of US\$ 145 billion accounting for more than 10% of the GDP and providing additional employment to 25 million people by 2016".

b). OPPORTUNITIES & THREATS

The opportunity for India is to plug into all aspects of the global value chain. It has also the opportunity and the potential to dramatically increase its share of global automobile market.

Recognizing this potential, the Government has taken various initiatives to boost Automobile Sector which include reduction in duty of raw materials to 5% - 7.5% from 10%; setting up of the National Automotive Testing and Research and Development Project (NATRIP) at a Cost of Rs. 1,718 Crores for enabling the industry to usher in global standards of vehicular safety, emission and performance; and announcement of the Automotive Mission Plan (AMP) 2006-2016 for making India a preferred destination for design and manufacture of Automobiles and Automotive Components. (Source : Economic Survey 2007-08)





AUTOMOTIVE PARTS

Further, various world class car manufacturers are setting up their plants in India and also increasing their existing production capacities as follows:

- **Maruti Suzuki** : New plant to manufacture 2,50,000 Cars per annum;
- **Hyundai** : Increase capacity to 6,00,000 Car per annum;
- **Ashok Leyland and Nissan Motor Co. Ltd** : Entered a binding Master Co-operation Agreement for the formation of three Joint Venture Companies supporting the Light Commercial Vehicle business at a investment of US\$ 500 million;
- **Tata Motors** : New plant to manufacture Rs. 1,00,000 Car (Nano Car Project) in Singur, West Bengal with an Investment of US \$ 240 Million;
- **Toyota** : Targeting 2,00,000 units capacity by 2008;
- **Nissan Renault** : 50:50 JV to manufacture 4,00,000 car a year with an investment of over US\$ 1 Billion.
- **Volkswagon** : Investing 400 million Euro in a new plant in Pune.
- **Honda Motor** : Investing US\$ 250 million in new plant in Rajasthan with capacity of 60,000 cars per year.

The abovesaid huge investment plans of major OEM's provides big business opportunity for Auto Component Companies in India.

The Indian Auto Component Industry has major challenges from China and Thailand. Indian Auto Component Sector faces around 18%-20% of Cost disadvantage as compared to China & Thailand due to Higher Taxation, Power Cost, Raw Material Costs and Infrastructure Cost. The prime concern of the Industry is to maintain current rate of Customs Duty to protect the home industry from low cost imports from other countries. The other challenges being faced by the Auto Component Industry is presence of counterfeit components, pressure from OEMs to reduce prices.

Your Company, being conscious of huge growth potential for Auto Component Industry, is making substantial Capital Investment of Rs. 110 crore during the year 2008-09 towards setting up new manufacturing facilities and expansion and modernisation of existing manufacturing infrastructure. Your Company is also taking initiatives for strengthening its existing R&D Infrastructure and New Product Development.

Your Company propose to address these threats and convert the opportunities into growth of the Company by cost reduction measures, appropriate automation leading to economic production costs and consistent quality product, strengthening I.T capability for Design, Development and Simulation, process improvements, quality up-gradations, increase market share by diversifying existing customer base with the addition of new strategic customers and enhancing the existing relationship.

c). PRODUCT WISE PERFORMANCE

The Company is engaged only in one segment of products viz. manufacture of Auto Components, mainly Automotive Lighting Systems. The product wise performance during the year is as follows :

Products	Turnover (Rs. in Million)
Head Lamp Assembly	3,162.12
Tail Lamp Assembly	1,125.73
Tools	30.41
Miscellaneous Items	762.79
Total	5081.05

d). INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains a system of Internal Controls designed to provide a high degree of assurance regarding effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations. The Legal & Secretarial Department headed by the Vice- President (Legal) & Company Secretary plays a key role in ensuring the compliances with applicable Statutory and Regulatory requirements across the plants and also monitors the Internal Control System and their adequacy.

Recognising the important role of Internal Controls, the Company has appointed separate Independent firm of Internal Auditors for Northern Region and Western Region Operations of the Company. These Internal Auditors are separately responsible to examine the Internal Control Systems and Procedures of the Company. Continuous Internal Audit of the Systems enables various business groups to plug any shortcomings sooner rather than later. In addition, the top management and the Audit Committee of the Board review the findings and recommendations of the Internal Auditors on regular basis.

e) RISK AND CONCERN

The Company has carried out a detailed study on Enterprise Risk Management of the organization and has developed a comprehensive risk identification framework for the organization. Under the frame work various risk events have been identified for various functions and mitigation plans have been put in place.

In order to promote a common risk language, improved understanding of risk and the ability to consolidate risk information across all units, risk identification framework has been developed which is updated with the specific risks identified through various risks assessments from time to time. The Board of Directors through its Committees and Executive Management, monitor plans for improving risk management through Benchmarking, Education, and Training.