

# Lumax Automotive Systems Ltd.



## BOARD OF DIRECTORS

Mr. U. K. Jain- Chairman & Managing Director  
Mr. Nitin Jain- Executive Director  
Mr. Milan Jain- Executive Director  
Mr. Parmod Kumar Gupta  
Mr. Prem Das Gandhi  
Mr. Vinay Panchmiya

## REGISTRAR & TRANSFER AGENT

Skyline Financial Services Private Limited  
D-153 A, Okhla Industrial Area,  
Phase - I, New Delhi - 110 020  
Tel. No. : 011-26812682-83-84  
e-mail : admin@skylinerta.com

## AUDITORS

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

## BANKERS

Syndicate Bank  
IDBI Bank Ltd.

## COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Monika Gupta

## CORPORATE OFFICE

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

## REGISTERED OFFICE

63-64, Gokhale Market,  
Delhi-110054  
Tel. No. : 011-23914320-21  
Fax No. : 011-23916350  
e-mail : cs@lumaxauto.com

## WORKS

- Plot No.78, Sector-6, Faridabad (Haryana)
- 10, Indraprastha Estate, 12/2, Mathura Road, Faridabad (Haryana)
- Plot No.46, Sector-3, IMT, Manesar, Gurgaon (Haryana)
- D-2 Block, Plot No.29/5, MIDC Industrial Area, Chinchwad, Pune (Maharashtra)
- D-2/44, MIDC Industrial Area, Chinchwad, Pune (Maharashtra)
- C-10, MIDC Industrial Area, Waluj, Aurangabad (Maharashtra)

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# Lumax Automotive Systems Ltd.

## NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the members of Lumax Automotive Systems Limited will be held on Thursday, the 30<sup>th</sup> day of September 2010 at 10.00 A.M. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi- 110 074 to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2010 and Profit and Loss Account for the year ended on that date together with the Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Mr. Prem Das Gandhi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Vinay Panchmiya who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:-  
"RESOLVED THAT Mr. Parmod Kumar Gupta, who was appointed as an additional director of the Company by the board of directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing under section 257 proposing his candidature for the office of the director, be and is hereby appointed as a director of the Company, who will be liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:-  
"RESOLVED THAT Mr. Milan Jain, who was appointed as an additional director of the Company by the board of directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing under section 257 proposing his candidature for the office of the director, be and is hereby appointed as a director of the Company, who will be liable to retire by rotation."
7. To appoint Mr. Milan Jain as a Whole-time Director designated as Executive Director and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution: -  
"RESOLVED THAT in accordance with the provisions of section 198, 269 and 309 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. Milan Jain, as Whole-time Director designated as Executive Director of the Company, for a period of 5 (five) years with effect from August 31, 2010 on the terms and conditions including remuneration as set out in the explanatory statement herein, with authority to the remuneration committee/board of directors (herein after referred as "The Board", which term shall deem to include any committee which the board may constitute to exercise its powers conferred by this resolution) to alter and to vary the terms and conditions of the said appointment and/or remuneration not exceeding the limits specified under schedule XIII to the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

### NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and on a poll, vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must reach the Company at its registered office at least 48 hours before the time fixed for the meeting. A proxy form is attached herewith.
2. The register of members and the share transfer books of the Company will remain closed from September 21, 2010 to September 30, 2010 (both days inclusive).
3. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Item No. 5, 6 & 7 are annexed hereto.
4. Members/proxies are requested to bring the attendance slips duly filled in for attending the meeting and also their copy of annual report.
5. Members are advised that no gift/gift coupons will be distributed at the annual general meeting of the Company.

By Order of the Board  
For Lumax Automotive Systems Limited

Place: New Delhi  
Date: 31/08/2010

Monika Gupta  
Company Secretary



## Annexure to the Notice Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

### Item No. 5 :

Mr. Parmod Kumar Gupta was appointed as additional director (non-executive and independent) of the Company with effect from August 31, 2010 to hold office up to conclusion of this annual general meeting. Mr. Parmod Kumar Gupta aged about 55 years is a graduate. He is a director in K.K. Spun Pipe Private Limited and has over 35 years of experience in the field of manufacturing of concrete product.

Notice under section 257 of the Companies Act, 1956, has been received from Mr. Parmod Kumar Gupta signifying his intention to propose his appointment as a director of the Company along with a deposit of rupees five hundred.

The board of directors recommends the resolution at item no.5 for the approval of shareholders.

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

### Item No. 6:

Mr. Milan Jain was appointed as additional director (Executive) of the Company with effect from August 31, 2010 to hold office up to conclusion of this annual general meeting.

Mr. Milan Jain aged about 30 years, has over 8 years of experience in automobile industry. Mr. Milan Jain is a business graduate from Roosevelt University, U.S.A. He has been working as "Vice President- New Projects" since 2007.

Notice under Section 257 of the Companies Act, 1956, has been received from Mr. Milan Jain signifying his intention to propose his appointment as a director of the Company along with a deposit of rupees five hundred.

The board of directors recommends the resolution at item no.6 for the approval of shareholders.

None of the directors, except himself in his resolution, are interested in the resolution.

### Item No. 7:

Mr. Milan Jain was appointed as Executive Director of the Company by the board of directors on August 31, 2010.

The present proposal is to seek the members' approval for the appointment of and remuneration payable to Mr. Milan Jain as a Whole-time Director designated as Executive Director, in terms of the applicable provisions of the Companies Act, 1956.

The board of directors of the Company at its meeting held on August 31, 2010 has, subject to the approval of Members, appointed Mr. Milan Jain for a period of 5 years, on the remuneration determined by the remuneration committee of the board at its meeting held on August 31, 2010. Brief particulars of the terms of appointment of and remuneration payable to Mr. Milan Jain are as under:

#### (a) Salary, Perquisites and Allowances:

Name and Designation	Rs. per month	
	Salary	Perquisites & Allowances
Mr. Milan Jain <i>Executive Director</i>	1,00,000	50,000

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilization of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; club fees, medical insurance and such other perquisites and allowance. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income-Tax Act, 1961 or any rules there under or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. However, the Company's contribution to provident fund, superannuation or annuity fund, to the extent these singly or together are not taxable under the income-tax law, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income tax law, shall not be included for the purposed of computation of the overall ceiling of remuneration. Further, employee stock options granted / to be granted, from time to time, are not to be considered as perquisite and not to be included for the purpose of computation of the overall ceiling of remuneration.

#### (b) Reimbursement of Expenses:

Reimbursement of expenses incurred for travelling, boarding and lodging including for their respective spouses and attendant(s) during business trips; provision of car for use on the Company's business and telephone expenses at residence shall be reimbursed and not considered as perquisites.

#### (c) Minimum Remuneration:

Notwithstanding anything hereinabove stated, where in any financial year, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Milan Jain by way of salary, perquisites and any other allowance shall not exceed the ceiling limits prescribed under schedule XIII to the Companies act, 1956 or any amendments thereto.

#### (d) General:

- The office of Whole- time Director may be terminated by the Company or the concerned director by giving the 1 month prior notice in writing.
- The terms and conditions set out for appointment and payment of remuneration herein may be altered and varied by the board as it may, from time to time, deem fit.



## Lumax Automotive Systems Ltd.

3. A Whole-time Director, who is re-appointed as director immediately on retirement by rotation shall continue to hold his office of whole-time director and such re-appointment as director shall not be deemed to constitute a break in his appointment as whole-time director.

Mr. Milan Jain satisfies the conditions set out in part I of schedule XIII to the Companies Act, 1956 for being eligible for the appointment. The salary and other allowances mentioned above shall be within the limit specified under para 1(A) of section II, part II of schedule XIII of the act.

Wherein any financial year during the currency of the tenure of the Managing Director and Whole-time Directors, the Company has no profit or its profit is inadequate, the Company will pay the above mentioned salary and other perks as minimum remuneration.

The appointees shall not be entitled to sitting fee for attending the meeting of board or committee thereof.

The above may be treated as an abstract of the terms of appointment of Mr. Milan Jain under Section 302 of the Companies Act, 1956.

Mr. Milan Jain is interested in the resolution set out respectively at item no. 7 of the notice, which pertain to their respective appointment and remuneration payable to him. Further, Mr. U.K. Jain and Mr. Nitin Jain may be deemed to be interested in the resolution to Mr. Milan Jain, as they are related to each other. Save and except the above, none of the other directors of the Company is, in any way, concerned or interested in the resolution.

The board recommends the resolution set out at item no. 7 of the notice for your approval.

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

Place : New Delhi  
Date : 31/08/2010

**Monika Gupta  
Company Secretary**

### Details of the directors seeking re-appointment/appointment in annual general meeting scheduled on September 30, 2010.

Name of director	Date of birth	Date of appointment	Qualifications	Expertise in specific functional area	Name of the Companies in which also holds directorship	Name of Companies in the committees of which holds membership/ chairmanship
Mr. Parmod Kumar Gupta	23/09/1955	31/08/2010	B.Com	35 years experience in manufacturing of concrete products	Nil	Nil
Mr. Milan Jain	03/12/1981	31/08/2010	B.B.A.	8 years experience in auto industry.	Nil	Nil
Mr. Prem Das Gandhi	04/03/1938	28/04/2008	M.A.	Wide experience in trading business of computers, office products and Pharmaceuticals	Nil	Nil
Mr. Vinay Panchmiya	26/08/1951	18/05/2004	B.Sc.	Wide experience in trading business of furniture and garments.	Nil	Nil

## DIRECTORS' REPORT

To the members of  
LUMAXAUTOMOTIVE SYSTEMS LIMITED

Your Directors have pleasure in presenting the 10th Annual Report together with audited accounts of the Company for the year ended 31<sup>st</sup> March 2010.

### Financial Results :

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

Rs in million

	2009-2010	2008-2009
SALES (excluding excise duty)	1004.77	1000.45
Profit (before interest, dep. & tax)	87.29	103.57
(-) Interest	66.71	48.94
(-) Depreciation	56.80	39.58
(-) Prior Period Expenses	1.49	-
PROFIT/(LOSS) :	(37.71)	15.05
(-) Tax provision	2.84	6.10
(+) Deferred tax credit	5.56	(0.44)
(+) Balance in the P&L A/c b/f	55.07	46.23
(+) Transfer from revaluation reserve	0.33	0.33
PROFIT - for appropriation	20.42	55.07
<b>Appropriation :</b>		
Proposed equity dividend	-	-
Transfer to general reserve	-	-
Balance retained in P&L A/c	20.42	55.07

### Dividend:

Considering the losses incurred by the Company during the year under review, the board of directors has decided not to recommend the dividend for this financial year.

### Operations:

Your Company's total turnover during the year under review was Rs. 1004.77 million as compared to Rs. 1000.45 million during the previous year, showing a rise of Rs. 4.32 million.

### Directors:

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

Mr. Virender Ganda has been associated with the Company as a director for about 5 years and 5 months. He resigned from the directorship of the Company with effect from October 23, 2009. The directors placed on record their appreciation for the valuable advices given by him during his tenure as an Independent Director of the Company.

Mrs. Kamlesh Jain has been associated with the Company as a director for about 6 years. She resigned from the directorship of the Company with effect from November 2, 2009. The directors placed on record their appreciation for the valuable advices given by her during her tenure as a Non-Executive Director of the Company.

Mr. Parmod Kumar Gupta has been appointed as an Independent Director on August 31, 2010. Notice along with the deposit of Rs. 500/- (Rs. Five Hundred Only) as required under section 257 of the Companies Act, 1956 has been received by your Company from Mr. Parmod Kumar Gupta signifying his candidature for the office of the director of the Company liable to retire by rotation.

Mr. Milan Jain was appointed as additional director on August 31, 2010 and has been designated as Executive Director w.e.f. August 31, 2010. His appointment as Executive Director is subject to the approval of members, and the board recommends his appointment for the approval of members. Notice along with the deposit of Rs. 500/- (Rs. Five Hundred Only) as required under section 257 of the Companies Act, 1956 has been received by your Company from Mr. Milan Jain signifying his candidature for the office of the director of the Company liable to retire by rotation.

Brief resume of the directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of board committees, shareholding and relationships between directors inter-se, as stipulated under clause 49 of the listing agreements with the stock exchanges, are annexed elsewhere in this report.

### Subsidiary Company:

Lumax Magna Donnelly Automotive Mirrors Private Limited (LMD), a joint venture company with Magna Donnelly Corporation, USA, has become the subsidiary of the Company on 11<sup>th</sup> January 2007.

In compliance with the provisions of section 212 of the Companies Act, 1956, the audited statement of accounts along with Directors' Report of Lumax Magna Donnelly Automotive Mirrors Private Limited for the year ended 31<sup>st</sup> March 2010, are annexed.

### Consolidated Financial Statements:

As the Lumax Magna Donnelly Automotive Mirrors Private Limited (subsidiary company) operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company, the consolidated financial statements are not required to be prepared as per AS -21.



# Lumax Automotive Systems Ltd.

## **Auditors and Auditors' report:**

M/s R. JAIN & SANJAY ASSOCIATES, Auditors of the Company, are retiring at the conclusion of the ensuing Annual General Meeting of the Company and are eligible for reappointment and have confirmed that their reappointment if made, shall be within the limits of the section 224 (1B) of the Companies Act, 1956. The board recommends the re-appointment of M/s R. JAIN & SANJAY ASSOCIATES as auditors of the Company.

The observations of the Auditors in their report are self-explanatory and do not call for any further comments from the directors.

## **Management Discussion and Analysis Report:**

A report on Management Discussion and Analysis as required under clause 49 of the listing agreement is annexed elsewhere.

## **Corporate Governance:**

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the auditors of the Company confirming the compliance of Clause 49 of listing agreement is included in the annual report.

## **Deposits:**

During the year, the Company has not accepted or invited any deposit from public within the meaning of section 58A of the Companies Act, 1956 and the rules made there under.

## **Particulars of Employees:**

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

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

## **Listing:**

The equity shares of your Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has been complying with all the clauses of the listing agreement and the Company has paid the requisite listing fees to both the stock exchanges.

## **Disclosure u/s 217(1)(e):**

Information as per section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Directors) Rule, 1988, details are given below:

## **Conservation of energy:**

The Company has always been conscious about the need for conservation of energy. Electricity and Fuel consumption per unit of production were monitored regularly at all the manufacturing plants and corrective actions taken as needed. During the period the Company has made additions in the machinery to the extent of Rs. 40.81 Lac.

## **Technology absorption:**

In filter segment the Company has obtained technical assistance from Toyo-Roki Manufacturing Company Ltd., Japan.

## **Foreign Exchange Earning and Outgo:**

This information is given in notes to accounts at point No.9 and 10.

## **Directors' Responsibility Statement u/s 217(2AA):**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the directors based on the representation received from the operative management, confirm that:

- i) in the preparation of the annual accounts, all the applicable accounting standards have been followed and there are no material departures (Subject to point no. 4 (d) of the auditors report) ;
- ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) they have prepared the annual accounts on a going concern basis.

## **Industrial Relation:**

Your Company has taken significant steps in developing human resource and strengthening human resource systems. During the year under review, industrial relation in the Company continues to be cordial and peaceful.

## **Acknowledgement:**

The board wishes to thank the Company's esteemed customers, associates, suppliers, its shareholders and investors for their continued support and co-operation.

**Place: New Delhi**

**Date: 31/08/2010**

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

**U.K. JAIN  
Chairman & Managing Director**



## CORPORATE GOVERNANCE REPORT

### Company's Philosophy

The Company firmly believes that any meaningful policy on the corporate governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision making power vested in the executive management are used with care and responsibilities to meet shareholders and stakeholders aspirations. The Company recognizes the importance of corporate governance for the efficient conduct of business and committed to attain the corporate governance of the high standards and maximize the long-term shareholder value in a legal and ethical manner, ensuring fairness, courtesy and dignity in all transactions of the Company.

### Board of Directors

The board of directors comprises of six directors out of which four are non-executive directors. The Board consists of three promoter directors, being one managing director, one executive director and one non-executive director. The Company has an Executive Chairman and half of the total number of directors comprises of independent directors.

During the year under review, 10 board meetings were held on 24<sup>th</sup> April 2009, 29<sup>th</sup> June 2009, 30<sup>th</sup> July 2009, 24<sup>th</sup> August 2009, 15<sup>th</sup> October 2009, 30<sup>th</sup> October 2009, 16<sup>th</sup> December 2009, 29<sup>th</sup> January 2010, 26<sup>th</sup> February 2010 & 31<sup>st</sup> March 2010. Details of composition and category of the Board, attendance of Directors in the Board Meetings and last AGM, number of directorships and chairmanships/memberships of committee of each director held in other public companies are shown below:

Name of Director	Category	No. of Board Meeting attended	Last AGM attended	No. of Directorship in other public companies	No. of Committee positions held in other Public companies		Relationship, Inter-se
					Chairman	Member	
U.K. Jain	Executive Chairman, Promoter	10	Yes	-	-	-	Related as father to Mr. Nitin Jain
Nitin Jain	Executive, Promoter	10	Yes	-	-	-	Related as son to Mr. U.K. Jain
Vinay Panchmiya	Non-Executive, Independent	10	Yes	-	-	-	Not related to any Director
Prem Das Gandhi	Non-Executive, Independent	10	Yes	-	-	-	Not related to any Director
*Kamlesh Jain	Non-Executive, Promoter	7	Yes	-	-	-	Related as wife to Mr. U.K. Jain and as mother to Mr. Nitin Jain
*Virender Ganda	Non-Executive, Independent	6	Yes	2	-	-	Not related to any Director

\* Mr. Virender Ganda and Mrs. Kamlesh Jain resigned from the board on October 23, 2009 and November 2, 2009 respectively.

### Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management of the Company, which is also available on the website of the Company. All Board members and senior management that includes Company executives who report affirmed their compliance with the said Code. A declaration signed by the Chairman and Managing Director to this effect is provided elsewhere in the Annual Report.

### Audit Committee

The Company constituted Audit Committee w.e.f. 18<sup>th</sup> May 2004 in terms of the provisions of Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

The terms of reference of the Audit Committee of the Company includes all activities stipulated under Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement and, inter-alia, includes overseeing the audit functions, review of Company's financial performance, review of critical findings of internal audit, review of financial reporting systems & processes, review of the quarterly, half yearly and annual financial statements and other financial disclosures including their adequacy, correctness and credibility.

The Audit Committee comprises of three non-executive directors with majority of them being independent Directors.

**Composition of the Audit Committee: -**

Name of the Directors	Meetings held	Meeting attended
Mr. Vinay Panchmiya -Chairman	4	4
Mr. Prem Das Gandhi- Member	4	4
Mrs. Kamlesh Jain- Member *	3	3
Mr. U. K. Jain - Member	1	1

\*Mrs Kamlesh Jain resigned from the directorship on 2<sup>nd</sup> November 2009.

Mr. Prem Das Gandhi is having financial and accounting Knowledge. The Company Secretary acts as a Secretary of the Committee. During the year, the Committee met 4 times on 24<sup>th</sup> April 2009, 30<sup>th</sup> July 2009, 30<sup>th</sup> October 2009 and 29<sup>th</sup> January 2010.

#### Remuneration Committee

The terms of reference of the Remuneration Committee in brief pertain to determine the Company's policy on and approve specific remuneration packages for Executive Directors after taking into account financial position of the Company, interest of the Company and shareholders etc.

During the year, the Committee met once on 15<sup>th</sup> October 2009

Composition of the Remuneration Committee: -

Name of the Directors	Meetings held	Meeting attended
Mr. Virender Ganda- Chairman *	1	1
Mr.Prem Das Gandhi	1	1
Mr. Vinay Panchmiya	1	1

\*Mr. Virender Ganda resigned from the directorship on 23<sup>rd</sup> October 2009.

#### • Remuneration of whole time and Managing Directors:

Name	Salary (Rs.)	Perquisites & Allowances (Rs.)	Total (Rs.)
Mr. U.K. Jain, Managing Director	1612800	39600	1652400
Mr. Nitin Jain, Executive Director	1334700	28800	1363500

None of the Non-Executive Directors is drawing any remuneration.

#### Shareholders' Committee

The objective of the Committee is to monitor the redressal of shareholders and Investors complaints relating to transfer of shares, non-receipt of Annual Report, issue of duplicate shares etc.

During the period under review, 2 Shareholders' Committee meetings were held on 29<sup>th</sup> June 2009 and 29<sup>th</sup> January 2010

Composition of the Shareholders' Committee: -

Members	Meetings held	Meeting attended
Mr. Prem Das Gandhi- Chairman	2	2
Mr. U.K. Jain	2	2
Mr. Nitin Jain	2	2

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

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

#### General Body Meeting:

Details of the Annual General Meeting held during the last three years are as follows: -

Year	Date	Time	Venue	Special Resolution Passed
2008-09	24/09/2009	10.00 A.M.	The Executive Club, New Delhi	N.A.
2007-08	26/09/2008	10.00 A.M	The Executive Club, New Delhi	N.A
2006-07	25/09/2007	3.00 P.M	Air Force Auditorium, New Delhi	Appointment of Mr. Milan Jain u/s 314(1B)

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



# Lumax Automotive Systems Ltd.



## Subsidiary Companies

The revised clause 49 of the listing agreement defines a "Material Non Listed Indian Subsidiary" as an unlisted subsidiary, incorporated in India whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively of the listed holding Company and its subsidiary in the immediately preceding accounting year.

The Company has only one subsidiary Company which is not listed on any Stock Exchange and fall within the meaning of "Material Non-Listed Indian Subsidiary". However, the following compliances are duly made by the Company;

- The Audit Committee reviews the financial statements made by the subsidiary Company.
- The minutes of the board meetings of the subsidiary Company are placed at the board meeting of the Company.
- A statement of all significant transactions and arrangements made by the subsidiary Company are informed to the Board at periodical intervals.

## Disclosure

- During the year under review, the Company had entered into transactions in the normal course of business with some of the entities in which some of the directors are interested and which have been disclosed adequately in the notes forming part of the accounts. There was no potential conflict of interest with that of the Company.
- The Company has complied with various rules and regulations prescribed by the stock exchanges, Securities and Exchange Board of India (SEBI) or any other statutory authorities on all matters relating to the capital markets, and no penalties or strictures have been imposed on the Company by any of them in this regard during the last three years.
- The Company has followed the accounting standards laid down by the Institute of Chartered Accountants of India.
- The Company is complying with all mandatory requirements of Clause 49 of the Listing Agreement. Non-mandatory requirements relating to Remuneration Committee have been adopted by the Company.

## Means of Communication

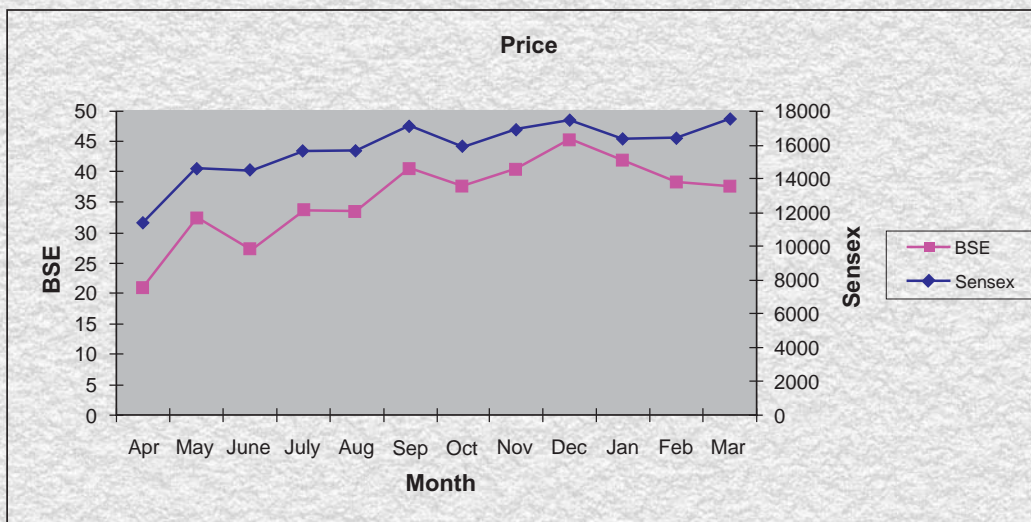
- The Company publishes un-audited quarterly financial results normally in "Financial Express" (English) and "Jansatta" (Hindi) Newspapers. The results are promptly furnished to the Stock Exchanges for display on their respective website.
- Management discussion and analysis forms the part of the Annual Report.

## General information to shareholders:

- **Date and Venue of the AGM** : 30<sup>th</sup> September 2010 at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi- 110 074
- **Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March.
- **Book Closure Date** : 23<sup>rd</sup> September to 30<sup>th</sup> September 2010 (both days inclusive)
- **Listing on Stock Exchanges & (Stock Code)** : The Stock Exchange, Mumbai (532537)  
National Stock Exchange (Lumaxauto)  
ISIN No. "INE547G01019"  
No dues are pending towards Listing Fee.
- **Stock Market Data** :

Stock Exchange	The Stock Exchange, Mumbai		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Mar-10	42.45	36.35	42.00	32.30
Feb-10	45.95	36.70	47.00	37.00
Jan-10	52.00	39.30	52.40	40.00
Dec-09	52.35	39.05	51.95	39.20
Nov-09	46.50	36.10	46.75	35.85
Oct-09	44.00	35.15	42.75	35.00
Sep-09	49.10	32.70	49.40	32.25
Aug-09	36.00	28.80	35.70	29.15
Jul-09	33.60	23.00	33.90	22.75
Jun-09	33.20	24.05	33.30	23.30
May-09	32.45	19.55	31.55	19.05
Apr-09	21.67	13.55	21.50	14.00

● **Stock Market Data** :



● **Registrar and Transfer Agent** : Skyline Financial Services Private Limited  
D-153 A, Okhla Industrial Area,  
Phase - I, New Delhi - 110 020  
Ph: 011-26812682-83-84,

● **Share Transfer System** :  
The Company has appointed M/s Skyline Financial Services Private Limited as the common agency to handle electronic as well as physical transfer of shares. The Company ensures that physical transfers are generally registered in less than 15 days, if documents are clear in all respect.

● **Distribution of Shareholding** : As on 31<sup>st</sup> March,2010

No. of Shares	No. of Shareholders		Total Shares	
	Number	%	Number	%
Up to 500	19808	98.44	775433	10.47
501 – 1000	171	0.85	130604	1.76
1001 – 2000	62	0.31	87410	1.18
2001 – 3000	17	0.08	43040	0.58
3001 – 4000	16	0.08	56833	0.77
4001 – 5000	8	0.04	35610	0.48
5001 – 10000	8	0.04	59631	0.81
10001 and above	32	0.16	6215545	83.95
<b>Total</b>	<b>20122</b>	<b>100.00</b>	<b>7404106</b>	<b>100.00</b>

● **Shareholding pattern** : As on 31<sup>st</sup> March,2010

Category	No. of shares held	(%) of shareholding
Promoters/Group Companies	5383714	72.71
Mutual Funds & UTI	1240	0.02
Banks/Financial Institutions	485	0.01
FIs	110	0.00
Private Corporate Bodies	563590	7.61
Indian Public	1449577	19.58
NRIs/OCBs	5390	0.07
Any other (clearing member)	0	0.00
<b>Total</b>	<b>7404106</b>	<b>100</b>

# Lumax Automotive Systems Ltd.



- **Dematerialization of shares and liquidity:**  
As on 31<sup>st</sup> March 2010, 70.21% of the paid-up equity capital of the Company was in the dematerialized mode. The shares of the Company are tradable compulsorily in electronic form.
- **Outstanding GDRs/ADRs/ Warrants:**  
The Company has not issued any GDRs/ADRs/ Warrants or Convertible instruments.
- **Plant Locations:**
  - Haryana**
    - Plot No. 78, Sector-6, Faridabad
    - Plot No.46, Sector-3, IMT, Manesar, Gurgaon
    - 10, Indraprastha Estate, 12/2, Mathura Road, Faridabad
  - Maharashtra**
    - D-2/44, MIDC Industrial Area, Chinchward, Pune
    - D-2 Block, Plot No.29/5, MIDC Industrial Area, Chinchwad, Pune
    - C-10, MIDC Industrial Area, Waluj, Aurangabad
- **Correspondence Address:  
Of the Company-**  
Ms. Monika Gupta, Company Secretary  
Lumax Automotive Systems Limited,  
63-64, Gokhale Market, Delhi - 110054  
Ph. : 011-23914320-21  
Fax: 011-23916350  
e-mail : cs@lumaxauto.com
- **Regarding Shares-**  
Skyline Financial Services Private Limited  
D-153 A, Okhla Industrial Area,  
Phase - I, New Delhi - 110 020  
Ph: 011-26812682-83-84  
e-mail:admin@skylinerta.com
- E-mail id for investor grievances: cs@lumaxauto.com

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## DECLARATION BY THE CHAIRMAN AND MANAGING DIRECTOR AS PER CLAUSE 49 OF THE LISTING AGREEMENT

I hereby confirm that the Company has obtained an affirmation from all the members of the Board and Senior Management that they have complied with the Code of Conduct in the financial year 2009-10.

For Lumax Automotive Systems Limited

**U. K. Jain**  
Chairman and Managing Director

Place: New Delhi  
Date: 31/08 /2010

## MANAGEMENT DISCUSSION & ANALYSIS

### Industry Overview

The Company has been engaged in the business of manufacturing auto-components like rear view mirrors, automotive filters & plastic moulded parts and had been doing reasonably well in the past. But overall slowdown/ recession/ stagnation in world over for the past few years affected the auto industry also and the Company was not exception to that. With the sector being hit by the economic slowdown, overall production in 2009-10 came down by 11.92 per cent as compared to 2008-09. According to the Society of Indian Automobile Manufacturers (SIAM), sales of cars have been impacted due to the global economic slowdown. During the first quarter of 2009-10, the passenger vehicles segment posted (-) 1.21 percent growth as compared to the first quarter of 2008-2009. Sales in the commercial vehicles segment declined by 19.83 per cent, while medium and heavy commercial vehicles fell by 29.24 per cent, and light commercial vehicles fell by (-) 8.32 per cent in the same period.

However, the Indian economy is again coming on the right track as according to the auto industry experts, Indian Automobile sale grown at a Compounded Annual Growth Rate (CAGR) of 9.5% by the end of 2010. This is evident from the increasing demand in the auto sector and even the rising fuel price and higher financing cost have not dulled the demand for the automobile, as was feared. It is anticipated that there shall be an increase in the business opportunity in the coming years.

The focus of the company during the year was on providing services to the customers of highest standard.

### Opportunities & Threats

#### a) Opportunities

India is now a hot spot for automobiles and auto-components. A cost-effective hub for auto-components sourcing for global auto makers, the automotive sector is potential sector for entrepreneurs. The automobile industry recorded a 26 per cent growth in domestic sales in 2009-10. India being one of the world's largest manufacturers of small cars with a strong engineering base and expertise, there are many segments that entrepreneurs can focus on in India's automobile and auto components sector.

The Company has opportunities to increase significantly the production capacity by installing new machinery.

#### b) Threats/Challenges

Rising interest rates and cut throat competition. Sustainability and environmentalism could mean extra costs for this low-cost producer. Rising prices in the global economy could pose a threat on a couple of fronts. The price of steel and aluminum is increasing putting pressure on the costs of production. Many of products run on diesel fuel which is becoming expensive globally and within its traditional home market.

India is increasingly becoming a preferred destination for the global automotive players. To counter all the above-mentioned threats, the Company is also planning to extend into the Global business.

### Future Outlook

The automobile industry has deep forward and backward linkages with the economy and stands to benefit from the economic growth. Continued focus on road and infrastructure development, increase in industrial activity and launch of new models, would enable the Indian automotive industry to move on the higher growth trajectory. The automotive industry (OEM and auto components) is poised to become the third largest market by 2050. We, at Lumax, believe that we are well on our way to achieve our vision of being a "quality product at competitive price".

### Risk & Concerns

Technology obsolescence is an inherent business risk in a fast changing world and speed of change and adaptability is crucial for survival of the business. The domestic, regional and global macro- economic environment directly influences the demand. Any economic slowdown may adversely impact the business. Any change in Govt. policies may adversely affect the demand/profitability of the product. The Company is taking appropriate steps to guard it against these identified risks.

### Internal control systems and their adequacy

The company has a system of internal controls in place to ensure that all the transactions are properly recorded and authorized. The internal control system is supplemented by documentary policies and procedures. The same is further supplemented by a program of audits by the internal auditors who periodically present their observations to the audit committee.

The systems and procedures followed by the company give reasonable assurance for the security of its assets and protect against losses from unauthorized use or disposition and that the transactions are properly authorized, recorded and reported.

### Risk Management

Your Company has sought advice from reputed consultants to assess its current risk management practices to ensure "best-in-class" risk management practices in accordance with new Clause 49 of the Listing Agreement.

The consulting firm has studied and mapped Lumax's processes across planning, marketing, production, quality, purchasing, legal, accounts and stores and submitted its recommendations to the management.

### Environment, Health and Safety

We pay utmost attention to safety of our employees, related communities and environment at large. We are an environment conscious company. Most of our units are accredited with ISO/ TS 16949 certification. We have been developing products that help in improving environment.

### Human Resources:

We consider our human resource to be our most important assets. We have developed a culture where a sense of belongingness and ownership of work are the key motivating factors. We continuously make efforts to upgrade the skills of our employees through training and development programs. Our endeavour is to provide world class training to create a world-class work force.

### Segment-Wise Performance

The company operates only in the Automobile Component Segment and hence segment-wise reporting is not applicable to the company.

### Cautionary Statement

Certain statements in this report on "Management Discussion and Analysis" are forward looking statements and which have been issued as required by applicable Securities Laws and Regulations. There are several factors which would be beyond the control of Management and as such, may affect the actual results which could be different from that envisaged.

## AUDITORS' REPORT

TO  
THE MEMBERS,  
LUMAX AUTOMOTIVE SYSTEMS LIMITED,  
NEW DELHI.

1. We have audited the attached Balance Sheet of LUMAX AUTOMOTIVE SYSTEMS LIMITED, as at 31<sup>st</sup> March, 2010 and the annexed Profit & Loss Account and Cash Flow Statement for the year ended on that date in which are incorporated accounts audited by us and branch accounts audited by another auditor. The reports submitted by the branch auditor have been considered by us in the preparation of this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We report subject to notes appearing in schedule 23, particularly note No.21 regarding Significant Accounting Policies as under:
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments, in the Annexure referred to above; we report that:-
  - a) **We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;**
  - b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; subject to our observations *that*
    - (i) *A liability as per actuarial valuation on account of earned leaves due to the employees amounting to Rs. 63.07 Lacs has not been provided in the Accounting Statements, which is contrary to AS-15 on Employees Benefits (Revised 2005)(refer note in Para 3 (ii) of schedule 23),*
    - (ii) *The company has not provided gratuity liability for the financial years 2008-09 and 2009-10 and in the absence of actuarial valuation, the impact on the profit is not ascertainable,*
    - (iii) *Inventories are valued inclusive of taxes and duties which is contrary to the accounting standard AS-2(valuation of inventories), wherein the inventories should be valued at lower of the cost or net realizable value and exclusive of taxes paid which are subsequently recoverable from the taxation authorities,*
    - (iv) *No Provision has been made for interest on delayed payments/outstanding payments in respect of various statutory dues such as provident fund, employees' state insurance, income tax, sales tax, excise duty, cess and other statutory dues, and*
    - (v) *The Branch Auditors D.R. Barve & Company, Chartered Accountants, in their audit report has observed as under in respect of accounts of Aurangabad(Maharashtra) unit audited by them:-  
"The Aurangabad(Maharashtra) unit is locked due to labour problem & based on order of Industrial Court since 5<sup>th</sup> March, 2010. Therefore entire accounting record was not available for preparation & verification of Financial Statements. Based on available information & record the financial statements were prepared & verified. However, the management is confident that the results based on actual record, bills, vouchers etc. will not differ with material amount as compared to the figures mentioned in the financial statements prepared. Also, the true & fair view of state of affairs of the Aurangabad unit as at 31<sup>st</sup> March, 2010 as well as "Loss" of the unit for the year ended 31<sup>st</sup> March, 2010 will not differ with material amount based on actual facts & figures.*
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2010, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required subject to our observations in para. 4(d) above and give a true and fair view:
    - a) In the case of the Balance Sheet, of the State of the Company's affairs as at 31<sup>st</sup> March 2010;
    - b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
    - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

FOR R.JAIN & SANJAY ASSOCIATES,  
CHARTERED ACCOUNTANTS

PLACE: NEW DELHI  
DATE: 28<sup>th</sup> AUGUST, 2010

CA-SANJAY JAIN  
(PARTNER)  
Membership No: - 88027  
Firm Registration No.012377N

## Annexure referred to in Paragraph 3 of our report of even date on the accounts of Lumax Automotive Systems Limited for the year ended 31<sup>st</sup> March, 2010.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. All the fixed assets have not been physically verified by the Management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. We are informed that no material discrepancies were noticed on verification.  
(b) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
2. (a) The Management has conducted physical verification of inventory at reasonable intervals.  
(b) In our opinion and according to the information and explanation given to us the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Act.  
(b) The company has taken interest bearing unsecured loans from Directors and companies covered in the register maintained u/s 301 of the Act. The number of the parties and maximum amounts involved during the year were seven and Rs.6,14,77,964/- and the year end balance of loans taken from such parties was 6,00,49,045/-. The rate of interest and other terms and conditions of the loans taken are not prima facie prejudicial to the interest of the Company. There is no stipulation in respect of repayment of principal amounts and interest thereon.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of examination of the books and records of the Company, and according to the information and explanation given to us, as per the checking carried out in accordance with the auditing standards generally accepted in India, neither we have observed nor we have been reported for any continuing failure to correct major weaknesses in internal control systems.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained u/s 301 of the Act.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Act.
7. The Company has an internal audit system, which in our opinion, is commensurate with its size of the Company and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the records examined by us, undisputed statutorily dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess have not been regularly deposited with the appropriate authorities and *there have been delays in large number of cases*.  
(b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income tax, sales tax, excise duty, cess and *other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are Rs. 2,66,10,474/-*.
10. The company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks or financial institution. There were no dues to debenture holders during the year.
12. According to the information and explanation given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit-fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003(As Amended) are not applicable to the Company.

# Lumax Automotive Systems Ltd.



14. The Company is not dealing or trading in shares, securities, debentures and other investments. The other provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, (As amended) are not applicable to the company.
15. According to the information and explanations given to us the Company has not given guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
17. Based on examination of documents , records and fund flow statement made available to us and on the basis of information and explanations given to us, the Company has not used funds raised on short term basis for long term investment.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained u/s 301 of the Companies Act, 1956.
19. The Company has neither issued nor had any outstanding debenture during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting a true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit nor we have been informed of such cases by the management.

**FOR R.JAIN & SANJAY ASSOCIATES,  
CHARTERED ACCOUNTANTS**

PLACE: NEW DELHI  
DATE: 28<sup>th</sup> AUGUST, 2010

**CA-SANJAY JAIN  
(PARTNER)  
Membership No: - 88027  
Firm Registration No.012377N**

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## **AUDITORS' CERTIFICATE AS PER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of  
Lumax Automotive Systems Limited.

We have examined the compliance of conditions of Corporate Governance by Lumax Automotive Systems Limited for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For R. Jain and Sanjay Associates  
Chartered Accountants**

**Sanjay Jain  
Partner**

Place: New Delhi  
Date: 31/08/2010



# Lumax Automotive Systems Ltd.

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010		As at 31.03.2009	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>1 SOURCES OF FUNDS</b>					
(i) <b>Shareholders Funds:</b>					
Share Capital	1	74,041,060		74,041,060	
Reserves & Surplus	2	298,530,665	<b>372,571,725</b>	333,523,256	<b>407,564,316</b>
(ii) <b>Loan Funds:</b>					
Secured Loans	3	316,814,624		364,030,697	
Unsecured Loans	4	226,912,683	<b>543,727,307</b>	85,973,141	<b>450,003,838</b>
(iii) <b>Deferred Tax liability (Net)</b>			25,421,177		30,985,507
<b>Total</b>			<b>941,720,209</b>		<b>888,553,661</b>
<b>2 APPLICATION OF FUNDS</b>					
(i) <b>Fixed Assets:</b>	5				
Gross Block		972,526,573		971,073,215	
Less: Depreciation to date		353,448,107		301,210,166	
Net Block		<b>619,078,466</b>		<b>669,863,049</b>	
Add: Capital work- in - progress		<b>22,991,087</b>	<b>642,069,553</b>	<b>16,552,931</b>	<b>686,415,980</b>
(ii) <b>Investments:</b>	6		34,662,382		34,662,382
(iii) <b>Current Assets, Loans &amp; Advances:</b>					
Inventories	7	281,513,960		227,920,186	
Sundry Debtors	8	260,225,357		218,240,481	
Cash and Bank Balances	9	29,289,752		4,945,258	
Loans & Advances	10	65,647,715		46,268,167	
		<b>636,676,784</b>		<b>497,374,092</b>	
<b>Less :Current Liabilities and Provisions</b>					
Current Liabilities	11	392,539,356		344,720,036	
Provisions	12	7,988,424		9,836,273	
		<b>400,527,780</b>		<b>354,556,309</b>	
<b>Net Current Assets</b>			<b>236,149,004</b>		<b>142,817,783</b>
(iv) <b>Miscellaneous Expenditure :</b>	13		28,839,270		24,657,516
(To the extent not written off or adjusted)					
<b>Total</b>			<b>941,720,209</b>		<b>888,553,661</b>
<b>NOTES ON ACCOUNTS</b>	23				

Schedule 1 to 13 and Notes on Accounts in Schedule 23 form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date for **R.JAIN & SANJAY ASSOCIATES**  
CHARTERED ACCOUNTANTS

ON BEHALF OF THE BOARD

(CA-SANJAY JAIN)  
PARTNER  
MEMBERSHIP NO: 88027  
PLACE: NEW DELHI  
DATED: 28th August 2010

(A.K. GOEL)  
CHIEF FINANCIAL OFFICER

(MONIKA GUPTA)  
COMPANY SECRETARY

(U.K.JAIN)  
CHARIMAN & MG. DIRECTOR

(NITIN JAIN)  
EXECUTIVE DIRECTOR





# Lumax Automotive Systems Ltd.



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	For the Year ended 31.03.2010		For the year ended 31.03.2009	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>1 INCOME</b>					
Sales	14	1,004,772,562		1,000,454,019	
Other Income	15	658,014		890,700	
Accretion in Stock	16	6,263,720		12,829,860	
			<b>1,011,694,296</b>		<b>1,014,174,579</b>
<b>2 EXPENDITURE</b>					
Raw Material Consumed	17	568,796,140		557,985,042	
Cost of Purchases of Traded Goods		3,641,108		3,200,604	
Manufacturing & Operating Expenses	18	210,798,556		211,406,425	
Personnel Expenses	19	65,774,088		67,922,804	
Administrative Expenses	20	31,457,108		32,926,956	
Selling & Forwarding Expenses	21	39,649,131		37,159,144	
Interest & Finance Charges	22	66,713,707		48,937,470	
Depreciation		56,808,088		39,585,504	
Loss on sale of fixed assets		4,283,758	<b>1,047,921,684</b>	-	<b>999,123,949</b>
<b>3 (LOSS)/PROFIT BEFORE TAX &amp; PRIOR PERIOD EXPENDITURE</b>			(36,227,388)		15,050,630
<b>Less: Prior Period Expenses</b>			1,491,372		-
<b>4 (LOSS)/PROFIT BEFORE TAXATION</b>			(37,718,760)		15,050,630
<b>Less: Provision for Taxation</b>					
In respect of earlier year(s)		2,838,161		2,700,000	
For Current year		-		1,700,000	
For Deferred Tax (Assets)/Liability		(5,564,330)		438,584	
For Fringe Benefit Tax		-	(2,726,169)	1,700,000	6,538,584
<b>NET (LOSS)/NET PROFIT AFTER TAX</b>			<b>(34,992,591)</b>		<b>8,512,046</b>
<b>Add: Balance Brought forward from previous year</b>			55,073,654		46,226,190
Transferred from Revaluation Reserve			335,418		335,418
<b>BALANCE CARRIED FORWARD</b>			<b>20,416,481</b>		<b>55,073,654</b>
<b>Earning per share</b>					
Basic & Diluted {Nominal value of shares of Rs. 10 (previous year: Rs. 10)}			<b>(4.73)</b>		<b>1.51</b>
<b>NOTES ON ACCOUNTS</b>	23				

Schedule 14 to 22 and Notes on Accounts in Schedule 23 form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date for **R.JAIN & SANJAY ASSOCIATES**  
CHARTERED ACCOUNTANTS

ON BEHALF OF THE BOARD

**(CA-SANJAY JAIN)**  
PARTNER  
MEMBERSHIP NO: 88027  
PLACE: NEW DELHI  
DATED: 28th August 2010

**(A.K. GOEL)**  
CHIEF FINANCIAL OFFICER

**(MONIKA GUPTA)**  
COMPANY SECRETARY

**(U.K.JAIN)**  
CHARIMAN & MG. DIRECTOR

**(NITIN JAIN)**  
EXECUTIVE DIRECTOR

## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010 (Rs.)		As at 31.03.2009 (Rs.)	
<b>SCHEDULE-1</b>				
<b>SHARE CAPITAL</b>				
<b>1 Authorised:</b>				
120,00,000 (120,00,000) Equity Shares of Rs. 10/- each		120,000,000		120,000,000
		<b>120,000,000</b>		<b>120,000,000</b>
<b>2 I) Issued and Subscribed:</b>				
74,04,106 (74,04,106) Equity Shares of Rs. 10/- each		74,041,060		74,041,060
		<b>74,041,060</b>		<b>74,041,060</b>
<b>ii) Called &amp; Paid-up :</b>				
74,04,106 (74,04,106) Equity Shares of Rs. 10/- each Out of the above (i) 41,73,866 equity shares of Rs. 10/- each were allotted in financial year 2003-04 as fully paid-up without payment being received in cash and issued pursuant to scheme of demerger of Lumax Industries Ltd. with the company (ii) 31,79,990 equity shares of Rs. 10/- each were allotted in financial year 2005-06 as fully paid up without payment being received in cash and issued pursuant to scheme of amalgamation of Toshi Auto Industries Pvt Ltd. and Metal Pressing Industries Pvt. Ltd.		74,041,060		74,041,060
		<b>74,041,060</b>		<b>74,041,060</b>
	<b>As at 01.04.2009 (Rs.)</b>		<b>Additions/ (Deductions) (Rs.)</b>	<b>As at 31.03.2010 (Rs.)</b>
<b>SCHEDULE-2</b>				
<b>RESERVES &amp; SURPLUS</b>				
i) Capital Reserve	20,003,000			20,003,000
ii) Capital Revaluation Reserve*	228,214,255		(335,418)	227,878,837
iii) General Reserve	30,232,347		-	30,232,347
	278,449,602		(335,418)	278,114,184
iv) Profit & Loss Account	55,073,654		(34,657,173)	20,416,481
	<b>333,523,256</b>			<b>298,530,665</b>

\*The additional depreciation relatable to revaluation of fixed assets has been adjusted against revaluation reserve by transferring to profit & loss account

# Lumax Automotive Systems Ltd.



## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
<b>SCHEDULE-3</b>		
<b>SECURED LOANS</b>		
<b>i) Term Loans</b>		
a) ICICI Bank /Citi Corporation Maruti Udyog Ltd. (Secured against Cars)	4,511,518	7,477,192
b) HSIIDC (Secured against Plant & Machinery at Gurgaon & Manesar and Equitable mortgage of factory Lands & Building situated at Gurgaon & Manesar & on specific machine of Sector-6 FBD)	112,786,169	126,871,540
c) Syndicate Bank (Medium Term Loan for working capital- Hypothecation of stocks, book debts, Plant & Machinery, furniture and equipments of units at Sector-6 Faridabad, Aurangabad, Chinchwad Pune, Pimpri Pune and Manesar and Equitable mortgage of factory lands and buildings situated at Sector-6 Faridabad, Aurangabad, Chinchwad Pune and Pimpri Pune)	49,447,623	58,498,589
d) Kotak Mahindra Bank Ltd (Secured against personal property of a director)	-	6,430,800
e) IDBI Bank (Long Term Loan against Personal guarantee of promoters/directors)	24,508,055	-
f) Tata Capital Ltd (Secured against land and building situated at Daultabad, Gurgaon and Land, building and Machinery of Pune Unit-II) (The loans are personally guaranteed by Mr U.K. Jain, Mr. Nitin Jain and Mrs. Kamlesh Jain, the directors/promoters of the company ) (Repayable within a year Rs. 547.17 Lacs (Rs. 400.00 Lacs)	20,580,274	27,625,000
	<b>211,833,639</b>	<b>226,903,121</b>
<b>ii) Working Capital Loans</b>		
a) Syndicate Bank (Secured against stocks, book debts, plant & machinery, furniture, vehicle, equipments and Equitable mortgage of factory lands & buildings at Sector-6 Faridabad, Aurangabad, Chinchwad Pune and Pimpri Pune) (The loans are personally guaranteed by Mr. U.K.Jain, Mr. Nitin Jain & Mrs. Kamlesh Jain, the directors/ promoters of the company)	93,476,218	137,127,576
b) IDBI Bank (Short Term Loan secured against first pari-passu charge along with syndicate bank on current assets of the company also personal guarantee of directors and promoters)	11,504,767	-
	104,980,985	137,127,576
	<b>316,814,624</b>	<b>364,030,697</b>
<b>SCHEDULE-4</b>		
<b>UNSECURED LOANS</b>		
a) Advances from Customers ( interest free)	19,108,350	9,617,916
b) Liability for Sales Tax Deferment ( interest free) (Refer Note No. 2(iii) of Notes on Accounts)	9,257,295	9,257,295
c) Inter corporate deposits (with interest)	7,523,154	6,926,010
d) Bill Discounting	76,045,014	21,122,784
e) Others including Director & their Relative (with interest)	114,978,870	39,049,136
	<b>226,912,683</b>	<b>85,973,141</b>

**SCHEDULE - 5  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.09	Additions Made	Sales / Adjustments	Total as at 31.03.10	Up to 31.03.09	For the year	Adjustments	Total	Value as at 31.03.10	Value as at 31.03.09
<b>TANGIBLE ASSETS:</b>										
1) LAND (FREE HOLD)	204,721,384	294,500	-	205,015,884	-	-	-	-	205,015,884	204,721,384
2) LAND (LEASE HOLD)	28,984,387	-	-	28,984,387	-	-	-	-	28,984,387	28,984,387
3) BUILDINGS	144,409,212	2,000,000	-	146,409,212	15,987,205	4,829,025	-	20,816,230	125,592,982	128,422,007
4) PLANT & MACHINERY	338,568,081	4,081,164	(10,872,868)	331,776,376	119,435,067	20,633,582	(3,143,069)	136,925,581	194,850,796	219,133,014
5) PLASTIC MOULDS	183,730,034	3,714,142	(1,138,726)	186,305,450	140,768,195	24,522,027	(1,138,726)	164,151,496	22,153,954	42,961,839
6) DATA PROCESSING	7,021,569	223,289	(321,653)	6,923,205	4,214,178	990,316	(285,520)	4,918,973	2,004,232	2,807,391
7) FURNITURE & ELECT. FANS	19,485,092	580,694	(20,660)	20,045,126	5,926,993	1,832,496	(2,834)	7,756,655	12,288,470	13,558,099
8) OFFICE & ELECTRIC APPLIANCES	18,583,900	740,735	-	19,324,635	9,097,345	1,477,620	-	10,574,965	8,749,670	9,486,555
9) VEHICLES	25,437,826	2,172,742	-	27,610,568	5,749,571	2,517,753	-	8,267,324	19,343,244	19,688,255
<b>INTANGIBLE ASSETS:</b>										
10) M & M RESORTS LTD. (TIME SHARING RIGHT)	131,730	-	-	131,730	31,614	5,269	-	36,883	94,847	100,116
<b>TOTAL</b>	971,073,215	13,807,266	(12,353,907)	972,526,573	301,210,166	56,808,088	(4,570,149)	353,448,107	619,078,466	669,863,049
<b>PREVIOUS YEAR TOTAL</b>	828,123,319	145,741,903	(2,792,005)	971,073,215	261,624,662	39,585,504	-	301,210,166	669,863,049	-



## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010		As at 31.03.2009	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>SCHEDULE-10</b>				
<b>LOANS AND ADVANCES</b>				
[Unsecured - considered good unless otherwise stated]				
i) Advances recoverable in Cash or in kind or for value to be received	59,597,604		40,185,057	
ii) Security Deposits	6,050,111		6,083,110	
		<b>65,647,715</b>		<b>46,268,167</b>
<b>SCHEDULE-11</b>				
<b>LIABILITIES</b>				
a) Trade creditors	310,777,641		279,791,889	
b) Unclaimed Dividend	361,307		362,347	
c) Liabilities for Expenses	81,400,408		64,565,800	
		<b>392,539,356</b>		<b>344,720,036</b>
<b>SCHEDULE-12</b>				
<b>PROVISIONS</b>				
a) For Taxation	4,738,424		7,336,273	
b) For Fringe Benefit Tax	3,250,000	7,988,424	2,500,000	9,836,273
		<b>400,527,780</b>		<b>354,556,309</b>
<b>SCHEDULE-13</b>				
<b>MISCELLANEOUS EXPENDITURE</b>				
(To the extent not written off or adjusted)				
i) <b>Preliminary Expenses</b>				
Share Issue & Registration Expenses				
Last Balance	3,469,083		3,195,083	
Add: During the Year	-		300,000	
Less: Written off	-	3,469,083	26,000	3,469,083
ii) <b>Deferred Revenue Expenditure</b>				
<b>a) Deferred VRS Expenditure</b>				
Last Balance	19,616,632		10,305,479	
Add: Expenditure incurred during the year	12,506,645		15,422,290	
	32,123,277		25,727,769	
Less: Written off during the year	8,324,891	23,798,386	6,111,137	19,616,632
<b>b) New Project (Bike):</b>				
Last Balance	1,571,801		1,571,801	
Add: Expenses incurred during the year	-	1,571,801	-	1,571,801
<b>c) Amalgamation Expenditure:</b>				
Last Balance	-		168,444	
Less: Written off during the year	-	-	168,444	-
		<b>28,839,270</b>		<b>24,657,516</b>

# Lumax Automotive Systems Ltd.



## SCHEDULES TO THE PROFIT & LOSS ACCOUNT For the year ended 31st March 2010

	For the year ended 31.03.2010		For the year ended 31.03.2009	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>SCHEDULE-14 SALES</b>				
Gross Sales		1,101,747,134		1,145,665,956
Less: Excise Duty		96,974,572		145,211,937
		<b>1,004,772,562</b>		<b>1,000,454,019</b>
<b>SCHEDULE-15 OTHER INCOME</b>				
Interest		43,465		24,064
Dividend		415,895		418,955
Miscellaneous Income		198,654		447,681
		<b>658,014</b>		<b>890,700</b>
<b>SCHEDULE-16 ACCRETION/(DECRETION IN STOCK)</b>				
i) Closing Stock				
Finished Goods	11,187,983		9,466,735	
Semi- Finished Goods	88,521,446		83,969,891	
Scrap Materials	178,162	<b>99,887,591</b>	187,245	<b>93,623,871</b>
ii) Opening Stock				
Finished Goods	9,466,735		9,237,162	
Semi- Finished Goods	83,969,891		71,351,887	
Scrap Materials	187,245	<b>93,623,871</b>	204,962	<b>80,794,011</b>
Net accretion in stock (i-ii)		<b>6,263,720</b>		<b>12,829,860</b>
<b>SCHEDULE-17 RAW MATERIAL CONSUMED</b>				
Opening Stock	123,849,115		112,622,363	
Add: Purchases	625,269,463	<b>749,118,578</b>	571,498,124	<b>684,120,487</b>
Less: i) Closing Stock	174,493,387		123,849,115	
ii) Sale of Scrap Materials	5,829,051	<b>180,322,438</b>	2,286,330	<b>126,135,445</b>
		<b>568,796,140</b>		<b>557,985,042</b>
<b>SCHEDULE-18 MANUFACTURING AND OPERATING EXPENSES</b>				
Wages and Salaries		111,339,151		109,271,599
Light, Power & Fuel		53,160,067		52,426,990
Packing Material Consumed		17,635,159		22,769,220
Consumable Stores		6,373,293		8,936,298
Repairs of Machinery		6,738,048		5,541,278
Other Manufacturing Expenses		15,552,838		12,461,040
		<b>210,798,556</b>		<b>211,406,425</b>

## SCHEDULES TO THE PROFIT & LOSS ACCOUNT For the year ended 31st March 2010

	For the year ended 31.03.2010 (Rs.)	For the year ended 31.03.2009 (Rs.)
<b>SCHEDULE-19 PERSONNEL EXPENSES</b>		
Salaries & Allowances	45,435,397	45,884,873
Managerial Remuneration	2,947,500	2,263,510
Welfare (Staff and Labour)	9,955,653	11,070,739
Cont. to ESI/PF/Gratuity	7,435,538	8,703,682
	<b>65,774,088</b>	<b>67,922,804</b>
<b>SCHEDULE-20 ADMINISTRATIVE EXPENSES</b>		
Printing & Stationery	1,323,479	1,558,029
Vehicle Maintenance	4,384,532	4,011,692
Rent, Rates and Taxes	4,337,651	4,265,732
Postage & Telephones	4,471,959	4,024,049
Legal & Consultancy Expenses	3,171,120	2,894,130
Auditors Fee and Remuneration	1,139,399	929,551
Research & Development Expenses	655,404	135,453
Travelling & Conveyance expenses	6,906,868	8,177,962
Gen. Repairs & Maintenance	2,712,116	3,111,524
Misc. Expenses	2,328,219	3,705,826
Bldg. Repairs & Maintenance	26,361	113,008
	<b>31,457,108</b>	<b>32,926,956</b>
<b>SCHEDULE-21 SELLING AND FORWARDING EXPENSES</b>		
Packing and Forwarding	24,191,833	23,172,472
Advertisement and Publicity	33,060	425,315
Sales Promotion	2,611,892	3,350,406
Service Charges	194,915	-
Bad Debts Written Off	1,566,581	3,637,596
Discount & Rebate	10,739,089	6,551,204
Others	311,761	22,151
	<b>39,649,131</b>	<b>37,159,144</b>
<b>SCHEDULE-22 INTEREST AND FINANCE CHARGES</b>		
Intt. to Banks and Financial Institutions	41,826,886	38,517,028
Intt. on Advances / Unsecured Loans	4,461,354	4,253,278
Intt. (Others)	3,420,167	1,270,722
Bank Charges & Bill Discounting Charges	17,005,300	4,896,442
	<b>66,713,707</b>	<b>48,937,470</b>



## SCHEDULE-23

### NOTES ON ACCOUNTS

#### 1) General

The financial statements have been prepared to comply in all material respects in accordance with the notified Accounting Standards issued under Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956.

- 2) i) The Company has set-up its own gratuity fund which is covered under the group gratuity scheme with Life Insurance Corporation of India. Liability in respect of gratuity for the two financial years ended on 31-03-09 and 31-03-10 has not been provided in books of the company and no actuarial valuation has been obtained by the company.
- ii) Liability in respect of earned leave due to the employees as on 31/03/2010 as per actuarial valuation amounts to Rs.72.90 Lacs (Rs.71.85 Lacs) and out of which Rs 63.07 Lacs (Rs.58.58 Lacs) has not been provided in the books of the company.
- iii) Under the scheme of demerger with Lumax Industries Ltd. sale-tax deferment liability in respect of rear view mirror division was transferred to the Company. However the approval and certificate for transfer of deferment of sale tax liability in the name of the Company from State Authority is awaited. The sale-tax deferred liability amounting to Rs 9257295/- (Rs. 9257295/-) have been included in unsecured loans.
- 3) i) **Other contingent liabilities not provided for :**
- a) Bonds given to Government Agencies & Counter Guarantees given to banks on behalf of the company Rs.12.40Lacs (Rs.15.85 Lacs)
- b) Letter of credit outstanding Rs.266.20 Lacs (Rs.432.73 Lacs).
- c) Bank guarantees given in favour of Government agencies Rs.8.22 Lacs(Rs.9.13 Lacs)
- d) Liabilities towards disputed ESI Rs. Nil (Rs. 1.05 Lacs).
- e) Liabilities towards disputed Labour cases not ascertained
- ii) **Outstanding capital commitments.**  
Estimated amount of contracts remaining to be executed on capital accounts Rs. 8.22 Lacs (Rs.4.45 Lacs)
- 4) i) Computation of net profit in accordance with section 198 of The Companies Act, 1956.

Particulars	2009-2010	2008-2009
Profit/(Loss) before Tax	(37,718,760)	15,050,630
Add:		
Director's Remuneration	3,015,900	2,263,510
Loss on sale of fixed assets	4,283,758	-
Net profit u/s 198 of The Companies Act, 1956	(30,419,102)	17,314,140
11% of net profit as computed above*	-	1,904,556

Note: \* Remuneration to Directors has been paid under the provisions of Schedule XIII read with section 269, of the Companies Act, 1956.

#### ii) Managerial Remuneration (Other than Directors' Sitting Fee) :

Particulars	2009-2010 (Rs.)	2008-2009 (Rs.)
Salaries	2,640,000	1,740,500
Contribution to PF	307,500	167,760
Value of perquisites	68,400	355,250
<b>Total</b>	<b>3,015,900</b>	<b>2,263,510</b>

#### 5) Auditors' fee and Remuneration

Particulars	2009-2010 (Rs.)	2008-2009 (Rs.)
Audit Fee	843,000	650,000
Taxation	190,000	125,000
Certification fee, service tax, Reimbursement of expenses and others	106,399	154,551
<b>Total</b>	<b>1,139,399</b>	<b>929,551</b>

6) i) Particulars of Licensed and Installed Capacity :

Class of Goods Manufactured	Licensed (*) Capacity (Nos.)	Installed(*) Capacity (Nos.)
Oil/Air Filters, Cleaners and Elements	N.A.	3,900,000 (3,900,000)
Rear View Mirrors	N.A.	4,800,000 (4,800,000)
Plastic moulded auto components	N.A.	22,500,000 (22,500,000)

(\*)As certified by the management which has been determined on the basis of past production records and is an estimate which may change on account of changes in product mix. The same has been accepted by the Auditors, being a technical matter, without verification.

ii) Particulars pertaining to finished goods:

Class of Goods Manufactured	Opening Stock		Production Qty. (Nos)	Purchase Qty. (Nos)	Turnover		Closing Stock	
	Qty. (Nos)	VALUE (Rs.)			Qty. (Nos)	VALUE (Rs.)	Qty. (Nos)	VALUE (Rs.)
Oil/Air Filters, Cleaners & Elements	31,608 (15,793)	3,972,765 (2,915,390)	3,174,275 (3,535,538)	103,468 (119,580)	3,292,197 (3,639,303)	401,493,888 (443,049,723)	17,154 (31,608)	5,300,130 (3,972,765)
Rear view Mirrors	19,519 (14,019)	2,093,412 (1,227,513)	1,185,260 (1,136,884)	23,475 -	1,212,505 (1,131,384)	84,481,333 (147,715,787)	15,749 (19,519)	2,017,079 (2,093,412)
Plastic Moulded Auto Components (See Note 3 below)	130068 (238,517)	3,210,232 (4,827,177)	14,441,880 (12,285,018)	30,284 -	14,537,363 (12,393,467)	433,289,453 (291,758,777)	64,869 (130,068)	3300793 (3,210,232)
Others (See Notes 1 & 2 below)		190,326 (267,083)				85,507,888 (117,929,732)		569,981 (190,326)
<b>Total</b>		<b>9,466,735</b> <b>(9,237,163)</b>				<b>1,004,772,562</b> <b>(1000,454,019)</b>		<b>11,187,983</b> <b>(9,466,735)</b>

Notes:

1. Comprise of large number of items such as components and parts of Air Cleaners/Filters, thereof such quantitative details have not been shown.
2. Total Turnover includes Job Work amounting to Rs.256, 440/- (Rs.193,027)
3. Plastic moulded auto components used in house 3,062,733 (3,895,153) are excluded from production figure.
4. As compiled and certified by the Management.

7) Details of Raw Materials consumed :

Name of Items	Unit	Qty.	Value (Rs.)
Steel Sheet	M.TONES	796 (635)	29,364,107 (33,101,038)
Plastic Powder	M.TONES	2,738 (2,779)	167,310,862 (233,727,119)
Filter Paper	M.TONES/PCS.	147/3002538 (113/3157943)	121,586,983 (97,753,631)
Others			250,534,189 (193,403,254)
			<b>568,796,141</b> <b>(557,985,042)</b>

Note: As compiled and certified by the Management

# Lumax Automotive Systems Ltd.



## 8) Value and percentage of Raw Materials and Stores Consumed :

Particulars	Raw Materials		Consumable Stores	
	%	Value(Rs.)	%	Value(Rs.)
Indigenous	80.82 (84.41)	459,687,312 (471,002,426)	100 (100)	6,373,293 (8,936,298)
Imported	19.18 (15.59)	109,108,828 (86,982,616)	Nil (Nil)	Nil (Nil)
		568,796,140 <b>(557,985,042)</b>		<b>6,373,293</b> <b>(8,936,298)</b>

## 9) Expenditure/Payments in Foreign Currency :

Particulars	2009-2010 (Rs.)	2008-2009 (Rs.)
Raw Materials (CIF Value)	97,126,588	69,347,724
Foreign Travels	1,914,088	1,114,592
Royalty Payment	NIL	111,545
Capital Goods	NIL	47,722,842
	<b>99,040,676</b>	<b>118,296,703</b>

## 10) Earning in Foreign Currency:

- Advance received for moulds - Rs. NIL (Rs. 1,723,528)
- Amount received against Export Sale- Rs. 4,290,632 (Rs. 14,644,556)

11) Based on the information available with the company, no suppliers/ service providers have informed/ confirmed of being registered as Micro, Small or Medium enterprises as at 31<sup>st</sup> March 2010 in terms of the provisions of "The Micro, Small, and Medium enterprises Development Act, 2006".

12) In terms of Note to Part II of Schedule VI of the Companies Act, 1956 quantity- wise disclosure have been only/ restricted to those items/ articles, which individually account for 10% or more of the total raw materials consumed/ turnover.

13) The business of the company falls within one primary business segment, namely automotive components, therefore, the requirement of disclosure as per AS-17 regarding "Segment Reporting" does not apply. The Company is primarily engaged in the business of Auto Components which are governed by the same set of risk & returns and hence there is only one segment. The said treatment is in accordance with the guiding principle enunciated in the Accounting Standard on segment reporting (AS-17).

14) Particulars of Companies/firms disclosed to comply with AS-18 on "Related Party Disclosure" in which the directors of the company exercise control over the composition of the Board of the directors/governing body are given here below. However, these do not have a potential conflict with the interest of the Company at large nor do they control or exercise significant influence over the interest of Lumax Automotive Systems Limited.

i) Names of Related Parties with whom Transactions were carried out during the year:-

Key Management Personnel	Relatives/Enterprises of Relatives of Key Management Personnel	Associates/Enterprises controlled by Key Management Personnel
Mr. U.K. Jain Mrs. Kamlesh Jain Mr. Nitin Jain	Deepak Auto Pvt. Ltd. Lumax Industries Ltd. Nytex Auto Industries Sh. S.C. Jain Sh. Milan Jain	Toray Auto Industries (P) Ltd. Lumax Magna Donnelly Automotive Mirrors (P) Ltd. Lucky Capital (P) Ltd. Nine Land Developers Pvt. Ltd. Lumax Automotive Care Ltd.

ii) Detail of Related Parties Transactions:-

S. No.	Account Head/ Particulars	Key Management	Relatives/ Enterprises of Relatives of Key Management Personnel	Associates/ Enterprises Controlled By Key Management Personnel	Total Current Year	Total Previous Year
1	Machine Hire Charges	—	—	—	—	300,000
2	Components/ Plastic Powder – Sale	—	—	20,692,140	20,692,140	9,760,245
3	Components/R.M. – Purchase	—	—	420,765	420,765	4,296,090
4	Managerial Remuneration	3,015,900	—	—	3,015,900	2,263,510
5	Interest on unsecured loans	3,198,206	—	750,837	3,949,043	3,953,376
6	Rent	1,208,065	594,000	—	1,802,065	1,854,000
7	Salaries & allowances	—	640,720	—	640,720	628,400
8	Purchase – Machinery	—	—	253282	253282	563,342

- 15) 1) Lumax Magna Donnelly Automotive Mirrors Private Limited is subsidiary company of our company on account of holding of 73.78% Equity Shares in that company. Pursuant to Accounting Standard –21(Consolidated Financial Statements), the consolidated financial statements are not required to be prepared as the subsidiary company operates under severe long term restrictions which significantly impair its ability to transfer funds to the parent company i.e. LASL .
- 2) Interest in Joint Venture Company :-  
Pursuant to Accounting Standard –27 on Financial Reporting of interests in Joint Ventures, the relevant information relating to the Joint Venture Company, is as given below :

Name of the Joint Venture Company	Country of Incorporation	Proportion of Ownership Interest	Description of Interest
Lumax Magna Donnelly Automotive Mirrors Private Limited	India	73.78% (Allotted on 11/01/2007)	JV is established principally to develop (but not to design), manufacture, assemble and to sell automotive mirrors of passenger vehicles and inner door handles

The company's share in the aggregate amounts of each of the assets, liabilities, incomes, expenses, capital commitments and contingent liabilities as at/for the year ended 31st March, 2010 are as under :

Proportion of Company's interest in Joint Venture

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
Assets	71,574,507	56,253,922
Liabilities	32,544,130	22,967,881
Income	100,501,736	28,094,570
Expenses	89,412,800	27,591,285
Capital Commitments	NIL	33,201
Contingent Liabilities	NIL	NIL

Notes:

- a) The above details represent proportionate amount of the Company's share in the Joint Venture.

16) **Impairment of Assets**

As stipulated in AS-28, the company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing businesses are capable of generating adequate returns over their useful lives in the usual course of business. There is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

17) i) **Taxation**

The company is not liable to pay the income tax for the year as the company has taxable loss, under the provisions of the Income Tax Act.

ii) **Deferred Tax liabilities/ Assets**

The major components of Deferred Tax Assets and liabilities are given below:

Deferred Tax Assets:

-Expenses deductible on payment basis and unabsorbed business losses and Depreciation

(Amount in Rs)

20,017,000

20,017,000

**Deferred Tax Liabilities :**

-Difference between book and tax depreciation

37,349,107

Deferred VRS Expenditure claimed as

Revenue expenditure under Income Tax Act

8,089,070

45,438,177

Deferred tax liability as on 31/03/2010

25,421,177

Less: Deferred tax liability as on 31/03/2009

30,985,507

Deferred Tax assets for the current year

**(5,564,330)**

- 18) i) Expenditure incurred towards compensation payments to employees on retirement / resignation are amortized in equal installment over five years as VRS scheme  
 ii) Expenditure incurred on new project (Bike) has been capitalized and will be amortised in the year of the implementation of the project/production.  
 iii) Preliminary and amalgamation expenses up to last year were written off in equal installment over five financial years except public issue expenses which shall be written off in five equal installments from the financial year in which shares will be issued.

19) **Miscellaneous**

Sundry creditors, sundry debtors and loans and advances and rebates claimed include certain items for which confirmations are yet to be received and include certain long outstanding balances which are considered payable/ realisable as the case may be.

	2009-10	2008-09
20) Earning Per Share (EPS):		
Net (loss)/profit as per Profit & Loss A/c after taxation	(34,992,591)	11,212,046
	<u>7,404,106</u>	<u>7,404,106</u>
Number of Equity Shares of Rs.10/- each at the beginning of the year		
	<u>7,404,106</u>	<u>7,404,106</u>
Total no. of Equity Shares		
	<u>7,404,106</u>	<u>7,404,106</u>
Weighted average number of Equity shares of Rs.10/- each at the end of the year for Calculation of basic and diluted EPS	7,404,106	7,404,106
Face value of equity share (Rs. Per share)	10	10
Basic & Diluted Earnings (in Rupees per Share)	(4.73)	1.51

21) **ACCOUNTING POLICIES :**

i) Method of Depreciation, Depletion & Amortization:

- a) Depreciation of Fixed Tangible Assets has been computed on straight line basis on cost/enhanced cost in accordance with Schedule-XIV read with Section 205(2)(b) of the Companies Act, 1956 except in cases "where the assets have been identified/ retired from active use and where the assets are reduced to the estimated realizable value in the year of its retirement". However depreciation on plastic bins has been provided at 25%, keeping in view, the life of expectancy of the bins. The incremental depreciation on enhanced cost on account of revaluation is adjusted against revaluation reserve.
- b) Cost of Leasehold Land is not being amortized over the period of lease and shall be amortised on termination/ renewal of lease agreements.
- c) Intangible Assets-Amortisation of intangible assets is provided on straight-line method to allocate depreciable amount of an asset over its usual life.

ii) Conversion of Foreign Currency items:

Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transactions and in case of purchase of materials and sales of goods, the exchange gains/losses on settlement during the year, are adjusted to respective accounts. In cases where the amount is not received/paid up to the Balance Sheet date, the conversion of foreign currency items

have been accounted for at the rates prevailing as at the year end and material variance has been recognized in the Accounts.

- iii) **Valuation of Inventories:**  
Raw Materials, Components, Stores and Packing Materials are valued at Cost including taxes. Semi-finished goods valued at Estimated Cost including taxes. Finished goods are valued at cost inclusive of excise duty for which provision has been made. Custom duty on material lying in bonded warehouse is included in cost when it is actually paid/ incurred at the time of removal from the warehouse and this treatment has no impact on the profits of the Company.
- iv) **Research & Development:**  
The revenue expenditure on research & development is expensed out under the relevant head of accounts in the year in which it is incurred. However, expenditure which results in creation of capital tangible assets is treated in the same way as expenditure on other fixed assets.
- v) **Valuation of Fixed Assets:**  
The Fixed Assets of the Company are recorded at their historical cost of acquisition except otherwise stated (some of the assets are recorded at revalued amounts) including installation & commissioning expenses as reduced by accumulated depreciation to date. Fixed assets identified under asset rationalization programme are revalued from time to time and the deficit if any on account of the revaluation is recognised in the profit & loss statement of the relevant year.
- vi) **Investments:**  
Investments are stated at cost. Dividend income is accounted for in the year in which it is received.
- vii) **Treatment of Contingent Liabilities:**  
Liabilities of a contingent nature are accounted for only on actual occurrence/final settlement of the liabilities.
- viii) **Retirement Benefits to Employees:**  
The company's contributions to schemes such as Provident Fund & Family Pension Fund are charged to Profit & Loss Account as and when accrued. The company also provides for retirement/post retirement benefits in the form of Gratuity to all employees under scheme with the LIC wherein, liability towards the premium of the policy, based on actuarial valuation is charged to the Profit & Loss Account. However during the year and of earlier financial year 2008-09 liability for gratuity could not be ascertained as the company has not taken actuarial valuation for the same. Also provision for leave encashment amounting to Rs.63.07 Lacs (Rs.58.58 Lacs) is not made since the liability is of a fluctuating nature from year to year and is accounted for only at the time of retirement of the employees. (Read along with note No. 2(ii))
- ix) **Expenditure on New projects and Substantial Expansion:**  
Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction Period is capitalized as part of construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Income earned, if any, during construction period is deducted from the total of the indirect expenditure.
- x) **Revenue Recognition:**  
Revenue in respect of insurance/other claims and rate differences etc. is recognized only when it is reasonably certain that the ultimate collection will be made.
- xi) **Leases:**  
In respect of operating lease, rentals and all other expenses are treated as revenue expenditure with reference to the term(s) of the lease(s)
- xii) **Taxation:**  
Tax liability of the company is estimated considering the provisions of the Income Tax Act, 1961. Deferred tax is recognised subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

22. Previous year figures have been re-grouped wherever necessary to confirm to current year classification.

Annexure to our report of even date  
for **R.JAIN & SANJAY ASSOCIATES**  
CHARTERED ACCOUNTANTS

ON BEHALF OF THE BOARD

**(CA-SANJAY JAIN)**  
PARTNER  
MEMBERSHIP NO: 88027

**(A.K. GOEL)**  
CHIEF FINANCIAL OFFICER

**(MONIKA GUPTA)**  
COMPANY SECRETARY

**(U.K.JAIN)**  
CHARIMAN & MG. DIRECTOR

**(NITIN JAIN)**  
EXECUTIVE DIRECTOR

PLACE: NEW DELHI  
DATED: 28th August 2010

# Lumax Automotive Systems Ltd.



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No.  State Code

Balance Sheet Date

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue  Right Issue

Bonus Issue  Private Placement

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities  Total Assets

Sources of Funds : Application of Funds :

Paid-up Capital  Net Fixed Assets

Reserves & Surplus  Investment

Secured Loans  Net Current Assets

Unsecured Loans  Misc. Expenditures

Deferred Tax Liability  Accumulated losses

### IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover & Other Income  Total Expenditure

Profit/ Loss Before Tax  Profit/(Loss) after Tax

Earning per share Rs.  Dividend rate

### V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)

Product Description : Oil/Air Filters and Cleaners

Item Code No. (ITC Code)

Product Description : Rear - View Mirrors for Vehicles

Item Code No. (ITC Code)

Product Description : Plastic Moduled auto components

Annexure to our report of even date.  
For **R. JAIN & SANJAY ASSOCIATES**  
CHARTERED ACCOUNTANTS

ON BEHALF OF THE BOARD

(CA-SANJAY JAIN)  
PARTNER  
MEMBERSHIP NO: 88027

(A.K. GOEL)  
CHIEF FINANCIAL OFFICER

(MONIKA GUPTA)  
COMPANY SECRETARY

(U.K. JAIN)  
CHARIMAN & MG. DIRECTOR

(NITIN JAIN)  
EXECUTIVE DIRECTOR

PLACE: NEW DELHI  
DATED: 28th August 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	2009-2010		2008-2009	
<b>A. Cash Flow From Operating Activities</b>				
Profit before Tax	(37,718,761)		15,050,630	
<b>Adjustments for :</b>				
Depreciation	56,808,088		39,585,504	
Interest Expenses	66,713,707		48,937,470	
Amortisation of Preliminary Expenses	-		26,000	
Amortisation of Deferred Revenue expenditure	8,324,891		6,111,137	
Amortisation of Amalgamation Expenses	-		168,444	
(Profit)/ Loss on sale of fixed assets	4,283,758		-	
<b>Operating profit before working capital changes</b>	<b>98,411,683</b>		<b>109,879,185</b>	
<b>Adjustments for :</b>				
Trade Receivables	(41,984,876)		22,683,843	
Inventories	(53,593,774)		(27,721,858)	
Loans and Advances	(19,379,547)		10,128,321	
Trade and Other payables	47,819,320		(5,859,376)	
	<b>31,272,806</b>		<b>109,110,115</b>	
<b>Net cash generated from Operating Activities</b>		31,272,806		109,110,115
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed assets	(20,245,422)		(121,617,471)	
Adjustment/sale of Fixed Assets	3,500,000		2,792,005	
Share Issue Expenses	-		(300,000)	
VRS expenses incurred	(12,506,645)		(15,422,290)	
<b>Net Cash used in Investing Activities</b>		(29,252,067)		(134,547,756)
<b>C. Cash flow from Financing activities</b>				
Receipt of Long Term Borrowings	24,508,055		168,525,784	
Receipt of Working Capital Loans	11,504,767		-	
Receipt of short Term borrowings	140,939,542		4,503,040	
Repayment of Long Term borrowings	(39,577,537)		(110,045,577)	
Repayment of Working Capital Loans	(43,651,358)		(637,564)	
Repayment of short term borrowings	-		-	
Interest Paid	(66,713,707)		(48,937,470)	
Income Tax Paid	(4,686,007)		(6,000,000)	
<b>Net Cash used in Financing Activities</b>		22,323,755		7,408,214
<b>D. Net (Decreases)/ Increase in cash</b>		24,344,494		(18,029,427)
Cash and Cash equivalent as on 31.03.2009		4,945,258		22,974,685
Cash and Cash equivalent as on 31.03.2010		29,289,752		4,945,258

Notes: 1. The Cash Flow statement has been prepared under the indirect method as set out in accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.  
2. Negative figures have been shown in brackets

Annexure to our report of even date.  
For R. JAIN & SANJAY ASSOCIATES  
CHARTERED ACCOUNTANTS

ON BEHALF OF THE BOARD

(CA-SANJAY JAIN)  
PARTNER  
MEMBERSHIP NO: 88027

(A.K. GOEL)  
CHIEF FINANCIAL OFFICER

(MONIKA GUPTA)  
COMPANY SECRETARY

(U.K. JAIN)  
CHARIMAN & MG. DIRECTOR

(NITIN JAIN)  
EXECUTIVE DIRECTOR

PLACE: NEW DELHI  
DATED: 28th August 2010



**DIRECTORS' REPORT**

To the Members of  
LUMAX MAGNA DONNELLY AUTOMOTIVE MIRRORS PRIVATE LIMITED  
Your Directors have pleasure in presenting the 5<sup>th</sup> Annual Report together with audited accounts of the Company for the year ended 31<sup>st</sup> March 2010.

**Financial Results**

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

	(Rs. in thousands)	
<b>FINANCIAL RESULTS</b>	<b>2009-2010</b>	<b>2008-2009</b>
SALES (Excluding Excise Duty)	134350.28	35298.27
Profit (before Interest, Dep. & Tax)	24205.63	5405.64
(-) Depreciation	7334.29	4331.09
<b>PROFIT /(LOSS) :</b>	<b>15029.73</b>	<b>682.14</b>
(-) Tax provision	4535.33	-
(+) Deferred tax credit	1292.15	-
(-) Fringe benefit tax	25.05	96.16
Balance retained in P& L A/c	9177.18	585.97

**Operations:**

Your company's total turnover during the year under review was Rs.134350289/-

**Dividend:**

The Directors have not recommended any dividend for the financial year 2009-2010.

**Directors:**

In accordance with the requirement of the Companies Act, 1956 and Articles of Association of the company, Mr. Nitin Jain and Mr. Frank O' Brien are liable to retire by rotation and being eligible offer themselves for reappointment.

**Auditors:**

M/s. S.R. Batliboi & Co., Auditors of the Company, are retiring at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

**Auditors' report:**

The observations made by the Auditors with reference to notes on the accounts for the year under report are self-explanatory and need no further comments from the Directors.

**Deposits:**

During the year the Company has not accepted or invited any deposit from Public within the meaning of section 58A of the Companies Act, 1956 and the rules made there under.

**Particulars of employees:**

No employee of the Company was in receipt of remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**Disclosure u/s 217(1)(e):**

Information as per section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Directors) Rule, 1988, details are given below:

**Conservation of energy:**

The Company has always been conscious about the need for conservation of energy. Energy saving is one of the factor for the economic growth of the economy it remained an area of high priority for the company.

**Technology absorption:**

The company has obtained technical assistance from its Joint Venture Partner "Magna Donnelly Corporation, USA".

**Foreign Exchange Earning and Outgo:**

This information is given in notes to accounts at Point No. 10 and 11

**Directors' responsibility statement u/s 217(2AA):**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representation received from the operative management, confirm that:

- i) in the preparation of the annual accounts, all the applicable accounting standards have been followed and there are no material departures;
- ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) they have prepared the annual accounts on a going concern basis.

**Acknowledgement:**

Your Directors wish to place on record their thanks for the support extended to the company by its JV Partners, customers, dealers, suppliers, bankers, investors and other government and local authorities.

Your Directors also acknowledge the contribution made by the Company's personnel, who by dedication and drive for excellence have helped your company to achieve the desired performance and sustained growth in the year under review.

Place: Gurgaon  
Date: 28/08/2010

For & On behalf of the Board of Directors

U.K. JAIN  
Chairman

## AUDITORS' REPORT

To  
**The Members of Lumax Magna Donnelly Automotive Mirrors Private Limited**

1. We have audited the attached Balance Sheet of Lumax Magna Donnelly Automotive Mirrors Private Limited as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *As stated in Note 9 of Schedule 20 to the financial statements, the Company has not compiled the information necessary to ascertain the interest, if any, payable by it under the 'The Micro, Small and Medium Enterprises Development Act, 2006' and the disclosures required under that Act in the financial statements. Accordingly, we are unable to comment on the impact of the same on the financial statements. The same was also the subject matter of qualification by us in the previous year as well.*
5. *The Company has not made provision for technical assistance fees aggregating to Rs. 1,156,448 which is in excess of the amount determined under relevant Reserve Bank of India guidelines, in relation to the previous year ended 31 March 2007. Had the impact of above been considered, the net profit for the year would have been lower and balance in Profit and Loss account would have been higher by Rs. 1,156,448. The same was also the subject matter of qualification by us in the previous year as well.*
6. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, *except for the matters stated in paragraphs 4 and 5 above*, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi. *Subject to the matter stated in paragraph 4, the effect of which on the financial statements is not currently determinable, and paragraph 5, the effect of which on the financial statements is stated in that paragraph*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010; and
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.  
Firm registration number: 301003E  
Chartered Accountants

per Pankaj Chadha  
Partner  
Membership No.: 91813

Place: Gurgaon  
Date: 28/08/2010

### Annexure referred to in paragraph 3 of our report of even date

Re: Lumax Magna Donnelly Automotive Mirrors Private Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Fixed assets have not been physically verified by the management during the year hence we are unable to comment on the same.
  - (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
  - (b) *The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.*
  - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
  - (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4(iii) (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) *The company does not have an internal audit system.*
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues of customs duty, sales-tax, service tax, cess, excise duty provident fund, employees' state insurance and income-tax, have generally been regularly deposited with the appropriate authorities *though there have been slight delays in a few cases*. We are informed that the provision of Investor Education and Protection Fund is not applicable to the Company for the year ended March 31, 2010. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) *The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The company does not have any dues due to a financial institution or debenture holder.
- (xii) *According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.*
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.



## Lumax Magna Donnelly Automotive Mirrors Pvt. Ltd.

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) *According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.*
- (xvi) The Company did not have any term loan outstanding during the year.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) *The Company did not have any outstanding debentures during the year.*
- (xx) The Company has not raised money by public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. Batliboi & Co.  
Firm registration number: 301003E  
Chartered Accountants

per Pankaj Chadha  
Partner  
Membership No.:91813

Place : Gurgaon  
Date : 28/08/2010

# Lumax Magna Donnelly Automotive Mirrors Pvt. Ltd.



## LUMAX MAGNA DONNELLY AUTOMOTIVE MIRRORS PRIVATE LIMITED BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	March 31, 2010 Rs.	March 31, 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	45,000,000	45,000,000
Reserves and surplus	2	7,901,026	115,262
		<b>52,901,026</b>	<b>45,115,262</b>
<b>Loan Fund</b>			
Secured loan	3	12,240,920	11,170,625
<b>Deferred Tax Liabilities (Net)</b>			
	4	1,292,157	-
		<b>13,533,077</b>	<b>11,170,625</b>
<b>TOTAL</b>		<b>66,434,103</b>	<b>56,285,887</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block	5	58,214,753	56,707,441
Less : Accumulated Depreciation		20,642,533	13,308,242
Net block		37,572,220	43,399,199
Capital work-in-progress including capital advances		712,302	1,326,086
		<b>38,284,522</b>	<b>44,725,285</b>
<b>Current Assets, Loans and Advances</b>			
Inventories	6	7,758,961	6,811,659
Sundry debtors	7	5,376,255	3,842,001
Cash and bank balances	8	32,080,554	14,195,010
Other current assets	9	123,298	736,088
Loans and advances	10	13,387,128	5,935,446
		<b>58,726,195</b>	<b>31,520,204</b>
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	11	27,439,384	19,546,111
Provisions	12	3,137,230	413,490
		<b>30,576,614</b>	<b>19,959,601</b>
<b>Net Current Assets</b>		<b>28,149,581</b>	<b>11,560,602</b>
<b>TOTAL</b>		<b>66,434,102</b>	<b>56,285,887</b>
<b>Notes to Accounts</b>	21		

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For S.R.Batliloi & Co.  
Firm registration number: 301003E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Lumax Magna Donnelly Automotive Mirrors Private Limited

per Pankaj Chadha  
Partner  
Membership No.:91813  
Place : Gurgaon  
Date : 28/08/2010

**U K Jain**  
Chairman and Managing Director

**Nitin Jain**  
Director

Place : Gurgaon  
Date : 28/08/2010



## Lumax Magna Donnelly Automotive Mirrors Pvt. Ltd.

### Lumax Magna Donnelly Automotive Mirrors Private Limited Profit and Loss Account for the year ended March 31, 2010

	Schedule	March 31, 2010 Rs.		March 31, 2009 Rs.
<b>INCOME</b>				
Gross turnover		151,799,855		41,495,906
Less : Excise duty		11,568,530		4,613,245
Less : Sales Tax		5,881,036		1,584,388
Turnover (Net)		<b>134,350,289</b>		35,298,273
Other Income	13	1,867,841		2,780,569
<b>TOTAL</b>		<b>136,218,130</b>		38,078,842
<b>EXPENDITURE</b>				
Raw materials and components consumed	14	87,098,660		20,457,213
Personnel expenses	15	8,898,560		2,569,932
Operating and other expenses	16	16,131,634		9,488,423
Decrease/ (increase) in inventories	17	(116,357)		157,633
		<b>112,012,497</b>		32,673,201
<b>Profit before Financial Expenses and Depreciation</b>		<b>24,205,634</b>		5,405,641
Financial expenses	18	1,841,609		392,408
<b>Profit before Depreciation</b>		<b>22,364,025</b>		5,013,233
Depreciation	5	7,334,292		4,331,091
<b>Profit before tax and prior period items</b>		<b>15,029,733</b>		682,142
Current income tax (including earlier years Rs 146,334, previous year Rs nil)		4,535,334		-
Deferred Tax charge		1,292,157		-
Fringe benefit tax (including for earlier years Rs 25,058, previous year Rs nil)		25,058		96,166
Total tax expense		<b>5,852,549</b>		96,166
<b>Profit after tax and before prior period items</b>		<b>9,177,184</b>		585,976
Prior period items	19	(1,391,420)		-
<b>Net Profit</b>		<b>7,785,764</b>		-
Balance brought forward from previous year		115,262		(470,714)
<b>Balance carried to Balance Sheet</b>		<b>7,901,026</b>		115,262
Earnings per share basic and diluted	20			
-Basic and diluted (Nominal value Rs. 10 per share, Previous Year Rs. 10)	21	2.04		0.13
<b>Notes to Accounts</b>				

The Schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.  
As per our report of even date

For S.R.Batliloi & Co.  
Firm registration number: 301003E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Lumax Magna Donnelly Automotive Mirrors Private Limited

per Pankaj Chadha  
Partner  
Membership No.:91813  
Place : Gurgaon  
Date: 28/08/2010

**U K Jain**  
Chairman and Managing Director  
Place: Gurgaon  
Date: 28/08/2010

**Nitin Jain**  
Director



**Lumax Magna Donnelly Automotive Mirrors Private Limited  
Schedules to the Accounts**

	March 31, 2010 Rs.	March 31, 2009 Rs.
<b>Schedule 1: Share Capital</b>		
<b>Authorised</b>		
5,000,000 (Previous year 5,000,000) equity shares of Rs.10/- each	50,000,000	50,000,000
<b>Issued, Subscribed and Paid-up</b>		
4,500,000 (Previous year 4,500,000) equity shares of Rs.10/- each fully paid-up	45,000,000	45,000,000
Of the above:		
3,320,000 (Previous year 3,320,000) shares are held by Lumax Automotive systems Limited, the holding company		
<b>Schedule 2: Reserves and Surplus</b>		
Profit and loss account	7,901,026	115,262
	7,901,026	115,262
<b>Schedule 3: Secured Loans</b>		
Loan from a body corporate	12,125,101	11,081,000
(Secured by hypothecation of respective moulds)		
Interest accrued and due	115,819	89,625
	12,240,920	11,170,625
<b>Schedule 4: Deferred Tax Assets/ Liabilities</b>		
Amounts disallowed under section 40 (a) under Income Tax Act	1,877,930	513,905
Retirement benefits	116,218	-
Unabsorbed depreciation	-	2,220,400
<b>Gross Deferred Tax Assets</b>	1,994,148	2,734,305
Differences in depreciation in block of fixed assets as per tax books and financial books	3,286,305	2,734,305
<b>Gross Deferred Tax Liabilities</b>	3,286,305	2,734,305
<b>Net Deferred Tax Liabilities</b>	1,292,157	-
<b>Schedule 6: Inventories (at lower of cost and net realisable value)</b>		
Raw materials and components (including Stock in Transit Rs 738,787 (previous year Rs 1,825,040))	7,252,403	6,434,025
Stores and spares	102,176	89,608
Finished goods	404,383	288,026
	7,758,961	6,811,659
<b>Schedule 7: Sundry Debtors</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, considered good	-	2,487
Unsecured, considered doubtful	-	165,395
<b>Other debts</b>		
Unsecured, considered good	5,376,255	3,839,514
	5,376,255	4,007,396
Less : Provision for doubtful debts	-	165,395
	5,376,255	3,842,001

Lumax Magna Donnelly Automotive Mirrors Pvt. Ltd.  
Schedule 5: Fixed Assets

Amount in Rs.

Particulars	Plant & Machinery	Furniture & Fittings	Lease Hold Improvements	Office Equipments	Computers	Vehicles	Moulds	Total	Previous year
<b>Gross block</b>									
At 01.04.2009	12,363,985	1,805,163	3,746,718	1,020,191	624,906	2,119,268	35,027,210	56,707,441	25,828,534
Additions	719,546	625,766	-	-	62,000	-	100,000	1,507,313	30,878,907
Deductions	-	-	-	-	-	-	-	-	-
<b>At 31.03.2010</b>	<b>13,083,531</b>	<b>2,430,929</b>	<b>3,746,718</b>	<b>1,020,191</b>	<b>686,906</b>	<b>2,119,268</b>	<b>35,127,210</b>	<b>58,214,753</b>	<b>56,707,441</b>
For previous year	12,363,985	1,805,163	3,746,718	1,020,191	624,906	2,119,268	35,027,210	56,707,441	
<b>Depreciation</b>									
At 01.04.2009	3,786,313	495,839	3,746,718	163,388	323,212	358,357	4,434,414	13,308,242	8,977,151
For the year	1,083,747	119,827	-	51,526	99,951	201,330	5,777,911	7,334,292	4,331,091
Deletion	-	-	-	-	-	-	-	-	-
<b>At 31.03.2010</b>	<b>4,870,060</b>	<b>615,667</b>	<b>3,746,718</b>	<b>214,914</b>	<b>423,163</b>	<b>559,688</b>	<b>10,212,325</b>	<b>20,642,533</b>	<b>13,308,242</b>
For previous year	1,413,448	55,384	137,046	44,803	94,410	189,165	2,396,835	4,331,091	
<b>Net block</b>									
At 31.03.2010	8,213,471	1,815,262	-	805,277	263,743	1,559,580	24,914,885	37,572,220	43,399,199
At 01.03.2009	8,577,672	1,309,323	-	856,803	301,694	1,760,911	30,592,796	43,399,199	
Capital work-in-progress (including capital advances)								712,302	1,326,086
<b>Total</b>								<b>38,284,522</b>	<b>44,725,285</b>

Moulds includes Rs. 20,460,615 (Previous year Rs. 20,460,615) which have been hypothecated against loan from a body corporate.



**Lumax Magna Donnelly Automotive Mirrors Private Limited  
Schedules to the Accounts**

	March 31, 2010 Rs.	March 31, 2009 Rs.
<b>Schedule 8: Cash and Bank Balances</b>		
Cash on hand	43,056	715
Balances with scheduled banks:		
On current accounts	16,128,038	124,584
On fixed deposit accounts	15,909,460	14,069,711
	<b>32,080,554</b>	<b>14,195,010</b>
<b>Schedule 9: Other Current Assets</b>		
Interest accrued on fixed deposits with banks	123,298	736,088
	<b>123,298</b>	<b>736,088</b>
<b>Schedule 10: Loans and Advances</b>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	10,969,694	3,033,444
Balance with customs, excise etc.	1,938,149	1,950,230
Security deposits	479,285	479,285
Advance income tax including Fringe Benefit Tax	-	472,558
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	332,585	329,324
	<b>13,719,713</b>	<b>6,264,841</b>
Less: Provision for doubtful advances	332,585	329,394
	<b>13,387,128</b>	<b>5,935,447</b>
Included in loans and advances are :		
Dues from companies under the same management/ holding company		
Lumax Automotive Systems Limited	8,203,932	-
(Maximum amount due during the year Rs. 17,960,347 (Previous year Nil))		
Magna Donnelly Corporation, USA	1,540,313	1,087,500
(Maximum amount due during the year Rs. 1,540,313 (Previous year Rs. 1,087,500))		
Guangdong Donnelly Zhenhhua Automotive Systems Co. Ltd.	67,195	-
(Maximum amount due during the year Rs. 67,195 (Previous year Rs. Nil))		
Magna Slovteca s.r.o.	329,394	329,394
(Maximum amount due during the year Rs. 329,394 (Previous year Rs. 329,394))		
<b>Schedule 11: Current Liabilities</b>		
Sundry creditors	19,145,657	12,181,580
Royalty payable	6,579,102	4,545,706
Other liabilities	1,714,625	2,818,825
	<b>27,439,384</b>	<b>19,546,111</b>
Included in sundry creditors and royalty payable are:		
Dues to companies under the same management/ holding company		
Lumax Automotive Systems Limited	-	551,967
(Maximum amount due during the year Nil (Previous year Rs. 1,563,600 ))		
Magna Donnelly Corporation, USA	6,579,102	4,545,706
(Maximum amount due during the year Rs. 6,579,102 (Previous year Rs. 4,545,706))		
Magna Auteca AG.	915,553	2,548,959
(Maximum amount due during the year Rs. 2,045,522 (Previous year Rs. 2,573,545))		
Magna Donnelly Engineering GMBH	542,811	-
(Maximum amount due during the year Rs. 631,039 (Previous year Nil))		

**Lumax Magna Donnelly Automotive Mirrors Private Limited  
Schedules to the Accounts**

	March 31, 2010 Rs.	March 31, 2009 Rs.
<b>Schedule 12: Provisions</b>		
Provision for taxation (net of advance tax payments)	2,575,940	-
Provision for Fringe Benefit Tax (net of advance tax payments)	-	96,166
Provision for warranties *	219,372	266,558
Provision for gratuity	184,185	27,608
Provision for leave encashment	157,733	23,158
	<b>3,137,230</b>	<b>413,490</b>
<b>* Movements in provision for warranties:</b>		
Provision made during the year	(30,282)	203,122
Amounts used during the year	16,904	22,188
<b>Schedule 13: Other Income</b>		
Interest on fixed bank deposits (Tax deducted at source Rs 136,328 (Previous year Rs. 151,643)	1,363,288	1,509,098
Excess provision written back	28,702	985,529
Foreign exchange fluctuation differences (net)	461,851	285,942
Miscellaneous income	14,000	-
	<b>1,867,841</b>	<b>2,780,569</b>
<b>Schedule 14: Raw Materials &amp; Components Consumed</b>		
Opening stock	6,434,025	5,194,708
Add : Purchases	87,917,038	21,696,530
Less: Closing stock	(7,252,403)	(6,434,025)
	<b>87,098,660</b>	<b>20,457,213</b>
<b>Schedule 15: Personnel Expenses</b>		
Salaries, wages and bonus	7,704,810	2,196,268
Contribution to provident and other funds	409,184	70,373
Workmen and staff welfare expenses	784,566	303,291
	<b>8,898,560</b>	<b>2,569,932</b>
<b>Schedule 16: Operating and Other Expenses</b>		
Consumption of stores and spares	417,118	88,420
Power and fuel	560,167	307,480
Freight and forwarding charges	1,311,666	1,911,218
Provision for doubtful advances	3,191	329,394
Rent	2,681,622	2,836,551
Rates and taxes	201,525	63,526
Insurance	43,782	45,746
Repairs and maintenance - Others	1,106,729	109,407
Advertisement and sales promotion	476,018	4,553
Cash discounts	802,846	182,787
Technical Assistance fees	4,030,509	1,058,948
Consultancy fees	1,343,503	352,983
Traveling and conveyance	1,084,270	651,251
Excise Duty on Finished Goods	18,108	-
Communication costs	302,405	262,485
Loss on sale of fixed assets (net)	-	-
Bad debts	5,659	153,494
Legal & professional expenses	559,898	242,359
Miscellaneous expenses	1,182,618	887,821
	<b>16,131,634</b>	<b>9,488,423</b>

**Lumax Magna Donnelly Automotive Mirrors Private Limited  
Schedules to the Accounts**

	March 31, 2010 Rs.	March 31, 2009 Rs.
<b>Schedule 17: Decrease/ (Increase) in Inventories</b>		
<b>Inventories as at March 31, 2009</b>		
-Finished goods	288,026	-
	<b>288,026</b>	-
<b>Inventories as at March 31, 2010</b>		
-Finished goods	404,383	288,026
	<b>404,383</b>	288,026
	<b>(116,357)</b>	<b>(288,026)</b>
<b>Schedule 18: Financial Expenses</b>		
Interest		
- on loan from banks	-	15,336
- on loan from others	1,733,069	261,083
Bank charges	108,540	115,989
	<b>1,841,609</b>	<b>392,408</b>
<b>Schedule 19: Prior Period Items</b>		
Product development support fee	703,500	-
Product design & drawing fee	642,703	-
Rates and taxes	45,217	-
	<b>1,391,420</b>	-
<b>Schedule 20: Earnings Per Share (EPS)</b>		
Net profit as per profit and loss account	9,177,184	585,976
Weighted average number of equity shares in calculating Basic/ Diluted EPS	4,500,000	4,500,000
Earnings Per Share - Basic and diluted	2.04	0.13

**Lumax Magna Donnelly Automotive Mirrors Private Limited**  
**Schedules 21 : Notes to Accounts**

**1. Nature of Operations**

The Company is engaged in the business of manufacturing and supply of rear view mirrors for automobiles.

**2. Statement of Significant Accounting Policies**

**a. Basis of preparation of Financial Statements**

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of certain fixed assets for which revaluation is carried out in earlier year. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**b. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**c. Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

**d. Depreciation**

i) Depreciation on fixed assets is provided using the written down value method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.

Particulars	Company Rates %	Schedule XIV rates %
Plant and Machinery (Other than plastic bin and crates)	4.75	4.75
Plant and Machinery (Plastic bin and crates)	100	4.75
Moulds	16.21	16.21
Furniture and Fixtures	6.33	6.33
Office Equipment	4.75	4.75
Computers	16.21	16.21
Vehicles	9.50	9.50

ii) Individual assets not exceeding Rs. 5,000 are depreciated fully in the year of purchase.

**e. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**f. Leases**

*Where the Company is the lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**g. Inventories**

Inventories are valued as follows:

Raw materials, Components, Stores and Spares	Lower of cost and net realizable value. Cost is determined on FIFO basis.
Work in progress and Finished Goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs incurred to make the sale.

## **h. Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### **Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

### **Interest**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

## **i. Foreign Currency Transactions**

### **i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### **ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### **iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

## **j. Income Taxes**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with *the Income-tax Act, 1961* enacted in India. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

Deferred Tax Assets and Deferred Tax Liabilities across operations on which enterprise has no legal enforceable right are not set off against each other as the Company does not have a legal right to do so.

## **k. Retirement and Employee Benefits:**

### **i) Provident Fund**

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

### **ii) Gratuity**

Gratuity liability is a defined benefit obligation and is provided for on the basis of projected unit credit method made at the end of each financial year.

### **iii) Leave Encashment**

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for on the basis of projected unit credit method made at the end of each financial year.

### I. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### m. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### n. Warranty provision

Warranty costs are provided on actual basis determined based on our past experience of claims, exceptional warranty claims are not taken into account to determine such provisions.

### o. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

### 3. Segment Reporting Policy

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard-17 'Segment Reporting'.

### 4. Related Party Disclosures

i) Names of Related Parties where control exists irrespective of whether transactions have occurred or not (as certified by the management)

Holding Company	Lumax Automotive Systems Limited
Co-venturer	Magna Donnelly Corporation, USA Vehma International (Canada) Inc.
Associates, JVs, Subsidiaries, etc of the co-venturer	Magna Slovteca S.R.O Magna Auteca AG Guang Dong Donnelly Zhenhua Automotive Systems Co. Ltd. Magna Mirrors Holding GmbH Magna Donnelly Engineering GmbH
Key Management Personnel ("KMP")	Mr. U. K. Jain, Managing Director Mr. Nitin Jain, Director

ii) Transactions with related parties

Description	Lumax Automotive Systems Ltd.		Magna Slovteca SRO		Magna Auteca AG		Guangdong Donnelly Zhenhua Automotive Systems Co. Ltd.		Magna Mirrors Holding GMBH		Magna Donnelly Engineering GMBH	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sale of Finished Goods	3200	-	-	-	-	-	-	-	-	-	-	-
Purchase of Raw Material & Components	22835378	2,677,984	-	-	4371316	3,536,544	1262081	2,310,316	-	-	-	-
Sale of Plastic Powder	371933	19,459	-	-	-	-	-	-	-	-	-	-
Purchase / Payment of Plastic Powder	10655	26,281	-	-	-	-	-	87,522	-	-	-	-
Technical Assistance Fees	-	-	-	-	-	-	-	-	4030509	1,058,948	-	-
Consultancy Fees	-	-	-	-	-	-	-	-	1343503	352,983	-	-
Advance recoverable in cash / kind	-	-	329394	329,394	-	-	67195	637,280	1540313	1,087,500	-	-
Creditors for goods and expenses	-	551,967	-	-	915533	2,548,959	-	-	6579102	4,545,706	542811	-
Advances paid	8203932	-	-	-	-	-	-	-	-	-	-	-
Mould Repairing Charges	155000	-	-	-	-	-	-	-	-	-	-	-
Product Design & Drawing Issue	-	-	-	-	-	-	642703	-	-	-	-	-
Product Development Support Fee for Suzuki YV4 ORVM	-	-	-	-	-	-	-	-	-	-	703500	-

**5. Leases**

**Assets taken on Operating Lease**

Office premises are obtained on operating lease. The lease term is for 3 years and is not renewable at the end of 3 years. There is an escalation clause in the lease agreement according to which the lease rent shall be increased by 8% every year progressively thereafter. There are no restrictions imposed by lease agreements. There are no subleases.

Particulars	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Lease payments for the year	2,776,100	2,704,960
Minimum Lease Payments: Not later than one year	588,708	726,800

**6. Capital Commitments**

Description	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Capital Advances of Rs. 643,806 (Previous Year 1,326,086))	NIL	45,000

**7. Gratuity and Other Post-Employment Benefit Plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The Company computes the liability at the end of the year assuming that all employees existing on rolls at the end of the year would be entitled to receive gratuity and recognized Rs 184,185 (Previous year Rs 27,608) as gratuity expenses in the profit and loss account.

**8. Royalty fees**

Pursuant to a Joint-Venture Agreement dated June 3, 2005, entered with Lumax Automotive Systems Limited and Magna Donnelly Corporation, USA, a sum of Rs. 2,060,791 is payable to Magna Donnelly Corporation as Technical Assistance Fees in relation to the previous year ended 31 March 2007. However, the above amount is in excess of the maximum amount which can be paid as per the existing Reserve Bank of India guidelines and the Company has made provision in the books on such basis for Rs. 904,343 and the remaining amount of Rs. 1,156,448 has not been provided.

**9. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006**

During previous year, the Government of India promulgated the Micro, Small and Medium Enterprises Development Act, 2006, which came into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. In terms of the requirements of this Act, the Company has asked for confirmations during the year. Based on this evaluation, interest will be provided and disclosure be made, if required, once the assessment is completed. Accordingly, no interest has been provided for by the Company in these financial statements.

**10. Particulars of Unhedged Foreign Currency Exposure**

Particulars	As at March 31, 2010		As at March 31, 2009	
		Rs		Rs
Import creditors	Euro 31,042@60.51	1,878,512	Euro 40273 @ 67.39	2,713,964
	US\$ 318.75 @ 44.895	14,310	US\$ 12347 @ 50.64	625,265
Total		1,892,822		3,339,229

**11. Additional information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956**

**a. Expenditure in Foreign Currency (On accrual basis)**

Particulars	March 31, 2010 Rs	March 31, 2009 Rs
Technical Assistance Fee	4,030,509	1,058,948
Consultancy Fees	1,343,503	352,983
Travelling	356,987	-
Product Design & Drawing Issue	642,703	-
Product Development Support Fee	703,500	-
Repair & Maintenance – Dies	50,043	-
<b>Total</b>	<b>7,127,245</b>	<b>1,411,931</b>

**b. Value of imports calculated on CIF basis**

Particulars	March 31, 2010		March 31, 2009	
	Rs		Rs	
Raw Materials/Components	20,376,415		7,546,311	
Capital Goods	-		21,033,280	
<b>Total</b>	<b>20,376,415</b>		<b>8,579,591</b>	

**c. Licensed Capacity, Installed Capacity and Actual Production**

Class of goods	Unit	Licensed capacity		Installed capacity		Actual production	
		2010	2009	2010	2009	2010	2009
Mirrors	Nos	NA	NA	625,000	625,000	179,021	28,751
Inner Door Handles	Nos	NA	NA	625,000	625,000	106,301	92,271
Garnish Component Sash Bracket	Nos	NA	NA	625,000	625,000	131,616	372
<b>Total</b>							

**d. Sales**

Class of goods	Unit	Quantity		Amount Rs	
		2010	2009	2010	2009
Mirrors	Nos	178,774	29,297	118,073,471	25,278,827
Inner Door Handles	Nos	109,818	89,391	13,417,374	10,014,234
Garnish Component Sash Bracket	Nos	130,896	372	2,859,443	5,212
<b>Total</b>				<b>134,350,288</b>	<b>35,278,293</b>

**e. Consumption of raw materials and components**

Description	Unit	Quantity		Amount Rs	
		2010	2009	2010	2009
Base	Nos	134,019	-	10,045,407	-
Actuator	Nos	-	26,464	-	4,521,127
Glass	Nos	172,619	28,244	8,404,184	2,331,341
Others*	Nos	-	-	68,649,069	13,604,745
<b>Total</b>				<b>87,098,660</b>	<b>20,457,213</b>

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**f. Imported and indigenous raw materials, components and spare parts consumed**

Particulars	Percentage of total consumption		Amount Rs	
	2010	2009	2010	2009
Imported	25	42	21,653,398	8,606,828
Indigenously obtained	75	58	65,445,262	11,850,385
	<b>100</b>	<b>100</b>	<b>87,098,660</b>	<b>20,457,213</b>

**g. Details of finished goods**

Particulars	Unit	Quantity		Value (Rs.)	
		2010	2009	2010	2009
Opening Stock	Nos.	3,346	924	288,026	402,093
Closing Stock	Nos.	1,433	3,346	404,383	288,026



**h. Auditor's remuneration**

<b>Particulars</b>	<b>2010</b>	<b>2009</b>
	<b>Rs</b>	<b>Rs</b>
Statutory audit*	<b>460,000</b>	400,000
Tax audit*	<b>143,750</b>	125,000
Out-of-pocket expenses	<b>41,635</b>	38,313
<b>Total</b>	<b>645,385</b>	563,313

\*including audit fees and Tax audit fees amounting to Rs. 345,000 and Rs. 107,812 respectively (Previous year Rs. 300,000 and Rs. 93,750), recoverable from Magna Donnelly Corporation, U.S.A.

**12. Previous Year Comparatives**

Previous year's figures have been re-grouped where necessary to conform to current year's classification.

As per the audit report of even date

For S. R. Batliboi & Co.  
Firm registration number: 301003E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Lumax Magna Donnelly Automotive Mirrors Private Limited

per Pankaj Chadha  
Membership No. 91813

**U K Jain**  
Chairman and Managing Director

**Nitin Jain**  
Director

Place: Gurgaon  
Date: 28/08/2010

Place: Gurgaon  
Date: 28/08/2010



## Lumax Magna Donnelly Automotive Mirrors Pvt. Ltd.

### Lumax Magna Donnelly Automotive Mirrors Private Limited Cash Flow Statement for the year ended March 31, 2010

	For the year ended 31-Mar-10	For the year ended 31-Mar-09
<b>A. Cash flow from operating activities</b>		
<b>Net profit before taxation after prior period items</b>	13,638,313	682,142
Adjustments for:		
Depreciation	7,334,292	4,331,091
Interest Income	(1,363,288)	(1,509,098)
Interest expense	1,733,069	276,419
Provision for doubtful advances	3,191	329,394
Bad debts written off	5,659	153,494
Excess provision written back	(28,702)	(985,529)
	<b>21,322,533</b>	<b>3,277,913</b>
<b>Operating loss before working capital changes</b>		
Movements in working capital:		
Decrease in other current assets	612,791	429,815
(Increase) in sundry debtors	(1,539,913)	(607,807)
(Increase) in inventories	(947,302)	(1,137,024)
Decrease in loans and advances	(7,454,873)	535,712
Increase in provisions	2,723,740	202,402
Increase in current liabilities	4,838,046	6,022,999
Cash generated from operations	19,555,021	8,724,010
Direct taxes paid (net of refunds)	(1,476,463)	(584,780)
<b>Net cash from operating activities</b>	<b>18,078,558</b>	<b>8,139,230</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(893,529)	(24,267,119)
Receipt of Interest	1,363,288	1,509,098
Deposits with banks	(1,839,749)	1,500,289
<b>Net cash used in investing activities</b>	<b>(1,369,989)</b>	<b>(21,257,732)</b>
<b>C. Cash flows from financing activities</b>		
Receipt of secured loan	4,749,000	11,081,000
Repayment of short term borrowings	(3,704,899)	(286,536)
Interest paid	(1,706,875)	(186,794)
<b>Net cash (used in) from financing activities</b>	<b>(662,774)</b>	<b>10,607,670</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>16,045,795</b>	<b>(2,510,832)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>125,299</b>	<b>2,636,131</b>
<b>Cash and cash Equivalents at the end of the year</b>	<b>16,171,094</b>	<b>125,299</b>
<b>Components of cash and cash equivalents as at March 31, 2010</b>		
Cash and Cheques on hand	43,056	715
With banks		
-Current account	16,128,038	124,584
-Deposit account	15,909,460	14,069,711
Cash and Bank balances as per Schedule 7	<b>32,080,554</b>	<b>14,195,010</b>
Less: Fixed deposits not considered as cash equivalents	<b>(15,909,460)</b>	<b>(14,069,711)</b>
<b>Cash and Cash Equivalents in cash flow statement</b>	<b>16,171,094</b>	<b>125,299</b>

As per our report of even date

For S.R.Batliloi & Co.  
Firm registration number: 301003E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Lumax Magna Donnelly Automotive Mirrors Private Limited

**per Pankaj Chadha**  
**Partner**  
Membership No.91813  
Place : Gurgaon  
Date : 28/08/2010

**U K Jain**  
Chairman and Managing Director  
Place : Gurgaon  
Date : 28/08/2010

**Nitin Jain**  
Director



**LUMAX AUTOMOTIVE SYSTEMS LIMITED**

Regd. Office : 63-64, Gokhale Market, Delhi-110054

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional Slip at the venue of the meeting.

DP ID*	
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Master Folio No.	
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Client ID*	
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No. of Shares	
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NAME OF THE SHAREHOLDER .....

ADDRESS OF THE SHAREHOLDER .....

I hereby record my presence at the 10<sup>th</sup> **ANNUAL GENERAL MEETING** of the Company held on Thursday, September 30, 2010 at 10.00 a.m. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi- 110 074

\_\_\_\_\_  
Signature of Shareholder / proxy

\* Applicable for investors holding shares in electronic form

**PROXY FROM**

**LUMAX AUTOMOTIVE SYSTEMS LIMITED**

Regd Office : 63-64, Gokhale Market, Delhi-110054

DP ID*	
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Master Folio No.	
------------------	--

Client ID*	
------------	--

No. of Shares	
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I/We ..... of ..... being a member/members of Lumax Automotive Systems Limited hereby appoint..... of ..... or failing him ..... of .....

as my/our proxy to vote for me/us and on my/our behalf at the 10<sup>th</sup> **Annual General Meeting** of the Company to be held on Thursday, September 30, 2010 at 10.00 a.m. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi- 110 074 and at any adjournment thereof.

Signed this..... day of .....2010

\* Applicable for investors holding shares in electronic form.

\_\_\_\_\_  
Signature

Affix Re 1/- Revenue Stamp
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**NOTES:**

- 1) The Proxy must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting.
- 2) Those members who have multiple folios with different joint holders may use copies of the Attendance Slip/ Proxy.

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