LUMAX
AUTOMOTIVE PARTS

DK JAIN GROUP

2012 Annual Report

Lumax Industries Limited

2012

Chairman's Message

Dear Shareholder Friends,

The last financial year has been an extremely challenging year, with the effects of the tsunami and earthquake in Japan, floods in Thailand, increase in rate of borrowings, slowdown of the Indian economy, devaluation of the Indian rupee, and the list can go on. All these factors had an adverse impact on the automotive industry.

Against all odds, the Indian Automobile Industry registered a growth of 13.83%, driven primarily by the growth of the two wheeler segment, which grew by 14.16% and against which the passenger vehicle segment registered a growth of 4.66%. In line with the growth of the industry, your Company registered a growth of 13.73%.

The bottom line came under tremendous pressure due to increase in raw material prices, depreciation of the rupee on one side and higher overhead costs on the other. The profit after tax of your Company declined to Rs. 128.14 million as compared to Rs. 179.74 million during previous year.

I strongly believe the Indian Automobile Industry has a good future despite these short term challenges. With the launch of various new models across segments and all major OEMs having ambitious plans in India, the automobile industry is bracing itself for exciting times ahead.

Keeping in view the huge growth potential of automotive industry, to better serve our esteemed customers & to retain our competitive edge, your Company had made investments to the tune of Rs. 110 crore, which is nearly up by 44% over the last year. The investments have been made towards setting up a new state of the art automotive lighting plant at Bawal, modernization of Dharuhera plant, setting up a new surface treatment facility at Pantnagar, and up-gradation of its Research and Development facilities & Production engineering capabilities. I am glad to share that we have started production from our new plant at Bawal from February, 2012 in a record time of one year.

I must share that the business plans made by our units for this year are challenging but I have no doubt that we shall exceed all targets.

Your Company is already taking part in CSR activities through its various programs. For effective implementation and providing a roadmap to its CSR objectives, your Company has formed a Trust in October, 2011 namely 'Lumax Charitable Foundation' for contributing in the economic and social development of communities and geographical areas, particularly in the vicinity of its operations. This will include education, skill building for livelihood of people, health, cultural and social welfare particularly targeting the weaker sections of society.

In the end, I would like to thank all the employees of Lumax for their unconditional support, especially in tough times and to you for being with us through thick and thin. We remain committed towards enhancing our shareholders value.

D. K. Jain
Group Chairman

BOARD OF DIRECTORS

Mr. D.K. Jain	(Chairman & Managing Director)	
Mr. Deepak Jain	(Senior Executive Director)	
Mr. Anmol Jain	(Senior Executive Director)	
Mr. Eiichi Hirooka	(Senior Executive Director)	- Stanley Nominee
Mr. Toshio Masuda	(Executive Director)	- Stanley Nominee
Mr. Makio Natsusaka	(Non- Executive Director)	- Stanley Nominee
Mr. A.P. Gandhi	(Independent Director)	
Mr. Rattan Kapur	(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.
Plot No.17-24,Vittal Rao Nagar
Madhapur,Hyderabad-500081
E-mail : einward.ris@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

PRINCIPAL BANKERS

Societe Generale
Syndicate Bank
IDBI Bank Ltd
ICICI Bank Ltd.
State Bank of India
Bank of Maharashtra
Kotak Mahindra Bank Limited
Standard Chartered Bank
Citi Bank N.A.
Central Bank of India
HDFC Bank Ltd.
The Royal Bank of Scotland NV
Yes Bank Limited

WORKS

1) Plot No.16, Sector-18, Maruti Complex, Gurgaon, Haryana.
2) Plot No.6, Industrial Area, Dharuhera, District Rewari, Haryana.
3) Plot No.195-195A, Sector 4, Phase-II, Bawal, District Rewari, Haryana.
4) Plot No. 51, Sector 11, IIE, Pant Nagar, District Udham Singh Nagar, Uttarakhand.
5) Plot No. 5, Industrial Park - II, Village Salempur, Mehdood, Haridwar, Uttarakhand.
6) Warehouse at Plot No.E-38, Site-IV, Surajpur Greater Noida, District Gautam Budh Nagar, Uttar Pradesh.
7) D2-43/2, M.I.D.C. Industrial Area, Chinchwad, Pune, Maharashtra.
8) 608-609, Chakan Talegaon Road, Mahalunge Ingle, Chakan, Pune, Maharashtra.
9) Plot No. D-1, Vendors Park, Sanand, District Ahmedabad, Gujarat.
10) Plot No. 22C, Bidadi Industrial Area, Bangalore.*

** Plant under Construction*

LUMAX
AUTOMOTIVE PARTS

31st

Annual Report

2011-2012

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ANNUAL GENERAL MEETING ON TUESDAY, AUGUST 7, 2012

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are pleased to present the 31st Annual Report on the business and operations together with Audited Balance Sheet and Profit & Loss Account of your Company for the year ended March 31, 2012.

FINANCIAL RESULTS

Your Company's performance during the year as compared with the previous year is summarized below:

Rupees in Million

Particulars	2011-12	2010-11
Net Sales	**9851.58**	8662.49
EBITDA	**494.28**	567.92
Financial Expenses	**122.28**	90.13
Depreciation/Amortisation/Impairment Loss	**236.68**	240.45
Profit Before Tax (PBT)	**135.32**	237.34
Provision for Tax	**7.18**	57.60
Profit After Tax (PAT)	**128.14**	179.74
Balance of Profit brought forward	**145.49**	48.94
Balance Available for Appropriation	**273.63**	228.68
Appropriations		
Dividend	**56.09**	56.09
Corporate Dividend Tax	**9.10**	9.10
Transfer to General Reserve	**13.00**	18.00
Balance Carried to Balance Sheet	**195.44**	145.49
	273.63	228.68
Dividend (%)	**60**	60
Basic and Diluted Earning Per Share (EPS)(Rs.)	**13.71**	19.23

DIVIDEND

Keeping in view of the philosophy of the Company to reward its shareholders and to continue the tradition of recommending dividend for the last 27 years, the Board of Directors are pleased to recommend a Dividend of 60% (Rs.6/- per Equity Share) for the Financial Year 2011-2012 (Rs.6 per share for the previous year). The total amount of Dividend proposed to be distributed aggregates to Rs. 65.19 Million (including Dividend Tax). The Dividend payout ratio comes to 50.87%.

A sum of Rs. 13.00 Million has been transferred to the General Reserve of the Company. This reaffirms the inherent financial strength of your Company.

BUSINESS PERFORMANCE

The Rs. 1,600 billion Indian auto component industry derives its growth impetus from the growth in automobile industry. The Indian auto components industry has been witnessing a moderation in its revenue growth since the beginning of this fiscal following the deceleration in sales volume growth across all automobile segments. The margins of the auto component manufacturers declined due to higher overhead costs, increase in raw material & power prices, sluggish growth in supplies to domestic Original Equipment Manufacturers and sudden depreciation of rupee against major currencies. The sluggishness was partly arrested on the back of rise in component exports and higher domestic replacement market sales.[1]

During the year under review the Indian Automobile Industry recorded a production growth of 13.83% as compared to 27% of the corresponding period last year. The industry produced around 20.37 Million vehicles of which share of two wheelers was 76%, passenger vehicles - 16%, three wheelers and commercial vehicles - 4% each.[2]

[1] *ICRA report on Indian Auto Component Industry - March, 2012*
[2] *Society of Indian Automobiles Manufacturers (SIAM)*

In this backdrop, during the year under review, your Company recorded a sales turnover of 9851.58 Million registering a growth of 13.73%, which is in line with the industry growth. The profit for the year after tax stood at Rs. 128.14 Million as compared to Rs. 179.74 Million during the previous year.

SCALING UP OF BUSINESS: NEW PLANTS AND FACILITIES

Currently, the auto components industry in India is around two-thirds the size of the OEM segment. This proportion is around one to two times in mature markets of Europe, America and Japan. Given the healthy growth prospects of the Indian automobile industry over the medium term, the size of the auto components industry would grow at a rate faster than the OEM segment, driven by OEMs' thrust on localization and steadily growing replacement market demand.[3]

As volumes increase, Indian auto component manufacturers will have to scale up their operations and further improve quality, cost and delivery performance to global standards demanded by customers.

Keeping in view the huge growth potential of automotive industry, to better serve its esteemed customers and to retain competitive edge, your company has made an investment to the tune of Rs.1100 million, which is up by nearly 44% over the last year. The Investments have been made towards setting up a new state of the art automotive lighting plant at Bawal, modernization of Dharuhera Plant, setting up a new surface treatment facility at Pantnagar and up-gradation of its Research and Development facilities & Production engineering capabilities. The automotive lighting plant at Bawal has commenced commercial production in February, 2012, in a record time of one year.

The development work of new plant in Bidadi, Bangalore for Manufacturing of Auto Lighting and other components for the Small Car Toyota - Etios is going as per schedule and expected to complete by June, 2012. Further, the Company has also received business from Honda Motorcycle & Scooter India Private Limited (HMSI) for supply of two wheeler lighting from this plant.

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

RECOGNITION AND AWARDS

Your company considers technological leadership to be a significant factor in quality excellence and its continued success and therefore continues to devote significant resources to upgrade its technological capabilities. As a result of which the Company has received the following awards and recognitions from Customers and other Agencies during the year under review:

- Won gold trophy in Quality Circle Competition organised by Quality Circle Forum of India.
- Won 4th Runner up award in Quality Circle Competition organized by TOYOTA.
- Got the Award to maintain the 90% score continuously from last two years in Vendor System Audit by Maruti Centre for Excellence (MACE).
- Got distinguished award in Quality Circle Competition organised by Quality Circle Forum of India.
- Won Bronze Trophy for "Manufacturing Excellence" from Automotive Components Manufacturer Association (ACMA).
- Won Bronze Trophy for "Quality and Productivity" from Automotive Components Manufacturer Association (ACMA).
- Received Certificate of appreciation for Quality & Delivery of Spare part components by Honda Siel Cars India Limited.
- Received Certificate for Proactive capacity enhancement from Maruti Suzuki India Limited.

DIRECTORS

In accordance with the Articles of Association of the Company and the Companies Act, 1956, Mr. Deepak Jain, Mr. Gursaran Singh and Mr. Suman Jyoti Khaitan, Director(s) are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Stanley Electric Co. Ltd. (Stanley - Technical & Financial Collaborator) has withdrawn the nomination of Mr. Ikuo Abe, Senior Executive Director and Mr. Atsushi Ishii, Executive Director from the Board of the Company. Consequent to withdrawal of their nomination, Mr. Ikuo Abe and Mr. Atsushi Ishii resigned from the Board of the Company w.e.f. 26-07-2011 and 30-06-2011 respectively. The Board of Directors places on record its appreciation for the valuable services rendered by them during their tenure as Director.

Stanley nominated Mr. Eiichi Hirooka and Mr. Toshio Masuda in place of Mr. Ikuo Abe and Mr. Atsushi Ishii. Pursuant to their nomination, the Board of Directors have appointed Mr. Eiichi Hirooka and Mr. Toshio Masuda, as additional Directors and thereafter as Senior Executive Director and Executive Director respectively w.e.f. 27-07-2011, for the time being, on the Board of the Company at their meeting held on July 26, 2011 subject to their regular appointment in the Annual General meeting.

Mr. Eiichi Hirooka is a Masters in Business Administration (Finance), Japan, aged 54 years, having about 29 years of rich experience in Auto Lighting sales and worked in USA, Stanley for 7 years. Before joining the Company, he was responsible for Suzuki Japan Business for Automotive Lighting.

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[3] *ICRA report on Indian Auto Component Industry - March, 2012*

Mr. Toshio Masuda is a Graduate from Japan, aged 54 years, having about 31 years of rich experience in production engineering in Auto Lighting. He joined Stanley Japan in 1980 and worked 17 years in Thai Stanley as Director-Automotive Lamps, thereafter as plant Manager in Stanley Japan for 8 years. He has also worked in China, Stanley for 1 year as Vice President- Plant before joining the Company.

Your Directors recommend the re-appointment / appointment of the above 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 March 31, 2012, the applicable Accounting Standards have been followed along with proper explanation relating to material departures in the Auditor Report and Notes to Accounts;

(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, auditors of the Company, retire at the conclusion of the ensuing annual general meeting but do not offer themselves for re-appointment. The Company has recieved a requisition to appoint M/s. S.R Baltiboi & Co., Chartered Accountants, as the Statutory Auditor of the Company. Consequently a consent letter and certificate from M/s. S.R Baltiboi & Co., Chartered Accountants stating that their appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956 has also been received. The Audit Committee in its meeting held on 30th May, 2012 has also recommended the appointment of M/s. S. R. Batliboi & Co., as Statutory Auditors of the Company. Your directors also recommend their appointment.

The explanations of your Board of Directors on the Auditor's observations as contained in their report, read with the relevant notes to accounts are as follows:

(i) With reference to the observation in Para (v)(b) to the Annexure of their Report in respect of transactions exceeding Rs. 5 Lacs in which comparable prices are not availaible, it is explained that the nature of these transactions covers under two categories viz. (a) Designing and Development of Tools, Moulds and (b) Specialized Nature of Raw Material, Semi Finished and Finished Products.

a) Designing and Development of Tools, Moulds

The Tools and Moulds etc are of specialized nature of products which needs to be designed and developed with specialized knowledge and skill as per the Customer specifications and requirements. The specifications provided by Customer for designing and development of Tools are of Confidential Nature and having immense Intellectual property value. Therefore, the Company arranges the Designing and development of Tools with the Technical Support and Guidance from its Collaborator M/s Stanley Electric Co. Ltd and its associates. In some cases, the Tool designing and its development is also undertaken by Vendors which transactions are not pursuance of such contracts and arrangements as referred to in Para (v) (b) to the Annexure of the Audit Report.

In all these cases the Company need to share the Technical Specification and Other Information of Customer which is of immense Intellectual Property Value with the Vendor which can only be done after entering into Legally binding Contracts which includes Confidentiality Agreements also, with the respective Vendor. These Vendors are finalised after due Financial and Technical Assessment of their capability to execute the job. In view of this background, it is not possible for the Company to share the Customers Information/ specifications with alternate vendors only for the purpose of arranging comparable quotes/ prices.

b) Raw Material, Semi Finished and Finished Products

In most of these cases, the Company procures the raw material and components from the Vendors after supplying Tools, Moulds, Jigs Dies for its manufacturing and some of the items purchased are of a specialized and unique nature for which no alternate sources of supply availaible to enable comparison of prices. Further, such Vendors are also defined and approved by our Customer(s), to whom the Company supplies the Final Product. As these raw material and components are of specialized and unique nature and its comparable market prices are not availaible.

(ii) With reference to the observations of the Auditor in Para (ix) (a) to the Annexure of their Report regarding slight delay in deposit of Statutory Dues, it is informed that the said dues 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.

MATERIAL CHANGES AND COMMITMENTS

No other material changes and commitments affecting the Financial position of the Company have occurred between April 1, 2012 and the date on which this Report has been signed.

CORPORATE SOCIAL RESPONSIBILITY

Today, Corporate Social Responsibility (CSR) is one of the most important global issues with serious challenges and implications on almost all sectors. Surging economies, including India, are coping with issues related to poverty, unemployment, illiteracy, malnutrition, child rights, community welfare etc and are a hotbed for an innovative CSR scenario which is still shaping up. While the Government undertakes extensive developmental initiatives through a series of sectoral programmes, the business sector also needs to take the responsibility of exhibiting socially responsible business practices that ensures the distribution of wealth and well-being of the communities in which the business operates.

The Indian business has traditionally been socially responsible. From inactive philanthropy to the incorporation of the stakeholders' interest in the business model, the Indian business sector practices various methods of discharging its social responsibility.

Your Company is already taking part in CSR activities through its various programmes which include "Lumax Ki Nanhi Chhaan" for promoting the girl child amongst general population and to promote community's involvement in afforestation drive and by organizing free Health checkup camps & running a charitable dispensary for the underprivileged. However, for effective implementation and providing a roadmap to its CSR objectives, the Company has formed a Trust in October, 2011 namely 'Lumax Charitable Foundation' for contributing in the economic and social development of communities and geographical areas, particularly in the vicinity of its operations. This will include education, skill building for livelihood of people, health, cultural and social welfare particularly targeting the weaker sections of society.

In addition to above, M/s Stanley - Japan has also shown its keen desire to contribute in the formation of a much better society in India by supporting deserving students to up-scale their knowledge by providing scholarship to those students who are needy and bearing the expenses for their education. This proposal is being implemented with the support of Kitano Foundation of Lifelong Integrated Education, Japan, founded by Mr. Takahoru Kitano, founder of Stanley- Japan. The Kitano Foundation is actively involved in providing aid for lifelong educational projects, to support initiatives that lead to skill development and educational benefits for the Economically Weaker Sections of the community in Japan.

Further we have also adopted 3 schools in the NCR region. Through this initiative, the Company not only aims to impact lives of thousands of children by providing them better infrastructural facilities, but also continues its mission to promote girl child by sponsoring the fees of all girl children in kindergarten. In addition to these schools, the Company has adopted visually impaired children by sponsoring their fees in various colleges of Delhi University.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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**.

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 is annexed separately as **Annexure - B.**

GROUP

Pursuant to the intimation from the Promoters, the names of the Promoters and entities comprising 'Group' are disclosed in the Annual Report as **Annexure C,** for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

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.**

PARTICULARS OF EMPLOYEES

Information on Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 forms an integral part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to the shareholders of the Company excluding the Statement of Particulars of employees under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of such statement may write to the Vice President (Legal) & Company Secretary at the registered office of the Company.

ACKNOWLEDGEMENT

We are driven by the consumer and deliver results through a partnership with our customers - built upon superior brands and products, continuous innovation and a commitment to quality in the past and will continue to do so in future. 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 and commitment rendered by all the associates and employees of the Company for their unstinted support shown during these challenging times.

For and on behalf of the Board of Directors

Place : Gurgaon
Dated : May 30, 2012

D.K. JAIN
Chairman & Managing Director

Annexure - A

MANAGEMENT DISCUSSION & ANALYSIS REPORT

a) INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

ECONOMIC ENVIRONMENT

For the Indian Economy, this was a year of recovery interrupted. Global factors like the sovereign debt crisis in the Euro zone, political turmoil in Middle East, rise in crude oil prices, and an earthquake in Japan has adversely affected our Economy.

The Gross Domestic Product (GDP) is estimated to have grown at 6.9% in 2011-12 in real terms, after having grown at the rate of 8.4% in each of the two preceding years. Though we have been able to limit the adverse impact of the slowdown on our economy, this year's performance has been disappointing. But it is also a fact that in any cross-country comparison, India still remains among the front runners in the economic growth.

In 2011-12, Agriculture is estimated to have grown at 2.5%, Industry at 3.9% and services at 9.4%. There is a significant slowdown in comparison to the preceding two years, primarily due to deceleration in industrial growth, more specifically in private investment. Rising cost of credit and weak domestic business sentiment, added to this decline.

However, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising. There are signs from some high frequency indicators that the weakness in economic activity has bottomed out and a gradual upswing is imminent. There are signs of recovery in coal, fertilizers, cement and electricity sectors. These are the core sectors that have an impact on the entire economy.[4]

INDIA OUTLOOK FY 2012-13

India has over the years become a more open economy. It has emerged as the 4th largest economy globally with a high growth rate and has also improved its global ranking in terms of per capita income. Yet the fact remains that its per capita income continues to be quite low (at current US $ 1527 in 2011). Addressing this is perhaps the most visible challenge. Nevertheless, India has a diverse set of factors, domestic as well as external that could drive growth well into the future.

Keeping in view the overall economic situation and mindful of the difficult global environment, the growth rate of GDP for 2012-13 is expected to be 7% (+/-0.25%) and 8% for 2013-14.

India enjoys at this juncture the unique advantage of having multiple drivers of growth-demographic, investment (backed by domestic savings), domestic consumption, as well as exports and ample scope for FDI - all within a pluralistic and democratic system. This unique combination more or less assures it of strong and sustained growth.[5]

AUTO AND AUTO COMPONENT INDUSTRY OUTLOOK

Automotive sector as an engine to propel manufacturing to a high growth trajectory: Approach to the 12th Five Year Plan

The Automotive Industry is globally one of the largest industries and a key sector of the economy. Owing to its deep forward and backward linkages, it has a strong multiplier effect and acts as one of the important drivers of economic growth. The National Manufacturing Plan which seeks to change the growth pattern of India's manufacturing sector, calls for focusing on a number of areas and has identified auto sector as having the competitive advantage and potential to fuel rapid growth of manufacturing. With a CAGR of over of 15% during the last 5-7 years, the automotive sector is aptly described as the next sunrise sector of the Indian economy.

With the gradual liberalization of the automotive sector in India since 1991, the number of manufacturing facilities has grown progressively. It produces a wide variety of vehicles: passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, two wheelers such as scooters, motor-cycles and mopeds, three wheelers, tractors and other agricultural equipments etc. In fact, in the last ten years, the volumes, exports and turnover have increased by 3.8, 19.6 and 6 times respectively.

The contribution of this sector to the National GDP has risen from 2.77% in 1992-93 to close to 6% now. It provides direct and indirect employment to over 13.1 million people. In 2010-11, the total turnover of the automotive Industry stood at USD 73 Billion and its contribution to the Manufacturing GDP and the excise duty was 22% and 21% respectively.

India surpassed France, UK and Italy to become the 6th largest vehicle manufacturer globally in 2010-11. Today, it is the largest manufacturer of tractors, 2nd largest manufacturer of two wheelers and 5th largest manufacturer of commercial vehicles and is emerging as a global automotive hub.

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[4] *Budget Speech 2012-13*
[5] *Economic Survey,2012*