



LUMAX AUTO TECHNOLOGIES LIMITED

(The Company was originally incorporated as Lumax Auto-Electricals Private Limited on October 13, 1981 under the Companies Act, 1956 with Registration No. 25519/TA. The name of the Company was changed to Dhanesh Auto Electricals Private Limited on November 02, 1988. Subsequently, it was converted into public limited company as "Dhanesh Auto Electricals Limited" and the Registrar of Companies, Pune, Maharashtra had issued a fresh certificate of incorporation on May 30, 2002. Thereafter the name of the Company was changed to Lumax Auto Technologies Limited on August 02, 2006)

Registered Office & Corporate Office: W-230, 'S' Block, M.I.D.C. Bhosari, Pune - 411 026
Tel: 91-20-27122305, 91-20-27128074 Fax: 91-20-27121871, E-mail: info@lumaxautotech.com; Website: www.lumaxautotech.com

Contact person: Mr. P.S. Chandrasekar, Company Secretary and Compliance Officer

PUBLIC ISSUE OF 30,12,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE BAND OF Rs 70/- TO Rs. 80/- PER EQUITY SHARE INCLUSIVE OF PREMIUM AGGREGATING TO RS. [●] LAKHS. THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- PER EQUITY SHARE AND THE ISSUE PRICE OF RS.70/- PER EQUITY SHARE AT LOWER PRICE BAND IS 7.0 TIMES OF THE FACE VALUE AND RS. 80/- AT HIGHER PRICE BAND PER EQUITY SHARE IS 8.0 TIMES OF THE FACE VALUE. THE ISSUE WOULD CONSTITUTE 25.90% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF LUMAX AUTO TECHNOLOGIES LIMITED.

Risk In Relation To First Issue

This being the first issue of the Equity Shares of Lumax Auto Technologies Limited (the "Company"), there has been no formal market for the Equity Shares of the Company. The face value of shares is Rs.10/- and the issue price is [●] times of the face value. The Issue Price (as determined by the Company in consultation with the Lead Managers and as mentioned in the paragraph and as stated herein under the paragraph on the Basis for Issue price) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

General Risks

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page [●] of this Draft Prospectus. **The Company has not opted for IPO grading.**

Company's Absolute Responsibility

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LEAD MANAGER		REGISTRAR	
 CENTRUM CAPITAL LIMITED SEBI Regn No. INM000010445 UIN No. 100016915, AMBI Reg. No: AMBI /087 Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, Mumbai - 400 020. Tel: +91-22- 3028 0400 Fax: +91-22- 2204 6096 Website: www.centrum.co.in Email: lumax@centrum.co.in Contact Person: Ms. Sangeeta Sanghvi		 BIGSHARE SERVICES PRIVATE LTD. E/2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai - 400 072 Tel : +91-22-2847 3747 Fax: +91-22-2847 5207 E-mail: bigshare@bom7.vsnl.net.in Website: www.bigshareonline.com Contact Person: Mr. N.V.K. Mohan	
Issue Schedule			
ISSUE OPENS ON:	[●], 2006	ISSUE CLOSES ON:	[●], 2006
Listing			

The Equity Shares are proposed to be listed on Bombay Stock Exchange Limited, the Designated Stock Exchange (BSE) and National Stock Exchange India Limited. The company has received an in-principle approval for listing of the Equity Shares issued from these Stock Exchanges vide their letter no. [●] and [●] dated [●] and [●] respectively.

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SECTION I: DEFINITIONS AND ABBREVIATIONS

Lumax Auto Technologies Limited / LATL/We/ Us/ the Company/ the issuer	Unless the context otherwise indicates or implies refers to Lumax Auto Technologies Limited, a public limited company which manufactures automotive components for the two and three wheeler industry.
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Conventional / General Terms

Term	Description
Articles / Articles of Association / AoA	Articles of Association of the Company
Companies Act	The Companies Act, 1956, as amended from time to time for the time being in force
Depository	A Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under Sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 read with under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time for the time being in force
Depository Participant	A depository participant as defined under Section 2(g) of the Depositories Act, 1996
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force
Financial Year/FY / Fiscal	Period of twelve months ended March 31st of that particular year
FIs	Financial Institutions
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force
Memorandum / Memorandum of Association / MOA	The Memorandum of Association of Lumax Auto Technologies Limited
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000.
OCB	Overseas Corporate Bodies
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time and for the time being in force

SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
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Issue-Related Terms

Term	Description
Allotment	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued or transferred
Applicant	Any prospective investor who makes an application pursuant to the terms of this Draft Prospectus
Application Forms	The Form in terms of which the investors shall apply for the Equity Shares of the company.
Banker(s) to the Issue	The Bank with which the Account for the Public issue will be opened and which act as such, in terms of this Draft Prospectus.
Issue Opening Date	The date on which the issue opens for subscription.
Issue Closing Date	The date on which the issue closes for subscription.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective applicants can submit their application forms
Lead Manager	Lead Managers to the Issue, in this case being Centrum Capital Limited and SB & T Finance Private Limited
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
D/E Ratio	Debt-Equity Ratio
Designated Stock Exchange	Bombay Stock Exchange Limited
DP	Depository Participant
Equity Shares	Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof
Face Value	Face Value of Equity Shares of the Company being Rs. 10/- each
First Applicant	The applicant whose name appears first in the Application Form
GIR Number	General Index Registry Number
INR/ Rs	Indian National Rupee
Fresh Issue/ Issue/ Offer/ Public Issue	Public issue of 30,12,000 Equity Shares of Rs.10/- each for cash at the price band of Rs. 70/- to Rs. 80/- per Equity Share aggregating to Rs. [●] lakhs by the company in terms of the Draft Prospectus
Issuer	Lumax Auto Technologies Limited
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Draft Prospectus.
NSE	National Stock Exchange of India Ltd.
PAN	Permanent Account Number
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds and pension funds with a minimum corpus of Rs. 2500 Lakhs.

ROC	Registrar of Companies, PMT Commercial Building, 3 rd Floor, Deccan Gymkhana Pune – 411 004
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being, Bigshare Services Private Limited, having its registered office as indicated on the cover page of this Draft Prospectus
Retail Applicants/ Retail Individual Applicants	Retail Individual Applicants (including HUFs and NRIs) who have applied for a securities for a value of not more than Rs 1,00,000 .
Retail Portion	The portion of the Issue being minimum of 15,06,000 Equity Shares of Rs.10/- each available for allocation to Retail applicant(s)
Stock Exchanges	BSE and NSE

Company/ Industry-Related Terms

Term	Description
ACMA	Automotive Component Manufacturing Association of India
Articles / Articles of Association / AOA	Articles of Association of the Company
Auditors	The statutory auditors of the Company M/s D.R.Barve & Company, Chartered Accountants
Board of Directors	The Board of Directors of Lumax Auto Technologies Limited or a committee thereof
Compliance Officer	Compliance Officer of the Company in this case, Mr. P.S. Chandrasekar, Company Secretary
Director(s)	Director(s) of the Company unless otherwise specified
D. G.Sets	Diesel Generator sets
GTA	Goods Transport Agency
LDK	Lumax DK Auto Industries Limited, subsidiary of the Company
MIDC	Maharashtra Industrial Development Corporation
MIG	Metal Inert Gas
OEM	Original Equipment Manufacturer
Promoter(s)	Persons whose name have been inserted as promoters as referred on page [●] of this Draft Prospectus.
Registered Office of the Company	Registered office of the Company situated at W-230,'S' Block, MIDC, Bhosari, Pune – 411 026
TAN	Tax deduction Account Number
TIG	Tungstun Inert Gas

In the section entitled “Main Provisions of Articles of Association of Lumax Auto Technologies Limited”, defined terms have the meaning given to such terms in the Articles of Association of the Company.

Abbreviations

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
AGM	Annual General Meeting
BSE	Bombay Stock Exchange Limited
Centrum	Centrum Capital Limited

Abbreviation	Full Form
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
D/E Ratio	Debt Equity Ratio
DP	Depository Participant
Dy.	Deputy
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EGM	Extraordinary General Meeting
Eng.	Engineering
EPS	Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year-end.
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto.
FIs	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIPB	Foreign Investment Promotion Board
FY / Fiscal	Financial year ending March 31
GIR Number	General Index Registry Number
GoI	Government of India
GDP	Gross Domestic Products
HRD	Human Resources Development
HUF	Hindu Undivided Family/Families
INR/ Rs.	Indian National Rupee
Mech.	Mechanical
Mfg.	Manufacturing
MOU	Memorandum of Understanding
MNC	Multi National Company
N. A.	Not Applicable
NAV	Net Asset Value
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
Q.A	Quality Assurance
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
Sec.	Section
Sr.	Senior
VCF	Venture Capital Funds

SECTION II: RISK FACTORS

Certain Conventions; Use of Market Data

Unless stated otherwise, the financial data in this Draft Prospectus is derived from the financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. The last fiscal year commenced on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve- month period ended March 31 of that year.

In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

Market Data

Unless stated otherwise, industry/ market data used throughout this Draft Prospectus has been obtained from internal Company reports, and other industry publications i.e. Auto Component Manufacturing Association of India (ACMA). Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry/ market data used in this Draft Prospectus is reliable, it has not been independently verified

For additional definitions, please see the section titled “Definitions and Abbreviations” starting on page [•] of this Draft Prospectus.

Forward-Looking Statements

This Draft Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue”, “may” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements.

These forward-looking statements include statements as to business strategy, revenue and profitability, Planned projects and other matters discussed in this Draft Prospectus regarding matters that are not historical fact. These forward looking statement and any other projections contained in this projections (whether made by us or any third party) involve know and unknown risks, uncertainties and other factors that may cause actual factors that may cause actual results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward-looking statements are subject to risk, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India
- The ability to successfully implement the strategy, the growth and expansion plans and technology changes;
- Increasing competition in and the conditions of the Indian and global auto component industry;
- Increases in employees costs, including wage levels;
- Changes in laws & regulations that apply to the auto component industry;
- Changes in political or social conditions in India;
- Changes in the value of the Indian rupee and other currencies, in particular the U.S. Dollar and Euro;
- Changes in the Indian and International interest rates;
- The ability to retain the clients and acquire new clients;
- Changes in the pricing policies of those of competitors; and
- Unanticipated variations in the durations, size and scope of the projects.

For further discussion of factors that could cause our actual results to differ, please see “Risk Factors” on page [●] of this Draft Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. None of the Company or any of their respective affiliates has any obligation to update or otherwise revise any statements to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Managers will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange.

Currency of Presentation

In this Draft Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” and “INR” are to the legal currency of the Republic of India; all references to “U.S. Dollars” and “US\$” are to legal currency of United States; all references to “Euro” and “€” are to legal currency of European Union (EU) countries.

In this Draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. Any percentage amounts as set forth in “Risk Factors”, “Business”, “Management Discussion” and Analysis of Financial Condition and Results of Operations” and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP.

Risk Factors

An investment in Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Prospectus including the risks described below, in addition to the other information contained in this Draft Prospectus, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline, and the investor may lose all or part of his investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Draft Prospectus, including restated consolidated financial statements included in this Draft Prospectus beginning on page [●]. Unless stated otherwise, the financial data in this section is as per our stated restated consolidated financial statements prepared in accordance with Indian GAAP.

Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- Some events may not be material individually, but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

Internal Risk Factors

Orders for some of the machineries have not been placed

The total cost of setting new projects including modernization and expansion is approximately Rs. 5,022.79 lakhs and we are yet to place orders for plant and machinery, other equipments aggregating to Rs. 2,852.05 lakhs.

We have already received quotations from the proposed suppliers for all the major plant and machinery and other equipment and orders would be placed as per the schedule of implementation as stated in the Draft Prospectus and we do not foresee any delay in implementation of the project due to this.

Delay in implementation of the project

In case of delay in implementation of the project or delay in commencement of commercial production, the profitability proposal of the project would be affected.

We do not foresee any delay in implementation of the project or delay in commencement of commercial production because land has been acquired, building is under construction, most of the orders for plant & machinery have been placed. Additionally, Bajaj Auto Limited is also having a very systematic review of the implementation of the project and is completely satisfied with the performance as activities are happening as per the schedule.

Government approvals for the proposed units to be taken

Our Company will have to take necessary statutory approvals and permissions in relation to the implementation of the proposed project. Application has been made for certain approvals from the governing authority whereas for some of the approvals application is yet to be made. The non approval of any of these permissions, licenses would adversely affect the implementation of the proposed project.

For obtaining statutory approvals, time bound action plan has been conceived commensurate with the progress of the project and hence we not foresee any problem in obtaining the requisite approvals from the concerned agencies.

We have not appointed all key managerial people required for the project and we may face risk of non availability of skilled manpower

We have not yet appointed skilled manpower for the proposed project. The appointment of the key personnel for the new project is critical to its timely and successful implementation.

We have already appointed three key managerial personnel for the proposed project. Further, we are in the process of recruiting skilled manpower required for the proposed project and the same would be recruited in line with progress of the project. Our present CEO has substantial exposure in setting up of similar units in earlier assignments.

Our project is not appraised by any bank or financial institution.

The funds required and the funding plans are as per our own estimates and not been appraised by any bank or financial institutions.

We have successfully set up six units in Maharashtra which demonstrates our capabilities. Also, keeping in line with the growth of our customers, we have been enhancing capacities continuously since inception to match customers requirements. Hence, we would be able to meet implementation schedule and do not envisage any cost overrun.

Risk relating to diversification and relevant experience

We are new entrant in the business of doing testing, validation and final assembly of leveling motor.

We are having business of manufacture of chassis assembly, sheet metal components, automotive lighting systems and various components for lighting systems. Since leveling motor business is a part and parcel of automotive lighting system and the Management team and the main promoters have hands on experience and required skill set for all the activities of the business, the Company does not foresee any risk.

Concentration of revenues from few customers

We are relying on only few customers for its major off take. Also, about 90% of sales of proposed expansion would be coming from few customers. Although automotive industry is booming, any sudden downward trend / recession will have impact on the business of the Company. In case the customer changes/cancels the plans, the entire project would be at risk. Any events adversely affecting automobile industry, government policy and slow down of economy would affect our performance. Any termination of contract would lead to fall in revenue and would impact our performance.

We have been an established player in the automotive lighting and component sector and we are in this business for last 25 years. Our major customers are Bajaj Auto Limited and Lumax Industries Limited and both are established players in the field having excellent track record. We have built up strong strategic relationship with OEM suppliers and the company is also in the process of increasing the customer base. In view of the above, in the normal course we do not envisage any event significantly affecting the business of LATL.

We have not firmed up marketing arrangements

We are yet to firm up marketing arrangements for the products manufactured by the proposed new units. Our ability to effectively market the products manufactured in the new units would impact our revenues.

We are in the various stages of negotiation with the potential customers and would be firming up supply arrangements in due course and we do not envisage any shortfall in demand.

Uptrend in the prices of certain raw materials / components

The prices of the raw materials used by us viz. steel sheet, tubes and polymers has been witnessing upward trend in the prices and have increased around 35% - 40% over past one year. The continuous price increase would impact our operating margins.

We use various raw materials including steel for manufacture of auto components. Despite of the price increase in the past year, we have been able to maintain our profitability in the current year as against previous financial year. To minimize the impact we have entered into long term contract with direct manufacturers. Additionally, there are periodic price reviews by our customers also wherein increase/decrease in input costs are discussed and factored in price revisions. Hence, we do not foresee any significant pressure on operating margins.

Our customers may opt for backward integration

If our main OEM customers plan to adopt the backward integration strategy then it will adversely affect the revenue and business of our company.

There is a trend in OEM customers to outsource the OEM activities to achieve cost benefit and efficiency. In view of the same we do not foresee the risk of backward integration.

Restrictive covenants in agreements

There are restrictive covenants in the agreements for borrowings from banks, among other things, which require us to obtain the approval of these banks or provide restrictions, namely for, change in capital structure, invest by way of share capital in or lend or advance funds to or place deposits with any concern, declaring dividends at any time while we are in default, change in management set-up. Some of these borrowings also contain financial covenants, which may limit our ability to borrow additional money.

We have taken no objection certificate from our existing bankers.

We will face competition from other auto component manufacturers

a) From domestic companies

We cater to OEM market and replacement markets for the automobile industry. In this industry several existing players are present and there are chances of additional new players joining the

sector for supplies to OEM segment. This would lead to immense competition. The replacement market is very price sensitive and the company faces stiff competition from the unorganized sector that is able to compete at lower prices. We may not be able to match the price provided by the unorganized sector which would limit the growth potential.

We are Tier I suppliers and our main business is to supply our products to OEM segment or to a Company which in turn supplies to the OEM organized sector. We fully understand that in present day dynamic industrial scenario, the survival shall be of the fittest. Hence, we put lot of emphasis on quality, cost and delivery parameters due to which its products have created a niche for itself. Hence, we do not foresee any competition from the unorganised sector. Additionally, our products have created a brand equity for which the end user has lot of value.

b) From other countries

The biggest threat to Indian auto components industry is from China.

However, the two countries have unique strengths enabling them to find their own niche in the world market. India has an edge in engineering-driven supply of automotive components industry while China holds an edge in cost-driven components supply.

Retention of key managerial and technical team

We are dependent on our managerial and technical team. The future performance of the Company might be affected if any of these key personnel discontinues working with the Company. The loss of any members of its key personnel may have a material adverse effect on its business and financial condition.

To retain our key managerial and technical team we offer a very congenial working environment, provide remuneration at par with industry standards, provide various training and motivated programmes and also we give them exposure to multi-skilling.

We may face labour related issues including disputes

We have a labour union for all the units. If there is any dispute between the union and our management then this might affect the production of the Company.

We have entered into wage agreements with the union which is linked with the productivity of the Company. Also, due to cordial relationship between our management and the union no adverse circumstances have arisen.

We do not have any registered patents or trademarks

None of the products manufactured by us in terms of electronic equipments and chassis assembly has been registered as patent or trademark. Therefore, any other company can use our brand and market their products. This might harm the image of our brands.

Products are made as per specification of customers. Hence, no patent/trademark is required.

We have issued Equity Shares in the last one year which is less than the issue price

We have issued 27,72,222 Equity Shares on January 31, 2006, February 13, 2006, and February 17, 2006 at Rs. 10/- each to our promoters, associates and friends and 17,24,380 Equity Shares on March 06, 2006, March 14, 2006, April 06, 2006 and July 15, 2006 at Rs. 45 each as preferential allotment and towards conversion of debentures. The price at which the Equity Shares were

issued is lower than the issue price of this issue which will be determined at the closer of the issue period.

Our promoters will control us as long as they own a majority of our Equity Shares, and our other shareholders will be unable to affect the outcome of shareholder voting during such time.

After the completion of the Issue, the Promoters will own approximately 59.28% of our issued Equity Share Capital. So long as the promoters own a majority of our Equity Shares, they will be able to elect our entire board of directors and remove any director, by way of a resolution approved by a simple majority of shareholders in a general meeting. The promoters will be able to control most matters affecting us, including the appointment and removal of our officers; our business strategy and policies; any determinations with respect to mergers, business combinations and acquisitions or dispositions of assets; our dividend payout; and our capital structure and financing. Further, the extent of the promoters' shareholding in us may result in delay or prevention of a change of management or control of our company, even if such a transaction may be beneficial to our other shareholders.

Risk arising out of outstanding litigation against the company:

a) Pertaining to tax matters

Sr No	Party	Issue	Place of Litigation	Case No/Date Instituted	Claim Amount (Rs in lakhs)	Provision made in the balance sheet
1	Excise Department	Cenvat credit to be given	Pune	--	2.35	No
2	Income Tax	Disallowance of expense towards stamp duty and filing fees	Pune	Pn/Cir.8/p enalty/2005-06	0.40	No

Case History:

- 1) Show cause notice was given by Central Excise Department, Pune for availing the Cenvat credit of Rs. 2.35 lakhs against the goods delivered to M/s Bajaj Auto Ltd., Chakan near Pune. The appeal has been filed by the Company for the same. The case is pending at appellate tribunal.
- 2) Notice was issued by the office of Deputy Commissioner of Income Tax, Pune u/s 271(1)(c) for sum of Rs. 40,000/- outstanding for the A.Y. 2002-03 on October 31, 2005. The Company has filed an appeal for the same. The case is pending with CIT(A).

b) Others

- **Notice given by ROC for not filing the form 8 & 13 within 30 days from the date of creation of charge.**

Notice was issued by ROC for the above on February 28, 2006. The petition has been filed for the same by the Company before Company Law Board on June 20, 2006.

- **Show cause notice issued by ROC for violation of Section 383A**

Show cause notice was issued on November 21, 2005 for violation of Section 383 A as we did not have Wholetime Company Secretary.

Reply has been given for the same on December 26, 2005 stating that the Company has placed an advertisement in the newspapers for appointment of the Company Secretary and was unable to appoint one due to non-suitability of candidates. Currently, we have appointed Company Secretary w.e.f. June 14, 2006.

The outstanding litigations are normal for any business situation and the financial input of the same is not material. Hence the Company does not foresee any major risk on this account.

Contingent liabilities

Contingent liability not provided for the year ended March 31, 2006

(Rs. In Lakhs)

Particulars	Amount	Reason
Accrued liability for leave encashment	27.46	Since liability is of fluctuating in nature, no provision has been made
Liability for pending case with CEGAT and excise authority	3.23	Since appeal has been filed and orders are awaited, no provision has been made
Interest on Debentures	3.23	Since CDs are converted into equity on July 15, 2006, no provision is required.
Employee State Insurance	1.02	Since appeal has been filed and orders are awaited, no provision has been made
Income Tax Assessment dues	0.40	Since appeal has been filed and orders are awaited, no provision has been made

Any further issuance or sale of Equity Shares will affect the market price of our Equity Shares

Our Company might issue fresh Equity Shares or promoters might sell the existing shares in future. This might adversely affect the market price of our Equity Shares and could impact our ability to raise capital through an offering of our securities.

External Risk Factors

Certain factors beyond the control of our Company could have a negative impact on our Company's performance, such as:

- Auto component sector growth is highly dependent on the Government policies
- Changes in technology may render Company's current machinery obsolete or require it to make substantial capital investments for latest machinery
- Increasing employee/labour compensation in India may erode some of our Company's competitive advantage and may reduce the profit margin.

Apart from above mentioned points, following can be the risks external to the Company and beyond its control.

Performance of Our Company is linked to stability of policies and political situation in India

There is no assurance that the liberalization policies of the government will continue in future. Protests against privatization could slow down the pace of liberalization and the deregulation. The rate of economic liberalization could change and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in securities could

change as well. A significant change in India's economic liberalization and deregulation policies could disrupt the Company's business and economic conditions in India. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries, if it continues to happen in future then it will affect our Company and the industry as a whole.

The present government is formed by coalition of several parties. Due to which if there is any instability in the government then it might affect the industry and our Company.

Changes in domestic tax laws

Any change in tax laws in India particularly in come tax might lead to increased tax liability of the Company thereby putting pressures on profitability.

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- our results of operations and performance;
- perceptions about our future performance or the performance of auto component companies generally;
- performance of our competitors in the industry and the perception in the market about investments in the auto component sector;
- adverse media reports on the Company or the industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant development in India's fiscal and environmental regulations.

There has been no public market for our Equity Shares and the prices of our Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or the prices at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue. Our share price is likely to be volatile and may decline.

Valuation Methodology

There is no standard methodology or accounting practices in the auto component industry. The current valuations may not be sustainable in the future and may also not reflect the future valuation of the Industry.

A slowdown in economic growth in India could cause our business to suffer.

The Indian economy has shown sustained growth over the last few years with gross domestic products ("GDP") growing at 6.9% in fiscal 2005 and 8.5% in fiscal 2004. In its mid-term review of annual policy published on October 25, 2005, the RBI stated that its GDP growth forecast for fiscal 2006 is between 7.0% to 7.5% as a result of a pick-up in agricultural output and increased momentum in other sectors, and its inflation forecast for fiscal 2006 is between 5.0% to 5.5%. However, any slowdown in the Indian economy could reduce consumer/institutional spend and adversely affect our financial performance.

Any change in the regulatory environment in relation to manufacturing in the country or for marketing its products within and outside the country will significantly impact our business.

We keep abreast of the various developments in relation to the regulatory environment and gear ourselves in order to comply with such regulatory appointments. Further we have ISO 9000 for quality management system and also work in area of environment friendly products, thus mitigating risk of adverse regulatory environment.

Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect our business and the market price of our Equity Shares.

Terrorist attack, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian economy and financial markets and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence and ultimately adversely affect our business. Diplomatic relations between India and some of its neighboring countries have been strained in the past. Any deterioration in relations between Indian and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the market price of the Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us. Regional or international hostilities, terrorist attacks or other acts of violence or war could have a significant adverse impact on international or Indian financial markets or economic conditions or in government policy. Such incidents could also create a perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Share

Exchange rate fluctuations may adversely affect our financial performance.

Uncertainties in the global financial markets may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between rupee and other currencies is variable and may continue to remain volatile in future depending upon the foreign exchange reserve position of India. Accordingly, any adverse fluctuation in the exchange rate between Rupee and other currencies may adversely affect our financial position and results of operation.

Insurance cover for certain risks may be inadequate.

Our Company has covered itself against certain risks. Insurance cover may not have been taken or may not be adequate for certain kind of risks. We believe our insurance coverage is consistent with the industry practice. To the extent that any uninsured risks materialize, our operating results and financial performance could be detrimentally affected.

Notes to Risk Factors:

1. Pre-Issue Net worth of the Company as on 31st March 2006 is Rs. 1,326.53 lakhs. The Book Value/ NAV per share on the same date is Rs. 29.24.
2. The Investors are advised to refer to the section on “Basis for Issue Price” on page number [●] before making an investment in this issue.

3. Size of the present Issue of 30,12,000 Equity Shares of Rs.10/- each for cash at a price band of Rs. 70/- to Rs. 80/- per Equity Share aggregating to Rs. [●] lakhs.
4. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with Bombay Stock Exchange Limited, the Designated Stock Exchange.
5. The average cost of acquisition of existing shares of the promoters is as under:

Name of the Promoter	Average Cost of Acquisition per Equity Share (in Rs.)
Mr. Dhanesh Kumar Jain	5.63
Mrs. Usha Jain	0.92
Mr. Anmol Jain	3.59

6. For any complaint/ clarification/ information pertaining to the Issue, the investors may contact the Lead Managers or the Compliance Officer who will be obliged to attend to the same.
7. The Lead Managers and the Company shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
8. For details on Related Party Transactions refer to Section titled "Related Party Transaction" on page [●] of this Draft Prospectus.
9. Details of remuneration paid to directors are given in Managerial Remuneration at page [●] of this Draft Prospectus.
10. For details in relation to loans and advances, please refer to page [●] this Draft Prospectus.

SECTION - III: INTRODUCTION

Summary

Industry

Auto Components Sector

The past few years have witnessed a continuous influx of global majors in India. Many auto majors have established facilities which have also been aided by liberal government policy. India has crossed million mark last fiscal which has set domestic auto industry on an upswing. Local as well as MNC auto manufacturers are launching the latest models in India. The domestic auto industry has also come up with new and quality models. Consequently, importance of requirement of auto components has been growing.

The present size of the Auto components industry in India is estimated at \$8.7 billion, which is 0.4% of the global Auto components industry. It has grown @23% p.a. in the domestic market and @ 34% in the export market in the last four years. It is expected to have 3% share of the global market by 2015-16.

(Source: Company Management)

The Indian auto component industry has been growing at a CAGR 16% p.a. for past seven years. As per estimates provided by Automobile Components Manufacturers Association of India (ACMA), auto component exports are expected to reach USD 20-25 billion, growing at a CAGR of 33.4%. The main growth drivers for these are

- i. Growth of domestic automobile market.
- ii. The entry of foreign vehicle manufacturers and
- iii. Growing cost pressures in the global automotive market.

In addition, exports present another huge opportunity in view of the out sourcing potential that India offers on account of low cost skilled labour and world class manufacturing facilities.

(source: Cris Infac)

The two wheeler industry accounted for 77% of production followed by passenger cars comprising cars and utility vehicles 14.5%, commercial vehicles 4% and three wheelers 4.5%.

The organized sector of the industry is fragmented. According to ACMA, the number of automotive component manufacturers in India aggregate to 480 – of which sales of only 38 companies fall in the USD 50-500 million category, 220 companies fall under USD 5-15 million category and 222 companies fall in the USD 1-5 million category.

The unorganized sector is also very large and includes counterfeits of reputed brands, a host of local brands and reconditioning of old components.

Geographically, Indian automotive component manufacturers have come up in four clusters:

- ❖ Bangalore / Hosur / Chennai in south India
- ❖ Delhi / Ghaziabad / Gurgaon / Faridabad / Lucknow in north India
- ❖ Mumbai / Nasik / Pune in western India
- ❖ Uttarpara / Jamshedpur in eastern India.

(Source: Company Management)

Business of the Company

Lumax Auto Technologies Limited (LATL) is a part of the DK group of companies, who has also promoted Lumax Industries Limited (Lumax). Lumax is the leader in automotive lighting

systems and has a technical and financial collaboration with Stanley Electric Co. Ltd. (Stanley) of Japan.

LATL manufactures components for two wheeler and three wheeler industries. It manufactures sheet metal products and lighting systems for two and three wheelers. Its main customers are Bajaj Auto Limited, Maharashtra Scooters and Lumax Industries Limited.

Our product range includes following

- 1) **Lighting** - headlamps, tail-lamps, blinkers, fog lamps, engine lamps, fairing assemblies.
- 2) **Sheet Metal & Fabrication** - chassis assembly, silencers, petrol tank, fork assemblies, handle bar assemblies, stand assembly.

Competitive Strength

We have well established research and development centre which is equipped by latest testing facilities and constantly evaluate to upgrade products to adopting latest trends.

Product development and development capabilities include operating platform like CAD, CAM and unigraphics development and designing of product to the specific needs of the Company

We are currently supplying to one of the biggest two wheeler manufacturing company located in Pune and our Group Company - Lumax Industries Ltd.

The Issue

Equity Shares Offered: Fresh Issue by the Company	30,12,000 Equity Shares of face value of Rs. 10/- each at a price band of Rs. 70/- to Rs. 80/- per Equity Share
Of which	
Retail Investor (50% the Equity Shares offered)	15,06,000 Equity Shares of face value of Rs. 10/- each at a price band of Rs. 70/- to Rs. 80/- per Equity Share
Other than Retail Investors (50% the Equity Shares offered)	15,06,000 Equity Shares of face value of Rs. 10/- each at a price band of Rs. 70/- to Rs. 80/- per Equity Share
Equity Shares Outstanding prior to the Issue	86,19,002 Equity Shares of face value of Rs. 10/- each
Equity Shares Outstanding after to the Issue	1,16,31,002 Equity Shares of face value of Rs. 10/- each
Use of Proceeds by the Company	See the section titled "Objects of the Issue" on page [●] of this Draft Prospectus.

Summary of Consolidated Financial Data

Summary of Assets and Liabilities As Restated:

Rs. in Lakhs

		As on year ended 31st March				
	Particulars	2002	2003	2004	2005	2006*
A)	Fixed Assets					
i)	Gross Block	1,118.71	1,231.04	1,382.92	1,649.20	4,083.26
ii)	Less: Depreciation and amortization	303.50	374.48	444.81	527.92	806.73
iii)	Net Block (A)	815.21	856.56	938.11	1,121.28	3,276.53
iv)	Add: Capital WIP	8.56	44.61	14.23	132.44	116.44
B)	Investments : (B)	41.53	0.02	0.01	0.01	0.01
C)	Current Assets ,Loans and Advances :					
i)	Inventories	177.67	259.46	252.30	312.39	491.63
ii)	Sundry Debtors	686.38	537.23	1,172.55	1,036.10	1,746.53
iii)	Cash and Bank Balances	77.14	94.43	93.33	42.48	520.10
iv)	Loans and Advances	123.06	73.23	108.69	231.28	449.65
	Total (C)	1,064.25	964.35	1,626.87	1,622.25	3,207.91
D)	Liabilities and Provisions :					
i)	Secured Loans	250.21	175.98	182.97	476.15	1,080.90
ii)	Unsecured Loans	254.85	234.36	261.72	167.54	808.29
iii)	Deferred Tax Liability	0.00	118.73	133.56	138.80	267.35
iv)	Current Liabilities	890.74	915.50	1,531.70	1,446.97	2,808.39
v)	Provisions	33.98	71.46	110.15	165.79	309.43
	Total (D)	1,429.78	1,516.03	2,220.10	2,395.25	5,274.36
E)	Miscellaneous Expenditure (to the extent not written off)	0.00	0.00	32.32	24.24	61.31
F)	Net Worth (A+B+C-D) :	499.77	349.51	359.12	480.73	1,326.53
G)	Represented by					
i)	Share Capital	396.03	345.53	343.53	343.53	714.46
ii)	Reserves and Surplus	103.74	3.98	47.91	161.44	673.38
	Total	499.77	349.51	391.44	504.97	1,387.84
H)	Net Worth (G-E)	499.77	349.51	359.12	480.73	1,326.53

* Financial given on consolidated basis

Summary of Profit & Losses As Restated:

Rs. in Lakhs

Particulars	As on year ended 31st March				
	2002	2003	2004	2005	2006*
Income :					
Sales	4,824.03	4,032.57	5,897.28	8,549.29	11,723.18
Other Income	9.54	10.95	9.88	13.48	15.33
Increase(Decrease in Inventories)	(4.64)	16.77	4.61	(4.36)	10.74
Total (A)	4,828.93	4,060.29	5,911.77	8,558.41	11,749.25
Expenditure:					
Staff Cost	379.85	367.86	393.55	429.31	602.65
Manufacturing Cost	4,055.44	3,388.52	5,069.68	7,502.87	9,895.00
Administrative Cost	73.94	78.72	150.48	206.54	341.05
Total (B)	4,509.23	3,835.10	5,613.71	8,138.72	10,838.70
Earnings Before Interest, Depreciation & Tax	319.70	225.19	298.06	419.69	910.55
Interest	75.69	56.28	38.51	45.47	120.43
Depreciation	67.94	74.31	86.10	88.52	166.53
Earnings before Tax and Extra ordinary items	176.07	94.60	173.45	285.70	623.59
Provision for Taxation					
Current Tax	30.00	23.00	52.00	87.42	150.56
Deferred Tax	0.00	1.79	14.84	5.24	82.36
Fringe benefit tax	0.00	0.00	0.00	0.00	6.99
Profit Before Extra Ordinary Items	146.07	69.81	106.61	193.04	383.68
Extra Ordinary Items	0.13	5.65	2.50	0.98	0.15
Adjusted Net Profit	145.94	64.16	104.11	192.06	383.53

* Financial given on consolidated basis

General Information

(The Company was originally incorporated as Lumax Auto-Electricals Private Limited on October 13, 1981 under the Companies Act, 1956 with Registration No. **25519/TA**. The name of the Company was changed to Dhanesh Auto Electricals Private Limited on November 02, 1988. Subsequently, it was converted into public limited company as “Dhanesh Auto Electricals Limited” and the Registrar of Companies, Pune, Maharashtra had issued a fresh certificate of incorporation on May 30, 2002. Thereafter the name of the Company was changed to Lumax Auto Technologies Limited on August 02, 2006)

Registered Office & Corporate Office: W-230, ‘S’ Block,
M.I.D.C. Bhosari,
Pune :- 411 026
Tel: 91-20-27122305, 91-20-27128074
Fax: 91-20-27121871,
E-mail: info@lumaxautotech.com;
Website: www.lumaxautotech.com

Contact Person: Mr. P.S. Chandrasekar, Company Secretary and Compliance Officer

Registration Number: 25519/TA

Registered with Registrar of Companies: PMT Commercial Building, 3rd Floor, Deccan Gymkhana Pune – 411 004

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of Equity Shares has been authorized vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on June 15, 2006.

Board of Directors

The company is currently managed by Board of Directors comprising of 6 Directors. The Company’s Board of Directors consists of the following persons:

Name	Designation	Status
Mr. Dhanesh Kumar Jain	Chairman & Director	Non Executive
Mrs. Usha Jain	Managing Director	Executive
Mr. Anmol Jain	Director	Non Executive
Mr. A.V. Alexander	Director	Independent
Mr. Manmohan Sachdev	Director	Independent
Mr. Sandeep Dinodia	Director	Independent

Brief Detail of Chairman, Managing and Whole Time Directors of The Company

Mr. Dhanesh Kumar Jain: Mr. Dhanesh Kumar Jain, 63 years, is the Chairman of our Company. He is MBA by qualification. He has the work experience of 41 years in automotive industry and also an experience in public relation, management and administration skills. He also held the position as a President of Automotive Component Manufacturers Association of India (ACMA). Currently, he is Chairman and Managing Director of Lumax Industries Limited and director and member in other group companies.

Mrs. Usha Jain: Mrs. Usha Jain is the Managing Director of our company since 2002. She is a science graduate. She has 20 years of experience in the automotive sector. She is also a director

and member in our other group companies like, Lumax Industries Limited, Sheela Finance Private Limited, D & A Enterprise (P) Limited, Lumax Investment & Finance Private Limited and others. She is largely responsible for the growth of LATL and LDK.

For further details of our Directors, please refer to “Management” on page [●] of this Draft Prospectus.

Company Secretary & Compliance Officer

Mr. P.S. Chandrasekar

Lumax Auto Technologies Limited

W-230, 'S' Block,

M.I.D.C. Bhosari,

Pune - 411 026

Tel: 91-20-27122305, 91-20-27128074, 91-20-27111389

Fax : 91-20-27171871

Email: pschandrasekar@daemail.com

Investors can contact the Compliance Officer in case of any pre- issue or post- issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

Legal Advisors to The Issue

India Law Alliance

F-8 Laxmi Mills,

Shakti Mills Lane (Off Dr. E Moses Road)

Mahalaxmi

Mumbai 400 011

Tel: 91-22-5655 1772

Fax: 91-22- 5655 1776

Email: mail@indialawalliance.com

Contact Person: Mr. Anupam Dighe

Bankers to the Company

State Bank of India

Industrial Finance Branch

Pimpri, (Post Bag No. 7)

Kasarwadi,

Pune - 411034

Maharashtra

Tel: 91-20-27125764

Fax: 91-20-27125784

Email: sbiifpmp@pn2vsnl.net.in

Contact Person: Mr. S.D. Khamkar

Syndicate Bank

East Patel Nagar,

New Delhi - 110 008

Tel: 91-11-25727717 / 25717522 / 25783285

Fax : 91-11-25727712

Email: syndicatebank@gmail.com.

Contact Person: Mr. P.S. Tuteja

Lead Managers

Centrum Capital Limited

Khetan Bhavan, 5th Floor,
198, J Tata Road, Churchgate,
Mumbai - 400 020.
Tel: +91-22- 3028 0400
Fax: +91-22- 2204 6096
Email: lumax@centrum.co.in
Website: www.centrum.co.in
Contact Person: Ms. Sangeeta Sanghvi

SB & T Finance Pvt. Ltd.

Central Bank Building, 3rd Floor,
7 Homi Mody Street, Fort,
Mumbai - 400 023
Tel: +91-22- 22656938
Fax: +91-22- 22650692
Email: umakant@sbtindia.com
Website: www.sbtfinance.com
Contact Person: Mr. S. Umakant

Registrar to the Issue**Bigshare Services Private Limited**

E/2, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Andheri (E),
Mumbai - 400 072
Tel: +91-22-2847 3747
Fax: +91-22-2847 5207
Email: bigshare@bom7.net.in
Website: www.bigshareonline.com
Contact Person: Mr. N.V.K. Mohan

Bankers to the Issue

To be appointed later

Brokers to the Issue

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Auditors to the Company**D.R.Barve & Company**

461/1, Sadashiv Peth,
Above Dr. Phatak Hospital,
Opp. New English High School,
Tilak Road,
Pune - 411 030
Tel: 91-20-2445 5414/ 91-20-24453592
Fax: 91-20-24455414
Email: drbarveandco@yahoo.com
Contact Person: Mr. D.R.Barve

Credit Rating

This being an Issue of Equity Shares, there is no requirement of credit rating for this Issue. The Company has not opted for grading of this present public issue.

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

We have appointed Syndicate Bank, East Patel Nagar, New Delhi -110 008 as a Monitoring Agency to monitor the utilization of the proceeds of the issue.

The Company will disclose the utilisation of the issue under a separate head in the Balance Sheet clearly specifying the purpose for which such proceeds have been utilized, The company shall also, in its Balance Sheet , provide details , if any , in relation to all such proceeds of the issue that have not been utilized thereby also indicating investments , if any , of such unutilized proceeds of the issue.

Underwriting

Underwriting being optional, the Company does not propose to underwrite the issue.

Inter-se Allocation of Responsibilities

Sr. No.	Activities	Responsibility	Co-ordinator
1	Capital structuring with the relative components and formalities such as type of instruments, etc.	Centrum, SB & T	SB&T
2	Due diligence of the company's operations / management / business plans/legal etc.	Centrum	Centrum
3	Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	Centrum	Centrum
4	Drafting and approval of all corporate advertisement, brochure and other publicity material	Centrum, SB & T	Centrum
5	Appointment of Registrar, Bankers and Ad agency	Centrum, SB & T	SB&T
6	Appointment of Printer	Centrum, SB & T	SB&T
7	Marketing of the Issue, which will cover, <i>inter alia</i> , - Formulating marketing strategies, preparation of publicity budget - Finalize Advertising, Media & PR strategy - Finalizing centers for holding conferences for brokers, etc. - Finalize collection centers - Finalise Brokers to Issue. Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Offer material	Centrum, SB & T	Centrum
9	Finalising basis of Allocation	Centrum, SB & T	Centrum
10	Post issue activities including co-ordination with Registrar and Banks, follow-up with Bankers to the Issue to get quick estimates of collection and advising the Issuer about closure of the Issue, based on correct figures, refund to applicants, etc.	Centrum, SB & T	Centrum

Sr. No.	Activities	Responsibility	Co-ordinator
11	The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Banker(s) to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the issuer company.	Centrum, SB & T	Centrum

Initial Public Offer of Lumax Auto Technologies Limited

Public issue of 30,12,000 Equity Shares of Rs 10/- each issued for cash at a price band of Rs. 70/- to Rs. 80/- aggregating to Rs[●] lakhs.

Capital Structure

The share capital as at date of filing the Draft Prospectus with SEBI (before and after the proposed issue) is set forth below:

(Rs. In Lakhs)			
	Share Capital	Nominal Value	Aggregate Value at Issue Price
A.	Authorised Capital 1,50,00,000 Equity Shares of Rs 10/- each	1,500.00	
B.	Issued , Subscribed And Paid Up Capital 86,19,002 Equity Shares of Rs 10/- each fully paid-up	861.90	1465.43
C.	Present Issue To The Public In Terms Of This Draft Prospectus 30,12,000* Equity Shares of Rs 10/- each at a price band of Rs. 70/- to Rs. 80/- per share	301.20	[●]
D.	Subscribed And Paid Up Capital After The Issue (1,16,31,002 Equity Shares of Rs 10/- Each fully paid up)	1,163.10	
E.	Share Premium Amount Before the issue After the issue		[^] 596.10 [●]

* The Issue in terms of this Draft Prospectus has been authorised pursuant to a resolution passed at the Extraordinary General Meeting of our Shareholders held on June 15, 2006.

[^]Share premium has been adjusted to the extent of share issue expenses of Rs. 7.43 lakhs with respect to convertible debentures.

Details of Increase In Authorised Capital

	Particulars of Increase	Date of Meeting	AGM/EGM
1	Rs. 5 Lakhs	At the time of Incorporation	-
2	From Rs. 5 Lakhs to Rs. 10 Lakhs	December 04, 1989	EGM
3	From Rs. 10 Lakhs to Rs. 20 Lakhs	December 30, 1992	EGM
4	From Rs. 20 Lakhs to Rs. 30 Lakhs	January 10, 1994	EGM
5	From Rs. 30 Lakhs to Rs. 100 Lakhs	February 25, 1995	EGM
6	From Rs. 100 Lakhs to Rs. 200 Lakhs	March 30, 1998	EGM
7	From Rs. 200 Lakhs to Rs. 350 Lakhs	March 26, 2002	EGM
8	From Rs. 350 Lakhs to Rs. 700 Lakhs	October 21, 2005	EGM
9	From Rs. 700 Lakhs to Rs. 1000 Lakhs	March 14, 2006	EGM
10	From Rs. 1000 Lakhs to Rs. 1500 Lakhs	June 15, 2006	EGM

Notes to the Capital Structure:

- Share Capital History of the Company

Date of Allotment/ allocation	No. of Equity Shares	Face value (Rs.)	Issue price per equity share (Rs.)	Nature of payment	No. of Shares of face value of Rs. 10 per share	Paid up Capital (Rs.)	Reasons for Allotment	Cumulative Paid Up Capital (Rs.)	Securities Premium A/c (Rs.)
October 31, 1981	200	100*	100	Cash	2,000	20,000	Subscribers to the MOA	20,000	-

Date of Allotment/ allocation	No. of Equity Shares	Face value (Rs.)	Issue price per equity share (Rs.)	Nature of payment	No. of Shares of face value of Rs. 10 per share	Paid up Capital (Rs.)	Reasons for Allotment	Cumulative Paid Up Capital (Rs.)	Securities Premium A/c (Rs.)
April 21, 1982	10	100*	100	Cash	100	1,000	subscribed by promoters/associates/friends	21,000	-
May 18, 1982	340	100*	100	Cash	3,400	34,000	subscribed by promoters/associates/friends	55,000	-
June 15, 1982	110	100*	100	Cash	1,100	11,000	subscribed by promoters/associates/friends	66,000	-
June 29, 1984	360	100*	100	Cash	3,600	36,000	subscribed by promoters/associates/friends	1,02,000	-
January 21, 1986	340	100*	100	Cash	3,400	34,000	subscribed by promoters/associates/friends	1,36,000	-
March 13, 1987	550	100*	100	Cash	5,500	55,000	subscribed by promoters/associates/friends	1,91,000	-
June 25, 1987	11	100*	100	Cash	110	1,100	subscribed by promoters/associates/friends	1,92,100	-
July 27, 1987	50	100*	100	Cash	500	5,000	subscribed by promoters/associates/friends	1,97,100	-
March 11, 1989	640	100*	100	Cash	6,400	64,000	subscribed by promoters/associates/friends	2,61,100	-

Date of Allotment/ allocation	No. of Equity Shares	Face value (Rs.)	Issue price per equity share (Rs.)	Nature of payment	No. of Shares of face value of Rs. 10 per share	Paid up Capital (Rs.)	Reasons for Allotment	Cumulative Paid Up Capital (Rs.)	Securities Premium A/c (Rs.)
March 28, 1989	500	100*	100	Cash	5,000	50,000	subscribed by promoters/associates/friends	3,11,100	-
March 10, 1990	1,500	100*	100	Cash	15,000	1,50,000	subscribed by promoters/associates/friends	4,61,100	-
March 25, 1990	3,111	100*	100	Bonus	31,110	3,11,100	Bonus	7,72,200	-
February 15, 1993	4,000	100*	100	Cash	40,000	4,00,000	subscribed by promoters/associates/friends	11,72,200	-
March 14, 1994	11,722	100*	100	Bonus	1,17,220	11,72,200	Bonus	23,44,400	-
July 24, 1994	20	100*	100	Cash	200	2,000	subscribed by promoters/associates/friends	23,46,400	-
December 20, 1994	2,000	100*	100	Cash	20,000	2,00,000	subscribed by promoters/associates/friends	25,46,400	-
March 20, 1996	25,464	100*	100	Bonus	2,54,640	25,46,400	Bonus	50,92,800	-
March 30, 1998	50,928	100*	100	Bonus	5,09,280	50,92,800	Bonus	1,01,85,600	-
March 05, 1999	33,952	100*	100	Bonus	3,39,520	33,95,200	Bonus	1,35,80,800	-
March 31, 1999	20,000	100*	100	Cash	2,00,000	20,00,000	subscribed by promoters/associates/friends	1,55,80,800	-
March 23, 2002	32,312	100*	100	Cash	3,23,120	32,31,200	subscribed by promoters/associates/friends	1,88,12,000	-
March 26,	1,25,413	100*	100	Bonus	12,54,130	1,25,41,300	Bonus	3,13,53,300	-

Date of Allotment/ allocation	No. of Equity Shares	Face value (Rs.)	Issue price per equity share (Rs.)	Nature of payment	No. of Shares of face value of Rs. 10 per share	Paid up Capital (Rs.)	Reasons for Allotment	Cumulative Paid Up Capital (Rs.)	Securities Premium A/c (Rs.)
2002									
March 25, 2003	30,000	100*	100	Cash	3,00,000	30,00,000	subscribed by promoters/associates/friends	3,43,53,300	-
January 12, 2006	68,707	100*	100	Bonus	6,87,070	68,70,700	Bonus	4,12,24,000	-
January 31, 2006	12,72,222	10	10	Consideration other than cash**	12,72,222	1,27,22,220	subscribed by promoters/associates/friends	5,39,46,220	-
February 13, 2006	13,50,000	10	10	Cash	13,50,000	1,35,00,000	Promotes	6,74,46,220	-
February 17, 2006	1,50,000	10	10	Cash	1,50,000	15,00,000	promoters associates	6,89,46,220	-
March 6, 2006	50,000	10	45	Cash	50,000	5,00,000	preferential allotment	6,94,46,220	17,50,000
March 14, 2006	2,00,000	10	45	Cash	2,00,000	20,00,000	preferential allotment	7,14,46,220	70,00,000
April 6, 2006	74,210	10	45	Cash	74,210	7,42,100	preferential allotment	7,21,88,320	25,97,350
July 15, 2006	14,00,170	10	45	Cash	14,00,170	1,40,01,700	conversion of debentures***	8,61,90,020	4,90,05,950
					86,19,002	8,61,90,020			^6,03,53,300

*In the Extra ordinary general meeting held on January 25, 2006 face value of shares of Rs 100/- each was subdivided into shares of Rs10/- each.

** We have acquired Equity Shares of Lumax DK Auto Industries Limited in shares swap deal on January 31, 2006.

*** We have converted 14,00,170 convertible debentures(CDs) of Rs 45/- each into 14,00,170 Equity Shares of Rs 10/- each at a premium of Rs 35/- per share on July 15, 2006.

^Share premium has been adjusted to the extent of share issue expenses of Rs. 7.43 lakhs with respect to convertible debentures.

2. Promoters Contribution and Lock -in

a. Allotment to Promoters

Name of the Promoter	Date of allotment	Nature of Payment	No. of shares	Face Value	Issue Price	No. of Shares of Rs. 10
Mr.Dhanesh Kumar	October 30, 1981	Cash	50	100	100	500

Name of the Promoter	Date of allotment	Nature of Payment	No. of shares	Face Value	Issue Price	No. of Shares of Rs. 10
Jain	April 21, 1982	Cash	5	100	100	50
	May 18, 1982	Cash	195	100	100	1,950
	January 21, 1986	Cash	140	100	100	1,400
	March 13, 1987	Cash	500	100	100	5,000
	March 11, 1989	Cash	140	100	100	1,400
	March 28, 1989	Cash	250	100	100	2,500
	March 25, 1990	Bonus	1,280	100	0	12,800
	February 15, 1993	Cash	1,000	100	100	10,000
	March 14, 1994	Bonus	4,470	100	0	44,700
	December 20, 1994	Cash	2,000	100	100	20,000
	March 20, 1996	Bonus	10,940	100	0	1,09,400
	March 30, 1998	Bonus	21,840	100	0	2,18,400
	March 05, 1999	Bonus	14,560	100	0	1,45,600
	March 26, 2002	Bonus	38,897	100	0	3,88,970
	January 12, 2006	Bonus	19,449	100	0	1,94,490
	February 13, 2006	Cash	3,50,000	10	10	3,50,000
	January 31, 2006	Consideration other than cash	10,31,837	10	10	10,31,837
		Total				25,38,997
Mrs. Usha Jain	July 23, 1987	Cash	50	100	100	500
	March 25, 1990	Bonus	50	100	0	500
	February 15, 1993	Cash	500	100	100	5,000
	March 14, 1994	Bonus	2,050	100	100	20,500
	March 20, 1996	Bonus	4,100	100	0	41,000
	March 30, 1998	Bonus	8,200	100	100	82,000
	March 05, 1999	Bonus	5,468	100	0	54,680
	March 26, 2002	Bonus	14,934	100	0	1,49,340
	January 12, 2006	Bonus	7,467	100	0	74,670
	January 31, 2006	Consideration other than cash	15,692	10	10	15,692
		Total				4,43,882
Mr. Anmol Jain	February 15, 1993	Cash	1,000	100	100	10,000
	March 14, 1994	Bonus	1,120	100	0	11,200
	March 20, 1996	Bonus	2,240	100	0	22,400
	March 30, 1998	Bonus	4,480	100	0	44,800
	March 05, 1999	Bonus	2,988	100	0	29,880
	March 31, 1999	Cash	10,000	100	100	1,00,000
	March 23, 2002	Cash	15,812	100	100	1,58,120
	March 26, 2002	Bonus	25,529	100	0	2,55,290
	January 12, 2006	Bonus	12,764	100	0	1,27,640
	January 31, 2006	Consideration other than cash	30	10	10	30
		Total				7,59,360

b. Final Shareholding of the Promoters

Name of the Promoter	Shares allotted as per the table above	Add: Shares (Rs 10 each) acquired by way other than allotment	Less: Shares (Rs 10 each) Transferred	Pre issue Shareholding
Mr.Dhanesh Kumar Jain	25,38,997	10,160	400	25,48,757
Mrs. Usha Jain	4,43,882	19,830	0	4,63,712
Mr. Anmol Jain	7,59,360	6,530	0	7,65,890
			Total	37,78,359

c. Shareholding of Promoters would be locked-in for the period of three years as under

Name	Date on which the Equity Shares were allotted / acquired / transferred	Nature of payment	No. of Equity Shares	Face Value (Rs.)	% of pre issue paid up equity capital	% of post issue paid up equity capital
Mr.Dhanesh Kumar Jain	March 26, 2002	Bonus	3,30,000	10	3.83	2.84
Mr.Dhanesh Kumar Jain	January 12, 2006	Bonus	1,94,490	10	2.26	1.67
Mr.Dhanesh Kumar Jain	January 31, 2006	Consideration other than cash	10,31,837	10	11.97	8.87
		Total (A)	15,56,327		18.06	13.38
Mrs. Usha Jain	March 26, 2002	Bonus	1,49,000	10	1.73	1.28
Mrs. Usha Jain	January 12, 2006	Bonus	74,670	10	0.87	0.64
Mrs. Usha Jain	January 31, 2006	Consideration other than cash	15,692	10	0.18	0.13
		Total (B)	2,39,362		2.78	2.06
Mr. Anmol Jain	March 23, 2002	Cash	1,50,000	10	1.74	1.29
Mr. Anmol Jain	March 26, 2002	Bonus	2,55,290	10	2.96	2.19
Mr. Anmol Jain	January 12, 2006	Bonus	1,27,640	10	1.48	1.10
Mr. Anmol Jain	January 31, 2006	Consideration other than cash	30	10	0.00	0.00
		Total (C)	5,32,960		6.18	4.58
		Total (A+B+C)	23,28,649		27.02	20.02

Lock-in period will commence from date of allotment of shares in this issue. Besides this, entire pre-issue share capital, other than that locked in as promoter's contribution for 3 years, will be locked in for a period of one year from the date of allotment in this public issue. The Promoters have given their approval for Lock in of their shareholding as specified above, vide their letter-dated July 29, 2006. Shares issued last shall be locked-in first. The Securities which are subject to lock in carry the inscription "non transferable"

In terms of clause 4.16(a) of the SEBI Guidelines, Equity Shares held by shareholders other than Promoters prior to the Issue may be transferred to any other person holding shares which are locked in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock in hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

In terms of clause 4.16(b) of the SEBI Guidelines, the Equity Shares to be held by promoter(s) which are locked in, shall not be sold, hypothecated /transferred during the lock in period, however it may be transferred to and amongst promoter/promoter group or to a new promoter or persons in control of the company, subject to continuation of lock-in, in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as applicable.

Equity Shares of promoters, comprising promoters' contribution, locked in may be pledged only with banks or financial institution as collateral security for loans granted by such banks or FIs provided the pledge of shares is one of the terms of sanction of loan.

The promoters' contribution has been brought in from persons defined as promoters under the Guidelines. The Promoter's Contribution has been brought in is not less than the specified minimum lot of Rs 25,000/- per application form from each individual.

Other than as stated above, entire pre-issue equity share capital of the Company will be locked in for the period for one year from the date of allotment of Equity Shares in this issue.

3. The Company/Promoters/Directors/Lead Merchant Bankers have not entered into buyback or similar arrangements for purchase of securities issued by the Company.
4. An over subscription to the extent of 10% of the net offer to the public can be retained for the purpose of rounding off to the nearest integer of shares while finalizing the allotment.
5. In the event of over subscription allotment will be made on proportionate basis (subject to minimum application size) as detailed under basis of allotment

6. Equity Shares held by top ten Shareholders:

- a. Top ten shareholders on the date of filing of the Draft Prospectus with the SEBI are as follows:

Sr. No.	Names of shareholders	No. of Equity Shares held	% of Paid up Capital
1	Mr.Dhanesh Kumar Jain	25,48,757	29.57
2	Sheela Finance Pvt Limited	11,50,000	13.34
3	DK Jain & Sons(HUF)	11,45,971	13.30
4	Mr. Deepak Jain	7,94,652	9.22
5	Mr. Anmol Jain	7,65,890	8.89
6	Mrs. Usha Jain	4,63,712	5.38
7	Krisma Investments Pvt Ltd	1,33,000	1.54
8	Mr. Roabin Mazumdar	1,16,500	1.35
9	Mr. Abbas Abdulali Patel	1,15,000	1.33
10	Ms. Suganda Hiremath	1,10,000	1.28
	Total	74,43,482	86.36

- b. Top Ten shareholders 10 days prior to the date of filing of the prospectus with SEBI are as follows.

Sr. No.	Names of shareholders	No. of Equity Shares held	% of Paid up Capital
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Sr. No.	Names of shareholders	No. of Equity Shares held	% of Paid up Capital
1	Mr.Dhanesh Kumar Jain	25,48,757	29.57
2	Sheela Finance Pvt Limited	11,50,000	13.34
3	DK Jain & Sons (HUF)	11,45,971	13.30
4	Mr. Deepak Jain	7,94,652	9.22
5	Mr. Anmol Jain	7,65,890	8.89
6	Mrs. Usha Jain	4,63,712	5.38
7	Krisma Investments Pvt Ltd	1,33,000	1.54
8	Mr. Roabin Mazumdar	1,16,500	1.35
9	Mr. Abbas Abdulali Patel	1,15,000	1.33
10	Ms. Suganda Hiremath	1,10,000	1.28
	Total	74,43,482	86.36

- c. Top ten shareholders as on two years prior to the date of filing of the Draft Prospectus with the SEBI are as follows:

Sr. No.	Names of shareholders	No. of Equity Shares held	% of Paid up Capital
1	Mr. Dhanesh Kumar Jain	97,243	28.31
2	D.K. Jain & Sons(HUF)	78,033	22.71
3	Mr. Deepak Jain	64,968	18.91
4	Mr. Anmol Jain	63,822	18.58
5	Mr. Usha Jain	37,335	10.87
6	Mr. Sagar Chand Jain	1,777	0.52
7	Vardhaman Agencies Private Limited	355	0.10
	Total	3,43,533	100.00

7. The pre and post issue shareholding pattern of the Company is given below

Category	Pre-Issue		Post-Issue	
	No. of Shares of Rs. 10/- each	% holding	No. of Shares of Rs. 10/- each	% holding
Promoters Holding				
A) Promoters				
Mr. D.K Jain	25,48,757	29.57	25,48,757	21.91
Mr. Anmol Jain	7,65,890	8.89	7,65,890	6.58
Mrs. Usha Jain	4,63,712	5.38	4,63,712	3.99
	37,78,359	43.84	37,78,359	32.49
B) Promoter Group				
Sheela finance	11,50,000	13.34	11,50,000	9.89
D.K Jain & sons (HUF)	11,45,971	13.30	11,45,971	9.85
Mr. Deepak Dhanesh Jain	7,94,652	9.22	7,94,652	6.83
Vardhman agencies	4,260	0.05	4,260	0.04
Mr. Sagar Chand Jain	21,350	0.25	21,350	0.18

Friends and Associates	17,24,380	20.01	17,24,380	14.83
Employee	30	0.00	30	0.00
	48,40,643	56.16	48,40,643	41.62
Total Promoters Holding (A+B)	86,19,002	100.00	86,19,002	74.10
Others (C)				
Public	0	0.00	30,12,000	25.90
Total C	0	0.00	30,12,000	25.90
Total (A+B+C)	86,19,002	100.00	1,16,31,002	100.00

8. As on date of filing of Draft Prospectus with SEBI, the issued capital of the company is fully paid up.
9. No single applicant can make an application for number of shares, which exceeds the number of shares offered
10. As per SEBI Guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individuals investors applying for Equity Shares of or a value of not more than Rs 1,00,000/-.The remaining 50% of net offer to the public is reserved for individuals applying for Equity Shares of a value more than Rs 1,00,000/- and corporate bodies /institutions etc. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
11. The Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash, except the following:
 - i. 12,72,222 Equity Shares of Rs. 10/- each to promoters/associates/friends as a share swap deal with Lumax DK Auto Industries Limited.
12. We have issued 3,19,297 Equity Shares of Rs. 10/- each as bonus shares by capitalization of reserves as given below:

Sr. No.	Date of Allotment	No. of Shares	Ratio
1	March 25, 1990	3,111	1:1
2	March 14, 1994	11,722	1:1
3	March 20, 1996	25,464	1:1
4	March 30, 1998	50,928	1:1
5	March 05, 1999	33,952	3:1
6	March 26, 2002	1,25,413	3:2
7	January 12, 2006	68707	5:1

The above shares are not issued out of revaluation reserves

13. The Company has not availed any bridge loans against the proceeds of this Issue.
14. The Company will get the full amount of Equity Shares including premium at the stage of application.
15. As of the date of the Draft Prospectus, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.
16. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

17. Further, presently the Company does not have any proposal, intention, negotiation, or consideration to alter the capital Structure by way of split/consolidation of the denomination of the shares/ issue of shares on a preferential basis to issue of bonus for rights or public issue of Equity Shares or any other securities within a period of six months from date of opening of the present issue. However, if business needs of the Company so require, the Company may alter its capital structure by way of split or consolidation of the denomination of the shares/ issue of shares on a preferential basis to issue of bonus for rights or public issue of Equity Shares or any other securities within a period of six months from date of listing of the Equity Shares offered under this Draft Prospectus from the date the application moneys are refunded on account of failure of the Offer, after seeking and obtaining all the approvals which may be required for such alteration.. Also, if the Company enters in for acquisitions or joint ventures, it may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition and/ or participation in such joint ventures.
18. The total numbers of members of the Company are 69 as on July 31, 2006.
19. At any given point of time, there shall be only one denomination for the Equity Shares of the Company.
20. The Promoters including Promoter Group and Associates and Directors have purchased /Sold Equity Shares of the Company, during the period of six months preceding the date on which Draft Prospectus is filed with ROC. The details are as given as below:

Sr. No	Date	Promoter/Promoter Group	Purchased/ Sold	No of Equity Shares	Price per share
1.	February 13, 2006	Mr. Dhanesh Kumar Jain	Purchased	3,50,000	10
2.	February 13, 2006	Sheela Finance Private Limited	Purchased	10,00,000	10
3.	February 17, 2006	Sheela Finance Private Limited	Purchased	1,50,000	10

Objects of the Issue

The main objects of the issue are for investment in Lumax DK Auto Industries Limited (LDK), our subsidiary, to set up automotive lighting unit at Pantnagar, Uttaranchal, to set up a leveling motor unit and enhancement of infrastructure facilities at Manesar near Gurgaon, Haryana, to raise capital for setting up of chassis assembly at Bhosari near Pune, Maharashtra, expansion and modernization of current manufacturing facilities at Chakan, near Pune and Waluj, near Aurangabad, Maharashtra, modernization of developing centre at Chinchwad, near Pune, Maharashtra, and meeting the issue expenses.

The other object of the issue is to achieve the benefits of listing and to provide liquidity to our existing shareholders.

The main object clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which the funds are being raised by us, through this issue.

Funds Requirement

The Company has estimated funds requirement as under:

(Rs. In Lakhs)		
Sr No	Particulars	Amount
1	Investment in LDK, our subsidiary	
	i) to set up automotive lighting unit at Pantnagar, Uttaranchal	2,343.00
	ii) to set up leveling motor unit at existing Manesar unit in Haryana	390.29
	iii) for enhancement of infrastructure at existing Manesar unit in Haryana	79.50
2	Set up cost of chassis assembly unit at Bhosari near Pune, Maharashtra	1,187.00
3	Expansion and modernization of existing manufacturing unit at Chakan, near Pune & Waluj, near Aurangabad, Maharashtra	658.00
4	Modernization of development centre at Chinchwad near Pune, Maharashtra	115.00
5	To meet the expenses of the Issue	[●]
	Total	[●]

Means of Finance

The funding plans proposed by the company are as under:

(Rs. In Lakhs)		
Sr. no.	Particulars	Amount
1	Equity	
	a. Private Placement	776.00
	b. IPO	[●]
2	Term Loan	1,903.50
3	Internal Accruals	84.29
	Total	[●]

No part of the issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, Associates and Group Companies.

Term Loan

The details are given below:

(Rs. In Lakhs)			
Sr No	Name of the Bank	Amount	Major Conditions of Sanction
1.	State Bank of India - Balance of old sanction- CPC/PUNE/04-05/105 dated	33.50	Rate of interest - 10.25% p.a. Tenor - payable in 66 months

Sr No	Name of the Bank	Amount	Major Conditions of Sanction
	October 20, 2004.		(including 6 month of moratorium period) Hypothecation of charge over specific plant and machinery acquired out of the loan.
2.	State Bank of India - MC/RRP/2005-06/177 dated October 31, 2005	470.00	Rate of interest - 10.25% p.a. Tenor - payable in 66 months (including 6 month of moratorium period) Hypothecation of charge over specific plant and machinery acquired out of the loan.
3.	ABN Amro Bank NV dated July 06, 2006	1,400.00	Rate of interest - 10% p.a. Maximum Tenor of 54 months from the date of first draw down (inc. 6 months of principal moratorium period). First and Exclusive charge on the movable fixed assets of the Company at a cover of 1.5 times.
	Total	1,903.50	

Proposed Utilisation of funds being raised through this Issue

1. Investment in LDK, our subsidiary,

i. to set up automotive lighting unit at Pantnagar, Uttaranchal

The setting up will facilitate manufacturing of 5,00,000 sets per annum of automotive lighting constituting head & tail lights, front & rear blinkers and wind shields for Bajaj Auto Ltd.

The cost of setting up the unit is given below:

(Rs. In Lakhs)		
Sr. No.	Particulars	Amount
a.	Land	186.70
b.	Building	739.00
c.	Machinery	1,167.30
d.	Margin Money for working capital	250.00
	Total	2,343.00

a. Land

We have received allotment from State Industrial Development Corporation of Uttaranchal Ltd. for 24150 sq. mtrs (approx) plot no. 12 sector no. 10 vide letter no. 1577/AGM/SIDCUL/06 dated March 27, 2006 and the possession of the plot has already been taken by the company on May 17, 2006.

b. Building

The details of the construction of the building is given below:

(Rs. in Lakhs)						
SN o	Particulars	Name Of The Party	Date of Quotatio n/ PO	Quotation / PO No.	Status	Amount

1	R C C Structure	Seth Kishan Chand	May 17, 2006	LDK : SKC: 06	Order Placed	386.85
2	Pre Fabricated Steel Building	Kirby	May 20, 2006	101-1817	Order Placed	136.20
3	Architectural Service	Spot Design	July 06, 2006	-	Order Placed	13.00
4	Air Cooling	Roots Cooling	May 10, 2006	LIL/0765/2006	Quotation Received	85.00
5	Plumbing/Sanitary	Arteries & Veins	July 25, 2006	AVI/107	Quotation Received	18.77
6	Fire Fighting	Krishna Fire	July 25, 2006	-	Quotation Received	30.43
7	Floor Painting	Samriti Engineers	July 25, 2006	SEPL/2006/97	Quotation Received	40.60
8	Land Scaping	Eco Planners	July 25, 2006	-	Quotation Received	17.50
9	Aluminium Partition	Neelam Glass	July 25, 2006	61	Quotation Received	10.65
	Total					739.00

b. Machinery

Details of Machinery for which quotations have been received is given below:

(Rs. in Lakhs)

S.No.	Particulars	Name Of The Party	Date of Quotation	Quotation No.	Amount
1	Moulding Machine	CLF	July 21, 2006	Lumax DK-2	467.37
2	Lathe Machine	Production Aids	July 08, 2006	PAC/PACTMILL/LUMAX/01	3.30
3	Milling Machine	Production Aids	July 08, 2006	PAC/PACMILL/LUMAX/01	2.40
4	Drilling Machine	Production Aids	July 08, 2006	PAC/PACDRILL/LUMAX / 01	2.76
5	LTM Drying & Conveying	L & T	July 10, 2006	NRO/DEL/60856/06-07/2223	98.78
6	Base Coat Oven	NSW	July 18, 2006	NSWD/M/152/06-07	5.25
7	Top Coat Oven	NSW	July 18, 2006	NSWD/M/152/06-07	14.56
8	Spray Paint Booth For Top Coat Oven	NSW	July 18, 2006	NSWD/M/151/06-07	5.16
9	P C Conventional Lacquer Hard Coat	Vacuutek Corp	July 04, 2006	06-E-52	*51.84
10	Painting Robot System	ABB	July 14, 2006	RO/RAP/RN/AC/0706/237/00	49.50
11	Cooling Tower D G Set	Adharshila	July 21, 2006	AE/LDK/Q-CT	2.30
12	Cooling Tower Moulding Machine	Adharshila	July 21, 2006	AE/LDK/Q-CT	1.67
13	Transformer	S N M E (P) Ltd.	July 17, 2006	06-07/SQ/0311	22.67
14	D G Set	Jaksons	July 3, 2006	JL/JL/QC(F) H - 360/MS/DP/06	41.46

S.No.	Particulars	Name Of The Party	Date of Quotation	Quotation No.	Amount
15	Air Compressor	Shakti Industrial	July 2006	NIL	18.49
16	Eot Crane	Light Lift	June 23, 2006	LLI/QOT/2006-07/214	20.89
17	E T P	Indus Chemicals	July 4, 2006	-	1.79
18	Water Softening Plant	Indus Chemicals	July 4, 2006	-	1.53
19	Lab Instruments	Auto Test	July 10, 2006	96-98/AT/F-N	13.67
20	Metalising Machine	Arzuffi	July 19, 2006	06/090	**223.90
21	Industrial Tray Drying	NSW	July 24, 2006	NSWD/P/154/06-07	0.80
22	Electric Work	Electech	July 24, 2006	ES/LUMAX/06-07	101.60
23	Air Ionizer	Advance Tech	May 22, 2006	Q2205-2006/SN-2	3.61
24	Other Miscellaneous/Contingency				12.00
	Total				1,167.30

* The quotation is received in US Dollar. The exchange rate for converting the U.S. dollar into rupee has been taken as Rs. 46.00. The cost also includes the custom duty @15.00%.

** The quotation is received in Euro. The exchange rate for converting the Euro into rupee has been taken as Rs. 59.00. The cost also includes the custom duty @15.00%.

d. Margin Money for Working Capital

The calculation for margin money for working capital is as follows:

(Rs. in Lakhs)

Particulars	Amount
Current Assets	
- Inventory	882.00
- Debtors	527.000
- Other Current Assets	150.00
Total Current Assets	1,559.00
Current Liabilities	
- Trade Creditors	559.00
Total Current Liabilities	559.00
Net Long term Working capital requirement	1,000.00
Margin to be funded out of the Issue proceeds	250.00

ii. To set up leveling motor unit at existing Manesar unit in Haryana.

Fitment of leveling adjuster motor became mandatory w.e.f. October 01, 2005 in India. Leveling adjuster motor is a device which automatically adjusts the angle of the head light to direct the glare of the head light on the road. It gives more visibility to the driver of four wheeler also doesn't affect driver coming from the opposite side. It not only gives the comfortability to the driver as it increases visibility a lot but also reduces the risk of accidents.

The unit at Manesar will facilitate the testing, validation and final assembly of leveling motors. The production capacity will be 27 Lakhs per annum, from the opposite side.

The cost of setting up the unit is given below:

(Rs. In Lakhs)		
Sr. No.	Particulars	Amount
a.	Building	143.75
b.	Machinery	246.54
	Total	390.29

a. Building

The Company has received quotation from Seth Kishan Chand and Associates Pvt. Ltd. for construction of 12,500 sq. ft. including electrical, plumbing, kota stone flooring & finishing etc.

The bifurcation is given below:

(Rs. in Lakhs)				
S. No.	Particulars	Area (in sq. ft)	Rate	Amount
1	Covered area first floor (including kota stone flooring, finishing etc)	12,500	900/-	112.50
2	Plumbing Work	12,500	150/-	18.75
3	Electrical Work	12,500	100/-	12.50
	Total			143.75

b. Machinery

(Rs. in Lakhs)					
Sr. No.	Particulars	Name of the party	Status	Date of Quotation	Amount
1	Quality Checking Fixture	Fab Consultant	Quotation Received	July 15, 2006	187.20
2	Assembly Jigs	Noida Fabcon	Quotation Received	July 18, 2006	59.34
	Total				246.54

iii. Enhancement of infrastructure at existing Manesar unit, Haryana

This proposed enhancement will provide better infrastructure equipment & facilities at the existing unit.

The cost of enhancement of infrastructure is given below:

(Rs. In Lakhs)		
Sr. No.	Particulars	Amount
a.	Machinery	79.50
	Total	79.50

a. Machinery

The details of Machinery is given below

(Rs.in Lakhs)					
Sr.No.	Particulars	Name Of The Party	Date of Quotation	Quotation No.	Amount
1	Mould Doctor	Radiant Safeway	July 25, 2006	RS/LDKAIL/2006/01	5.23
2	Furniture	Shengrilla	July 25, 2006	345/06	4.72
3	Epabx	Excel	July 25, 2006	-	3.42
4	Crates & Pallets	Tirupati	July 25, 2006	-	6.14

Sr.No.	Particulars	Name Of The Party	Date of Quotation	Quotation No.	Amount
5	Pana Board	Commsys	July 25, 2006	-	0.98
6	Projectors	Commsys	July 25, 2006	-	0.90
7	D G Exhaust System	Arteries & Veins	July 19, 2006	AVI / 107-2	1.13
8	Racks	Adish	July 13, 2006	363	0.47
9	Lockers	Adish	July 13, 2006	362	0.24
10	Scales	Aman Scales	June 11, 2006	ASPL/2006-07/KP	0.20
11	Bins	Nilkamal	July 08, 2006	DR/03/06	6.50
12	Photocopier	Commsys	July 25, 2006	-	1.23
13	Robot	Abb	May 22, 2006	RO/RAP/RN/AC/0515/172/00	21.00
14	Air Cooling System	Apc Air	April 28, 2006	03/APC/AG/011/321	21.75
15	Mig Welding Spm	Fine Arc	June 21, 2006	FSPL : 05: 109	3.27
16	Fuem Exhaust System For Welding	Apc Air	April 27, 2006	03/APC/AG/010/288	2.12
17	Other Miscellaneous				0.20
	Total				79.50

2. Set up cost of chassis assembly unit at Bhosari near Pune, Maharashtra:

The chassis assembly unit is being set up at Bhosari near Pune in Maharashtra for manufacturing chassis assembly for Bajaj Auto Ltd.

The cost of setting up the plant is given below:

(Rs. in Lakhs)		
Sr. No	Particulars	Amount
a.	Land	125.00
b.	Building	220.00
c.	Machinery	592.00
d.	Margin Money for working capital	250.00
	Total	1,187.00

a. Land

We have been allotted plot no. 70, sector-10 measuring 5,604 sq. mtrs. in PCMC, Bhosari (Maharashtra) area on 99 years of lease vide allotment letter no. DA/EZ/Section-1/485 dated January 16, 2006. Payment of consideration of Rs. 114.88 lakhs towards premium for the said plot in addition to stamp duty & registration fees of Rs. 6.04 Lakhs and development fund of Rs. 4.49 Lakhs in respect of the said plot has been effected by us. We have taken possession of the said plot. The lease rent will be Rs. 100 per year.

b. Building

Quotation for the construction has been received from Dhoot Technology Projects, Pune.

The proposed plant will have factory building and office building. The factory building will include powder coating plant, manufacturing of chassis/ frame of two wheeler and assembly of chassis.

Office building will include the stores department, lunch and change room for workers at ground floor. On the first floor there will be staff sitting arrangement for commercial and technical. On the second floor there will be sitting arrangement for Directors and Executives. Training room and Conference hall will be located on second floor

Details of cost of proposed building construction is given below:

(Rs. in Lakhs)			
Description	Area (Sq. ft.)	Rate (Rs/Sq.ft.)	Amount
Covered Area Construction			
A) Ground Floor i) Powder coating plan ii) Frame manufacturing line iii) Frame Assembly area iv) Miscellaneous Fabrication, stores & Lunch facility v) Change Room	32,290.00	561.00	220.00
B) Office Building 1 st & 2 nd Floor	6,900.00		
Total	39,190.00	561.00	220.00

c. Machinery

Details of cost of Machinery is as under:

(Rs. in Lakhs)						
Sr. No.	Particulars	Name Of The Party	Date of Quotation/ Purchase Order	Quotation/ Purchase Order No.	Status	Amount
1	H.T.Power Connection	Star Delta Eng. Corp.	June 22, 2006	SD/Q/06/16	Quotation Received	50.00
2	Welding Fixtures	Apex Tools and Dies Pvt. Ltd.	April 09, 2006 April 22, 2005 April 04, 2005	22/06-07 28/06-07 12/06-07	Quotation Received	80.00
3	Boring Machine	Prad Machine Tools	July 07, 2006	-	Quotation Received	20.00
4	Internal Electrical Fittings	Star Delta Engg. Corp.	July 21, 2006	SD/Q/06/30	Quotation Received	20.00
5	Powder Coating Plant	Automech Handlers Mitsuba Systems Private Limited	June 13, 2006 June 16, 2006	02, 03 04	Order Placed	165.22
5	Powder Coating Plant	Leo Surface Coating	April 11, 2006 March 20, 2006	Leo/DAEL/ offer-3	Quotation Received	34.78
6	Screw Compressor	Poona Pneumatic Company	August 5, 2006	PPC/06-07/SCH/050	Quotation Received	20.00
7	Furniture And Computer	Excel Marketing& Services, Dhoot Techno Project	July 21, 2006 July 3, 2006	Q-2006 / 06/18/ JN QUOTIENT/ DHANESHH R-K/06	Quotation Received	25.00

Sr. No.	Particulars	Name Of The Party	Date of Quotation/ Purchase Order	Quotation/ Purchase Order No.	Status	Amount
8	Other Utility Services	Dhoot Techno Project	July 3, 2006	QUOTPCPL ANT/DHAN ESHHR-K/06	Quotation Received	35.00
9	Co2 Welding Machines	Techno Trade	July 21, 06	TT/LT/21	Quotation Received	32.00
10	Gas Bank,Ex.System	Pune Gas Parts and Services Pvt. Ltd.	August 5, 2006	QTN/PGP/0 5082006	Quotation Received	40.00
11	Gen Set	Powerica Limited	August 3, 2006	Q-PL/EE-PN/060803	Quotation Received	40.00
12	Material Handling Equip.	Shreyash Engg. Works	July 20, 2006	SAP/06-07/98	Quotation Received	30.00
	Total					592.00

d. Margin Money for Working Capital

The calculation of margin money for working capital is as follows:

(Rs. in Lakhs)

Particulars	Amount
Current Assets	
- Inventory	475.00
- Debtors	1,228.00
- Other Current Assets	300.00
Total Current Assets	2,003.00
Current Liabilities	
- Trade Creditors	1,003.00
Total Current Liabilities	1,003.00
Net Long term Working capital requirement	1,000.00
Margin to be funded out of the Issue proceeds	250.00

3. Expansion & modernization of existing manufacturing facilities at Chakan, near Pune & Waluj, near Aurangabad, Maharashtra

In house painting plant for the Company's products is being added at the Chakan unit.

The setting up of the robotic welding system at Waluj near Aurangabad will facilitate:

- Welding of motor cycle frame.
- Easier handling of components
- Improvement in design and reduce maintenance problems

The total capacity after expansion will increase by 20% of the existing capacity.

The cost of expansion & modernization of existing manufacturing unit is given below:

(Rs. In Lakhs)

Sr. No.	Particulars	Amount
a.	Building constructed for Chakan Plant	40.00
b.	Machinery	618.00
	Total	658.00

a. Building

The construction of building at Chakan side been completed as per plan.

(Rs. in Lakhs)

Sr. no.	Particulars	Area/ Capacity	Rate Per Sq. ft./Ltrs	Amount
1	Construction of Factory shed with RCC Super Structure, 9" BBM, Plaster, MS Window AC sheet roofing with MS Structure Trimix flooring, gutter etc.	7548 Sq. ft.	490.00	36.99
2	Providing & Construction Tanks (3 Nos.) for A.T.P. Plant	37500 ltrs.	5.50	2.07
3	Dismantling of Old Shed	3100 Sq. ft.	30.00	0.94
	Total			40.00

b. Machinery

Orders placed and quotation received for the machineries to be installed in Chakan

(Rs. in Lakhs)

Sr. No.	Details of Capital Goods	Name of The Party	Date of Purchase order/Quotation	Purchase order/Quotation No.	Status	Amount
1	Painting Plant	Raja Systems, Ace India	January 31, 2006	109 &110	Order Placed	59.90
2	Milling SPM Machines	Prad Machine Tools	September 21, 2005 September 3, 2005	63	Order Placed	48.00
3	Pipe Bending Machine	Electro Pnuematics	August 5, 2006 October 6, 2005	EPN:JKK:MAH :1753:2006 68	Quotation received	35.00
4	SPM Welding Machinery	Dynarc System Private Limited	June 28, 2006 September 21, 2005	DSPL/QTN/019 R-1 64	Quotation received	12.00
5	Shot Blasting Machinery	Bharat Trading Company	August 5, 2006	BTC/QTN/041	Quotation received	23.00
6	Co2 Welding Machinery	Techno Trade & Pro Arc	July 21, 2006	TT/LT/2107	Quotation received	12.52
7	Robot	Larsen & Turbo Larsen & Turbo	August 1, 2005 March 14, 2006	46 180	Order Placed	72.53
8	Welding Fixtures, Guages, Dies & Jigs	Excellent Industries, Apex Tools, Precision Industries Reliance Industries Aditya Engineering Accurate Engineers Sidhakala Engineers Sumami Engineers Sumami Engineers Apex Engineers Aditya Engineering Excellent Industries Balaji Engineering Sidhakala Engineers Apex Tools and Dies Pvt. Ltd.	March 26, 2006 March 26, 2006 March 24, 2006 March 25, 2006 April 3, 2006 November 29, 2005 October 6, 2005 July 23, 2005 October 17, 2005 December 24, 2005 January 2, 2006 October 17, 2005 February 8, 2006 May 29, 2006 June 3, 2006	53, 91 55 51 52 60 90 69 41 79 38 39 76 81 80 81	Order Placed	61.83

Sr. No.	Details of Capital Goods	Name of The Party	Date of Purchase order/Quotation	Purchase order/Quotation No.	Status	Amount
		Excellent Industries	February 3, 2006	44		
		Excellent Industries	July 1, 2005	32		
		Excellent Industries	July 1, 2005	20		
		Excellent Industries	April 16, 2006	65		
		Reliance Industries	March 26, 2006	54		
		Reliance Industries	May 13, 2006	73		
		Balaji Engineers	December 6, 2005	71		
		Preto India	May 20, 2006	78		
		Aditya Engineers	April 24, 2006	68		
		Balaji Engineers	April 1, 2006	88		
		Accurate Engineers	June 21, 2006	87		
		Preto India	January 27, 2006	59		
		Preto India	April 1, 2005	06, 04		
		Apex Engineers	February 13, 2006	48		
		Balaji Engineers	February 8, 2006	81		
		Balaji Engineers	February 1, 2006	80		
		Reliance Industries	May 13, 2006	73		
		Excellent Industries	October 6, 2005	70		
9	Dies	Excellent Industries	March 6, 2006	60	Quotation received	
		Excellent Industries	March 16, 2006	61		
		Excellent Industries	June 24, 2006	62		
		Precision Industries	July 30, 2006	Quotation/PI/06-07/05		
		Precision Industries	July 27, 2006	Quotation/PI/06-07/04		
		Precision Industries	August 2, 2006	Quotation/PI/06-07/06		85.84
10	Gauges/Welding Fixtures/ Jigs	Aditya Engineers	June 2, 2006	125	Quotation received	
		Aditya Engineers	June 3, 2006	126		
		Aditya Engineers	June 4, 2006	127		30.00
11	Ultrasonic Machinery	Ravira Technology Services	January 27, 2006	113	Order Placed	5.40
12	SPM Machinery	Prad Machine Tools	July 27, 2006	-	Quotation received	15.00
13	Gas Bank	Pune Gasparts & Services Pvt. Ltd.	August 5, 2006	QTN/PGP/05082006	Quotation received	20.00
14	Miscellaneous Small Fixtures					1.98
	Total					483.00

Quotation received for machinery to be installed in Waluj, near Aurangabad

(Rs. in lakhs)

Sr. No.	Details of Capital Goods	Name of The Party	Date of Quotation	Quotation No.	Amount
1	Robot	Larsen & Turbo	April 13, 2005	15:39:38:05'30'	135.00
	Total				135.00

4. Modernization of development centre at Chinchwad, near Pune, Maharashtra

We have proposed to further modernize the existing Research & development facilities at the development centre located at Chinchwad.

The cost of modernization is given below:

(Rs. in lakhs)

Sr. No.	Particulars	Amount
a.	Building	5.00
b.	Machinery	110.00
	Total	115.00

a. Building

(Rs. in lakhs)

Sr. no.	Particulars	Activity	Amount
1	Renovation & Repair work for factory building with Changing of front elevation, removing leakages in slabs and AC sheet roofing, total new trimix flooring in shop floor and office primices, demolition work as required and carting the debris away etc.	Remodeling work area	5.00
	Total		5.00

b. Machinery

Details of Machinery for which Quotation has been received

(Rs. in lakhs)

Sr. No.	Details of Capital Goods	Name of The Party	Date of Quotation	Quotation No.	Amount
1	Conventional Milling Machine, Surface Grinder	Electronica Machine Tools Limited	July 25, 2006	MTT/SLS/JK/DAEL/07	18.01
2	Hartford Vertically Milling Machinery Centre Model VMC 1270 S (OMNIS SERIES)	Electronica Machine Tools Limited	July 25, 2006	MTT/SLS/JK/DAEL/07	36.60
3	Hartford Vertically Milling Machinery Model PRO 1000 SP	Electronica Machine Tools Limited	July 25, 2006	MTT/SLS/JK/DAEL/07	31.39
4	Plasma Cutting L&T (with Robot)	Larsen & Turbo Limited	April 4, 2006	LT/RRP/DAEP/1002	24.00
	Total				110.00

5. To meet the Expenses of the Issue

(Rs. In Lakhs)

Sr No	Description	Amount
1.	Lead Manager's Fees & Brokerage and selling commission	[●]
2.	Advertising & Marketing	[●]

Sr No	Description	Amount
	Expenses	
3.	Printing & Stationery/Despatch	[●]
4.	Other Expenses (listing fees, Depository charges etc.)	[●]
	Total	[●]

Schedule of Implementation

1. Investment in LDK, our subsidiary

i) Automotive lighting unit at Pantnagar, Uttaranchal

S.No.	Activity	Commencement	Completion
1	Acquisition of land	March 2006	May 2006
2	Development of Land & Construction of Building	May 2006	December 2006
3	Selection & Ordering of Machine	June 2006	September 2006
4	Installation of Machinery & Utilities	September 2006	October 2006
5	Trial Production	October 2006	October 2006
6	Commercial Production	December 2006	Continue

ii) Leveling motor unit at existing Manesar Unit, Haryana

S.No.	Activity	Commencement	Completion
1	Renovation of Building	September 2006	November 2006
2	Selection & Ordering of Machine	August 2006	September 2006
3	Installation of Machinery & Utilities	October 2006	October 2006
4	Commercial Production	November 2006	Continue

iii) Enhancement of infrastructure at existing Manesar Unit, Haryana

S.No.	Activity	Commencement	Completion
1	Selection & Ordering of Machine	August 2006	December 2006
2	Installation of Machinery & Utilities	September 2006	December 2006

2) Chassis assembly unit at Bhosari near Pune, Maharashtra

S.No.	Activity	Commencement	Completion
1	Acquisition of land	January 2006	January 2006
2	Development of Land & Construction of Building	February 2006	August 2006
3	Selection & Ordering of Machine	April 2006	July 2006
4	Installation of Machinery & Utilities	August 2006	September 2006
5	Commercial Production	October 2006	Continue

3) Expansion and modernization of existing manufacturing unit at Chakan near Pune & Waluj near Aurangabad, Maharashtra

S.No.	Activity	Commencement	Completion
1	Renovation of Building at Chakan	January 2006	September 2006

2	Selection & Ordering of Machine for Chakan & Waluj	January 2006	September 2006
3	Installation of Machinery	July 2006	September 2006

4) Modernization of development centre at Chinchwad near Pune, Maharashtra

S.No.	Activity	Commencement	Completion
1	Renovation of Building	July 2006	December 2006
2	Selection & Ordering of Machine	July 2006	December 2006
3	Installation of Machinery	July 2006	December 2006

Sources of Financing of Funds Already Deployed

The statutory auditors, M/s D.R.Barve & Company have issued a certificate dated July 19, 2006 for the deployment of funds in the proposed projects.

The amount of Rs. 1,823.32 lakhs has been spent out of the sources of financing detailed below:

(Rs in Lakhs)

Sr. No.	Particulars	Amount
1)	Term Loan 1	33.50
2)	Term Loan 2	177.48
3)	Equity Placement	424.47
4)	Internal Accruals	52.37
	Total	687.82

Details of Balance Fund Deployment

The remaining amount is proposed to be incurred by the Company in the financial year 2006-07. The quarter-wise break-up of the fund deployment is as follows:

(Rs. in Lakhs)

Particulars	Already Incurred	FY 2006 - 07			Total
		2 nd Qtr.	3 rd Qtr.	4 th Qtr.	
Investment in LDK, our subsidiary					
i) to set up automotive lighting unit at Pantnagar, Uttaranchal	169.24	217.00	1,304.00	652.76	2,343.00
ii) to set up leveling motor unit at existing Manesar unit in Haryana	-	-	250.00	140.29	390.29
iii) for enhancement of infrastructure at existing Manesar unit in Haryana	-	-	79.50	-	79.50
Set up of chassis assembly unit at Bhosari near Pune, Maharashtra	240.50	95.00	568.00	283.50	1,187.00
Expansion and modernization of existing manufacturing unit at Chakan, near Pune & Waluj, near Aurangabad, Maharashtra	224.98	200.00	100.00	133.02	658.00
Modernisation of development centre at Chinchwad near Pune, Maharashtra				115.00	115.00
Issue expenses	53.10	[●]	[●]	[●]	[●]
Total	687.82	[●]	[●]	[●]	[●]

Appraisal

The project has not been appraised by any Bank or Financial Institution.

Interim Use of Funds

Pending any use as described above, the Company intends to invest the proceeds of this issue in fixed deposits Account with any of the schedule Commercial Bank for the necessary durations.

Monitoring of Utilization of Funds

The Company has appointed Syndicate Bank, East Patel Nagar, New Delhi-110 008 as a Monitoring Agency to monitor the utilization of the proceeds of the Issue. No part of the issue proceeds will be paid as consideration to the promoters, directors, key Managerial personnel or companies promoted by our promoters except in the course of normal business.

Basic Terms of Issue Price

The Equity Shares being offered are subject to the provision of the Companies Act,1956,the Memorandum and Articles of Association of the Company, the terms of this Draft Prospectus and other terms and conditions as may be incorporated in the allotment advice and other documents/certificates that may be executed in respect of the issue .The Equity Shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and/or other authorities as in force on the date of issue and to the extent applicable.

Basis for Issue Price

Investors should read the following along with the Risk Factors on page [●] and the details about the Company and its financial statements included in this Draft Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of their investment.

Qualitative Factors:

- Our promoters are established players in the automotive lighting and component sector and are in this business for last 25 years.
- Bhosari and Chakan units are certified for ISO 9001:2000 from RWTUV Systems (TUV).
- We are expanding our capacity of chassis for two wheeler manufacturing, painting and assembly. Due to the proven track record of our Company, we are exploring the market opportunity created in two wheeler market segment by planning to sell its entire production to other two wheeler manufactures.
- We have a professionally managed team and we regularly update our employees by giving technical and safety training programmes and we are also involved in Total Productivity Management (TPM).
- We are profit making Company and have been paying dividends for last 18 years.

Quantitative Factors:**Weighted Average Earnings Per Share (EPS) of Rs. 10 face value**

Year	PAT (Rs. in Lakhs)	No. of Shares	EPS	Weight age
12 Months Ended 31st March 2004	104.11	3435330	3.03	1
12 Months Ended 31st March 2005	192.06	3435330	5.59	2
12 Months Ended 31st March 2006	383.53	7144622	5.37	3
Weighted average EPS (Rs)			5.05	6

Price Earning ratio (P/E ratio) in relation to the Issue Price of Rs [●] per share

	Issue Price of Rs. [●] per share
a) Based on weighted average (EPS) as on 31st March, 2006	[●]
b) PE Multiple Auto Component Industry	
Highest	77.60
Lowest	5.70
Average	17.70

Source: Capital Market Volume XXI/11, dated Jul 31-Aug 13, 2006; Category: Auto Ancillaries

The accounting ratios of selected companies in the Industry Group

We do not have peer group listed companies having same line of business as ours. However, we are giving the accounting ratios of listed companies which manufacture some of the products that our Company manufactures.

Company	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
Minda Industries	11.70	12.90	37.70	36.80

Source: Capital Market Volume XXI/11, dated Jul 31-Aug 13, 2006; Category: Auto Ancillaries

Return on Net worth

Year	PAT (Rs. in Lakhs)	Networth (Rs. in lakhs)	RONW (%)	Weight age
12 Months Ended 31st March 2004	104.11	359.12	28.99	1
12 Months Ended 31st March 2005	192.06	480.73	39.95	2
12 Months Ended 31st March 2006	383.53	1326.53	28.91	3
Weighted Average			32.61	6

Minimum return on total Net worth after issue needed to maintain pre-issue EPS of Rs 5.37 is [●] %

Net Asset Value (NAV) per share

Year	Networth(Rs. in Lakhs)	No. of Shares	NAV	Weightage
As on March 31st, 2004	359.12	3435330	10.45	1
As on March 31st 2005	480.73	3435330	13.99	2
As on March 31st 2006	1326.53	7144622	18.57	3
Weighted Average			15.69	6
After Issue			[●]	
Issue Price			[●]	

The face value of shares is Rs.10/- and the Issue price is [●] times of the face value.

The Lead Managers believes that the issue Price of Rs [●] is justified in view of the above qualitative and quantitative parameters. The investors may want to pursue the risk factors and financial of the Company including important profitability and return ratios, as set out in the Auditors reports in the Draft Prospectus to have more informed view of the investment proposition.

Statement of Tax Benefits

The Board of Director

Lumax Auto Technologies Ltd.,

(Formerly known as Dhanesh Auto Electricals Limited)

W-230-E, S-Block,

M.I.D.C. Bhosari,

Pune-411 026

Dear Sirs,

On your request, we have enumerated herewith, the various tax benefits available to the company, its share holders, FII's and venture capital companies / mutual funds as per the existing Tax laws in force.

It is to be noted that these benefits are available to the respective persons subject to the fulfillment of various conditions prescribed under the concerned sections of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is subject to the fulfillment of such conditions.

The benefits enumerated below are not exhaustive and the same is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, investors need to consult his or her own tax consultant with respect to the specific tax implications arising out of their subscription to the issue. We do not express any opinion or provide any assurance as to whether:

- (i) The Company or its share holders will continue to obtain these benefits in future; or
- (ii) The conditions prescribed for availing the benefits have been / would be met with.

The contents of this letter are based on information, explanations and representations obtained from the Company and on the basis of the nature of the business activities and operations of the Company.

List of Tax Benefits available to the company & its shareholders:

As per the existing provisions of the Income Tax Act, 1961 (the Act) and other tax laws as applicable for the time being in force, the following tax benefits and deductions are and will inter-alia be available to the Company and its shareholders.

To the Company

The Company will be entitled for the following tax benefits in computing the Taxable Income under the Provisions of the Income Tax Act, 1961 (The Act).

1. Under Section-32 of the Act, the Company is entitled to claim depreciation on tangible and intangible assets as explained in the said section. The Company is also entitled to claim additional depreciation on additions made during the year to certain block of assets.
2. Subject to compliance of certain conditions laid down in section 35 (1) (iv) of the Act, the capital expenditure incurred on scientific research by the Company, other than the expenditure incurred on the acquisition of any land, is allowed as a deduction.
3. The Company is eligible for amortization of preliminary expenses being the expenditure on public issue of shares under Section 35D (2) (c) (iv) of the Act, subject to limits specified in sub section (3).
4. With effect from 01.04.2006, under section 115JAA of the Income Tax Act, 1961, the Company is eligible for tax credit in respect of tax paid on deemed income under the provisions of Section 115JB of the Income Tax Act, 1961. The Company is eligible to carry forward and adjust the taxes so paid in the seven succeeding assessment years.
5. For manufacturing unit established in the specified area, as per the concessional industrial package declared by the Ministry of Commerce & Industry, Govt. of India, various

incentives / exemptions would be available. The main incentives are like Income Tax holiday, Capital Investment subsidy etc.

A. To the Members of the Company

1. Section 10 (34) provides that any income by way of dividends referred to in section 115 O i.e. dividend declared, distributed or paid by a domestic Company, on or after 1st April, 2003, is exempt in the case of all categories of assesses
2. Long term capital gain arising from transfer of equity share in Company or a unit of an equity oriented fund is exempt from tax under section 10 (38) of the Income Tax Act, 1961, if the following conditions are satisfied.
 - i] the transaction of sale of such Equity Shares or units is entered into on or after October 1, 2004.
 - ii] such transaction is chargeable to securities transaction tax.
3. Under section 111A of the Income Tax Act, 1961 and other relevant provisions of the Act, short term capital gains, (i.e. if shares are held for a period of less than 12 months), arising on transfer of shares of the company, shall be taxed at a concessional rate of 10% (plus applicable Surcharge plus Education Cess) if the following conditions are satisfied.
 - i] The transaction of sale of such equity share or unit is entered into on or after October 1, 2004.
 - ii] Such transaction is chargeable to Securities Transaction Tax.
4. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains in cases not covered under section 10(38) of the Act (Off market transaction), arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988; or/and
 - b) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
5. Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
6. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of investment in shares, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% of the capital gains (plus applicable surcharge) without indexation, at the option of the shareholder.
7. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for proportionate rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions.

B. Additional benefits available to Non-Residents Indians

Non-resident Indians have an option to be governed by the special provisions of Chapter XIIA of the Act, according to which:

1. Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced.
2. Under Section 115G of the Act, it shall not be necessary for the Non-resident Indians to furnish their return of Income, under section 139(1) of the Act, if their source of income is only investment income or income by way of long term capital gains or both, provided income tax deductible at source under the provisions of chapter XVII-B has been deducted from such income.
3. Under Section 115-I of the Act, a Non-resident Indian, if he elects by so declaring in the return of his income for that assessment year, not be governed by the above mentioned special provisions of chapter XII-A, then he will be entitled to tax benefit available to resident individuals.
4. The benefit conferred on a Non-resident Indian assessee will be available even after the assessee becomes a resident if declaration in writing is filed along with the return of income under Section 139(1) of the IT Act, to the effect that the provisions of Chapter XII-A shall continue to apply to him in respect of investment income derived from foreign exchange asset vide Section 115 of the Act, until the transfer or conversion (otherwise than by transfer) into money of such assets.

C. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, mutual funds set up by public sector Banks or public Financial Institutions and mutual funds authorized by the Reserve Bank of India would be exempt from Income-tax, subject to the conditions as the Central Government may by notification in the official Gazette specify in this behalf.

D. Benefits available to Venture Capital Companies/Funds:

In terms of section 10(23FB) of the Income Tax Act, 1961 all Venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income-tax on all their income, including dividend from and income from sale of shares of the company.

E. Benefits available to Foreign Institutional Investors (FIIs)

1. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
2. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being Equity Shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:
 - a) the transaction is entered into on or after the date on which the said Chapter VII of the Finance (No.2) Act, 2004 comes into force; and
 - b) such transaction is chargeable to securities transaction tax under Chapter VII
3. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities

transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

4. The income by way of short term capital gains or long term capital gains in cases not covered under section 10(38) of the Act (Off market transaction), realized by FIIs on sale of shares in the company would be taxed @ 10% as per section 115AD of the Act. However in case of such long term capital gains, the tax is levied on the capital gains computed without considering the cost indexation and protection against foreign exchange fluctuation).
5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain in cases not covered under section 10(38) of the Act (Off market transaction) arising on the transfer of share of the company will be exempt from capital gain tax if the capital gain are invested within a period of 6 month after the date of such transfer for a period of last 3 year in bond issued by :
 - a) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988; or/and
 - b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

F. Benefits available under the Wealth-tax Act, 1957

Assets as defined under Section 2 (ea) of the Wealth Tax Act 1957, does not include shares in companies and hence value of shares are not liable to wealth tax.

G. Benefits available under the Gift-tax Act, 1958

Since the Gift Tax Act is abolished with effect from October 1, 1998, no tax is leviable in respect of any gifts made on or after 1st October, 1998.

H. Benefits available under the Central Excise Act, 1944

For manufacturing unit established in the specified area, as per the concessional industrial package declared by the ministry of Commerce & Industry, Government of India, 100% exemption of Excise Duty for 10 years is available for unit set up in the specified area

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2006.
2. The stated benefits will be available only to the sole/first named holder in case of the shares is held by joint-holders.
3. In respect of Non-Residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the Non-Resident has fiscal domicile.
4. In view of the Individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the Issue.

For D. R. Barve & Company
Chartered Accountants,

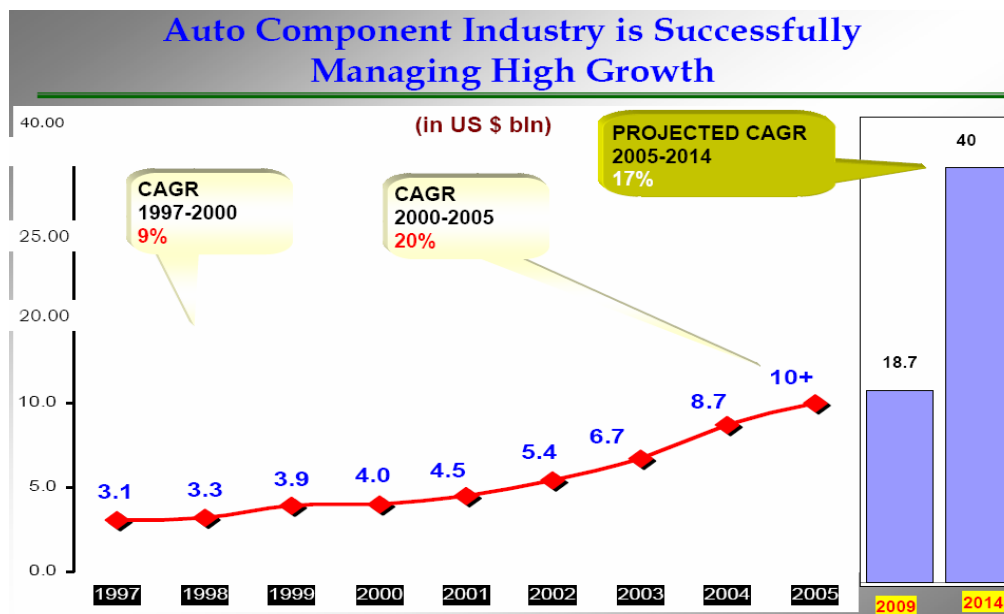
Place : Pune
Date : July 06. 2006

sd/-
D.R. Barve
[Proprietor]

SECTION IV: ABOUT US

*Industry Overview***Auto Components Industry**

The auto components industry in India has come a long way since its initial days pioneered by Telco (now Tata Motors) in 1945. The industry received a big thrust with the setting up of Maruti Udyog Limited in 1981. In the 1980s the two-wheeler segments also received a thrust with the government allowing the private sector to set up joint ventures like the Hero Group with Honda and TVS Group with Suzuki. With de-licensing of the industry in 1993 global automotive companies such as Toyota, GM, Ford, Honda and Hyundai found their way into the Indian automotive industry. The Indian automobile components industry is an example of a successfully nurtured infant industry, says the 2005 UNDP Human Development Report. The sector is emerging as the next big business opportunity for Indian companies as global original equipment manufacturers (OEMs) hike procurement plans and domestic companies expand.

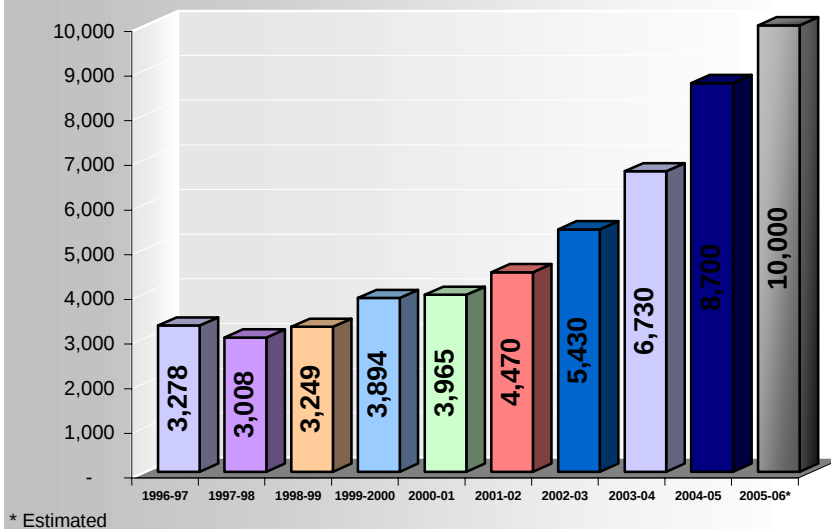


India has gradually become a sourcing hub for auto companies worldwide. Among the companies outsourcing from India are General Motors, Ford, Daimler Chrysler, Hyundai, Fiat, Toyota, Delphi, Navistar, Visteon, Cummins and Caterpillar.

(Source: <http://acmainfo.com>)

Production

AUTO COMPONENT INDUSTRY PRODUCTION **(IN US \$ MLN.)**



(Source: <http://acmainfo.com>)

Spurred by the buoyancy in the auto sector, investments in the auto ancillary sector are rising rapidly.

(Source: Society of Indian Automobile Manufacturers and Ministry of Road Transport)

Production of Automotive Components

Year	Amount (Rs. in Million)
1997-98	120,317
1998-99	129,967
1999-00	163,559
2000-01	178,569
2001-02	216,021
2002-03	255,354

(Source: <http://acmainfo.com>)

Industry Characteristics:

Size

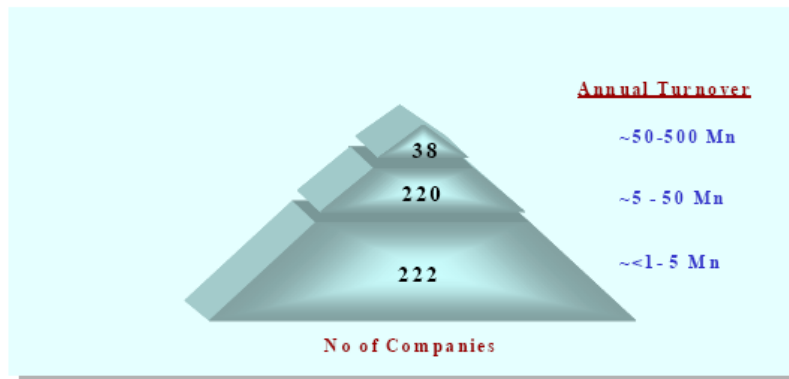
According to the Automotive Component Manufacturers Association of India (ACMA), the production of Indian automotive components industry was **US\$ 8.7 billion** in 2004-05.

- In 2004-05 Exports touched US\$ 1.4 billion, accounting for 16 per cent of the total production.
- The industry has been growing at an estimated compounded annual growth rate of 16.4 per cent over the past seven years (1998-2005) owing to strong domestic volumes and robust growth in exports.

Market Segmentation

Segment	Share(%)
Organised sector	69
Informal sector	20
Imports	11

Exhibit below shows the structure of the Indian auto component industry in the organised sector based on their annual turnover.

Exhibit**Structure of Auto Component Industry – Organised Sector**

Source: ACMA

Classification of Automotive Components

An automobile consists of more than 20,000 components, with each performing a different function. On the basis of product characteristics and functions, Original Equipment Manufacturers (OEMs) classify automotive components into six categories as the following table shows. This classification for India is done by Automotive Component Manufacturers Association (ACMA).

Product range

According to production figures of ACMA the industry segmentation is as follows:

Engine Parts (31%);

Drive Transmission and Steering Components (19%);

Suspension and Braking Components (12%);

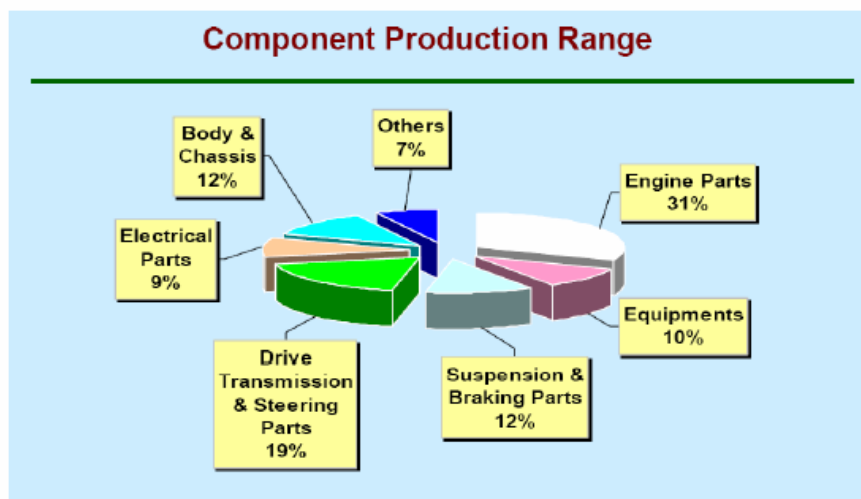
Body & Chassis (12%);

Equipment (10%);

Electrical Components (9%); and

Others (7%).

(Source: ACMA)



Source: ACMA

Product Group:

Electrical Parts: Includes Starter Motors, Generators, Voltage Regulators, Distributors, Ignition Coils, Spark Plugs, Commutators, Flywheel Magnetos, Other Electrical Parts.

Production Rs. in Billion (2002-03): 13.9

Share of Total Production (2002-03): 7%

Market Structure

Fragmented Industry

Even though the Indian automotive components industry is relatively small by global standards, there are close to 400 players in the organised sector and over 5,000 in the unorganised sector competing against each other for market share. However, the share of the organised sector has increased over time. Players in the organised sector supply the vehicle manufacturers directly. The unorganised sector, on the other hand, mostly has small units, producing low-technology components. The following table indicates the distribution of Indian automotive components suppliers in the organised sector by turnover.

(Source: <http://www.osec.ch>)

Structure

- The industry is heavily dependent upon the domestic automobile industry. According to Society of Indian Automobile Manufacturers (SIAM), the annual production of Indian automotive industry touched 8.46 million vehicles in 2004-05. Two wheelers accounted for 77 percent of the production followed by passenger vehicles comprising cars and utility vehicles (14.5%), commercial vehicles (4%) and three wheelers (4.5%).
- The organized sector of the industry is fragmented. According to ACMA, the number of automotive components manufacturers in India total 480 – of which sales of only 38 companies fall in the US\$ 50-500 million category, 220 companies fall in the US\$ 5-50 million category and 222 companies fall in the US\$ 1-5 million category.
- The un-organized sector is also very large and includes counterfeits of reputed brands, a host of local brands and the reconditioning of old components.
- Geographically, Indian automotive components manufacturers have come up in four clusters: Bangalore/Hosur/Chennai in South India, Delhi/ Ghaziabad/ Gurgaon/ Faridabad/ Lucknow in North India, Mumbai/Nasik/Pune in Western India and Uttarpara/ Jamshedpur in Eastern India.

(Source: <http://www.ibef.org>)

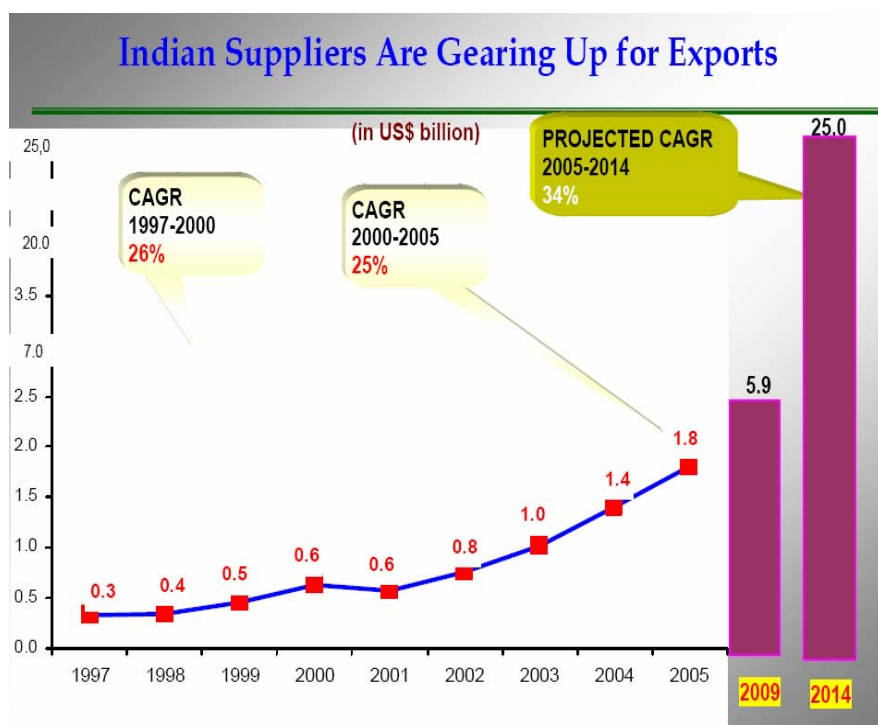
Growth Drivers

The three main drivers to the growth of Indian automotive components industry are; (i). Growth of domestic automobile market (ii), the entry of foreign vehicle manufacturers and (iii).growing cost pressures in the global automotive industry.

The biggest threat to Indian auto components industry is from China. However, the two countries have unique strengths enabling them to find their own niche in the world market. India has an edge in engineering-driven supply of automotive components industry while China holds an edge in cost-driven components supply.

Exports – Future untapped outsourcing opportunity

The upheaval in the international auto components industry has presented a window of opportunity for the Indian Auto Component manufacturers. With the Big 3 auto manufacturers in the USA cutting down production in the face of competition from Japan and looking at sourcing cheaper auto components from other parts of the world in order to improve profitability, has resulted in overcapacity in the global automotive component industry especially in the USA. This has resulted in many component manufacturers closing down and others moving production to cheaper locations in China, Eastern Europe and India. General Motors and Ford have stated their intention to increase their off take of components from Asia to US \$8bn-10bn per annum (published data) by 2010 from \$1.2bn currently.



ACMA estimates the auto component exports to reach USD 20-25 Bn by 2015 growing at a CAGR of 33.4% Domestic Growth Potential The auto component industry is dependent on the growth of the auto industry. As per ACMA estimates, the passenger vehicle production in India is expected to be 2 million by 2010 and 3 million by 2015. The projected growth rates for multi-utility vehicles and passenger cars are 6% and 11% respectively.

Export Competitiveness

International automotive players with operations in India are increasingly sourcing components from Indian automotive component manufacturers. The demonstrated ability of Indian

component makers to make supplies to global automotive manufacturers in the country opens up the possibility of the component makers supplying the same OEMs in other countries as well. Indian component manufacturers continue to enjoy competitive advantages primarily on the strength of the following factors:

- **Low labour costs:** it pulls down the total cost of production, typically in assembled parts such as clutches and lighting equipment.
- **Less stringent environmental regulations:** environmental regulations have rendered the production of parts like castings cost prohibitive in developed countries.
- **Low minimum economic scales and possession of established technology.**

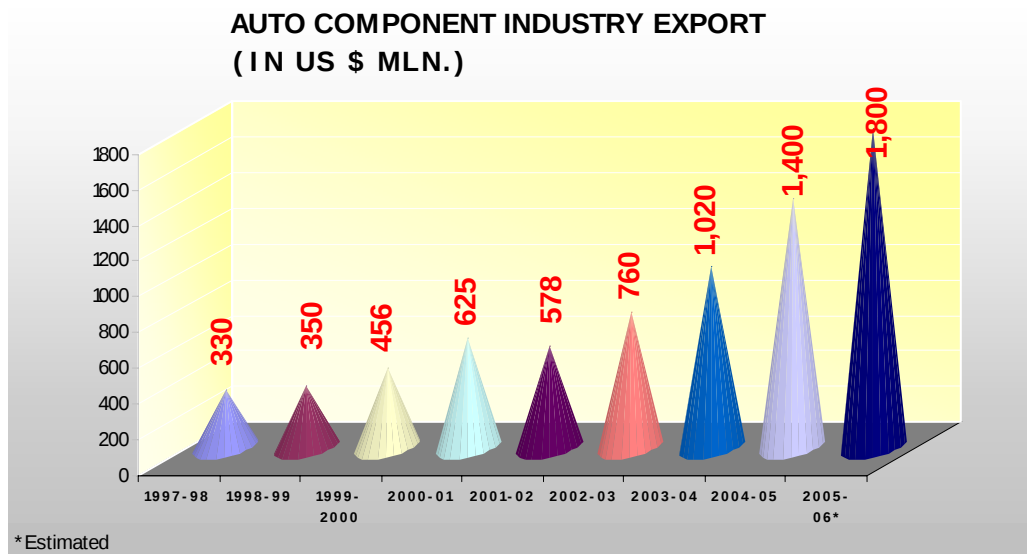
The parts exported by Indian automotive component manufacturers are targeted at following distinct groups of buyers:

1. To international vehicle majors: exports are made largely to their operations in developing countries.
2. To vendors who supply to component manufacturers
3. To the replacement market: which accounts for a large proportion of the exports of components from the Indian market. Typically 60% of the exports are to the replacement market and the rest 40% to the OEM segment. In the past, Indian component manufacturers were heavily dependent on this market for the reason that unlike the OEM market, the replacement market has low volumes but high margins. The OEM market, on the other hand, has very large and assured volumes, but low margins and stringent quality norms. As a result, Indian component manufacturers targeted mainly the replacement market for exports.

At present India's share in the global market is minuscule because even though the Indian automotive components industry is quality-consistent, the export competitiveness of the industry leaves scope for improvement. The automotive components industry is expected to witness an increase in competition and quality pressures in the near future.

The size of the auto component industry has grown from US\$ 2.4 billion in 1997 to US\$ 8.7 billion in 2004-05.

India has emerged as a significant exporter of auto parts. From US\$ 578 million in 2001-02, overseas sales of Indian companies have jumped to US\$ 1.4 billion in 2004-05.



(Source: <http://acmainfo.com>)

Exports of auto components from India have grown at a compounded growth rate of 19 per cent over the past six years. During the fiscal year 2004, the industry achieved a milestone of US\$ 1 billion worth of exports.

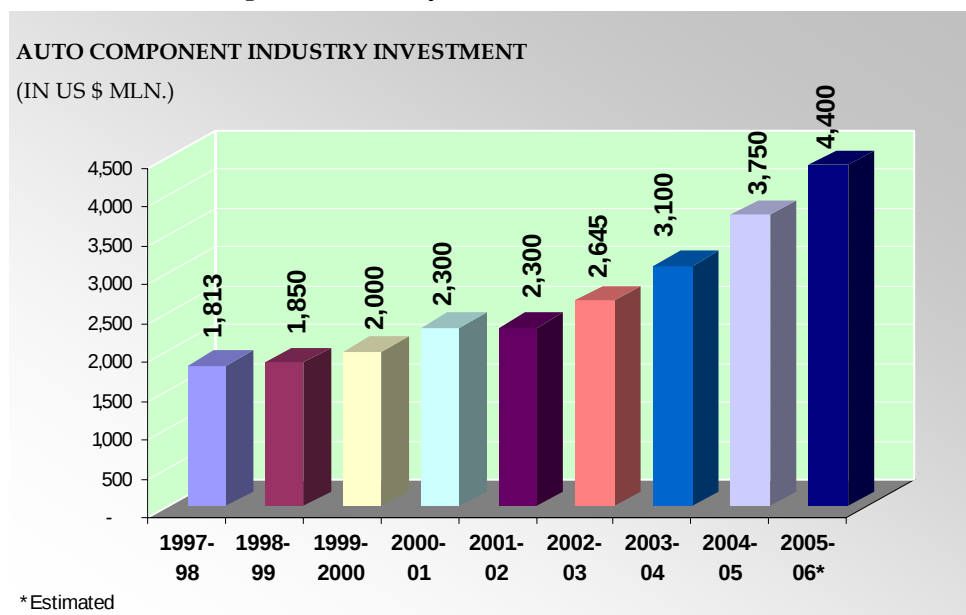
According to a Auto Component Manufacturers Association (ACMA)-McKinsey study, India can achieve a 3-4 per cent share of the potential sourcing market (estimated by them at US\$ 700 billion) by 2015 given India's strengths, especially its competitiveness in manufacturing labour intensive, skill-intensive parts and parts in evolving technology aggregates among others.

The India Advantage (Source:ACMA)

The domestic auto industry has a strong correlation with the GDP growth. The GDP has been growing at approximately 7% over the last three years and is expected to touch 8% growth in the coming years. This augurs well for the auto industry, which in turn should boost the Indian auto component industry. India has a strong competitive advantage to become a preferred base for outsourcing as compared to countries like China and the Philippines. India's strength lies in the following:

- highly skilled and educated workforce and primarily English-speaking engineers and managers
- Low cost skilled labour: A skilled person in Europe can earn as much as \$29 per hour while skilled labour in India earn as low as euro 5 per day

Investment in Auto Component Industry



Quality

With global manufacturers sourcing their requirements from India and also manufacturing automobiles in India, the Indian auto component manufacturers have strived to become world class by adopting global best practices and becoming quality conscious, a low cost manufacturing base (high machine tool capability, tooling expertise and local sourcing of raw material)

The Auto-Component Industry is graduating to world-class

No. of companies	Certification	
456	ISO 9000	Suppliers Embracing Modern Shop-Floor Practices 1. 5-S, 7-W 2. Kaizen 3. TQM 4. TPM 5. 6-Sigma 6. Lean Manufacturing
248	TS 16949	
136	QS-9000	
129	ISO 14001	
32	OHSAS 18001	
9	Deming Prize winners	
4	JIPM Award	Total ACMA Member Companies 498
1	Japan Quality Medal winner	

Future Outlook:

The future growth drivers for the Indian automobile industry are:

1. Higher GDP growth
2. India's huge demographic spread with an unsatisfactory public transport system
3. Increasing investment in road infrastructure, particularly the Golden quadrilateral
4. Increasing per capita disposable income
5. Easy finance schemes for vehicle purchase
6. Shift from two wheelers to four wheelers
7. Growing concept of second vehicle in urban areas

Demand for Automotive Components

The table below maps demand for auto components in the past and in the future. If demand increase as estimated, the industry can expect a phenomenal growth of 125% from 2001-02 to 2011-12.

Demand : Past & Future			
Year	Rs. in Billion	Year	Rs. in Billion
1990-91	34	2003-04	285
1995-96	110	2004-05	310
2000-01	215	2005-06	335
2001-02	235	2006-07	360
2002-03	260	2011-12	530

Note: Future demand is based on estimates

Sources of Demand

The market for automotive components can be segmented into the following categories based largely on the identity of the buyer:

Demand from Original Equipment Manufacturers

The pattern of growth in the automotive industry has a very significant influence on the performance of the automotive components segment. This is because the components content per vehicle differs significantly across vehicle categories. Demand for larger and higher-value automobiles implies higher demand for ancillary units.

With the exception of tractors, scooters and mopeds, all the other segments have achieved high growth during the last 5 years. Motorcycle production grew at an exceptional 182%; cars, light commercial vehicles, buses and trucks registering growth of approximately 50%.

Replacement Demand

The huge unorganized sector typically caters for the demand emanating from the replacement market. The unorganized sector in turn is a low-cost one, given that its fiscal liabilities (in terms of excise duties) are low. As a result, this sector is able to supply the replacement market with significantly lower-priced parts vis-à-vis those produced by the organized sector. The after-market is highly competitive for components with a high price elasticity of demand and a tolerance of lower quality standards. A major channel of marketing and distribution for this sector is the typical roadside mechanic. Interestingly, the unorganized sector has recently shown the technical competence to even replicate some of the relatively sophisticated components.

Five factors primarily influence the aggregate annual demand for replacement parts:

- **Size of National Vehicle Population:** Clearly, more the number of vehicles, higher the aggregate demand for replacement parts.
- **Average Age of National Vehicle Population:** Typically, the life span of the commercial vehicle would stretch to around 20 years. Also, a longer use of the vehicle would ensure higher replacement demand. Vehicle scrappage norms are not yet widely prevalent in India (except for the National Capital Region of Delhi).
- **Average Number of Kilometres Driven per Vehicle:** Trends indicate that people are driving their vehicles for longer distances every year. A variety of factors has contributed to this trend: wider suburban spreads in virtually all the major cities where the bulk of the vehicle population resides; greater demand for travel-based leisure activities; relatively poor progress in the expansion of public transportation systems in the urban and rural areas; and various other factors. The demand for replacement parts would increase as the wear associated with higher mileage of vehicles per year increases.
- **Road Infrastructure:** It is estimated that around 2% of the road length in the country carries about 40% of the road traffic. This has led to deteriorating driving conditions like increased traffic congestion and low vehicular speed, besides higher pollution levels. While increasing fuel consumption, low speed also adds to the wear and tear of most automotive components.
- **Driving Conditions:** Besides congestion, the poor average quality of Indian roads is a significant factor adding to the wear and tear of vehicular parts. For instance, internationally, axles are not high-replacement demand products. But in India, because of the poor quality of roads, axles have a high replacement demand.

Business Overview

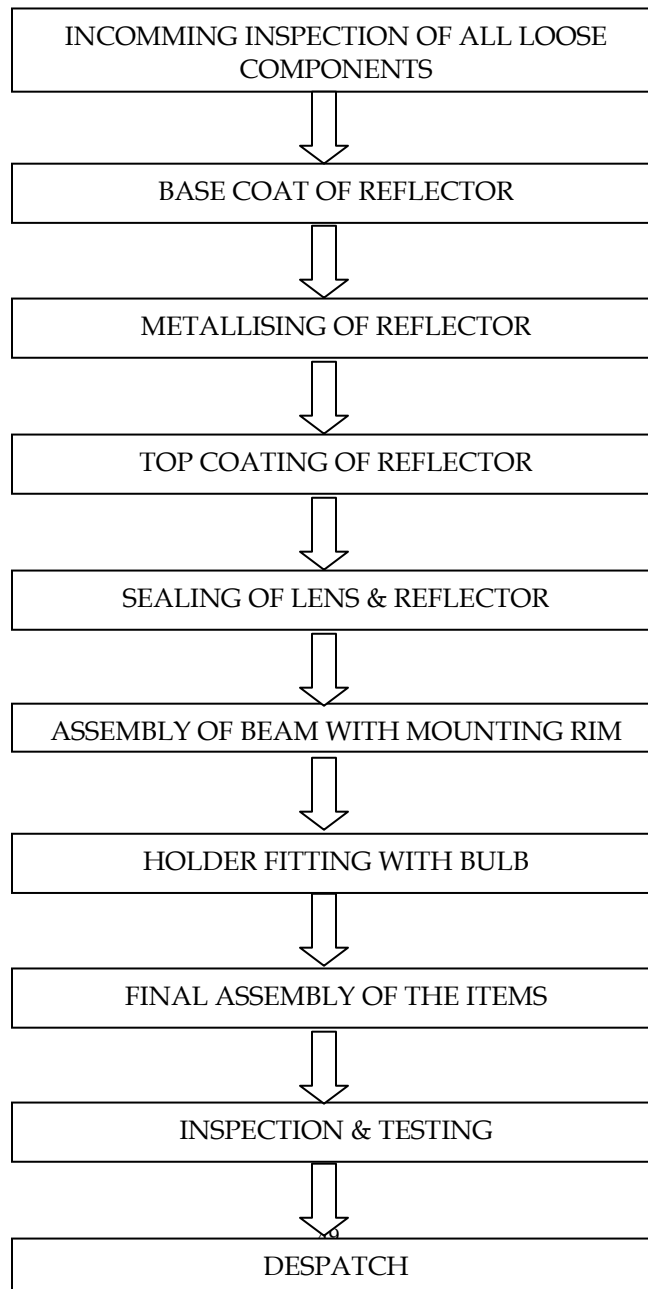
Lumax Auto Technologies Limited was incorporated in 1981. The Company manufactures automotive components for the 2 wheeler and 3 wheeler industry. It manufactures sheet metal products and lighting systems for 2 and 3 wheelers. Its main customers are Bajaj Auto Ltd., Lumax industries Ltd. and Maharashtra Scooters Ltd. The company has five manufacturing facilities located at one at Bhosari, one at Chakan and three units at Waluj all in Maharashtra.

Location of the Project

Locations of the projects are mentioned in the section 'Objects of the Issue' at page no. [●] of this Draft Prospectus.

Manufacturing Process

Lighting Products:

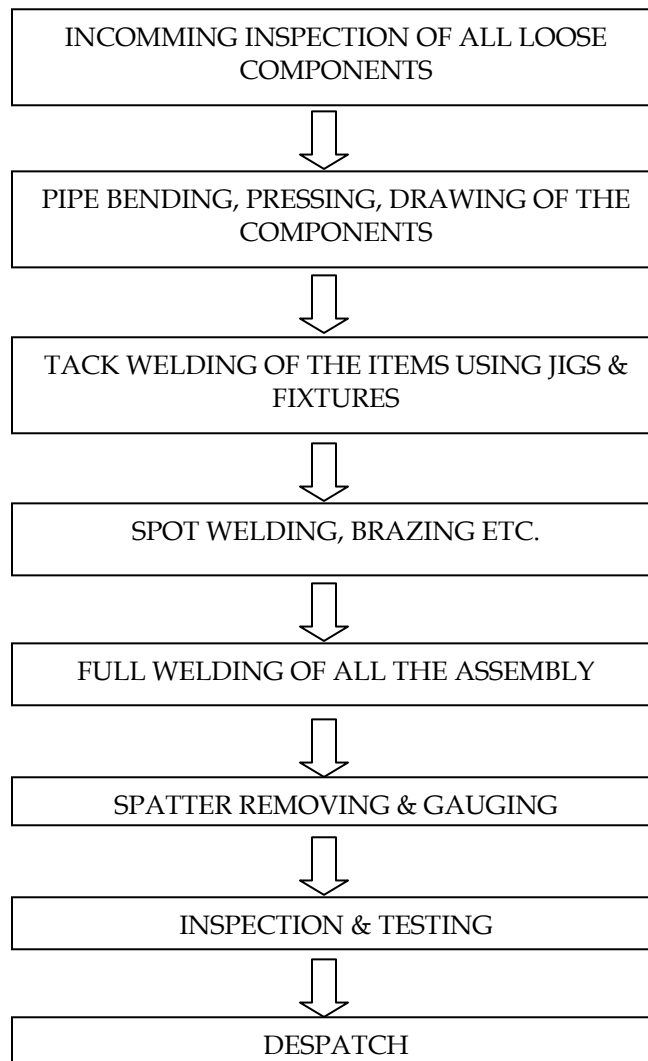


These products are being manufactured using Sheet metal / Plastic Reflectors. Reflectors are being coated with stoving lacquer & Aluminum Vacuum Metallising process using dipping & spraying method. Reflector & lens (Glass / Clear Plastic) sealed with ultrasonic vibration in case of plastic & cold melt adhesive in case of sheet metal.

Assembly of Sealed Beam & Mounting Rim is being made with fasteners / locking clips. Bulbs are being used for these assemblies are of S2 & HS1 type.

All these assemblies are being tested to fulfill the environmental as well as performance testing as per respective National & International standards like Photometric / Vibration / Water Spray / Heat distortion etc.

Sheet Metal & Fabrication Products:



Raw Material like MS / SS Tubes / Sheets are being used to manufacture these products. Shearing / Cutting / Bending / Drawing are the process. CNC bending and Power Presses are the machines which are engaged with the processes. As per process sequence chart welding is done to assemble the various parts.

Jigs / Fixtures & Relation gauges are the tools by which the product quality & performance is being confirmed.

Suppliers

Some of the major suppliers are:

- Tata Iron & Steel Company Ltd.
- G.E. India Ltd.
- Premier Engineers
- Surya Auto Industries
- Super Traders
- KLT Automotive and Tabular Products Ltd.
- Keshardeep Pressings

Utilities

The main utilities required are as follows:

Existing	Sanction Load	Water Per Month In Cubic Litres	D.G.Set Capacity in KVA
Bhosari Unit	99 KW HT	200	200
Chinchwad Unit	100 KW LT	90	-
Chakan Unit	1000 KW HT	0	500
A-8, Waluj Unit	460 KW HT	360	500
W-28, Waluj Unit	65 HP	330	-

Man Power (In No(s))

Unit	Staff & Managers	Permanent Workmen	Total
Bhosari - Unit I	31	28	59
Chinchwad - Unit II	13	0	13
W-28 (Waluj) - Unit III	10	22	32
A-8 (Waluj) - Unit IV	53	71	124
Chakan - Unit V	64	58	122
Total	171	179	350

Workers on Contract as on July 22, 2006

S.N.	Particulars	No. of Personnel						Total
		Bhosari	Chinchwad	Chakan	A'bad A-8	A'bad W-28	A'bad - 261	
1	Skilled Workmen	4	22	111	88	22	0	247
2	Unskilled Workmen	24	3	24	62	18	53	184
	Total	28	25	135	150	40	53	431

Proposed Manpower Requirement:

Bhosari Unit for Chassis Assembly as on July 12, 2006

Dept./Section	No. of staff
Administrative Staff	
Production	8
Utility Maintenance	4
Quality Assurance	7
Surface Treatment Engg.	2

Logistic / Stores / PPC	7
Accounts	4
EDP	1
HR/ Administration	1
Skilled - Welders *	10
- Spray Painter	2
Unskilled *	8
Total	54

*Will engage Contract Labour

There is no proposed manpower requirement for Chinchwad, Chakan and Waluj unit.

Human Resources

For human resources to keep the pace with our growth plans, the main tasks were recruitment and retention of the people. We recognize the fact and accordingly actions are being taken. We were able to address speeding up of recruitment process and reduce the lead time. Industrial relations remained generally cordial in all the plants.

Training

Training as continued to receive focus aligned with the growing needs of the businesses, several training programmes were organized. Company is involved in implementing Total Productivity Management (TPM). Technical & safety training programmes are given periodically to workers.

Our Products / Services

- 1) **Lighting** - Automotive lightings Assemblies like Headlamps, Tail-Lamps, Blinkers, Fog Lamps, Engine Lamps, Fairing assemblies etc.
- 2) **Sheet Metal & Fabrication** - chassis assembly, silencers, petrol tank, fork assemblies, handle bar assemblies, stand assembly etc for scooters and scooterette.
- 3) Sub assembly for scooters and scooterettes, handle bar assembly, fork assembly.

These products are used for two wheelers and three wheelers.

- a) **Lighting Assemblies** - These assemblies are most decorative part of the vehicles. We are manufacturing these items through surface coating of lighting reflectors like Lacquering and aluminum vacuum metallising, sealing of reflector with glass to protect atmospheric effects.

Performance of these lighting items is being confirmed with the help of photometric tests, vibration test, dry heat test & water spray test etc as per international standards.

- b) **Sheet metal and fabricated assemblies** - These assemblies are most important for the vehicles as the vehicle performance is dependent upon these products. All the products are being welded using MIG, TIG, brazing seam welding. Any failure of these items will result in poor performance of the vehicle and may cause major breakdowns and accidents.

Major Customers

Our customers are Bajaj Auto Ltd., Piaggio vehicles India Pvt. Ltd. & Lumax Industries Limited.

We also supply the product for four wheelers of Tata Motors, John Dhere, Mahindra & Mahindra Ltd.

Research and Development

The other major item which we are manufacturing is silencers (mufflers) for scooters and scooterettes. We have developed the capability to make necessary tooling, jigs, fixtures and

gauges needed for manufacturing the silencers. We also have the necessary paint shop for internal heat resistance painting and external painting. We also have the necessary testing facilities.

Competition, Key Players and Market Share

We are catering to almost 80% production to one customer that is Bajaj Auto Limited. The competition is among quantitative supply, timely deliveries rather pricing issue. The competition is mitigated through expansion to meet demand in the two wheeler auto sector. Our competitors in this field are M/s Badve Autocomp Private Limited, Metalman Auto private Limited & Autocomp Corporation. The turnover of these Companies range from Rs 30 to Rs.300 crores. Varroc, Minda Industries & Rinder are competitor for lighting equipments.

Export Obligations

We do not have any export obligation as we have not tapped export market.

Business Strategy and Future Prospects

Our core competence is the fabrication of automotive parts and manufacture of silencers (mufflers). Our future plans as business strategy include the following :

- a) Development of chassis and components in aluminum to replace ferrous items.
- b) Development of silencers (mufflers) and exhaust systems for 3 and 4 wheelers. We are getting associated with M/s Cornaghia, Italy, for technical, design and development of silencers and mufflers for 3 and 4 wheelers, we are now in the process of developing silencers and exhaust system for four wheeler manufacturing company.
- c) To enhance of R&D capabilities in design and manufacture of jigs, fixtures, toolings, gauges etc. Further, we intend to extend our capabilities to involve ourselves at the design stage of our customers. This would ensure cost effective manufacturability and reduce development time.
- d) We have been supplier of automotive parts to one of major customer located near our new unit at Bhosari, Pune. We have the experience and expertise in this field. We are expanding our capacity of chassis for two wheeler manufacturing, painting and assembly and we have decided to ramp up the scale of operation with least amount of uncertainty.

❖ In view of the long term association with our existing customers, the entire production shall be sourced by them.

❖ We are also exploring the market opportunity created in two wheeler market segment, with proven track record, our Company should not face any difficulty in selling its entire production to other two wheeler manufactures.

Hence, we have assured market by this approach market related uncertainty has been fully eliminated for the capacity that is being set up.

Marketing and selling arrangement

Sales

- OEM sales to manufacturers of two/three wheelers.
- Sales to customers who cater to replacement domestic market.

OEM Sales

The OEMs release open purchase orders on negotiated prices on yearly basis. According to their production schedule, our customers release monthly schedule on the Company for the supply of product. Price revision upwards/downwards are negotiated, keeping in view the input cost/competition in Industry.

Total Production Capacity**Existing Units**

Sr. No.	Product	Units Capacity in Nos. Per day in two shift			Total Capacity
		Bhosari	Chakan	Aurangabad*	
1	Silencer		1,200		1,200
2	Fork Assembly		600		600
3	Petrol Tank		600		600
4	Engine Hanger		800		800
5	Head Lamp	2,000	2,000		4,000
6	Rear Fender		1,500		1,500
7	Front Flap		1,500		1,500
8	Reflex Reflector		8,000		8,000
9	Wind Shield		1,100		1,100
10	Chassis		600		600
11	Main Stand	1,200			1,200
12	Side Stand	600			600
13	Handle Bar	600			600
14	Ladies Footrest	800			800
15	Frame Assembly CT 100			1,200	1,200
16	Frame Assembly Platina			1,200	1,200
17	Frame Sub Assembly Wind 125			300	300
18	Frame Sub Assembly (2 shift)			1,800	1,800

* On three shift basis

Capacity per day at Aurangabad unit after expansion

Sr. no.	Product	Existing Capacity per day	Capacity after expansion
1	Frame Assembly CT 100	1,200	1,440
2	Frame Assembly Platina	1,200	1,440
3	Frame Sub Assembly Wind 125	300	360
4	Frame Sub Assembly (2 shift)	1,800	2,160

Proposed Unit at Bhosari for Chassis Assembly

Total capacity per day in three shifts

Sr. No.	Products	Production capacity
1	Frame Assembly Fabrication	1200
2	Frame Sub Assembly	1200
3	Frame Assembly Powder Coating	1200
4	Fork Assembly Powder Coating	1200
5	Engine Hanger Assembly Powder Coating	1200
6	Main Stand Assembly Powder Coating	1200
7	Side Stand Assembly Powder Coating	1200
8	Petrol Tank Assembly Powder Coating	1200
9	Ladies Footrest Assembly Powder Coating	1200

Competitive Strength

We have well established research and development centre which is equipped with latest testing facilities and constantly evaluated to upgrade products to adopting latest trends.

Product development and development capabilities include operating platform like CAD, CAM and unigraphics development and designing of product to the specific needs of the Company

We are currently supplying to world second largest two wheeler manufacturing company located in Pune and our group Company.

Insurance Policies

We have taken standard fire and special perils policy and burglary policy for building, plant & machinery, electrical installation, furniture & fixture and stocks from New India Assurance Company Limited for different units in Pune & Aurangabad. Also the workmen's compensation policy and group personal accidental policy has been taken from New India Assurance Company.

Purchase of Property

Existing Property Details

Sr No	Date	Property	Details Of Vendors/Owners	Consideration Rs	Nature Of Title / Interest	Particulars	Type Of Facility	Area
1	August 30, 1982	W 230, 'S' Block, Bhosari, Pune	MIDC	1,65,200	Leased for 95 years	The annual ground rent Re. 1 is paid	Registered office of the company	1150 sq mtrs
2	December 18, 1994	No. 54/8, D-II Block, MIDC, Chinchwad, Pune - 411 019	Aakar Cremica Pvt. Limited	9,75,000	Owned by LATL	Out of the total consideration Rs. 2,82,200 is cost of Land and Rs. 6,92,800 is the cost of Building	Manufacturing unit	390.18 sq.mtrs
3	March 27, 1995	Gat no. 158/1, Village Mhalunge, Taluka Khed, Pune	Jagnath Varule, Deelip Varule	7,00,000	Owned by LATL	-	Manufacturing unit	1.08 acres
4	January 20, 1997	A-8 Waluj Industrial Area, Waladgaon, Aurangabad	MIDC	84,700	Leased for 95 years	Fees of Rs. 1,693 per annum	Manufacturing unit	3386.00 sq. mtrs
5	November 22, 1995	W-28, MIDC Waluj Industrial Area, Aurangabad	MIDC	1,63,000	Lease for 80 years	Fees of Rs. 360 per annum	Manufacturing unit	732.50 sq. mtrs
6.	January	Plot No. 70,	Pimpri	-	1,	Leased	The lease rent	This land 5604

Sr No	Date	Property	Details Of Vendors/Owners	Consideration Rs	Nature Of Title / Interest	Particulars	Type Of Facility	Area
	07, 2006	Sector No. 10, Bhosari, Pune 411 026	Chinchwad New Town Development Authority	14,88,200	for 99 years	will be Rs. 100 per year.	will be utilised to set up chassis assembly/ automotive lighting	sq. mtrs.
7	February 15, 2006	GAT No. 261, Gangapur, Pune Aurangabad Road, Walunj Aurangabad - 431 133	Golden Cold Storage	Interest free deposit of Rs. 5.00 Lakhs	Tenant for 5 years	License fees to be paid as Rs. 85,000 per month for 2years, thereafter there shall be 6% hike in previous license fees	Manufacturing unit	17,000 sq. ft.

Financial Indebtedness

For details of financial indebtedness please refer Annexure XIV of Financial Statement on page [●] of this Draft Prospectus.

Key Industry- Regulations

There are no key industrial regulation for the Company.

History and Certain Corporate Matters

History

We were incorporated on October 31, 1981 as Lumax Auto-Electricals Private Limited on October 13, 1981 under the Companies Act, 1956 with Registration No. 25519/TA. The name of the Company was changed to Dhanesh Auto Electricals Private Limited on November 02, 1988. Subsequently, it was converted into public limited company as "Dhanesh Auto Electricals Limited" the Registrar of Companies, Pune, Maharashtra had issued a fresh certificate of incorporation on May 30, 2002.

On August 02, 2006 the name of the company was changed to Lumax Auto Technologies Limited.

With a view to achieve better management practices and improve investor perception, the management has consolidated the business of DAEL and LDK through a share swap so that LDK becomes a 100% subsidiary of DAEL on January 31, 2006.

Major Events in History of the Company

Year	Major Events
1981	A Private Limited Company was established in the name of Lumax Auto Electricals Private Limited to manufacture and supply automotive components at Bhosari.
1988	Second Unit was started at Waluj, Aurangabad for supplying auto parts to Bajaj Auto Ltd. - Aurangabad. Name changed from Lumax Auto Electricals Private Limited to Dhanesh Auto Electricals Private Limited.
1993	R & D centre established at Chinchwad, Pune to cater to the development requirement for the new business.
1995	Third Unit started at Chakan, Pune for further major diversification for manufacturing of exhaust systems and fuel tanks for two wheelers
1997	Fourth Unit started at Waluj, Aurangabad for the production of motorcycle chassis for Bajaj Auto Limited.
1998	Our Company became deemed Public Limited and name changed to Dhanesh Auto Electricals Limited.
2000	Bajaj Auto Limited selected the company as a cluster member for T.P.M. Activities.
2002	Started lighting Division at Chakan
2004	Received ISO Certificate for Chakan Unit.
2005	Received ISO Certificate for Bhosari Unit.
2006	LDK became our 100% subsidiary. Name of the Company was changed to LATL

Main Objects of the Company

1. To carry on the business of manufacturers of, dealer in, importers and exporters, hirers, repairers, cleaner, stores, and warehouses of Automobile parts, agricultural implements and their ancillaries (including motor cars', trucks', buses', tractor dozers', road rollers', motor cycles', cycle cars', motors', scooters', bicycles', carriages' and conveyance parts and ancillaries) whether propelled or assisted by means of petrol, motor spirit, steam, gas, diesel oil, electrical, animal or other power.
2. To acquire or undertake or take on long term lease the whole or part of the business. property and/or liabilities of the firm at present doing business under the firm name of Lumax Glass Works a branch unit of Globe Auto Industries with head office at 6364, Gokhale Market: Delhi and/or to enter into such arrangements and agreement(s) for the

same with the said firm as the board of directors of the Company may deem conducive keeping in view the interest of the Company from time to time.

Changes in Memorandum of Association

Since incorporation of the Company, the following changes have been incorporated in the Memorandum, after approval of Members

Sr. No.	Particulars	Date of Meeting	Type of meetings
1	The name of the Company was changed from Lumax Auto Electricals Private Limited to Dhanesh Auto Electricals Private Limited	January 02, 1988	EGM
2	Increase in Authorised Capital from Rs. 5 Lakhs to 10 lakhs	December 04, 1989	EGM
3	Increase in Authorised Capital from Rs. 10 Lakhs to 20 lakhs	December 30, 1992	EGM
4	Increase in Authorised Capital from Rs. 20 Lakhs to 30 lakhs	January 10, 1994	EGM
5	Increase in Authorised Capital from Rs. 30 Lakhs to 100 lakhs	February 25, 1995	EGM
6	Increase in Authorised Capital from Rs. 100 Lakhs to 200 lakhs	March 30, 1998	EGM
7	Increase in Authorised Capital from Rs. 200 Lakhs to 350 lakhs	March 26, 2002	EGM
8	Company was converted into Public Limited	March 28, 2002	Board Meeting
9	Increase in Authorised Capital from Rs. 350 Lakhs to 700 lakhs	October 21, 2005	EGM
10	Increase in Authorised Capital from Rs. 700 Lakhs to 1000 lakhs	March 14, 2006	EGM
11	Increase in Authorised Capital from Rs. 1000 Lakhs to 1500 lakhs	June 15, 2006	EGM
12	The name was changed to Lumax Auto Technologies Limited	July 11, 2006	EGM

Subsidiary of the Company

Lumax DK Auto Industries Limited (LDK)

The Company was incorporated as Lumax GHSP Industries Limited on May 07, 1997 as a joint venture between GHSP of USA and Lumax Industries Ltd. to manufacture and supply gear shifter assembly to automobile manufacturers in India. In 2002, the equity holding of GHSP USA in the Company was acquired by the Mr. Dhanesh Kumar Jain and its name changed to Lumax DK Auto Industries Limited on March 04, 2003.

Presently, LDK is engaged in the business of manufacturing and supplying of gear shifter assembly for various four wheeler products of Maruti Udyog Ltd. at its manufacturing facility located at Manesar, Gurgaon. It is also engaged in manufacturing and supplying of corrugated boxes to Lumax Industries Limited at a separate manufacturing facility located at Daulatabad, Gurgaon.

The company's main customers are Maruti Udyog Limited and Lumax Industries Limited.

Board of Directors

Mr. Dhanesh Kumar Jain

Mr. Deepak Jain

Mr. Anmol Jain
Ms. Shivani Jain

Financial Highlights

(Rs. In Lakhs)

Particulars	For the year ended 31 st March		
	2006	2005	2004
Total Income	2,311.31	1467.62	1123.16
Profit/Loss After Tax	115.16	80.26	96.56
EPS (Rs.)	2.71	1.89	2.27
Paid up Share Capital	424.03	424.03	424.03
Reserves and Surplus	72.57	0.00	0.00
NAV(Rs.)	11.71	10.00	10.00

Shareholding Pattern

Due to similarity in business of both the companies, LATL acquired 100% equity share capital of LDK by way of share swap wherein the shareholders of LDK received the shares of LATL as consideration for said acquisition. As a result of share swap, LDK has become a 100% subsidiary of LATL. For details for share swap, please refer heading "Share Purchase and Sales Agreement" on page no. [●] of this Draft Prospectus.

Sr. No	Name	No. of Equity Shares	%
1	M/s Dhanesh Auto Electricals (Currently known as Lumax Auto Technologies Limited)	42,39,713	99.986
2	Mr. S.C. Jain	100	0.002
3	Mr. Dhanesh Kumar Jain	100	0.002
4	Mrs. Usha Jain	100	0.002
5	Mr. Deepak Jain	100	0.002
6	Mr. Anmol Jain	100	0.002
7	Mr. Naval Khanna	100	0.002
	Total	42,40,313	100.000

Shareholders' Agreement

We have not entered into any Shareholders' Agreement

Share Purchase & Sale Agreement

Mr. Dhanesh Kumar Jain, Mrs. Usha Jain, Mr. Deepak Jain, D K Jains & Sons (HUF) (hereinafter referred as 'sellers') and other shareholders and members of Lumax DK Auto Industries Limited entered into a share purchase & sale agreement dated January 31, 2006 with Dhanesh Auto Electricals Limited (now known as Lumax Auto Technologies Limited).

Under this agreement, the sellers and other shareholders agreed to sell their 42,40,313 Equity Shares of Rs. 10 each fully paid up of Lumax DK Auto Industries Limited for a consideration of Rs. 1,27,22,220/- to Lumax Auto Technologies Limited.

In consideration of the sum, Lumax Auto Technologies Limited made an allotment to the sellers and shareholders of 12,72,222 Equity Shares of Rs. 10/- each of Lumax Auto Technologies Limited in proportion of their shareholding in Lumax DK Auto Industries..

After this transaction, Lumax Auto Technologies Limited hold 100% stake in Lumax DK Auto Industries Limited.

Strategic Partners

There are no strategic partners

Financial Partners

There are no financial partners

Management

The Company is a professionally managed organization. The Company functions under the control of a Board consisting of professional Directors. The day-to-day matters are looked after by qualified key personnel, under the supervisions of Mrs. Usha Jain.

Name, Age, Address, Designation and Occupation	Date of Appointment	Qualification	Other Directorships	Compensation (Rs. in Lakhs) (2005 - 2006)
Mr. Dhanesh Kumar Jain 63 years L-1/26 Akashneem Marg, DLF City Phase -2 Gurgaon 122 002 Designation: Chairman & Director Occupation: Business	August 30, 2004	B.A. MBA, attended owner/ present manager program at Harvard Business School	Lumax Industries Limited Lumax Investment & Finance Private Limited Lumax DK Auto Industries Limited Lumax Glass Works Private Limited SL Lumax Limited	Nil
Mrs. Usha Jain 59 years L-1/26 Akashneem Marg, DLF City Phase -2 Gurgaon 122 002 Designation: Managing Director Occupation: Business	April 01, 2002	B.Sc	Sheela Finance Private Limited D & A Enterprises (P) Limited	13.97
Mr. Anmol Jain 27 years L-1/26 Akashneem Marg, DLF City Phase -2 Gurgaon 122 002 Designation: Director Occupation: Business	August 03, 2004	Graduate in Finance from Michigan University, U.S.A	Lumax Industries Limited D & A Enterprises (P) Limited Lumax DK Auto Industries Limited	Nil
Mr. Manmohan Sachdev 68 years D-86, Defence Colony, New Delhi - 110 024 Designation: Director Occupation: Business	June 15, 2006	B.A.	Glossy Colour & Paints Private Limited	Nil
Mr. A.V. Alexander 67 years M-523/1, Lane W-23 A, Western Avenue, Sainik Farms, New Delhi - 110 062 Designation: Director Occupation: Automotive Engineering Consultant	June 15, 2006	B.E.	--	Nil
Mr. Sandeep Dinodia	June 15, 2006	B.Com, LLB,	Hero Motors Ltd.	Nil

Name, Age, Address, and Designation Occupation	Date of Appointment	Qualification	Other Directorships	Compensation (Rs. in Lakhs) (2005 - 2006)
44 years K-39 Connaught Circus New Delhi - 110 001 Designation: Director Occupation: Practicing Chartered Accountant		FCA	Hi-Tech Gears Ltd. Sandhar Steady Stream Tooling Pvt. Ltd.	

Profile of the Promoter Directors

Mrs. Usha Jain, Mr. Dhanesh Kumar Jain & Mr. Anmol Jain, being the promoter directors of the company, their profiles are mentioned under the head 'Promoters'. Please refer to page [●] of this Draft Prospectus.

Profile of the Other Directors

Mr. A.V. Alexander, 67 years, has done his mechanical engineering from Kerala University. He has experience in working in the R & D Center for automobiles. He has experience of working for TELCO and Escorts Tractors Ltd. He was member for various committees like National committee on Quality etc and head of the technical committee of Tractors Manufacturers Association. Currently, he is working as an independent Automotive Engineering Consultant.

Mr. Sandeep Dinodia, 44 years, has done B.Com, LLB and FCA. He is a practicing chartered accountant and has professional expertise in direct taxes, corporate law advisory and advisory in Foreign Exchange Management Act. Currently, he is partner in S.R. Dinodia & Co. Chartered Accountants and is director in Hero Motors Ltd., Hi-Tech Gears Ltd. & Sandhar Steady Stream Pvt.Ltd.

Mr. Manmohan Sachdev, 68 yrs, is graduate in Arts. He has 48 years of experience in paint and lacquer industry. Currently, he is the Managing Director of Glossy Colour & Paint Pvt. Ltd. The said company has entered into technical collaboration with Resene, New Zealand.

Relationship between Directors of The Issuer Company

Following directors are relatives u/s 6 (schedule IA) as per the Companies Act, 1956.

Mr. D. K. Jain
Mr. Anmol Jain
Mrs. Usha Jain

Details of the Borrowing Powers

The Shareholders of our Company in the Extra Ordinary General Meeting held on June 15, 2006 fixed a borrowing limit of Rs. 3,000 Lakhs.

Compensation of Managing Directors/Whole Time Directors

At the Board of Directors meeting held on March 08, 2002, Mrs. Usha Jain has been appointed as managing Director for a period of 5 years. The Shareholders have approved the appointment and the terms and conditions at the Extra Ordinary General Meeting held on April 01, 2002.

1. **Basic Salary** : Rs. 40,000/- per month
2. **Medical Reimbursement** : Rs. 1,250/- per month
3. **Conveyance Allowance** : Rs. 800/- per month
4. **Provident fund contribution**: @12 % i.e. Rs. 4,800 per month

5. **Commission*:** 2.00% of the net profits of the Company

*Payment of commission w.e.f. April 01, 2005, was approved by shareholders in the 25th Annual General Meeting held on July 11, 2006.

Compliance with Corporate Governance Requirements

The guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the company immediately upon applying for the in principal approval for listing of the Equity Shares of the Stock Exchanges. The Company stand committed to good corporate Governance practice like transparency, disclosure and independent supervision to increase the value of our stakeholders Accordingly, the company has already undertaken steps to comply wit the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective management and the constitution of the Board of Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, Audit etc, details of which are as follows.

Composition of Board of Directors

The Board of Directors of the Company comprises of Executive Directors and Non Executive independent Directors as under.

Name of the Director & Designation	Category
Mr. Dhanesh Kumar Jain - Chairman	Non Executive
Mrs. Usha Jain - Managing Director	Executive
Mr. Anmol Jain - Director	Non Executive
Mr. A.V. Alexander - Director	Independent
Mr. Manmohan Sachdev - Director	Independent
Mr. Sandeep Dinodia - Director	Independent

Audit Committee

The terms of Audit Committee comply with the requirements of the Clause 49 of the Listing agreements to be entered into with the stock exchange and also covers the matter stipulated in the clause 49, 49II(D) of the listing agreement and Companies Act, 1956.

The Members of the Audit committee are:

The Audit Committee acts as a link between the management, external and internal Auditors and the Board of Directors.

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr. Sandeep Dinodia	Chairman	Independent director
2	Mr. Manmohan Sachdev	Director	Independent Director
3	Mr. A V Alexander	Director	Independent Director

Mrs. Usha Jain, Managing Director, is a permanent invitee to all Audit Committee Meetings.

Mr. P. S. Chandrasekhar, Company Secretary is the Secretary of the Audit Committee .

The Audit Committee acts as a link between the management, external and internal Auditors and the Board of Directors.

The scope and function of the Audit Committee are as per section 292A of the Companies Act. Its main function is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and controls system. It acts as a link between the Management, and the statutory auditors. The scope of Audit Committee shall include, but shall not be restricted to the following.

Power of Audit Committee

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- The Board defined the role of the Audit Committee, as under :
- Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible;
- Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services;
- Reviewing with the Management the annual financial statements before submission to the Board;
- Reviewing with the Management, external and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussing with external auditors before the audit commences, the nature and scope of audit as well as has post-audit discussion to ascertain any area of concern;
- Reviewing the Company's financial and risk management policies;
- To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends).

Remuneration Committee

The Remuneration Committee consists of non-executive Directors, with the Chairman of the Compensation Committee being an independent Director. The Committee determines the grant of stock option and also reviews the overall compensation structure including managerial remuneration and related policies aimed at attracting, motivating and retaining personnel. The Committee has the authority to determine the compensation packages of executive Directors and senior management and determine the parameters and supervise the operation of the bonus schemes of our Company. The Committee will review recommendations made to it by our Company and others and is authorized to investigate any activity within its terms of reference, seek any information from any employee of our Company and obtain independent professional advice.

Sr. no.	Name	Designation	Nature of Directorship
1	Mr. Sandeep Dinodia	Chairman	Independent director
2	Mr.Dhanesh Kumar Jain	Member	Non-Executive director
2	Mr. A.V. Alexander	Member	Non-Executive director

Shareholders/ Investors Grievance Committee-

The Company had set up "Share Transfer and Shareholders / Investors Grievance Committee" in line with listing Agreement, which will be responsible for all matters concerning the share transfers, transmissions, issue of duplicate share certificates and attending to the grievances of the shareholders.

Composition of Shareholders/ Investors Grievance Committee

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr. Dhanesh Kumar Jain	Chairman	Non-Executive Director
2	Mr. Sandeep Dinodia	Member	Independent Director
3	Mr. Manmohan Sachdev	Member	Independent Director

The Company has appointed Mr. P S Chandrasekar, Company Secretary at the Registered office, as the "Compliance Officer" who may be contacted for any matter relating to share transfers / transmissions, non-receipt of Annual Reports, Dividend, etc.

Share Transfer System

A committee of Directors (Share Transfer and Shareholders / Investors Grievance Committee) is being constituted to approve the transfers and transmission of shares, issue of duplicate share certificate and allied matters.

The Company has appoint Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri(E) Mumbai - 400 0072 Registrars to have adequate infrastructure to serve the shareholders and process the share transfers.

Statement Showing Shares held by Directors of The Company

Sr. no.	Name of the Directors	No. of shares held
1	Mr. Dhanesh Kumar Jain	25,48,757
2	Mrs. Usha Jain	4,63,712
3	Mr. Anmol Jain	7,65,890

Interests of Directors (Other Than the Promoter Directors)

Except as stated in "Related Party Transactions" on page [●] of this Draft Prospectus, and to the extent of shareholding in the Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page [●] of this Draft Prospectus, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated otherwise, in this Draft Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in

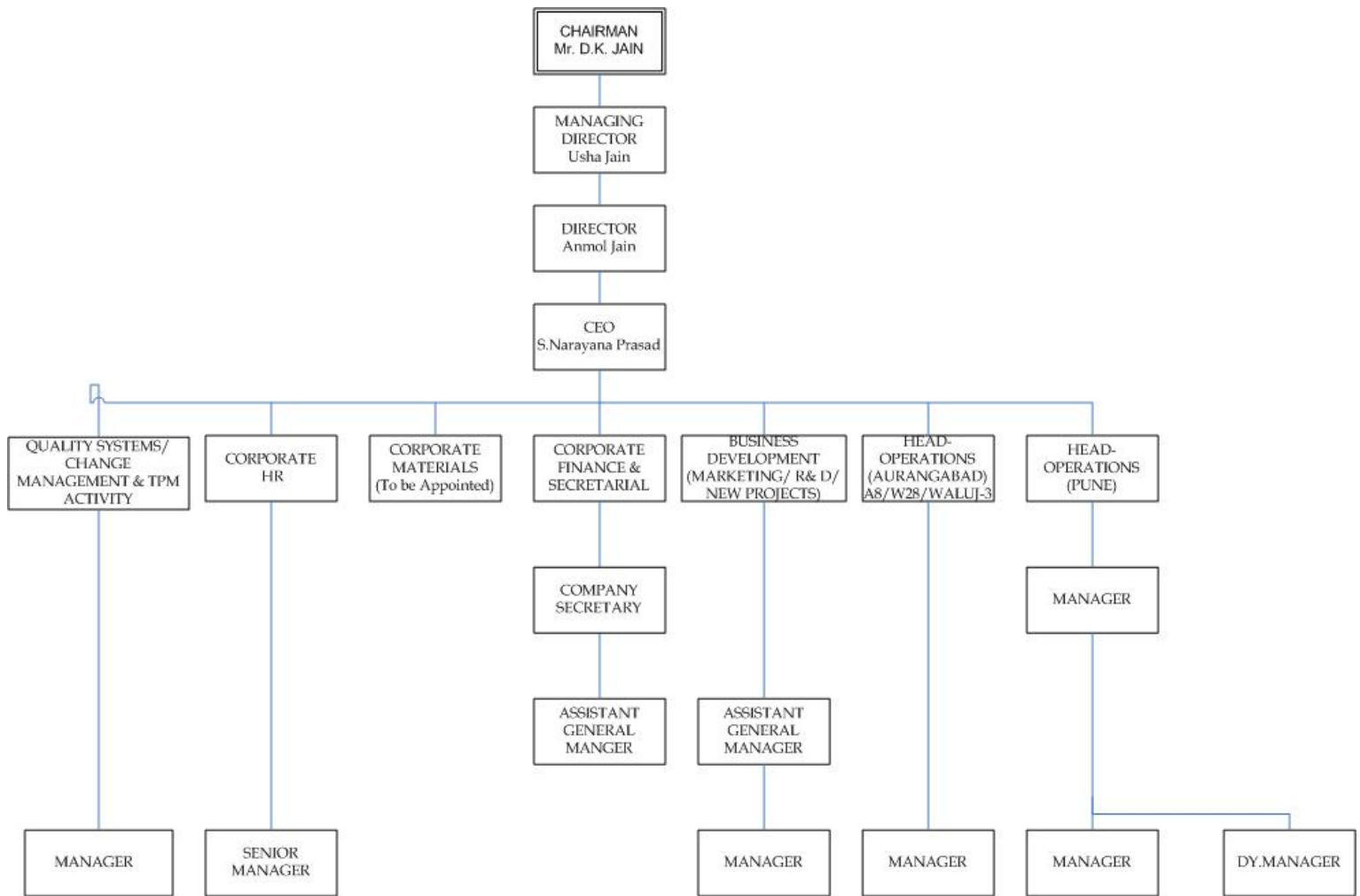
their capacity as such, if the indemnified Director or officer receives judgment in his favor or is acquitted in such proceeding.

Changes in the Board of Directors in the last 3 years

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place

Sr. No.	Name	Date of Appointment	Date of Cessation	Reason
1	Mr. Deepak Jain	June 18, 1993	August 03, 2004	Resigned
2	Mr. Anmol Jain	August 03, 2004	-	Appointed as Additional Director
2	Mr. Manmohan Sachdev	June 15, 2006	-	Appointed as Additional Director
3	Mr. A.V. Alexander	June 15, 2006	-	Appointed as Additional Director
4	Mr. Sandeep Dinodia	June 15, 2006	-	Appointed as Additional Director

Management Organisation Chart



Key Managerial Personnel

The Company's management team is made up of qualified professionals with experience in management in their respective fields of expertise. The Managing Director is assisted in their day-to-day responsibilities by a team of professionals as under:

Sr. No.	Name	Age (Years)	Date of Joining	Designation	Area of specialization	Qualification	Overall experience (years)	Previous Employment
1	Mr. S.Narayana Prasad	63	July 01, 2005	CEO	Operations	B.E.	43	Bajaj Auto Ltd.
2	Mr. P.S. Chandrasekar	51	June 14, 2006	Company Secretary	Secretarial & Finance	B.L.L, M.Com, F.C.S	27	Thermax Ltd.
3	Mr. Ramesh Nathu Vani	46	September 08, 1987	Asst. General Manager	Accounts & Finance	B.Com, DBM	26	Ramdas Plastic Manufacturing Company Pvt. Ltd.
4	Mr. Rajesh Dubbewar	39	December 11, 1998	AGM	Development	M.M.S.	20	Growwell Times Limited
5	Mr. Milind S. Patil	34	August 01, 2006	Manager Q. A.	Quality Assurance	B.E. (Mech.)	10	Prescon Pvt. Ltd
6	Mr. Nitin Kumar Basmatkar	45	August 02, 2006	Sr. Manager HRD	HR	M.B.A.	22	S.M. Auto Engineering Pvt. Ltd
7	Mr. Arun D Dwivedi	46	October 04, 2005	Manager Development	Development	Diploma in Mech. Eng. and Degree in Maths.	18	Laxmi Rickshaw Body Pvt. Ltd.
8	Mr. Prakash S. Nilkanth	55	May 24, 2004	Manager (Quality)	Production	DME, DEE	34	Suyash Auto Press Components & Assemblies Pvt. Ltd
9	Mr. Sudhanshu N. Kulkarni	41	February 06, 1999	Manager Production	Production	B.E. (Mech.) MMS	19	Krishna Fabrications Limited

Sr. No.	Name	Age (Years)	Date of Joining	Designation	Area of specialization	Qualification	Overall experience (years)	Previous Employment
10	Mr. M.K. Bose	43	June 10, 1999	Manager Production	Works Manager	DIE, B.A.	23	Kailash Vahan Udyog
11	Mr. Prasad K. Joshi	33	December 27, 1996	Dy. Manager	Production	D.M.E.	13	Kailash Vahan Udyog
11	Mr. Veerendra Patil	38	September 01, 2006	G.M. Operations	Quality Assurance	B.E. Production	14	Sharda Motor Industries Ltd.

Brief Profile Of Key Managerial Personnel.

Mr. S. Narayana Prasad is the CEO of our Company. He has done B.E.(Electrical) and a course on Business Administration. He has 42 years of experience in engineering in automotive sector. He was previously employed with Bajaj Auto Limited where he was working as a plant head of 3-wheeler operations.

Mr. P.S. Chandrasekar is the Company Secretary of our Company. He has 27 years of experience working as Finance Controller and Company Secretary in electronics, automobile, engineering and dairy industries. He has overall professional and finance experience which includes project implementation, budgeting & planning, business analysis, working capital management, legal and secretarial functions etc.

Mr. Ramesh Nathu Vani is the Assistant General Manager of our Company. He is working in our Company from the last 19 years. His nature of work includes controlling of accounts & finance related matters of the units of our Company which includes bank liaisoning, project report taxation etc.

Mr. Rajesh Dubbawar is working as AGM of our Company. Before joining this organization, he was with Growwell Times Limited. He has around 20 years of experience in auto component industry. His experience includes vendor development, development of local body, frame four wheelers, MIS function etc.

Mr. Milind S. Patil is appointed as Manager QA. He was working with Prescon Pvt. Ltd. He has around 10 years of rich experience in Quality Assurance field. He has got experience of working with the Companies like Kalyani Brakes Ltd. and Puja Fluid Seals Pvt. Ltd.

Mr. Nitin Kumar Basmatkar is appointed as Sr. Manager HRD and He has recently joined our Company in August 2006. He was working with S.M. Auto Engineering Pvt. Ltd. He has around 10 years of rich experience in HRD & Personnel management field.

Mr. Arun Dwivedi is working as a Manager Development. Before joining this organization, he was with Laxmi Rickshaw Body Pvt. Ltd. He has around 18 years of experience in Development and Quality Assurance field.

Mr. Prakash S. Nilkanth is working as a Manager (Quality).. Before joining this organization, he was with Suyash Auto Press Components and Assemblies Pvt. Ltd. He has around 34 years of

experience in productivity schedule and planning. He also has 17 years of experience of working with Bajaj Auto Ltd.

Mr. Sudhanshu N. Kulkarni is working as a Manager Production. Before joining this organization, he was with Krishna Fabrications Limited. He has around 19 years of experience in production of auto components. His experience includes stock valuation, engineering process, management of stores etc.

Mr. M.K. Bose is working as a Manager Production from 8 years. Before joining this organization, he was with Kailash Vahan Udyog. He has around 23 years of experience in fabrication of local bodies and press shop.

Mr. Prasad K. Joshi is working as the Deputy Manager in Production. He is working with us from the past 9 years. Before joining this organization, he was with Kailash Vahan Udyog Limited. He has around 13 years of experience in production field.

Mr. Veerendra Patil, is appointed as G.M. (Operations) and will be joining Dhanesh Auto Electricals Limited on September 01, 2006 Presently he is working with Sharada Motor Industries Limited. He has around 14 years of experience in Quality & Assurance field. Currently he is not on the payrolls of the Company.

The person whose names appear as Key Managerial Personnel are on the rolls of the Company as Permanent employees.

Shareholding of the Key Managerial Personnel

There is no shareholding of key managerial personnel.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no bonus or profit sharing plan for the key managerial personnel

Changes in the Key Managerial Personnel in The Last Three Years

Sr. No.	Name	Designation	Date of Joining	Date of Leaving
1	Mr. S. Narayana Prasad	CEO	July 01, 2005	-
2	Mr. R.N. Kataria	Sr. Manager (Mfg.)	July 06, 1993	June 30, 2006
3	Mr. P.S. Chandrasekar	Company Secretary	June 14, 2006	-
4	Mr. Milind S. Patil	Manager Q & A	August 01, 2006	-
5	Mr. Basmatkar	Sr. Manager HRD	August 02, 2006	-
6	Mr. Veerendra Patil	G.M. Opertaions	September 01, 2006	-
7	Mr. Arun Dwivedi	Manager Development	October 04, 2005	-
8	Mr. Prakash S. Nilkanth	Manager (Quality)	May 24, 2004	-

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

Except the payment of salaries and perquisites, the Company does not make any payments to its officers.

Promoters

Details of Promoters being Individuals

Mr. Dhanesh Kumar Jain, Chairman

(Passport No.: Z1172431 ; Driving License No: N.A.; Voter ID No:N.A.)



Mr. Dhanesh Kumar Jain, 63 years, is the Chairman of our Company. He is MBA by qualification. He has the work experience of 41 years in automotive industry and also an experience in public relation, management and administration skills. He also held the position as a President of Automotive Component Manufacturers Association of India(ACMA). Currently, he is Chairman and Managing Director of Lumax Industries Limited and director and member in other group companies.

Mrs. Usha Jain, Managing Director

(Passport No.: Z1172430; Driving License No: N.A.; Voter ID No:N.A.)



Mrs. Usha Jain is the Managing Director of our company since 2002. She is a science graduate. She has 20 years of experience in the automotive sector. She is also a director and member in our other group companies like, Lumax Industries Limited, Sheela Finance Private Limited, D & A Enterprise (P) Limited, Lumax Investment & Finance Private Limited and others. She is largely responsible for the growth of LATL and LDK.

Mr. Anmol Jain, Director

(Passport No.: E7710092 ; Driving License No: N.A.; Voter ID No:N.A.)



Mr. Anmol Jain: Mr. Anmol Jain, 27 years, is a graduate in Finance from Michigan State University, U.S.A. He has 7 years of experience in the automotive industry. Currently, he is Executive director of Lumax industries Limited and Director and member in other group companies. He is also associated with our subsidiary Lumax DK Auto Industries Ltd.

Declaration

We confirm that PAN, Passport number and Bank Account Number are being submitted to Stock Exchanges on which Equity Shares are proposed to be listed at the time of filing Draft Prospectus.

Full Particulars of the Nature and Extent of the Interest, If any, Of Every Promoter

Save as stated in this Draft Prospectus neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of the Company, except to the extent of investments made by them and their group/investment companies in Lumax Auto Technologies India Limited and earning returns thereon. None of the Promoters or the firms or companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Draft Prospectus or proposed to be acquired by it. The promoters are also interested in the company to the extent of their shareholding, for which they are entitled to receive the dividend declared if any, by the company.

Payment or Benefit to Promoters of the Issuer Company

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Compensation and Perks to Managing Director/ Whole-time Directors" on page [●] of this Draft Prospectus there are no payment or benefit to promoters of the Company.

Related Party Transactions

For details of related party transactions please refer to Annexure IV of the Financial Statement on page [●] of this Draft Prospectus.

Dividend Policy

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

The details of dividend paid in the last five years is given below:

Particulars	Year Ended March 31,				
	2002	2003	2004	2005	2006
Dividend (%)	12.50	12.50	15.00	20.00	30.00

SECTION V: FINANCIAL STATEMENTS***Auditors Report***

The Board of Directors,
Lumax Auto Technologies Limited
W-230-E, S-Block,
M.I.D.C. Bhosari,
Pune-411 026

Dear Sirs,

We have examined the Audited Accounts of **Lumax Auto Technologies Limited** (Formerly known as Dhanesh Auto Electricals Limited) for the past five financial years ended on 31st March, 2002, 2003, 2004, 2005 and 2006, being the last date up to which the Accounts of the Company have been made up and audited by us. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these Accounts drawn up in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956.

In accordance with the requirements of Paragraph B(1) of Part-II of Schedule II to the Companies Act, 1956 (the Act), and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines) for the purpose of the Offering Memorandum as aforesaid, we report that:

- a. The restated Profits of the Company for the financial years ended on 31st March, 2002, 2003, 2004, 2005 and 2006 as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Accounts appearing in Annexure III and IV respectively to this report.
- b. The restated Assets and Liabilities of the Company as at 31st March, 2002, 2003, 2004, 2005 and 2006 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion, are appropriate and more fully described in the Notes on accounts appearing in Annexure IV to this report.
- c. We have examined the Cash Flow Statement relating to the Company for the years ended on 31st March, 2002, 2003, 2004, 2005 and 2006 as appearing in Annexure V to this report.
- d. The rates of dividend paid by the Company in respect of the financial years ended on 31st March, 2002, 2003, 2004, 2005 and 2006 are shown in Annexure VI to this report.
- e. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer document:
 1. Performance Ratios as appearing in Annexure VII to this report.
 2. Capitalization Statement as at March 31, 2006 as appearing in Annexure VIII to this report.
 3. Statement of tax shelters as appearing in Annexure IX to this report.
 4. Details of other income as appearing in Annexure X to this report.
 5. Details of sundry debtors as appearing in Annexure XI to this report.
 6. Details of loans and advances made to persons or Companies in whom/in which Directors are interested as appearing in Annexure XII to this report. ..
 7. Details of unsecured loans as appearing in Annexure XIII to this report.
 8. Details of secured loans as appearing in Annexure XIV to this report.

In our opinion the above financial information of the Company read with Significant Accounting Policies and Notes on Accounts attached in Annexure III & IV, respectively to this report, after making adjustments and regroupings as considered appropriate, has been prepared in accordance with paragraph B (1) Part II of Schedule II of the Act and the SEBI Guidelines.

This report is intended solely for your information and for inclusion in the Offer document in connection with the specific Public Offer of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For D. R. BARVE & COMPANY
CHARTERED ACCOUNTANTS,

Place : Pune

Date : July 06,2006

sd/-
CA D.R. BARVE
(Proprietor)
Membership No. 17661

Annexure I
Statement of Restated Profit & Loss Account

The Profit & Loss Account of the Company at the end of Financial Year ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 & March 31, 2006, audited by us after making such adjustments and subject to the notes appearing hereinafter are set out below :

(Rs. In lakhs)

Particulars	Year Ended 31st March				
	2002	2003	2004	2005	2006
Income :					
Sales	4,824.03	4,032.57	5,897.28	8,549.29	11,723.18
Other Income	9.54	10.95	9.88	13.48	15.33
Increase(Decrease in Inventories)	(4.64)	16.77	4.61	(4.36)	10.74
Total (A)	4,828.93	4,060.29	5,911.77	8,558.41	11,749.25
Expenditure:					
Staff Cost	379.85	367.86	393.55	429.31	602.65
Manufacturing Cost	4,055.44	3,388.52	5,069.68	7,502.87	9,895.00
Administrative Cost	73.94	78.72	150.48	206.54	341.05
Total (B)	4,509.23	3,835.10	5,613.71	8,138.72	10,838.70
Earnings Before Interest, Depreciation & Tax	319.70	225.19	298.06	419.69	910.55
Interest	75.69	56.28	38.51	45.47	120.43
Depreciation	67.94	74.31	86.10	88.52	166.53
Earnings before Tax and Extra ordinary items	176.07	94.60	173.45	285.70	623.59
Provision for Taxation					
Current Tax	30.00	23.00	52.00	87.42	150.56
Deferred Tax	0.00	1.79	14.84	5.24	82.36
Fringe benefit tax	0.00	0.00	0.00	0.00	6.99
Profit Before Extra Ordinary Items	146.07	69.81	106.61	193.04	383.68
Extra Ordinary Items	0.13	5.65	2.50	0.98	0.15
Adjusted Net Profit	145.94	64.16	104.11	192.06	383.53

Note: The accompanying significant accounting policies and notes are integral part of this statement

Figures for F.Y. 2005-2006 figures taken from consolidated basis

Annexure II

Statement of Adjusted Assets and Liabilities

The assets and liabilities of the Company at the end of Financial Year /period i.e. March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 & March 31, 2006, audited by us after making such adjustments and subject to the notes appearing hereinafter are set out below:

(Rs. in Lakhs)

		As On 31st March				
	PARTICULARS	2002	2003	2004	2005	2006
A)	Fixed Assets					
i)	Gross Block	1,118.71	1,231.04	1,382.92	1,649.20	4,083.26
ii)	Less: Depreciation and amortization	303.50	374.48	444.81	527.92	806.73
iii)	Net Block (A)	815.21	856.56	938.11	1,121.28	3,276.53
iv)	Add: Capital WIP	8.56	44.61	14.23	132.44	116.44
B)	Investments (B)	41.53	0.02	0.01	0.01	0.01
C)	Current Assets ,Loans and Advances					
i)	Inventories	177.67	259.46	252.30	312.39	491.63
ii)	Sundry Debtors	686.38	537.23	1,172.55	1,036.10	1,746.53
iii)	Cash and Bank Balances	77.14	94.43	93.33	42.48	520.10
iv)	Loans and Advances	123.06	73.23	108.69	231.28	449.65
	Total (C)	1,064.25	964.35	1,626.87	1,622.25	3,207.91
D)	Liabilities and Provisions :					
i)	Secured Loans	250.21	175.98	182.97	476.15	1,080.90
ii)	Unsecured Loans	254.85	234.36	261.72	167.54	808.29
iii)	Deferred Tax Liability	0.00	118.73	133.56	138.80	267.35
iv)	Current Liabilities	890.74	915.50	1,531.70	1,446.97	2,808.39
v)	Provisions	33.98	71.46	110.15	165.79	309.43
	Total (D)	1,429.78	1,516.03	2,220.10	2,395.25	5,274.36
E)	Miscellaneous Expenditure (to the extent not written off)	0.00	0.00	32.32	24.24	61.31
F)	Net Worth (A+B+C-D) :	499.77	349.51	359.12	480.73	1,326.53
G)	Represented by					
i)	Share Capital	396.03	345.53	343.53	343.53	714.46
ii)	Reserves and Surplus	103.74	3.98	47.91	161.44	673.38
	Total	499.77	349.51	391.44	504.97	1,387.84
H)	Net Worth (G-E)	499.77	349.51	359.12	480.73	1,326.53

Note: Deferred tax liability calculated for the first time in the year ending 31.03.03, was a transitional provision which was adjusted with opening balance of reserves & surplus of that year.

F.Y. 2005-2006 figures given on Consolidated basis

Significant Accounting Policies**A] Basis of Preparation of Financial Statements:**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis except earned leaves due to the employees which is accounted for in the year of actual payment / retirement and interest payable on debentures.

B] Fixed Assets:

Fixed Assets are stated at cost net of Cenvat, Cess, deferred Excise Duty and VAT set-off less Accumulated Depreciation. Cost includes purchase cost together with inward Freight, Duties, Taxes and incidental cost of acquisition and installation and eligible borrowing costs.

C] Intangible Assets:

Intangible assets comprising of technical know how are amortized over a period of their estimated useful life of five years.

D] Depreciation:

Depreciation on Fixed Assets is provided on Straight Line Method at the rates as provided under schedule XIV to the Companies Act, 1956.

Depreciation on additions to / deletions from Fixed Assets made during the year is provided on a pro-rata basis from / up to the date of such additions / deletions as the case may be.

E] Investments:

Investments are valued at cost.

F] Sundry Debtors:

Sundry Debtors are stated after making adequate Provision for Doubtful Debts.

G] Inventories:

- a) Raw materials are valued at cost after making provision for obsolescence wherever necessary.
- b) Work in Progress is valued at estimated cost.
- c) Packing material is valued at Cost price.
- d) Finished goods are valued at net realizable value.

H] Deferred Revenue Expenditure

Expenditure incurred on know how for modification of existing products along with any future expenditure is appropriately amortized on the commencement of commercial production of the modified products as the benefit of expenditure is expected in future years.

I] Revenue Recognition:

Sales are recorded when supply of goods takes place in accordance with the terms of Sales and is net of trade discount, Sales Tax, Cess and Excise Duty Collected. Excise Duty amounting to Rs. 21,40,33,339 has been excluded from Sales.

J] Employees Retirement Benefits:

- a) The Company's contribution to Provident Fund is charged to Profit & Loss Account.
- b) The Company's contribution to Gratuity Fund of L.I.C. of India, is charged to Profit & Loss Account on the basis of scheme subscribed by the Company.
- c) Voluntary Retirement Compensation:- 20% of the amount paid to the employees towards voluntary retirement is charged to Profit & Loss Account.

K] Interest On Borrowings:

Borrowings Cost is charged to Profit & Loss Account for the year in which it is incurred except for eligible Capital Assets which is Capitalized till the date of commencement of commercial use of assets.

L] Taxes On Income:

- a) Income Tax expenses for the period comprise of Current Tax & Deferred Tax.
- b) Current Tax, is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act,1961.
- c) Deferred Tax is recognized, on the timing differences, being the difference between accounting income and taxable income, which originates in one period and are capable of reversal in one or more subsequent accounting period in accordance with provisions of Accounting Standard 22 on "Accounting for Taxes on Income", issued by the Institute of Chartered Accounts of India. Deferred Tax Asset in the respect of brought forward losses is recognized if there is virtual certainty that there will be sufficient future taxable income against which such asset can be realized.

Notes to Accounts

1. i) Valuation of Inventories

The valuation of inventories is not done following the directions given in the Accounting Standard-2 on "Valuation of Inventories", issued by the Institute of Chartered Accountants of India. However, the same has no material impact on profit of the company.

ii) Inclusion of Unrealized Profit in Stock Valuation

In case of Holding Company, the value of closing stock includes unrealized profit on branch stock transfer. However, the same has no material impact on the profit of the Company.

2. Contingent Liability not provided for

Rs. in lakhs

Particulars	For the year ended March 31				
	2002	2003	2004	2005	2006*
Accrued liability for leave encashment	18.05	17.94	18.11	25.21	27.46
Liability for pending case with CEGAT and excise authority	-	1.40	-	-	3.23
Interest on Debentures	-	-	-	-	3.23
Employee State Insurance	-	-	-	-	1.02
Income Tax Assessment dues	-	-	-	-	0.40

* The figures are consolidated

3. Provision not made for

Rs. in lakhs

Particulars	For the year ended March 31				
	2002	2003	2004	2005	2006*
Accrued liability for medical reimbursement	1.27	1.14	-	-	-
Accrued liability for gratuity	-	41.54	40.70	53.68	58.07
Rate difference	-	-	-	31.63	31.63

* The figures are consolidated

4. Details in respect of Opening Stock, Production, Turnover & Closing Stock of Finished Goods

Rs. in lakhs

Particulars	For the year ended March 31				
	2002	2003	2004	2005	2006*
Opening Stock	4.90	1.95	0.71	-	5.11
Production	4821.07	4031.33	5896.57	8549.29	117.44
Turnover	4824.03	4032.57	5897.28	8549.29	117.23
Closing Stock	1.95	0.71	-	-	0.90

* The figures are consolidated

5. Details in respect of consumption of Raw Materials and Consumables and others

(Figures in lakhs)

Sr. N o.	Name Of The Item (Quantity)	Consumption For The Year Ending March 31,									
		2002		2003		2004		2005		2006*	
		Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount

1	Steel Sheet (Kgs)	10.52	227.87	10.07	223.08	16.47	411.64	19.50	599.26	19.27	475.72
2	Steel Tube (Mtrs)	-	-	-	-	28.00	527.07	33.65	1047.84	42.15	1042.38
3	Steel Tube (Nos)	24.98	507.03	24.08	419.62	1.68	70.47	0.95	57.22	2.70	220.80
4	Plastic Powder (Kgs)	-	-	-	-	-	-	3.45	416.84	3.51	408.52
5	Housing Assembly (Nos)	-	-	-	-	-	-	-	-	1.83	57.07
6	Knob (Nos)	-	-	-	-	-	-	-	-	2.58	84.35
7	Outer Box (Nos)	-	-	-	-	-	-	-	-	1.70	45.55
8	Paper Reels (Nos)	-	-	-	-	-	-	-	-	12.95	221.36
9	Acrylic (Kgs)	0.60	47.68	0.50	47.25	0.32	34.90	-	-	-	-
10	S.F. For P. Tank (Nos)	2.08	127.79	1.10	76.65	-	-	-	-	-	-
11	Gsl. Sheet (Kgs)	1.25	54.88	0.68	15.89	-	-	-	-	-	-
12	Others		2067.36		1600.74		2978.18		4469.54		6194.19
	Total		3,032.61		2,383.23		4,022.27		6,590.70		8,749.92

* The figures are consolidated

6. In terms of Paragraph-3 part-II of Schedule VI of the Companies Act,1956, quantity wise disclosure have been restricted to those items / articles which individually account for 10% or more of the total Sales, Consumption as the case may be and the same is disclosed to the extent available and considered as compiled and certified by the management.

7. The list of Small Scale Industrial Undertaking to whom the Company owes any sum which is outstanding for more than 30 days at the end of the Financial Year 2006 is as under:

Sr. No.	Name Of SSI Undertakings	Sr. No.	Name Of SSI Undertakings
1	Accurate Engineering	36	Precise Cuts
2	Accurate Enterprises	37	Precision Industries
3	Addinath Brass Industries	38	Raja Tools
4	Adm Plastics	39	Reliable Paste Control
5	Aishwarya Rubber & Engineering Works	40	Rohit Exhaust System
6	Alloy Steels	41	Rubber Craft Industries
7	Alpha Industries	42	S. P. Industries
8	Apex Engineers	43	S.K.Industries
9	Apte and Apte Organic Coating Private Ltd.	44	Sai Enterprises
10	Ashapura Engineering Private Ltd.	45	Sampada Enterprises
11	Automobile Components Of India	46	Sanjeet Enterprises
12	Balaji Electricals	47	Shete Industries
13	Corrugaphic	48	Shree Mangalmurti Enterprises
14	D.J.Engineering	49	Shree Press Component
15	Deccan Industrial Supplier	50	Shree Sant Yadav Baba Industries
16	Deepak Machines (P)Ltd.	51	Siddarth Enterprises
17	Deeshanil Packings Mfg.Pvt.Ltd	52	Siddhakala Engineers
18	Ess Dee Industries	53	Skytech Engieers
19	Heramb Industries	54	Smit Stationares
20	Hi-Tech Industrial Supplier (I) Pvt.Ltd	55	Star Enterprises

21	IEC Air Tools Pvt.Ltd.	56	Surya Springs Pvt. Ltd.
22	Jijai Industries	57	Swastik Hardware & Ele.
23	Mahavir Enterprises	58	Technocrat Enterprises Pvt.Ltd.
24	Meher Enterprises	59	Tirupati Pressco
25	Metal Man Industries	60	Uniweld Engineering Services
26	Nasa Industrial Corporation	61	Varad Sales Corporation
27	Nitin Polimers	62	Varroc Engineering Pvt. Ltd.
28	Pearl Coating	63	Venus Engineers
29	Polycoat Powders Limited	64	Vishwakarma Enterprises
30	Powerline Engg. Corporation	65	Rajeev Industries
31	Gupta Casting & Machinery Works	66	V K Rubplast India P. Ltd
32	Kamboj Polymers Pvt. Ltd.	67	Amar Engineering Works
33	CMG Coats	68	Anand Industries
34	Rubber Spare Industries I Ltd.	69	Salbros Enterprises
35	Vbros Auto Private Ltd.		

8. The Balances of Debtors, Creditors, Loans and Advances and deposits are subject to confirmation.
9. None of the employees was in receipt of remuneration more than Rs.24.00 Lakhs per annum, if employed throughout the year or Rs.2.00 Lakhs per month if employed for part of the month.
10. Consequent to Accounting Standard 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accounts Of India becoming mandatory with effect from 1st April 2002, the company has recorded cumulative Deferred Tax Liability (Net) as at 31st March 2002 of Rs. 1,16,94,000.00 as a charge to the revenue reserves on 1st April 2002. Further deferred tax expense of Rs.1,79,000.00 for the period is recognised in the Profit & loss Account.

Significant components of the deferred tax liability for the other Financial Years is as follows

Particulars	For the year ended March 31			
	2003	2004	2005	2006*
Deferred Tax Liability				
Depreciation	125.06	138.46	144.17	274.29
Deferred Revenue Expenditure	-	-	-	15.20
Total Deferred Tax Liability	125.06	138.46	144.17	289.49
Deferred Tax Asset				
Capital Loss	6.33	4.89	5.36	5.36
Disallowance u/s 43B	-	-	-	10.83
Disallowance u/s 40 (a)(ia)	-	-	-	1.04
Unabsorbed Depreciation	-	-	-	4.89
Total Deferred Tax Asset	6.33	4.89	5.36	22.13
Deferred Tax Liability(Net)	118.73	133.57	138.81	267.34

* The figures are consolidated

11. Information Regarding Capacity Etc:

For Holding Company

Particulars	
Licensed Capacity	Not Applicable
Installed Capacity	Not Applicable
Class of Goods Manufactured	Auto Parts

For Subsidiary Company

S.No.	Clause of Goods Manufactured/ Purchased	Licensed Capacity	Installed Capacity	Actual Production
1	Gear Shifter Assembly	N A	500,000	477,292
2	Moulding	N A	7,200,000	1,130,094
3	Parking Brake	N A	100,000	85,636
4	Corrugated Boxes	N A	4,000,000	2,691,791

12. Value of imports calculated on CIF basis by the company during the year in respect of

Particulars	For the year ended March 31,				
	2002	2003	2004	2005	2006
Raw Material	-	-	-	-	159.30
Components, Spare Parts & Consumables	119.91	-	68.81	18.26	91.56
Capital Goods & Accessories	-	-	39.00	26.70	447.98
Testing Fee	-	-	-	-	1.94
Technical Know How	-	-	-	-	25.09
Total					322.70

13. Payment to Auditors

Particulars	For the year ended Marc 31,				
	2002	2003	2004	2005	2006
For Audit & Tax Audit Fees	0.43	0.45	0.46	0.45	2.73
For Income Tax Matters	0.05	0.00	0.00	0.00	0.00
For Other Services	0.58	0.66	0.75	1.02	1.40
Total	1.06	1.10	1.21	1.47	4.13

14. Payment to Directors

(Rs. in lakhs)

Sr.No.	Particulars	For the year ended March 31				
		2002	2003	2004	2005	2006
1	Directors' Remuneration:					
	Mrs.Usha Jain	3.00	4.80	4.80	4.80	4.80
	Mr. Deepak Jain	0.75	0.00	0.00	0.00	0.00
	Mrs. Shivani Jain	0.00	0.00	0.00	0.00	3.91

	Total	3.75	4.80	4.80	4.80	4.80
2	For Lease Rent					
	Mr. Deepak Jain	3.51	0.00	0.00	0.00	0.00
3	Provident Fund & Commission:					
	Mrs.Usha Jain	0.00	0.00	0.58	0.58	9.16
4	Directors' Sitting Fees					
	Mrs.Usha Jain (M.D.)	0.08	0.08	0.20	0.00	0.00
	Mr. Deepak Jain(Director)	0.08	0.08	0.18	0.00	0.00
	Mr.Anmol Jain (Director)	0.00	0.00	0.00	0.00	0.00
	Mr.Dhanesh Kumar Jain(Director)	0.08	0.08	0.20	0.00	0.00
	Total	0.24	0.24	0.58	0.00	0.00
	Grand Total	7.50	5.04	5.96	5.38	17.87

15. Segment Reporting

The group has disclosed Business Segment as the primary segment. Segments have been identified by the Management taking into account the nature of the products, manufacturing process, risk and reward parameters, Internal financial reporting systems and other relevant factors.

The Group's operation can be mainly classified into two primary segments, 'Automotive Parts' and 'Corrugated Boxes'. Composition of business segment is as follows:

Segment	Products covered
a. Automotive Parts	Chassis, Head Lamps, Tail lamps, Fender Assembly, Fork Assembly, Handle Bar, Silencer, Gear Shifter Assembly, Parking Brake, Plastic Mouldings etc.
b. Corrugated Boxes	Corrugated Boxes and Paper Reel boxes

Information about Primary Business Segment: For the Financial Year Ended March 31 in all the units

(Rs. in lakhs)

	Bhosari Unit			Chakan Unit			A'bad Unit A-8		
Particulars	2005	2004	2003	2005	2004	2003	2005	2004	2003
Revenue									
Sales	1231.13	993.11	824.28	3458.55	2017.41	755.21	4135.73	2319.79	1702.53
Segment Result Before Interest And Tax	2.55	-59.45	-87.02	120.65	72.07	8.57	224.52	158.61	175.13
Interest Expenses	1.99	3.77	15.22	29.06	17.86	14.32	12.92	16.43	26.29
Profit Before Taxes	0.56	-63.22	-71.80	91.59	54.21	-5.76	211.60	142.18	148.84
Segment Assets	473.60	388.99	429.20	1122.65	779.02	568.56	1056.14	1007.52	653.05
Segment Liabilities	620.73	281.10	163.61	995.85	733.71	576.70	642.95	643.99	376.07
Aquire Segment Assets	41.53	4.53	29.79	141.53	123.98	10.99	77.77	48.37	56.66
Segment Depreciation	15.24	21.44	21.64	27.97	22.90	16.88	38.33	35.30	30.00

(Rs. in lakhs)

	A'bad Unit W-28			Delhi Unit			Head Office		
Particulars	2005	2004	2003	2005	2004	2003	2005	2004	2003
Revenue									
Sales	528.51	922.01	975.45	136.09	91.40	42.17	0.00	0.00	0.00
Segment Result Before Interest And Tax	2.19	56.83	44.31	7.29	5.44	-2.65	-27.26	-24.37	-23.68
Interest Expenses	0.41	0.10	0.27	0.73	0.01	0.03	0.11	0.03	0.01
Profit Before Taxes	1.78	56.74	44.04	6.56	5.43	-2.69	-27.36	-24.40	-23.68
Segment Assets	120.29	319.37	176.73	40.92	43.40	18.79	86.60	40.94	19.22
Segment Liabilities	-27.89	147.18	45.29	31.19	27.11	6.61	168.93	253.45	214.16
Aquire Segment Assets	0.25	2.11	14.56	16.05	0.00	9.18	0.00	0.00	0.00
Segment Depreciation	5.66	5.55	4.96	1.31	0.92	0.84	0.00	0.00	0.00

Consolidated figures for March 2006

Particulars	2005-2006*		
	Automotive Parts	Corrugated Boxes	Total
Revenue:			
External Sales	11,377.17	361.33	11,738.50
Inter-segment Sales	-	-	-
Total Revenue	11,377.17	361.33	11,738.50
Result:			
Segment Result	601.92	21.51	623.44
Unallocated Expenses	-	-	-
Profit Before Tax	601.92	21.51	623.44
Taxation for the year	-	-	239.93
Net Profit			383.51
Other Information:			
Segment Assets	6,494.97	167.25	6,662.23
Unallocated Assets	-	-	-
Total Assets	6,494.97	167.25	6,662.23
Segment Liabilities	4,771.89	102.23	4,874.12
Unallocated Liabilities	-	-	-
Total Liabilities	4,771.89	1,02.23	4,874.12
Capital Expenditure	1,715.34	14.24	1,729.58
Depreciation	165.55	0.97	166.52
Non - cash expenditure other than Depreciation	19.36	-	19.36

16. Related Party Disclosures:

The information about transaction with the related parties is given below:

a) For the financial year 2001-02

Sr No	Name Of The Party	Description Of Relationship	Nature of Transaction	Amount	Amount Outstanding as on 31.03.2002
1	Lumax Industries Ltd Chinchwad	Directors of reporting enterprise are interested as Directors in related company	Purchases Job Work Purchases Components Purchases Capital Goods Sale Components Sale Job Work	5.55 31.27 1.69 33.17 2.07	8.14 [CR] 10.82 [DR]
2	Metal Pressing Industries Pvt Ltd, Chinchwad	Directors of reporting enterprise are interested as Directors in related company	Purchases Job Work Purchases Components Purchases Raw Material Sales Raw Material Sales Job Work Sales Components	0.39 3.15 0.99 1.02 0.10 7.03	NIL NIL NIL NIL 2.33 [DR]
3	Tecno Enterprises Chinchwad	Directors of reporting enterprise are interested as Partners in related Firm	Purchase Components Purchase Job Work Sales Raw Material Sales Job Work	1.77 5.58 2.88 0.13	0.23 [DR] NIL NIL
4	Lumax Industries Ltd Filter Division, Chinchwad	Directors of reporting enterprise are interested as Directors in related company	Sales Job Work	0.004	0.004 [DR]
5	Lumax Industries Ltd Marketing Division Delhi	Directors of reporting enterprise are interested as Directors in related company	Purchase Bulbs Purchase Packing Material Sale Finished Goods	1.94 0.43 122.90	NIL NIL 34.31 [DR]
6	Lumax Industries Ltd Aurangabad	Directors of reporting enterprise are interested as Directors in related company	Purchase Raw Material Sales Raw Material Sales Components	0.02 0.02 0.32	NIL NIL NIL
7	Lumax Industries Ltd Gurgaon	Directors of reporting enterprise are interested as Directors in related company	Purchase Components Sales	328.56 89.49	65.97 [CR] 2.76

Sr No	Name Of The Party	Description Of Relationship	Nature of Transaction	Amount	Amount Outstanding as on 31.03.2002
			Components		[DR]
8	Lumax Industries Ltd [Export Division]	Directors of reporting enterprise are interested as Directors in related company	Sales Finished Goods	0.39	0.39
9	Lumax Industries Ltd	Directors of reporting enterprise are interested as Directors in related company	Dividend Received Investment In shares	1.08 NIL	NIL 39.51
10	D.K Jain & Sons [HUF]	HUF of the Director	i)Share Application money recd. ii)Interest on share application Money iii)Bonus Share Allotted iv)Dividend Paid	15.00 6.85 19.21 6.00	50.00 1.68 N.A. N.A
11	Mr.D.K Jain	Director	i)Dividend Paid ii)Meeting Fees iii) Bonus Shares Allotted	12.38 0.08 38.90	N.A 0.08 N.A
12	Mr.Anmol Jain	Relative of Director	i)Dividend Paid ii)Bonus Shares Allotted iii)Shares Allotted	7.87 25.17 0.00 15.81	N.A N.A N.A
13	Sheela Finance Pvt Ltd	Directors of reporting enterprise are interested as Directors in related company	i)Deposits Accepted ii)Interest on Deposits	110.00 12.72	135.00 4.03
	Lumax GHSP Industries Ltd.	Directors of reporting enterprise are interested as Directors in related company	Balance Written Off	0.36	NIL
15	Mrs.Usha Jain	Director	i)Managerial Remuneration ii)Meeting Fees iii)Dividend Paid iv)Bonus Shares allotted	3.00 0.08 4.67 14.93	N.A 0.08 N.A N.A
16	Mr. Deepak Jain	Director	i)Directors Remuneration ii)Lease Rent iii)Meeting Fees iv)Allotment Of Shares v)Bonus Shares allotted vi)Dividend Paid	0.75 3.51 0.08 16.50 25.63 8.01	N.A N.A 0.08 N.A N.A N.A
17	Mr.S.C Jain	Relative of the Director	i)Dividend Paid	0.22	N.A

Sr No	Name Of The Party	Description Of Relationship	Nature of Transaction	Amount	Amount Outstanding as on 31.03.2002
			ii) Bonus Shares Allotted	0.71	N.A

b) For the Financial 2003-04

(Rs. in lakhs)

Sr No	Name Of The Party	Description Of Relationship	Nature of Transaction	Amount
1	Lumax Industries Ltd D-2, 43/2, M.I.D.C. Chinchwad Pune :- 411019	Directors of reporting enterprise are interested as Directors in related company	Purchases Job Work Purchases Components Sale Components Sale Job Work	0.18 696.23 108.49 4.56
2	Lumax Industries Ltd. Plot No. 37, W.M.D.C. Kharabwadi, Ambethan Rd, Chakan, Tal. :- Khed Dist.:- Pune-410501	Directors of reporting enterprise are interested as Directors/Members in related company	Sales Components	0.06
3	Lumax Industries Ltd. Plot No. 2, Near Daultabad Chungi, Daultabad Gurgaon, Hariyana-122006	Directors of reporting enterprise are interested as Directors/Members in related company	Purchase Components	1.06
4	Lumax Industries Ltd Filter Division, Chinchwad D-2, 44, M.I.D.C. Chinchwad Pune :- 411019	Directors of reporting enterprise are interested as Directors/Members in related company	Purchase Job Work	0.21
5	Lumax Industries Ltd Marketing Division B-86, Mayapuri Industrial Area, Phase -I, New Delhi :- 110064	Directors of reporting enterprise are interested as Directors/Members in related company	Purchase - Packing Material Sale - Finished Goods	1.79 139.13
6	Lumax Industries Ltd Plot No. 6, Indl. Area, Dharuhera, Distt. Rewari.	Directors of reporting enterprise are interested as Directors/Members in related company	Purchase Components	1.05
7	Lumax Automotive System Ltd. D-2, 44, M.I.D.C. Chinchwad- Pune :- 411019	Directors of reporting enterprise are interested as Directors/Members in related company	Sale Raw Material	0.12
8	Lumax Industries Ltd	Directors of reporting enterprise	Purchases	107.37

Sr No	Name Of The Party	Description Of Relationship	Nature of Transaction	Amount
	Plot No. 16, Sector 18, Maruti Complex, Gurgaon.	are interested as Directors/Members in related company	Components Sale Components	0.21
9	D.K Jain & Sons [HUF] L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon- 122 002	HUF of the Director	i) Dividend Paid	11.70
10	Mr.D.K Jain L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon- 122 002	Director of the Company	i)Dividend Paid ii)Meeting Fees	14.59 0.20
11	Mr.Anmol Jain L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon- 122 002	Relative of Director	i)Dividend Paid	9.57
12	Sheela Finance Pvt Ltd 2nd Floor, Harbans Bhawan-II Nangal Raya Business Center New Delhi-110 046	Directors of reporting enterprise are interested as Directors/Members in related company	i) Interest on Deposits	16.20
13	Mrs.Usha Jain L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon - 122 022	Director of the Company	i)Managerial Remuneration ii)Meeting Fees iii)Dividend Paid	4.80 0.20 5.60
14	Mr. Deepak Jain L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon - 122 022	Director of the Company	i)Lease Rent ii)Meeting Fees iii)Dividend Paid	3.60 0.18 9.75
15	Mr.S.C Jain 60/3, Ramjas Road, New Delhi.	Relative of the Director	i)Dividend Paid	0.27

c) For the Financial 2004-05

(Rs. in Lakhs)

Sr No	Name Of The Party	Description Of Relationship	Nature of Transaction	Amount
1	Lumax Industries Ltd D-2, 43/2, M.I.D.C. Chinchwad Pune :- 411019	Directors of reporting enterprise are interested as Directors in related company	Purchases Components Purchases Capital Goods Sale Components Sale Job Work	643.68 4.65 138.54 2.54
2	Lumax Industries Ltd. Plot No. 37, W.M.D.C.	Directors of reporting enterprise are interested as Directors/Members	Purchases Job Work	0.01

Sr No	Name Of The Party	Description Of Relationship	Nature of Transaction	Amount
	Kharabwadi, Ambethan Rd, Chakan, Tal. :- Khed Dist.:- Pune-410501	in related company	Purchases Components Sale Components Sale Job Work Sale Capital Goods	32.62 57.82 0.69 2.32
3	Lumax Industries Ltd. Plot No. 2, Near Daultabad Chungi, Daultabad Gurgaon, Hariyana-122006	Directors of reporting enterprise are interested as Directors/Members in related company	Purchase Components	10.95
4	Lumax Industries Ltd Marketing Division B-86, Mayapuri Industrial Area, Phase -I, New Delhi :- 110064	Directors of reporting enterprise are interested as Directors/Members in related company	Sale Finished Goods	143.85
5	Lumax Industries Ltd Plot No. 6, Indl. Area, Dharuhera, Distt. Rewari.	Directors of reporting enterprise are interested as Directors/Members in related company	Purchase Components	0.23
6	Lumax Industries Ltd Plot No. 16, Sector 18, Maruti Complex, Gurgaon.	Directors of reporting enterprise are interested as Directors/Members in related company	Purchase Components Sales Components	11.59 1.71
7	Lumax Industries Ltd Plot No.131 Roz-Ka-Meo Industrial Estate, Sohna Dist :- Gurgaon.	Directors of reporting enterprise are interested as Directors/Members in related company	Purchase Capital Goods	6.33
8	D.K Jain & Sons [HUF] L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon- 122 002	HUF of the Director	i) Dividend Paid	15.61
9	Mr.D.K Jain L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon- 122 002	Director of the Company	i) Dividend Paid	19.45
10	Mr.Anmol Jain L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon- 122 002	Director of the Company	i) Dividend Paid	12.76
11	Sheela Finance Pvt. Ltd. 2nd Floor, Harbans Bhawan-II Nangal Raya Business Center New Delhi-110 046	Directors of reporting enterprise are interested as Directors/Members in related company	i) Interest On Deposit	12.73
12	Mrs.Usha Jain L-1/26, Akashneem Marg, DLF City, Phase-II	Director of the Company	i) Managerial Remuneration ii) Dividend Paid	4.80 7.47

Sr No	Name Of The Party	Description Of Relationship	Nature of Transaction	Amount
13	Gurgaon - 122 022		iii) Providend Fund	0.58
	Mr. Deepak Jain L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon - 122 022	Relative of the Director	i) Lease Rent ii) Dividend Paid	3.60 12.99
14	Mr.S.C Jain 60/3, Ramjas Road, New Delhi.	Relative of the Director	i) Dividend Paid	0.36

d) For the Financial 2005-06

(Rs. in Lakhs)

Sr No	Name Of The Party	Description Of Relationship	Nature of Transaction	Amount	Closing Balance
1	Lumax Industries Limited	Directors of reporting enterprises are interested as Directors in related company	Purchases Components Raw Material Job Work Sale Components Job Work Raw-Material	243.79 155.73 0.90 1115.28 0.24 0.02	144.31 0.00 0.12 576.14 0.13 0.00
2	Sheela Finance Pvt. Ltd. 2nd Floor, Harbans Bhawan-II Nangal Raya Business Center New Delhi-110 046	Directors of reporting enterprise are interested as Directors/Members in related company	i) Unsecured Loan ii) Interest On Deposit	115.00 10.71	50.00 0.34
3	Usha Jain L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon - 122 022	Director of the Company	i) Managerial Remuneration ii) Providend Fund iii) Managerial Commission	4.80 0.58 8.59	- -
4	Deepak Jain L-1/26, Akashneem Marg, DLF City, Phase-II Gurgaon - 122 022	Relative of the Director	i) Lease Rent	3.60	-
5	Mahavir Udyog	Partnership Firm	i) Machinery Rent ii) Factory Rent	7.20 7.92	-
6	Shivani Jain	Relative of the Director	i) Remuneration	3.91	-

17. Earnings Per Share

Sr. No.	Particulars	For the year ended March 31				
		2002	2003	2004	2005	2006*
a)	Profit After Tax as per Profit & Loss Account	14,593,824	64,16,169	1,04,10,068	1,92,06,463	3,43,33,110

b)	No. of Shares:					
	For Basic Earnings per Share	3,13,533	3,43,533	3,43,533	3,43,533	45,36,462
	For Diluted Earnings Per Share	3,13,533	3,43,533	3,43,533	3,43,533	45,96,312
c)	Earnings Per share:					
	Basic	46.54	20.43	30.30	55.91	7.57
	Diluted	46.54	19.55	30.30	55.91	7.47

* Figures are consolidated.

** The face value of shares for the financial year 2002, 2003, 2004 & 2005 is Rs. 100 per share and for financial year 2006 is Rs. 10 per share.

18. Earning / Outgo in Foreign Currency

(Rs. in Lakhs)

Particulars	2002	2003	2004	2005	2006
Payment in Foreign Currency	0.00	0.00	76.77	36.15	0.00
Earning in Foreign Currency	0.00	0.00	0.00	0.00	0.00
Number of Non-Resident Shareholders	0.00	0.00	0.00	0.00	0.00

Restated Cash Flow Statement

(Rs. In lakhs)

	Particulars	Year Ended March 31,				
		2002	2003	2004	2005	2006*
A]	Cash Flows from Operating Activities					
	Net Profit Before Taxation	175.93	88.95	170.94	284.73	623.43
	Adjustments for:					
	Depreciation	67.93	74.31	86.10	88.52	165.99
	Interest/Dividend Income	(5.13)	(2.16)	(6.95)	(5.16)	(6.04)
	Preliminary expenses Written off			(32.32)	8.08	19.36
	Interest Paid	75.69	56.28	38.51	45.47	120.43
	Exchange Gain					0.15
	Operating Profit before Working Capital Changes	314.42	217.38	256.28	421.64	923.32
	Change in Trade and Other Receivables	(307.20)	149.15	(635.32)	136.45	(143.14)
	Change in Inventories	(15.18)	(81.79)	7.17	(60.10)	(462.87)
	Change in Other Current Assets	(61.91)	34.75	(19.92)	(74.73)	(358.83)
	Change in Current Liabilities	352.29	24.79	616.19	(69.82)	834.48
	Income- taxes paid	(30.60)	(14.91)	(38.54)	(99.86)	(124.68)
	Prior Period Expenditure		1.45	(2.04)	(0.06)	(0.21)
	Net Cash Flow from Operating Activities	251.82	330.82	183.82	253.52	668.07
B]	Cash Flow from Investing Activities					
	Purchase of Fixed Assets	(95.20)	(157.22)	(148.61)	(395.31)	(1,672.90)
	Sale of Fixed Assets	(0.23)	4.08	12.13	5.05	6.33
	Investments Purchased		38.62	0.01		
	Net Cash Flow used in Investing Activities	(95.43)	(114.52)	(136.47)	(390.26)	(1,666.57)
C]	Cash Flows from Financing Activities					
	Changes in Borrowings	36.86	(94.70)	34.35	184.07	(200.45)
	Proceeds from Issuance of Capital	(13.00)	(50.50)	(2.00)	-	1,878.13
	Interest paid/ Received	(71.41)	(49.81)	(32.36)	(39.92)	(114.56)
	Dividend Paid	(73.52)	(4.00)	(48.44)	(58.26)	(126.71)
	Net Cash Flow from Financing Activities	(121.07)	(199.01)	(48.45)	85.89	1,436.41
D]	Net increase in cash and cash equivalents	35.32	17.29	(1.10)	(50.85)	437.91
E]	Cash and Cash Equivalents at the beginning	41.82	77.14	94.43	93.33	82.19

F]	Cash and Cash Equivalents at the end	77.14	94.43	93.33	42.48	520.10

*F.Y. 2005-2006 figures given on consolidated basis

Annexure VI

Statement of Dividend Paid

Particulars	Year Ended March 31,				
	2002	2003	2004	2005	2006*
Dividend (%)	12.50	12.50	15.00	20.00	30.00
Paid up Share Capital at the end of the Year	313.53	343.53	343.53	343.53	714.46
Dividend Amount	39.19	42.94	51.53	68.71	119.94

*F.Y. 2005-2006 figures given on consolidated basis

Annexure VII

Performance Ratio

	Particulars	Year Ended 31st March,				
		2002	2003	2004	2005	2006
1	Net Profit (Rs. in Lakhs)	145.94	64.16	104.11	192.06	383.59
2	Weighted average number of Shares Outstanding	35,08,280	38,28,150	41,22,400	41,22,400	45,36,462
3	Basic Earnings per share (Rs.) [1/2]	4.16	1.68	2.53	4.66	8.45
4	Face Value of Shares (Rs.)	10.00	10.00	10.00	10.00	10.00
5	Net Asset value (Rs. in lakhs)	499.77	349.51	359.12	480.73	1,326.53
6	Return on Net Worth (%) [1*100/5]	29.20	18.36	28.98	39.95	28.91
7	Number of Shares Outstanding at the end of the Year	31,35,330	34,35,330	34,35,330	34,35,330	71,44,622
8	Net Asset Value (Rs.) [5/2] (Based on weighted average number of shares)	14.25	9.13	8.71	11.66	29.24

Notes:1) F.Y. 2005-2006 figures given on Consolidated basis

- 2) Diluted EPS based on conversion of Convertible Debentures is Rs. 7.47 for the year ended 31.03.2006
- 3) Amounts for year ended 2002, 2003, 2004 & 2005 are restated after considering shares face value of Rs. 10.00
- 4) Earning per share is calculated according to the guidelines given in AS-20 issued by ICAI

Annexure VIII

Capitalisation Statement

(Rs. In lakhs)

	Particulars	Pre-Issue as at 31.03.2006	Post Issue*
A]	Borrowings:		
i)	Short-term Debt (Working Capital Advance)	26.57	26.57
ii)	Long-term Debt	1862.63	1233.23
	Total Debt	1889.20	1259.80
B]	Shareholder's Funds :		
i)	Equity Share Capital	714.46	
ii)	Reserves and Surplus	673.38	
	Total Shareholder's Funds	1387.84	
	Long-term Debt/Equity ratio (%)	1.36	

* Post Issue total shareholders fund will be known at the closer of the Issue

Annexure IX

Statement of Tax Shelter

	Particulars	Year Ended 31st March,				
		2002	2003	2004	2005	2006*
A]						
i)	Profit/Loss before tax as per audited accounts	175.94	88.95	170.94	284.73	420.67
ii)	Tax at Notional Rate(%)	35.70	36.75	35.88	36.59	33.66
iii)	Tax impact	62.81	32.69	61.33	104.18	141.60
B]	Timing/ Permanent Difference					
i)	Adjustment for Depreciation	(40.71)	(30.21)	(30.89)	(48.44)	(62.89)
ii)	Profit/Loss on Sale/ Destruction of Assets	(0.23)	5.60	(0.79)	0.39	(0.18)
iii)	Other Adjustments	(16.63)	(1.32)	1.35	1.21	28.49
	Total - (B)	(57.57)	(25.93)	(30.33)	(46.84)	(34.58)
C]	Taxable Profit [(A-1) - (B)]	118.37	63.02	140.61	237.89	386.09
D]	Tax On [C]	42.25	23.16	50.44	87.04	129.96
E]	Tax Savings [(A-3) - (D)]	20.56	9.53	10.89	17.14	11.64
F]	TAX AS PER RETURN OF INCOME	42.25	23.16	50.44	87.04	129.96

*F.Y. 2005-2006 figures given on Consolidated basis

Annexure X

Statement of Other Income

(Rs. in lakhs)

Particulars	Year Ended March 31,				
	2002	2003	2004	2005	2006*
Miscellaneous Income	2.75	1.76	0.01	3.84	2.71
Interest/Dividend Received	5.37	7.76	6.16	5.55	5.87
Discount Received	0.95	1.00	0.43	3.43	5.98
Miscellaneous Balances Written Back	0.11	0.38	-	0.07	0.60
Profit on Sale of Shares	0.36	0.05	3.28	0.60	0.17

*F.Y. 2005-2006 figures given on Consolidated basis

Annexure XI

Sundry Debtors

(Rs. in lakhs)

Particulars	Amount
(Unsecured, considered doubtful)	
- Outstanding for a period less than six months	-
- Outstanding for a period exceeding six months	-
(Unsecured, considered good)	
- Outstanding for a period less than six months	1733.73
- Outstanding for a period exceeding six months	12.80
	1,746.53

Annexure XII

Loans & Advances

(Rs. in Lakhs)

Particulars	Amount
Advances Recoverable in Cash or in Kind or for the value to be received	
- From Directors	-
- From Others	303.9
Security Deposits	42.03
Excise Duty Balances	103.73
	449.66

Annexure XIII

Unsecured Loans

(Rs. in lakhs)

Sr No	Particulars	Amount	Rate Of Interest	Repayment Terms
1	Inter Corporate Deposits	58.40	12.00%	Payable on demand
2	Deferral payment of Sales Tax	120.50	-	Within Ten Years
3	Debentures	629.40	12.00%	To be converted into Equity Shares before March 31, 2007
	Total	808.30		

Statement of Secured Loan as on 31.03.2006

(Rs. in Lakhs)

Particulars of Loan	Financed By	Nature of Loan	Sanctioned Amount	Amount Outstanding	Rate of Interest P.A. (%)	Repayment Terms	Securities Offered
Working capital loan	SBI IFB Pimpri, Pune	Fund based	345.00	26.57	10.75	Payable on demand	Secured against hypothecation of inventories & book debts and guaranteed by directors
Term Loan	SBI IFB Pimpri, Pune	Fund based	745.00	339.65	10.25	Within Five years	Mortgage of land buildings & hypothecation of plant & machinery & guaranteed by Directors.
Vehicle Loans	Cholamandalam Investment & Finance	Fund based	9.14	2.78	4.61	Within Three years	Hypothecation of Cityride bus & guaranteed by Directors
Vehicle Loans	I.C.I.C.I. Bank	Fund based	29.91	17.51	8.51	Within Five years/three years	Hypothecation of Maruti car & guaranteed by Directors
Vehicle Loans	Kotak Mahindra Primus Ltd.	Fund based	8.45	1.61	8.51	Within Three years	Hypothecation of Maruti & guaranteed by Directors
Term Loan	Standard Chartered Bank	Fund based	600.00	600.00	10.25	Within Five years	Mortgage of land buildings & hypothecation of plant & machinery & guaranteed by Directors.
Bill Discount	Standard Chartered Bank	Fund based	150.00	92.78	10.25	Payable on demand	Mortgage of land buildings & hypothecation of plant & machinery & guaranteed by Directors.

Financial Information of Group Companies

I. Unlisted Group Companies

1. Lumax Investment and Finance Private Limited

Date of Formation: February 15, 1995

The Company is into the business of bill discounting and investment in securities etc. It was incorporated as public limited company and it was converted into private limited company on December 24, 2001.

The current shareholding pattern in the company as on July 25, 2006 is as follows:

Sr No	Name of shareholders	No. of Equity Shares	% of holding
1	Lumax Industries Ltd.	1,75,020	49.85
2	Mr. Dhanesh Kumar Jain	91,030	25.93
3	Lumax International Pvt. Ltd.	50,000	14.24
4	D.K. Jain & Sons (HUF)	20,000	5.70
5	Others	15,020	4.28
	Total	3,51,070	100.00

The Board of Directors comprises of

Sr No	Name	Designation
1.	Mr. Sagar Chand Jain	Director
2.	Mr. Dhanesh Kumar Jain	Director
3.	Mr. Naval Khanna	Director

List of Promoters

Sr No	Name
1.	Lumax Industries Ltd.
2.	Laser Lamps (Haryana) Ltd. (merged with Lumax Industries)
3.	Mr. Sagar Chand Jain
4.	Mr. Dhanesh Kumar Jain
5.	Mr. Mahesh Kumar Jain
6.	Mr. Umesh Kumar Jain
7.	Mr. Ram Pershad Aggarwal

The brief financials of the company are given below:

Rs in Lakhs

Particulars	For the year ended March 31,		
	2006	2005	2004
Total Income	6.59	7.05	7.99
Profit / (Loss) After Tax	4.06	4.14	4.73
Equity Share Capital	35.11	35.10	35.10
Reserves	34.74	30.68	26.53
NAV per share of face value Rs. 10/- each (Rs.)	19.90	18.74	17.55
EPS per share of face value Rs. 10/- each (Rs.)	1.16	1.18	1.35

The Company does not fall under the definition of a sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

The Company has not made any loss in the immediately preceding three years

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

2. Sheela Finance Private Limited

Date of Formation: May 31, 1990

The Company is in the business of investment in securities and inter corporate deposits. The company was promoted by Mrs. Sheila Lulla and Mr. B. Surender. It was acquired by existing promoters on April 20, 1991.

The current shareholding pattern in the company as on July 25, 2006 is as follows:

Sr No	Name of shareholders	No. of Equity Shares	% of holding
1	Mrs. Usha Jain	7,32,752	64.42
2	Mr. Deepak Jain	3,01,580	26.51
3	Mr. Anmol Jain	1,03,200	9.07
	Total	11,37,200	100

The Board of Directors comprises of

Sr No	Name	Designation
1.	Mrs. Usha Jain	Director
2.	Mrs. Poysha Jain	Director
3.	Mrs. Shivani Jain	Director

List of Promoters

Sr No	Name
1	Mrs. Usha Jain
2	Mr. Deepak Jain
3.	Mr. Anmol Jain

The brief financials of the company are given below:

Rs in Lakhs

Particulars	For the year ended March 31,		
	2006	2005	2004
Total Income	17.85	28.36	73.07
Profit / (Loss) After Tax	12.24	21.23	55.05
Equity Share Capital	113.78	113.78	113.78
Share Application Money	105.00	105.00	105.00
Reserves	22.60	22.04	13.78
NAV per share of face value Rs. 10/- each (Rs.)	11.38	21.16	20.44
EPS per share of face value Rs. 10/- each (Rs.)	1.08	1.87	4.84

The Company does not fall under the definition of a sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

The Company has not made any loss in the immediately preceding three years

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

3.D & A Enterprises (P) Limited

Date of Formation: May 13, 1991

The company is into trading activities.

The current shareholding pattern in the Company as on July 25, 2006 is as follows:

Sr No	Name of shareholders	No. of Equity Shares	% of holding
1	Mr. Dhanesh Kumar Jain	10	0.001
2	Mrs. Usha Jain	10	0.001
3	M/s D.K. Jain & Sons (HUF)	9,980	99.998
	Total	10,000	100.000

The Board of Directors comprises of

Sr No	Name	Designation
1.	Mrs. Usha Jain	Director
2.	Mr. Deepak Jain	Director
3.	Mr. Anmol Jain	Director

List of Promoters

Sr No	Name
1.	Mr. Dhanesh Kumar Jain
2.	Mrs. Usha Jain

The brief financials of the company are given below:

Particulars	Rs in Lakhs		
	For the year ended March 31,		
	2006	2005	2004
Total Income	0.06	0.09	0.09
Profit / (Loss) After Tax	0.02	0.02	0.01
Equity Share Capital	1.00	1.00	1.00
Reserves	0.52	0.48	0.49
NAV per share of face value Rs. 10/- each (Rs.)	15.10	14.76	14.96
EPS per share of face value Rs. 10/- each (Rs.)	0.21	0.53	1.95

The Company does not fall under the definition of a sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

The Company has not made any loss in the immediately preceding three years.

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

II. Listed Group Companies

Lumax Industries Limited

Date of Formation: December 10, 1981

Nature of Activities: Manufacturing automobile lighting equipments like head lamp, tail lamp, stop lamp side lamp and blinkers.

The Company was incorporated as a Lumax Industries Private Limited. The name of the company was changed to Lumax Industries Limited on April 17, 1984. It accounts for over 60% market share in Indian automobile lighting business and has financial collaboration with Stanley Electric Company Limited, Japan.

It has six manufacturing plants in India. Of these, one plant in Gurgaon and second plant in Dharuhera in Haryana, three plants in Pune, Maharashtra and one plant in Chennai.

The current shareholding pattern as on June 30, 2006 in the company is as follows:

Sr No	Name of shareholders	No. of Equity Shares	% of holding
1	Promoters Holding		
	i. Indian Promoters	32,64,852	39.11
	ii. Foreign Promoters	16,20,183	19.41
	Total	48,85,035	58.52
2	Non Promoters Holding		
	i. Institutional Investors	4,49,772	5.39
	ii. Others i.e. Private Corporate Bodies, Indian Public, NRIs etc.	30,12,925	36.09
	Total	34,62,697	41.48
	Grand Total	83,47,732	100.00

The Board of Directors comprises of

Sr No	Name	Designation
1.	Mr. D K Jain	Chairman & Managing Director
2.	Mr. Deepak Jain	Executive Director
3.	Mr. Anmol Jain	Executive Director
4.	Mr. Y. Muraga	Executive Director
5.	Mr. A Nakamura	Director (Nominee of Stanley Electric Co.Ltd., Japan)
6.	Mr. A P Gandhi	Director
7.	Mr. Deep Kapuria	Director
8.	Mr. Suman Jyoti Khaitan	Director
9.	Mr. Gursaran Singh	Director
10.	Mr. P S Dubey	Director (Nominee of IDBI)

List of Indian Promoters:

Sr No	Name
1.	Mr. Sagar Chand Jain

2	Mr. Dhanesh Kumar Jain
3	Mr. Mahesh K Jain
4	Mr. Umesh Kumar Jain
5	Mrs. Usha Jain
6	Mrs. Pushpa Jain

The brief financials of the company are given below:

Rs in Lakhs

Particulars	For the year ended March 31,		
	2006	2005	2004
Total Income	41,662.03	30,952.39	23,260.02
Profit / (Loss) After Tax	922.72	719.89	918.67
Equity Share Capital	834.77	834.77	834.77
Reserves & Surplus	5,984.39	5,462.81	5,028.47
NAV per share of face value Rs. 10/- each (Rs.)	81.70	75.45	70.24
EPS per share of face value Rs. 10/- each (Rs.)	11.05	8.62	11.01

The stock Market data of the company for the last six months is as under

Month	High	Low	No. of Shares	Net Turnover (Rs. In Lakhs)
February, 2006	138.85	110.10	3,21,875	402.64
March 2006	139.40	110.25	4,71,869	608.16
April 2006	141.00	124.00	1,53,716	201.42
May 2006	142.00	112.00	2,53,270	334.50
June 2006	456.25	97.30	3,76,084	495.84
July 2006	168.00	140.00	3,81,723	603.32

(Source: www.bseindia.com)

There has been no rights or public issue by Lumax Industries Limited in the last three years.

The Company does not fall under the definition of a sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

The Company has not made any loss in the immediately preceding three years

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

Disassociation by Promoters

Promoters have not disassociated themselves from any of the companies/firms during preceding three years.

Common Pursuits

Lumax Industries Limited are into the business of manufacturing the lighting equipments for two wheelers, however there is a clear demarcation between the customer as Lumax Industries Limited do not supply to the customers of LATL.

All the group companies, except stated above, are caring on separate business and there is no conflict of interest between the Company and its Group Companies

Statement In Terms Of Clause of 6.10.3.5 Of DIP Guidelines

There has been no a sale or purchase between Companies in the Promoter Group, which exceed in value in the aggregate 10% of the total sales or purchase of the issuer Company. The material item of income or expenditure arising out of transaction in the promoters group are disclosed under the Annexure IV “Related Party Disclosure “ of the Auditors Report appearing on page [●] of this Draft Prospectus.

Changes in Accounting Polices in the Last 3 Years

There has been no changed in accounting policies in the last three years

Management Discussion and Analysis of Financial Conditions and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with financial statements included in this Draft Prospectus. You should also read the section titled “Risk Factors” beginning on page [•] of this Draft Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

The following discussions are based on restated financial statements for the financial year ended March 31, 2003; March 31, 2004; March 31, 2005; March 31, 2006 which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and on information available from other sources.

The Directors confirm that there have been no events or circumstances since the date of the last financial statements which materially and adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

Overview

Lumax Auto Technologies Ltd., (LATL) (formerly known as Dhanesh Auto Electricals Limited) was promoted by Mr. D.K. Jain and Group (Promoter Group). The flagship company of the promoter group is Lumax Industries Limited, a listed entity, leader in domestic automotive lighting equipments. LATL is primarily engaged in the business of manufacturing and supplying of number of automotive parts for 2 Wheelers, mainly to Bajaj Auto Limited and Lumax Industries Limited.

During the year March 31, 2006, all the shares of Lumax DK Auto Industries Limited were acquired by LATL and it became 100% subsidiary of LATL. This Company, Lumax DK Auto Industries Ltd, has been promoted by D.K. Jain Group primarily engaged in manufacturing and supplying of automotive parts for 4 wheelers, mainly for Maruti Udyog Limited and Lumax Industries Limited and also manufactures Corrugated Boxes.

Significant Developments Subsequent to the Last Financial Year

Our directors hereby state that in their opinion there is no material development after the date of the last financial statements disclosed in this Draft Prospectus which is likely to materially and adversely affect or is likely to affect the trading or profitability of our company or the value of our assets, or our ability to pay our liabilities within the next twelve months.

Factors That May Affect Result of Operations

Technology & obsolescence

The Company Presently manufactures Automotive Lighting / chassis assembly for 2 Wheeler and 4 wheeler Industries which are sold to all automotive industries who have stringent quality standards. To meet these standards, we have in-house development center to meet the standard norms. We are constantly upgrading our technology to get better market share.

Concentration of Revenue

The Company is relying on only one customer for its off take although automotive industry is booming, any downward trend / recession will have impact on the business of the company. In case customer changes the plan or changes the model this could affect the sales / profitability of the company.

Availability of Raw Materials / Components

A key concern is availability of adequate raw materials and different kinds of components meeting with various stringent norms. There is sharp rise in the basic raw material cost like steel sheet, steel tube and polymers etc. To minimize the impact Company has entered into long term contract with direct manufacturers.

The percentage of revenues derived from top customers is tabulated below –

Financial Year	2004	2005	2006
Top Customer	90%	90%	90%
Others	10%	10%	10%

Debtors and Creditors

We have been enjoying credit period of 90 to 91 days from our suppliers and foresee no difficulty in continuing this arrangement with our suppliers. The average debtors and creditors cycle is tabulated herein below:

(Nos. of Days)			
Financial Year	2004	2005	2006
Average Collection period	62	38	37
Average Credit period	119	76	97

Adversed Events

There has been no adverse event affecting the operation of our Company occurring within one year prior to the date of filing of the offer document with the Registrar of Companies.

Defaults

There are no encumbrances over the property of our Company except as disclosed in the Auditors report included in this Draft Prospectus.

Details of Any Encumbrances over The Property Of Our Company And Guarantees Given By Our Company To Any Other Party

There are no encumbrances over the property of our Company except as disclosed in the Auditors report included in this Draft Prospectus.

Discussion on Results of Operations**1. Revenues**

Our revenues comprise of sale of automotive components and other income.

Sources of Revenue	FY 2006	FY 2005	FY 2004
Sale of Components	9,431.78	8,549.79	5,897.28
Other Income	14.06	13.49	9.88
Total Revenues	9,445.76	8,563.28	5,907.16

We derive our revenue primarily from the following –

1. Fabrication (60%)
2. Lighting (20%)
3. Others (20%)

2. Expenditure

The following table shows our expenditure for the last three fiscal years ended 31st March 2006

Expenditure	FY 2006	FY 2005	FY 2004
Manufacturing Expenses	991.50	912.17	615.33

Employee remuneration	487.84	429.31	393.55
Administration & Other expenses	227.93	207.03	150.48
Interest & Other Finance charges	78.43	45.47	38.51
Depreciation	112.94	88.52	86.10
Total	1,898.64	1,682.50	1,283.97

Financial Results

Particulars	Year ended 31.03.2006	Year ended 31.03.2005
Total Revenue	9,445.76	8,563.78
Operating Profit	612.04	419.19
Profit before Tax	285.70	420.67
Profit after Tax	268.36	192.07

The year 2007 looks optimistic as far as business of automobile industry. The company continues to get regular orders from the customers and also process of identifying new customers. The above will enable the company to achieve the projected growth in the years to come.

The company has embarked on an expansion plan that is being implemented concurrently viz.

- i) Bhosari plant
- ii) Chinchwad plant and
- iii) Expansion of Chakan & Waluj plant.

Summary Of Financial Results For The Past 3 Years Containing Significant Items Of Income & Expenditure.

Particulars	Year Ended March 31			
	2003	2004	2005	2006
Domestic Sales	4032.57	5897.28	8549.79	9430.75
Total Sales	4032.57	5897.28	8549.79	9430.75
%Increase		46.24%	44.97%	10.31%
Other Income	10.94	9.88	13.49	14.06
Total Income	4043.51	5907.16	8563.28	9444.81
Expenditure				
Material Consumed	4043.51	4449.74	6595.06	7125.50
% To Sales	71.64%	75%	77%	76%
Manufacturing Expenses	482.95	615.33	912.17	991.5
% To Sales	11.97%	10%	11%	11%
Salaries And Wages	367.86	393.55	429.31	487.84
% To Sales	9.12%	7%	5%	5%
Admin&Selling Expenses	78.71	150.48	207.03	227.93
% To Sales	1.95%	3%	2%	2%
Financial Charges	56.28	38.51	45.47	78.43
% To Sales	1.40%	1%	1%	1%
Depreciation	74.31	86.10	88.52	112.94
% To Sales	1.84%	1.46%	1.04%	1.20%
Profit Before Tax	94.60	173.44	285.66	420.66
Current Taxation	23.00	52.00	87.42	139.00
Deferred Taxation	1.79	14.84	5.24	13.30

Profit For The Year	69.81	106.60	193.00	268.36
Extraordinary Items	5.65	2.50	0.98	-
Prior Period Items				
Net Profit After Extraordinary & Prior Period Items	64.16	104.10	192.02	268.36

a. Comparison of Performance and Analysis of Development for Financial Year Ended 31st March 2006 vis-à-vis 31st March 2005

Sales:

During the year ended 31 March, 2006, the sales were Rs. 9,430.75 Lakhs, which translated growth of 10.31% as against sales of financial year 2004-2005. Our Sales constitute various product mix based on the demand from OEM Customers.

Other income:

The other income for the F.Y. 2006 is Rs. 14.06 Lakhs slightly higher than last year. The company has negotiated and obtained quantity discount from supplies.

Material Consumed:

The material consumption has been brought down from 77% to 76% in the Current year. This reduction is on account of long term contracts entered with raw material suppliers and due to efforts in controlling of Consumables, Spares, Wastage and Rejection .

Financial Expenses:

Interest cost has gone up Rs. 32.96 Lakhs as compared to financial year 2005. Interest out go was mainly on account of investment in fixed assets by availing Term loan.

Depreciation:

Depreciation has increased by Rs. 24.42 Lakhs as compared to Financial Year 2005. The reason for increase is the addition to fixed assets amounting to Rs. 783.53 Lakhs during the year 2006.

PBT:

Bottom-line has been increased from 3.34% to 4.46% as a percentage of turnover. Value-wise increase is Rs. 135 Lakhs which shows 47% increase as compared to the previous year.

b. Comparison of performance and Analysis of Developments for Financial Year ended 31st March 2005 vis-à-vis 31st March 2004

Sales:

The sales stood at Rs. 8,549.29 lakhs for F.Y. 2005, which is 45% as against the sales of Financial year 2004. The spurt in volume of business was increased in sales of chassis assembly and head assembly. Which was mainly to cater demand from OEM's and boom in two-wheeler segment.

Other income:

The other income for the F.Y. 2005 is Rs. 13.49 Lakhs while it is Rs. 9.88 Lakhs for the F.Y. 2004. The other income revenue has been increased on account of discount received from suppliers. .

Material Consumed:

The material consumption is 77% of sales in FY 2005 , as against 75% of sales in f.y. 2004 . there has been steep increase in the cost of raw materials. Our products mix consist of chassis assembly / Lighting ssembly which had higher input cost thus resulting into higher material consumption.

Financial Expenses:

Interest cost has gone up Rs. 6.96 Lakhs for the F.Y. 2005 compared to financial year 2004. Higher volume of business demanded increased working capital needs. This resulted into increased borrowing and interest cost.

Depreciation:

Depreciation has increased Rs. 2.42 Lakhs for the F.Y. 2005 compared to Financial Year 2004.

PBT:

Bottom-line has been increased from 2.94% to 3.34% as a percentage of turnover. Value-wise increase is Rs. 112.22 Lakhs which shows 40% increase as compared to the previous year.

**c. Comparison of performance and Analysis of Developments for Financial Year
Year ended 31st March 2004 vis-à-vis 31st March 2003****Sales:**

The Company's turnover for the F.Y. 2004 was 5907.16 Lakhs, which is 46% more than that of previous F.Y. 2003. Improved sales performance due to upswing in the Automobile Industries resulting higher off take.

Other income:

The other income for the F.Y. 2004 is Rs. 9.88 Lakhs slightly lower than last year.

Material Consumed:

The Material consumption is 75% of sales in F.Y. 2004, as against 72% of Sales in F.Y. 2003 . There has been increase in input cost resulting into higher material consumption for our products.

Financial Expenses :

Interest cost has gone down Rs. 17.71. Lakhs for the F.Y. 2004 compared to Financial year 2003, Re-payment of term loan resulting in lower interest cost .

Depreciation:

Depreciation has increased Rs. 11.79 Lakhs for the F.Y. 2004 compared to Financial Year 2003. The Company had investment in Fixed Assets.

PBT:

Bottom-line has been increased from 2.34% to 2.94% as a percentage of turnover. Value-wise increase is Rs. 79 Lakhs which shows 46% increase as compared to the previous year.

Information required as per clause 6.10.5.5(a) of the SEBI Guidelines**a. Unusual or infrequent events or transactions:**

There have been no unusual or infrequent transactions that have taken place.

b. Significant Economic changes that materially affected or likely to affect income from continuing operations:

Volatility in foreign exchange rates may have an inflationary effect on cost of imports. However, considering the low amount of exports and imports, the effect of foreign exchange rate variations on our business is limited. Except the above, there are no significant economic changes that materially affect or likely to affect income from continuing operations.

c. Known trends or uncertainties:

Apart from the risks as disclosed in this Draft Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income form in continuing operations.

d.Future relationship between cost and revenue:

The expansion of the current operations would enable the company to procure raw materials in bulk locally from the direct manufacturers. This would in turn result in negotiating for competitive prices and help the company to achieve economies of scales.

e. Reason for increase in Sales / Revenue

The increase in sales is mainly due to increased volume.

f. Total turnover of the industry:

Total turnover of the industry is not available, however the total production of the industry in terms of value is US \$ 8.7 billion in 2004-05 (Source:ACMA)

g.New products introduced in 2005/06:

We have not introduced any new products.

h.Seasonality of the business:

None of the companies products sold are seasonal in nature.

i. Over dependence on a single supplier / customer:

The company sources raw materials from number of suppliers and is not under threat from excessive dependence on any single supplier. Although the company supplies excessively to a few customers, it does not foresee any major threat in the near future.

j. Competitive conditions:

The company has been strengthening its position in the product in which it is operating. The company also has been expending its market and customer base in the local market. All these things have been helping the company to stand against competition.

SECTION VI: LEGAL AND OTHER INFORMATION

Outstanding Litigations and Material Developments

A) Outstanding Litigation Involving Lumax Auto Technologies Limited

Filed By the Company: Nil

Filed Against The Company:

Pertaining To Tax Matters

(Rs in lakhs)

Sr No	Party	Issue	Place of Litigation	Case No/Date Instituted	Claim Amount	Provision made in the balance sheet
1	Excise Department	Cenvat credit to be given	Pune	--	2.35	No
2	Income Tax	Disallowance of expense towards stamp duty and filing fees	Pune	Pn/Cir.8/p enalty/2005-06	0.40	No

- 1) Show cause notice was given by Central Excise Department, Pune for availing the Cenvat credit of Rs. 2.35 lakhs against the goods delivered to M/s Bajaj Auto, Chakan near Pune. The appeal has been filed by the Company for the same. The case is pending at appellate tribunal.
- 2) Notice was issued by the office of Deputy Commissioner of Income Tax, Pune u/s 271(1)(c) for sum of Rs. 0.40/- outstanding for the A.Y. 2002-03 on October 31, 2005. The Company has filed an appeal for the same. The case is pending with CIT(A).

Others:

- **Notice given by ROC for not filing the form 8 & 13 within 30 days from the date of creation of charge.**

Notice was issued by ROC for the above on February 28, 2006. The petition has been filed for the same by the Company before Company Law Board on June 20, 2006.

- **Show cause notice issued by ROC for violation of Section 383A**

Show cause notice was issued on November 21, 2005 for violation of Section 383 A as we did not have Wholtime Company Secretary.

Reply has been given for the same on December 26, 2005 stating that the Company has placed an advertisement in the newspapers for appointment of the Company Secretary and was unable to appoint one due to non-suitability of candidates. Currently, we have appointed Company Secretary w.e.f. June 14, 2006.

- Further no proceeding has been initiated for economic offences against Lumax Auto Technologies Limited and is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.
- There are no other pending litigations against the Company.

- There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of our Company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956) and disputed tax liabilities.
- There are no such cases of pending litigations, defaults etc in respect of companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- No disciplinary action/ investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956
- There are no cases against the Company or its Promoters or Directors of economic offences in which penalties were imposed on them or any of them. There are no cases in which defaults were committed or statutory dues remained to be paid or proceedings were initiated for economic or civil offences in the past in which the Company or its directors were found guilty of any disciplinary action taken by SEBI or the stock exchanges.
- The Company, confirms that there are no pending litigations, defaults, non payment of statutory dues, or violation of statutory regulations proceedings initiated for economic offences/civil offences/ criminal offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Offer Document.

B) Outstanding Litigations Involving Promoters / Directors

Except as stated above, there are no outstanding litigations, disputes, defaults, non-payment of statutory dues, overdues to banks and/or FIs, defaults against banks and/or FIs, proceedings initiated for economic/civil/any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against Promoters/ Directors of Lumax Auto Technologies Limited.

C) Litigation against Subsidiary Companies/Group Companies /Associate Concern

Litigation with Excise Authority is as under :-

Sr No	Party	Issue	Place of Litigation	Case No/Date Instituted	Claim Amount (Rs. in lakhs)	Provision made in the balance sheet
1	Central Excise Division, Gurgaon	Payment of Central Excise Duty for rejected goods/components	Gurgaon	V(Prec.)24/ GGN-II/2000/697 6 dated June 26, 2001	0.88	No

Show cause notice was issued by Central Excise Division, Gurgaon for LDK being liable for paying excise duty of Rs. 0.88 lakhs on 1,400 pieces of rejected goods/components. LDK (erstwhile Lumax GHSP Industries) has filed an appeal on September 12, 2001. LDK has appealed that it received the rejected goods for repairs, since no facility for repairs is available in the factory, those goods were got rectified from outside job work either under Rule 173H or rule 57F(4). These rectified goods are named as replaced components in general trade practice on which excise duty is not required. Since Rs. 0.88 lakhs was given before the issue of show cause notice, LDK has appealed to refund the amount.

Statutory Due Cases

Sr No	Party	Issue	Place of Litigation	Case No/Date Instituted	Claim Amount (Rs. in lakhs)	Provision made in the balance sheet
1	Employee State Insurance Corporation	Contribution to be paid for contract workers	Gurgaon	September 06, 2004	1.02	No

C-18 notice September 06, 2004 for Rs. 0.89 lakhs towards contribution to be paid to Employee State Insurance Corporation for the period April 1998 to March 2003. Failing to give the said amount, ESI Corporation issued notice of demand to defaulter u/s 45-C to 45-I of the ESI Act, 1948. As per the notice, LDK is liable to pay the contribution alongwith the interest u/s 39(5) of the ESI Act and cost & charges i.e. Rs. 1,02,089. The prohibitory order no. 13/0F/8031/(9260)/2005 dated June 01, 2005 was issued to IDBI Bank for recovery of Rs. 1.02 lakhs. Application was filed by us to the ESI Corporation for stay of the prohibitory order and we deposited Rs. 0.51 lakhs with ESI Corporation. Currently, the case is still pending with ESI Court, Gurgaon.

Except as stated above, there are no criminal, securities, statutory or other litigations against any of the Group/Associate Companies. There are no outstanding litigations, disputes, penalties including tax liabilities economic offence, criminal/civil prosecutions for any offence irrespective of whether or not specified under any enactment in paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against the Group Companies / Associate concerns promoted by the Promoters.

There are no outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956).

The promoters, their relatives (as per Companies Act, 1956), issuer, group Companies, associate companies are not detained as willful defaulters by RBI/ Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Amounts Due to Small-Scale Undertakings

The name of the small scale undertakings to whom the company owes a sum exceeding Rs. 1 Lakh which is outstanding more than 30 days as on March 31, 2006 is as follows:

(Rs. in Lakhs)

Sr.	Name Of The Party	Amount
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Sr.	Name Of The Party	Amount
1	Addinath Brass Industries	3.62
2	Adm Plastics (JW)	2.89
4	Corrugaphic (CR)	1.02
5	Nitin Polimers	1.00
7	Precision Industries (JW)	1.30
8	Rubber Craft Industries	2.56
9	Shete Industries	3.78
10	Shree Press Components	10.06
11	Deccan Industrial Supplier	4.86
12	IEC Air Tools Pvt.Ltd.	1.10
13	Powerline Engg. Corporation	1.20
14	Prashant Steels	1.58
15	Precise Cuts	24.94
16	Rohit Exhaust System	8.01
17	Tirupati SPressco	25.75
18	Heramb Industries (Pune)	1.31
19	Tirupati Pressco [Pur]	16.23
20	Tirupati Pressco [JW]	2.51
21	Varroc Engineering Pvt. Ltd.	3.45
	TOTAL	11.724

Material Developments since the Last Balance Sheet Date

Our directors hereby state that in their opinion there is no material development after the date of the last financial statements disclosed in this Draft Prospectus which is likely to materially and adversely affect or is likely to affect the trading or profitability of our company or the value of our assets, or our ability to pay our liabilities within the next twelve months.

Government Approvals/Licensing Arrangements

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further approvals are required by the company for carrying on the present business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Sr No	Issuing Authority	Registration/ License No.	Nature of Registration/License	Date of Issue	Validity
1	Ministry of Commerce	3195007347	Importer-Exporter Code	December 12, 1995	-
2	Central Excise	AAACD4090Q XM003	Central Excise Registration	December 04, 2002	-
2	Central Excise	AAACD4090Q XM001	Central Excise Registration of W-28, Waluj, Aurangabad	February 19, 2002	-
2	Central Excise	AAACD4090Q XM001	Central Excise Registration of A-8, Waluj, Aurangabad	February 19, 2002	-
3	Central Excise Commissionerate	STC/BAS-438/PI-04	Registration for payment of service tax on service of Business Auxillary Service and G.T.A	October 29, 2004	-
4	National Securities Depository Limited	PNED04520F	Tax Deduction Account Number	July 16, 2005	-
5	Income Tax Department	AAACD4090Q	Permanent Account Number	January 01, 2001	-
6	Maharashtra Government	PLN/315-89/JJT/MUP	Factory License	December 31, 2006	-
7	Sales Tax Department	2780001243	Sales tax registration	April 01, 2006	March 31, 2016
8	Maharashtra Pollution Control Board	-	Consent to operate under Water Act and Air Act at Chakan Unit, Pune	February 22, 2005	January 31, 2010
9	Directorate of Industries, Maharashtra	11/9/06931/P MT/SSI	Small Scale Industrial Unit's registration number	April 11, 1984	-
10	TUV CERT	04100 2005 7043-E3	ISO 9001:2000	February 14, 2005	February 13, 2008

Sr No	Issuing Authority	Registration/ License No.	Nature of Registration/License	Date of Issue	Validity
11	Sales Tax Authority	-	Certificate for availing the sales tax incentive by way of deferral sales tax liability	May 18, 1999	July 31, 2008
12	Employee State Insurance Corporation	33-331175	ESI registration	-	-
13	Ministry of Company Affairs	U31909MH198 PLC025519	Corporate identity number	-	-

Approvals for Which Application Have Been Made But Yet Not Received

Sr no	Approval/ Consents	Authority	Status
1	Power Requirement	Maharashtra State Electricity Board	New Application for 500 KVA forwarded to MSEDC June 23, 2006

To Be Applied For

Sr no	Approvals	Authority	Status
1	License under Factories Act for Bhosari Plant	Chief Inspector of Factories, Pune	Application will be made in September 2006
2	Obtaining NOC from Pollution Department	Maharashtra Pollution Control Board	Application will be made in September 2006

SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares in this Issue by our Company has been authorised by the resolution of the Board of Directors passed at their meeting held on May 20, 2006, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Issue at the general meeting of the shareholders of the Company held on June 15, 2006 at Pune.

Prohibition by Sebi

Neither we, nor our directors or our Promoters or our persons in control or our subsidiaries or our group companies or companies with which the our Directors are associated as directors or promoters, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

- 1) The Company fulfils the criteria of eligibility norms for public issue by unlisted company as specified in clause 2.2.1 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 in the following manner.
 - a) The Company has a preissue net worth of at least Rs 1 crore in each of the Preceding 3 full years (of 12 months each) (As per restated summary of Asset and liabilities)

Rs in lakhs

	For the year ended March 31,		
Particulars	2006	2005	2004
Share Capital	714.46	343.53	343.53
Reserve & Surplus	673.38	161.44	47.91
Less: Misc Expenditure	61.31	24.24	32.32
Net worth	1326.53	480.73	359.12

- b) The Company has a track record of distributable profits in terms of Section 205 of the Companies Act, for at least three (3) out of the immediately preceding five (5) years (As per restated statement of profit and loss Account)

Rs in lakhs

	For the year ended March 31,		
	2006	2005	2004
Profit after Tax	383.68	193.04	106.61

- c) The Company's net tangible assets during the last 3 years are given below. The monetary assets in each of these years are less than 50% of the net tangible assets amount (As per summary statement of Assets and liabilities)

(Rs. in Lakhs)

	For the year ended March 31,		
	2006	2005	2004
Net tangible assets	3483.07	1354.22	937.37

- d) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year.

Rs in lakhs		
a)	Proposed issue through offer document	2259.00
b)	All previous issues made in the same financial year in terms of size (i.e. offer through offer documents + firm allotment promoter contribution through the offer document)	NIL
c)	5 times the net worth results in the company eligible to raise	6632.65

The Company has changed its name from Dhanesh Auto Electricals Limited to Lumax Auto Technologies Limited on August 02, 2006, but the business of the Company has not been changed.

Based on the above data the Lead Managers have certified that guidelines is fulfilling the criteria of eligibility norms for public issue by unlisted companies as specified in the guidelines 2.2.1 of SEBI (DIP) Guidelines,2000.

Disclaimer Clause

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (HEREINAFTER REFERRED TO AS SEBI).

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI .SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR FOR THE PROJECT FOR WHICH THE ISSUED IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT PROSPECTUS. THE LEAD MANAGERS, CENTRUM CAPITAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ISSUER / COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROPECTUS , THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS CENTRUM CAPITAL LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 07, 2006 ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARS REFERRED TO IN ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE ;**

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.
3. WE CONFIRM THAT:
 - o THE DRAFT PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE
 - o ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AND ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - o THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
 - o WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE BOARD TILL DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS .

THE FILING OF DRAFT PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER (S) ANY IRREGULARITIES OR LAPSES IN THE DRAFT PROSPECTUS."

Disclaimer Clause from Company and the Lead Managers

The Company, the Directors and the Lead Managers accept no responsibility for statements made otherwise than in this Draft Prospectus or in the advertisement or any other material issued by or at the instance of the Company and the Lead Managers and that anyone placing reliance on any other source of information, including the Company website, www.lumaxautotech.com would do so at their own risk

The Lead Managers accepts no responsibility, save to the extent as provided in the Memorandum of Understanding entered into between the Lead Managers and the Company dated August 01, 2006

All information shall be made available by the Company and the Lead Managers to the Public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows presentations, in research or sales reports etc.

General Disclaimer of the Issuer

The Company accepts full responsibility for the accuracy of the information given in this draft Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which make any statement in this Draft Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The Company further declares that the stock exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this proposed public issue or for the price at which the Equity Shares are offered or for the correctness of the statements made or opinions expressed in this Draft Prospectus.

The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Draft Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case be, that any information/material has been suppressed/withheld and/or amounts to a misstatement/misrepresentation, the promoters/directors undertake to refund the entire application monies to all the subscribers within seven days thereafter without prejudice to the provisions of Section 63 of the Companies Act, 1956. The issuer will update the Draft Prospectus and keep the public informed of any material changes in the document till the listing and trading.

Disclaimer In Respect of Jurisdiction

This present issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks and co-operative banks (subject to RBI permission if any), trust registered under the Societies Registration Act, 1860, as amended from time to time or any other trust law and who are authorised under their constitution to hold and invest in shares., permitted insurance companies and to non resident including NRIs , FIIs and Foreign Venture Capital Funds registered with SEBI. as defined under the Indian laws.

This Draft Prospectus does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the jurisdiction of appropriate courts at Pune Maharashtra, India only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been submitted for approval of and has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investor may please note that Central Government /RBI do not take any responsibility for the financial soundness or correctness of the statements disclosed in this draft Prospectus.

Disclaimer Clause of Stock Exchanges – The Designated Stock Exchange.**Disclaimer Clause of Bombay Stock Exchange Limited, Mumbai**

As required, a copy of this Draft Prospectus has been submitted to the BSE. BSE (the designated stock exchange) has given vide its letter dated [●], 2005 permission to this Company to use the Exchange's name in this Draft Prospectus as one of the Stock Exchange on which the Companies securities are proposed to be listed. The Exchange has scrutinised this prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

BSE does not in any manner-

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; or
2. Warrant that this Company's securities will be listed or will continue to be listed on BSE; or
3. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of The National Stock Exchange Of India Limited (NSE)

As required, a copy of this Draft Prospectus us has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter No dated [●] permission to the Issuer to use the NSE name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e. the Paid up capital shall not be less than Rs 10 crore and market capitalization shall no be less than 25 crore at the time of listing) The NSE has scrutinized this Draft Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus nor does it warrant that the Issuer's securities will be listed or will continue to be listed on the Exchange nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any of the securities of the Company may do so pursuant to independent enquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Prospectus, along with the documents required has been filed with SEBI at Corporation Finance Department, Mittal Court, B Wing, 1st Floor, 224 Nariman Point, Mumbai – 400 021.

A copy of the prospectus, along with the material Contracts and documents required to be filed under section 60 of the Companies Act would be delivered for registration to the Registrar of Companies, PMT Commercial Building, 3rd Floor, Deccan Gymkhana Pune – 411 004.

Listing

An initial listing application has been made to the Bombay Stock Exchange limited (BSE- Designated Stock Exchange) and National Stock Exchange of India Limited for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company.

In case the permission for listing of the Equity Shares is not granted by the above mentioned Stock Exchange, the Company shall forthwith repay, without interest all monies received from the applicants in pursuance of this Draft Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to pay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 (2) of the Companies Act, 1956.

The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at BSE are taken within 7 working days of the finalization and adoption of the basis of Allotment for the issue.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub- section (1) of Section 68A of the Companies Act, 1956 (hereinafter referred to as the Act) which is reproduced below:

“Any person who

Makes in a fictitious name an application to a Company for acquiring or subscribing for any shares therein, or

Otherwise induces a Company to allot, or register any transfer of, shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing of the Directors, Auditors, Lead Managers to the Issue, Banker to the issue, Bankers to the Company, Company Secretary, Compliance Officer, Legal Advisor and Registrars to the Issue to act in their respective capacities have been obtained and filed along with copy of Prospectus with the Registrar of Companies, **PMT Commercial Building, 3rd Floor, Deccan Gymkhana Pune – 411 004** as required under Section 60 of the Act, and none of them have withdrawn the said consents up to the time of delivery of a copy of this Prospectus for registration with the said Registrar of Companies.

M/s D.R. Barve & Company, Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Prospectus and also of the tax-benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of a copy of this Prospectus for registration with the Registrar of Companies, Pune, Maharashtra.

Expert Opinion

Except for the various tax benefits available to the Company and its members expressed by the Auditors of the Company given [●] in this Draft Prospectus, we have not obtained any other expert opinion.

Expenses of the Issue

The expenses of the issue include interalia Management fees, Brokerage selling commission, printing and stationery, legal fees, statutory advertisement expenses and listing fees.

The estimated detailed of Public Issue Expenses is as follows:

Sr No	Description	Amount Rs in Lakhs	% of the total Issue Expenses	% of the total Issue size
1.	Lead Manager's Fees & Brokerage and selling commission	[●]	[●]	[●]
2.	Advertising & Marketing Expenses	[●]	[●]	[●]
3.	Printing & Stationery/Despatch	[●]	[●]	[●]
4.	Other Expenses (listing fees, Depository charges etc.)	[●]	[●]	[●]
	Total	[●]	[●]	[●]

Fees Payable to the Lead Manager to the Issue

The total fees payable to the Lead Managers will be as per the Memorandum of Understanding signed by the Lead Managers and the company dated August 01, 2006, a copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Offer will be as per the Memorandum of Understanding signed by the Registrar to the issue and the Company dated June 12, 2006, a copy of which is available for inspection at the Registered Office of the Company.

Brokerage & Selling Commission

Brokerage will be paid by the Company at the rate of 1.50% on the issue price of Equity Shares offered to the public on the basis of allotment made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the broker's column. Brokerage at the same rate shall also be payable to the Bankers to the issue in respect of Allotment made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

In case of tampering or over stamping of Brokers'/Agents' codes on the application forms, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Previous Issue of Capital during Last Five Years

We have not made any public issue of equity / debentures during the last five years prior to this issue. The details of issue of capital have been outlined in the paragraph on the build up of the share capital under the capital structure on page no. [●] of this Draft Prospectus.

Previous Issue Otherwise Than for Cash

Except as stated in the Draft Prospectus under “Capital Structure” the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission or Brokerage on Previous Issue

We have not made any public or Rights issue in the last five years.

Particulars in regard to Lumax Auto Technologies Limited and other listed companies under the same management within the meaning section 370 (1B) of the Companies Act, 1956 which made any capital Issue during the last three years.

Neither LATL, nor any other listed companies under the same management within the meaning section 370 (1B) of the Companies Act, 1956, has made any capital Issue during the last three years.

Promises V/S Performance

Issuer Company

Lumax Auto Technologies Limited has not made any public or rights issue since its inception.

Listed Ventures of Promoters

Lumax Industries Limited, one of our group companies has raised the capital by way of public issue in the year 1985. The public issue was made with a view to finance the capital expenditure

- i. for expansion of its Faridabad unit
- ii. for modernization of Delhi and Pune units

Neither the projections nor the schedule of implementation was mentioned in the prospectus.

The estimated cost of project and sources of finance were as under:

(Rs. in lakhs)	
Estimated Cost of Project	Amount
Land & Building	21.00
Plant & Machinery	30.00
Public issue expenses, margin for working capital & contingencies	11.70
Total	62.70

(Rs. in lakhs)	
Sources of Finance	Amount
Public Issue of Equity Capital including Premium @ Re. 1 per share	62.70
Total	62.70

The Company through the maiden Public Issue raised Rs. 62.70 lakhs by way of issuance of 5,70,000 Equity Shares of Rs. 10/- each for cash at a premium of Re.1/- per share.

Projected Performance vis-à-vis Actual Results

The Company had not made any projections in the Prospectus however it was stated in the prospectus that the Company would be in a position to earn adequate profits to be able to pay dividends @15% (pro rata) on the enlarged capital for the year ending March 31, 2005.

Since the shares were allotted to public on March 31, 1985, the major part of the dividend would have been payable to promoters only. Therefore, the dividend was not provided for March 31, 1985.

Outstanding Redeemable Preference Shares, Debentures and Other Instruments

There are no outstanding preference shares, debentures or any other instruments as on date of filing this Draft Prospectus.

Stock Market Data for the Company's Equity Shares

This being the initial public Issue, the Equity Shares are not listed on any Stock Exchange(s).

Mechanism for Redressal of Investor Grievances

The Company has appointed the Registrar to the issue i.e. Bigshare Services Private Limited to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant and bank and branch where the application was submitted. . The Company would monitor the work of the registrar to ensure that the Investor grievance will be settled expeditiously and satisfactorily.

The Registrar to the issue, Bigshare Services Private Limited will handle investors grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The company would also be co-coordinating with the registrar to the offer in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Change of Address Notification	Within 7 days of receipt of information
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

The company has appointed Mr. P.S. Chandrasekar as Compliance Officer who would directly deal with SEBI officer with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints .The investors may contact the Compliance Officer in case of any pre-issue/ post-issue related problems. The Compliance Officer would be available at the Registered Office of the Company. He may be contacted at the following address:

Lumax Auto Technologies Ltd., W-230, 'S' Block, M.I.D.C. Bhosari, Pune :- 411 026

Changes in Auditors during the Last Three Years and Reasons Thereof

There is no change in auditors in the last three years

Capitalisation of Reserves or Profits during the Last Five Years

Please refer to page [●] of this Draft Prospectus for capitalization of reserves or profits

Revaluation of Assets, If any during Last Five Years

There has been no revaluation of asset in the last five years.

SECTION VIII: ISSUE INFORMATION

Terms of the Issue

The Equity Shares being issued are subject to the provision of the Companies Act, the Memorandum and Articles of the Company, the terms of this Draft Prospectus, application form, and other terms of this Draft Prospectus, application form, and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of the issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, ROC and /or other Authorities, as in force on the date of the issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provision of our Memorandum and Articles and shall rank par passé in all respects with other existing shares of the Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits (including dividend) , if any, declared by the Company after the date of allotment.

Mode and Payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders at their discretion, and will depend on number of factors including but not limited to our earnings, capital requirements and over all financial condition.

Face Value and Issue Price

Each Equity Share being offered is of face value of Rs. 10/- and the issue price of Rs. 70/- per Equity Share at lower price band and Rs 80/- at upper price band is 7.0 times at lower price band and 8.0 times of the face value at the upper price band.. At any given point of time there shall be only one denomination for the Equity Shares.

Market Lot and Trading Lot

In terms of section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall be only in dematerialised for all investors.

Since trading of the Equity Shares will be in dematerialised mode, the tradeable lot is one Equity shares. Allocation and allotment of Equity Shares through this issue will be done in electronic form in multiple of one Equity Shares subject to minimum of [●] shares

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, applicants may nominate any one person in whom, in the event of the death of the applicants, as the case may be, the Equity Shares allotted if any, shall vest. A person being a nominee, entitled to the Equity Shares by reason of death of the original holders (s), shall in accordance with Section 109A of the Companies Act be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Shares by the person nominating. A buyer will be entitled to

make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the Registered Office of the Company or to the Registrar and Transfer Agents of the company. In accordance with Section 109B of the Companies Act, any person who becomes nominee by virtue of 109A of the Companies Act shall upon production of such evidence as may be required by the Board, elect either:

- To register himself or herself as holder of Equity Shares or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirement of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. The nominations registered with the respective depository participants of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the net issued amount on the date of closure of the issue, or if the subscription level falls below 90% after closure of the issue on account of cheques having returned unpaid or withdrawal of application, the Company shall forthwith refund the entire subscription amount received. If there is delay beyond 8 days after the company become liable to pay the amount, the Company shall pay interest as per section 73 of the Companies Act, 1956.

Withdrawal of Issue

Company in consultation with the Lead Managers reserves the right not to proceed with any issue, any time after the issue opening date but before allotment without assigning any reason thereof. In case the Company decides so, it shall issue a public notice within two days of the closure of issue, indicating the reasons for withdrawal of Issue in the newspapers in which the issue advertisement appeared earlier. The Company shall also inform the Stock Exchanges on which the shares are proposed to be listed.

Period of Subscription

The subscription list for public issue shall remain open for at least 3 working days and not more than 10 working days.

Arrangements for Disposal of Odd Lots

We have not made any arrangements for disposal of odd lot of shares arising out of this issue as the tradable lot is ONE.

Restrictions, If Any, on Transfer and Transmission of Shares and on Their Consolidation/Splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation /splitting, please refer sub-heading "Main Provisions of the Articles of the Association of LATL" appearing on page [●] of this Draft Prospectus.

Issue Procedure

a. Authority of the Present Issue

Pursuant to section 81 (1A) of the Companies Act, 1956 the present issue of Equity Shares has been authorised vide special resolution passed at the EGM of the Company held on June 15, 2006.

b. Principal Terms and Conditions of the Offer

Availability of Application Forms and Prospectus

Application forms with Memorandum Form 2A containing salient features of the Draft Prospectus and copies of the Draft Prospectus under Section 56(3) of the Companies Act 1956 may be obtained from the Registered Office of the Company, the Lead Managers to the issue and the Bankers to the issue named herein or from their branches as stated on the reverse of the application form.

NRIs/FIIs/Indian Mutual Funds & Indian and Multilateral Development Financial Institutions can obtain the Application Form from the Registered Office of the Company.

Who can apply?

Applications may be made by:

1. Indian Nationals resident in India, who are not minor or lunatic, in single or joint names (not more than three);
2. Hindu Undivided Families through the Karta of the Hindu Undivided Family;
3. Companies, Corporate Bodies and Societies registered under the applicable law in India and authorized to invest in the shares;
4. Scientific and/or Industrial Research Organizations, which are authorized to invest in shares;
5. Indian Mutual Funds registered with SEBI, Commercial Banks and Regional Rural Banks, Co-operative Banks may also apply subject to permission from RBI;
6. Indian Venture Capital Funds /Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and approvals , if any.
7. State Industrial Development Corporations.
8. Indian Financial Institutions and Banks;
9. Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and which are authorized under their constitution to hold and invest in Equity Shares of a Company..;
10. Non Resident Indians (NRIs) on repatriation / non repatriation basis.
11. Foreign Institutional Investors (FIIs) on repatriation basis/ non repatriation basis.
12. Permanent and regular employees of the Company
13. Insurance Companies registered with Insurance Regulatory and Development Authority
14. Provident Funds with a minimum Corpus of Rs 2500 Lakhs
15. Pension funds with a minimum corpus of Rs 2500 Lakhs
16. Multilateral and Bilateral Development Financial Institutions

Application not to be made by:

- Minors
- Foreign Nationals(Except NRIs)
- Partnership firms or their nominees
- Trusts (except as stated above)
- Overseas Corporate Bodies (OCBs)

Applications by Hindu Undivided Families (HUF)

Application may be made by Hindu Undivided Families (HUF) through Karta of the (HUF) and will be treated at par with individual applications

Application Form

Applications must be made only in the prescribed Application form and should be accompanied in BLOCK LETTERS in English as per the instruction contained herein and in the application form, and are liable to be rejected if not so made. The prescribed application forms will have the following colours.

Category	Colour of Application forms
Indian Public including NRIs/FIIs applying on Non- repatriation basis.	White
NRI/FIIs on repatriation basis	Blue

Subscription by NRIs/ FIIs

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No. 38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation and separate Application Form for NRIs on non-repatriation basis and FIIs registered with SEBI and all NRI (on non-repatriation basis) and FII applicants will be treated on the same basis with other categories for the purpose of allotment.

Minimum and Maximum Application Size

- 1) For Retail Individual Investors: Applications should be for minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, so as to ensure that the amount payable by the applicant does not exceed Rs 1,00,000.
- 2) For Other Investors: Application should be for a minimum of such number of Equity Shares so that amount payable by the applicant exceeds Rs 1,00,000 and in multiples of [•] Equity Shares thereafter.

A single application can be made only for the number of Equity Shares that are being offered to each respective category.

Option To Subscribe

As on the date of this document, there are no pending options to subscribe to the Equity Shares or convertible instruments pending conversion into Equity Shares of any kind.

The investor can seek allotment only in dematerialised mode. However the investor shall have the option to hold the Equity shares in physical form or demat form. After the allotment in the proposed issue allottees may request their respective DP for rematerialisation of shares if they wish to hold the shares in physical shares.

The shares of the company will be traded on the stock exchange only in demat mode.

Pre-Issue Advertisement

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement will contain the information that has to be set out in the statutory advertisement. Any material updates, if any, between the date of filing of Prospectus with RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

Procedure for Application

1. Application by Resident Indian Public

Application must be:

- a. Made only in the prescribed application form accompanying the memorandum.
- b. Completed in full in block letters in English except signatures in accordance with the instructions contained herein and in the application form. Applications not so made are liable to be rejected.
- c. For a minimum of [●] Equity Shares and in multiples of [●] thereafter.
- d. In the name of Resident Indian Individuals, Limited Companies, Statutory Corporations/ Institutions Incorporated in India, Indian Mutual Funds registered with SEBI and Banks.
- e. Applications in the name of minors, foreign nationals(except NRIs), Trusts not registered under the Societies Registration Act, 1860, or any other Trust laws, partnership firms or their nominees, OCBs, will be treated as invalid.
- f. HUF should specify that the application is being made in the name of the HUF in the application form as "Name of the sole or first applicant: XYZ HUF applying through XYZ, where XYZ is the name of the Karta". Application by HUFs would be considered at par with those from individuals.
- g. Applicants residing at places where no collection centres have been opened may submit / mail their applications at their sole risk along with application money due there unto by Demand Draft to the Registrar to the Issue, Bigshare Services Private Limited superscribing the envelope "Lumax Auto Technologies Limited- Public Issue" so as to reach the Registrar on or before the closure of the subscription list. Such demand drafts should be payable at **Mumbai** only. The charges, if any, for purchase of the demand draft will have to be borne by the applicant. The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

2. Application by Mutual Funds

No mutual fund scheme shall invest more than 10% of its net asset value in Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be

applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Mutual Funds / Trustees / the Custodians clearly indicate their intention as to each scheme concerned for which application has been made.

3. Application By NRIs/FIIs (On Repatriation Basis)

1. As per Notification No FEMA 20/2000 RB dated May 03, 2000, as amended from time to time, under automatic route of Reserve Bank of India, the Company is not required to make an application for issue of Equity shares to NRIs/FIIs with repatriation benefits.
2. However, the allotments / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines, sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.
3. In case of applications by NRIs on repatriation basis, the payments must be made through Indian rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on applications remitted through normal banking channels or out of funds held in Non-Residential External (NRE) Accounts or Foreign Currency Non- Residents (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of remittance. Payments will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.
4. In case of application by FIIs on repatriation basis , the payment should be made out of funds held in Special Non Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate confirming that the bank draft has been issued by debiting to special Non-Resident Rupee Account.
5. Dully filled Application forms along with Cheques /bank drafts in favour of _____BankA/c - Lumax Auto Technologies Limited - Public Issue- NR" by NRIs/FIIs will be accepted at designated branches of the bankers to the issue at Mumbai and Delhi only.
6. Refunds/dividends and other distributions, if any will be payable in Indian Rupees only and net of bank charges /commission . In case of applicants who remit their applications money from funds held in NRE/FCNR accounts, such payments shall be credited to their respective NRE/FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application form), under intimation to them. In case of applicants who remit their money through Indian Rupee drafts from abroad ,such payments in Indian Rupees will be converted into U.S Dollars or any other freely convertible currency as may be permitted by RBI at the exchange rate prevailing at the time of remittance and will be despatched by registered post, or if the applicants so desire, will be credited to their NRE/FCNR accounts, details of which are to be furnished in the space provided for this purpose in the application forms. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of foreign currency into Indian Rupees and vice versa.

4. Application by NRI on Non Repatriation Basis

It can be made using the form meant for public out of the funds held in Non Resident(Ordinary) Account (NRO). The relevant bank certificate must accompany such forms. Such application will be treated on par with the application made by the public.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post issue paid up capital (i.e. 10 % of 1,16,31,002 Equity Shares) . In respect of an FII investing in our Equity shares on behalf of its sub –accounts, the investment on behalf of each sub Account shall not exceed 10% of the Company total issued Capital or 5% our total issued capital in case such sub Account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs") may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed (i) 25% of the corpus of the venture capital fund/ (ii) 33.33% of the corpus of the foreign venture capital investor.

The above information is given for the benefit of the investors. The lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of this prospectus. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the applicable limits under laws and regulations.

Instructions for Payment

- Payments should be made in cash or cheque or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member or a sub-member of the Bankers' "Clearing House" located at the Centres (indicated in the Application Form) where the application is accepted. However if the amount payable on application is Rs 20,000/- or more , in terms of section 269 SS of the Income Tax Act ,1961; such payment must be effected only by way of an account payee cheque or bank draft . In case of payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.
- A separate cheque/demand draft should accompany each application.

- Money orders, postal orders, outstation cheques or demand drafts, cheques / draft drawn on banks not participating in the “clearing” will not be accepted and applications accompanied with such instruments may be rejected.
- In case payment is effected in contravention of the conditions mentioned herein, the application money will be refunded and no interest will be paid thereon.
- Investors will not have facility of applying through stock invest instrument as RBI has withdrawn the stock invest scheme vide notification no.DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.
- All cheques /bank drafts accompany the application should be crossed “A/c Payee only “ and made payable to the Bankers to the issue and marked :

Category of Applications	Cheques/Bank draft favouring
Indian Public including eligible NRIs /FIIs applying on non repatriation basis	“-----” Bank A/c Lumax Auto Technologies Limited – Public Issue
NRIs/FIIs on repatriation basis	“-----” Bank A/c Lumax Auto Technologies Limited – Public issue-NR”

Submission of Completed Application Forms:

All application forms dully completed together with cash /Cheques /demand draft drawn on any of the Bankers to the issue mentioned on the prescribed application forms for the amount payable on application forms for the amount payable on application at the rate of [•] per equity share, should be submitted with the Bankers to the issue mentioned in the prescribed applications forms.

APPLICATION(S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS TO THE ISSUE OR THE REGISTRAR TO THE ISSUE OR THE OFFICE OF THE COMPANY.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form. The acknowledgement of receipt of application moneys given by the collection agents shall be valid and binding on the issuer company and other persons connected with the issue. Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

Acceptance of Applications

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Electronic Transfer of Funds or through Registered Post, Speed Post to the applicant. If the application is accepted in part, the excess application money will be refunded to the applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

Technical Grounds for Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following.

1. Age is not mentioned

2. Application by persons not competent to contract under the Indian Contract Act, 1872, including minor and insane person.
3. Copy of PAN card or PAN allotment letter is not enclosed if the application is for Rs 50,000/- or more;
4. PAN or GIR not stated if application is for Rs 50,000 or more
5. Multiple applications
6. In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.
7. Applications accompanied by Stock invests/money order/postal order/cash (wherever applicable);
8. Application by OCBs
9. Applications not duly signed by the sole/joint applicants
10. Application forms do not have the applicant's depository account details.
11. Application not for a minimum of [●] shares or multiples of thereafter.
12. Category not ticked
13. Application form not delivered by the Applicant within the time prescribed as per the Application form, issue opening date advertisement, and the prospectus and as per the instruction in the prospectus and the application forms.
14. Amount paid does not tally with amount payable for the value of Equity Shares applied for;
15. Application by minor;
16. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
17. Application form for amounts greater than the maximum permissible amounts
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicants (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;

Particulars of Bank Account

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the beneficiary number provided by the Depository Participant must be mentioned correctly in the Application form at the appropriate place. The Registrar will obtain the demographic details such as Address, Bank Account details and occupation from the depository participants. The refunds, if any, will be printed with the Banks details as given by the Depository participant.

Note:

Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares. For further instructions, please read the Application Form carefully.

General Information

- (i) **Joint Applications.** An application may be made in single or joint names (not more than three). In case of joint applications, refund pay order (if any) and dividend / warrants, etc. will be made out in favour of the first applicant. All communications will be addressed to the applicant whose name appears first and will be dispatched to the first applicant's address stated in the application form.
- (ii) **Multiple Applications.** An applicant should submit only one application (and not more than one) for the total number of Equity Shares required. Applications may be made in single or joint names (not more than three). Two or more applications, in single and / or in joint names will be deemed to be multiple applications if the sole and / or first applicant is one and the same.

NRIs/FIIs applying on a repatriation basis shall not make an application in the public category and such applications made in both the categories i.e. reserved category and Public category shall be treated as multiple applications.

No separate applications for dematerialised and physical are to be made. If such applications are made, the applications for physical shares will be treated as multiple applications and rejected accordingly.

The Company reserves the right to accept or reject, in its absolute discretion, any or all multiple applications. Unless the Company specifically agrees in writing with or without such terms and conditions it deems fit, a separate cheque/ draft must accompany each application form.

- (iii) **Application Under Power Of Attorney :** In case of applications under a Power of Attorney or by limited companies or bodies corporate or societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with a certified true copy thereof along with a copy of Memorandum and Articles of Association and /or bye-laws must be attached to the Application Form at the time of making the application or lodged for scrutiny separately indicating the Serial No. of the Application Form with the Registrar to the issue at their address, within 10 days from the closure of the Issue, failing which, the Company / Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

The Company, in their absolute discretion, reserves the right to relax the condition of lodging of the Power Of Attorney along with the application form subject to such terms and conditions that the Company may deem fit.

- (iv) Thumb impression or signature in language other than English, Hindi or any other language specified in the 8th Schedule of the Constitution of India must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.
- (v) All communications should be addressed to the Registrar to the Issue.
- (vi) The applicant should mention the Application Form number on the reverse of the instrument through which payment is made.

(vii) PAN / GIR Number

Where application(s) is/are for Rs. 50,000 or more, the applicant or in the case of an application in joint names, each of the applicants, should mention his/her Permanent Account Number (PAN) allotted under the I-T Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the**

application is liable to be rejected on this ground. In case the sole/first applicant and joint applicant(s) is/are not required to obtain PAN, each of the applicant(s) shall mention "Not Applicable" and in the event that the sole applicant and/or the joint applicant(s) have applied for PAN, which has not yet been allotted, each of the applicant(s) should mention "Applied for" in the Application Form. Further, where the applicant(s) has mentioned "Applied for" or "Not Applicable", the sole/first applicant and each of the joint applicant(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B), or Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration card (b) Passport (c) Driving license (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All applicants are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.

(viii) A separate cheque/bank draft must accompany each application form.

(ix) Equity Shares in Dematerialised form With NSDL And CDSL

The Company had signed the following tripartite agreements with the Depositories and the Registrar to the Issue and Share Transfer Agent:

- a) Tripartite agreement dated [•] among the Company, the registrar & CDSL
- b) Tripartite agreement dated [•] among the Company, the registrar & NSDL.

The ISIN No. allotted to the Company is [•].

Application from any investor, opting for allotments in dematerialised form, without the following details of his or her depository account is liable to be rejected.

1. An applicant applying for Equity Shares must have at least one beneficiary account either of the depository participants of NSDL or CDSL prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account number and depository participants identification number) appearing in the application form.
3. Equity shares allotted to applicant will be credited in electronic form directly to the beneficiary account (with the depository participant) of the applicant.
4. Names in the application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the Depository account of the applicants(s).
5. If incomplete or incorrect details are given under the heading applicant Depository account details in the application form it is liable to be rejected.
6. The applicant is responsible for the correctness of his or her demographic details given in the application form vis-à-vis those with his or her Depository participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the Stock exchanges having electronic connectivity with NSDL or CDSL. The stock exchange where our Equity Shares are proposed to be listed is connected to NSDL and CDSL.

8. The trading of Equity Shares would be in dematerialised form only for all investors.
9. The Registrar to the Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.

Investors can contact the compliances officers in case of any pre issue related problems. In case of post issue related problems such as non –receipt of letter of allotment/share certificate /credit of securities in depository's beneficiary account/refunds orders etc., investors may contact compliance officer or Registrar to the issue.

Impersonation

Attention of the applicants is specifically drawn to the provision of sub section (1) of Section 68A of the Companies Act, 1956, which is reproduced below

“Any person who:

- a) Makes in a fictitious name, an application drawn to the company for acquiring or subscribing for, any shares therein, or
- b) Otherwise induces a company to allot or register any transfer of shares therein to him, or any other persons in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.

Basis of Allotment

In the event of the Issue being oversubscribed, the Allotment will be on a proportionate basis subject to market lots as explained below:

- a. A minimum 50% of the net issue to the Indian public will be made available for allotment in favour of those retail individual applicants who have applied for Equity Shares of or for a value not more than Rs. 1,00,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines.

The Executive Director / Managing Director of The Bombay Stock Exchange Limited, Mumbai along with the Lead Managers and the Registrars to the issue shall be responsible to ensure that the basis of Allotments finalized in a fair and proper manner in accordance with the guidelines.

- b. The balance of Net issue to Indian Public shall be made available for allotment to
 - i) Individuals applicants other than retail individual investors, and
 - ii) Other investors including corporate bodies/ institutions irrespective of the number of shares, debentures etc applied for.
- c. The Unsubscribed portion of the net issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.
- d. Applicants will be categorized according to the number of Equity Shares applied for.
- e. The total number of Equity Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applications in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over subscription ratio.
- f. Number of Equity Shares to be allocated to the successful allocates will be arrived at on a proportionate basis i.e. total number of Equity Shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.

- g. In all the applications where the proportionate allotment works out to less than [•] Equity Shares per applicant, the Allotment shall be made as follows:
- (i) Each successful applicant shall be allotted a minimum of [•] Equity Shares, and
 - (ii) The successful applicants out of the total applicants of that category shall be determined by draw of lots in such a manner that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares worked out as per (e) above.
 - (iii) The draw of lots (where required) to finalise the Basis of allotment, shall be done in the presence of a public representative on the Governing Body of the BSE. The basis of allotment shall be signed as correct by the Governing Body of The Bombay Stock Exchange Limited, Mumbai and the public representative (where applicable) in addition to the Lead Managers and the Registrars to the Issue.
- h. Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size which is [•] shares
- i. If the Equity Shares allocated on a proportionate basis to any category is more than the Equity Shares allocated to the applicants in the category, the balance available Equity Shares for allotment shall be first adjusted against any other category where the allotted Equity Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Equity Shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of Equity Shares.
- j. In the event of over subscription, in the process of rounding off to ensure allotment in marketable lots, the Company may make such adjustments in the basis of allotment, as may be necessary, in consultation with SEBI/Stock Exchanges. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest multiple of [•],. The issue size may increase by a maximum of 10% of the net offer to the public specified under point no. 4 of the Notes to the Capital Structure mentioned on page [•] of this Draft Prospectus..

Issue of Certificates

In terms of section 68B of the Companies Act, 1956, the company will not issue any share certificate, instead the Company shall give credit to the beneficiary account with depository participant within 2 working days of finalization of allotment of shares.

Disposal of Applications and Applications Money

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares.

The Company shall ensure dispatch of refund orders by following mode.

- a) In case of applicants residing at Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram- refunds shall be credited through electronic transfer of funds by using ECS (Electronic Clearing Services), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Fund Transfer),

- b) In case of applicants residing at places other than those specified in (a) above and where the value of refund order is Rs 1500/- or more, refund orders will be dispatched to the applicants by registered post/speed post only at the sole risk of applicant.
- c) In case of applicants residing at places other than those specified in (a) above and where the value of refund order less than Rs 1500/- refund orders will be despatched under certificate of posting under the sole risk of the applicant.

The Company has undertaken to make available necessary funds to the Registrar for the purpose of dispatch of Allotment Letters/ Refund Orders as stated above.

The Company shall use best efforts to ensure that all steps for completion the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity shares are proposed to be listed, are taken within seven working days of finalization of the basis of allotment.

The Company reserves the full unqualified and absolute right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

Interest In Case of Delay on Allotment & Dispatch

As far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of this Issue.

In accordance with Companies Act, 1956 and the requirement of stock exchanges, the Company shall pay interest @ 15 percent per annum on the entire amount if the allotment of the Equity Shares has not been made within 30 days from the date of closure of the issue. This interest will be paid from the 31st day from the closure of the issue until the actual date of allotment.

Alternatively, in case refund orders have not been dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 30 days from the closure of the issue, interest @ 15 percent per annum, will be paid on the refund amount from the 31st day from the closure of the issue until the date of dispatch of the refund orders.

Access to Funds

The funds received against this Public issue will be kept in separate bank accounts and the Company will not have any access to such funds received under the public issue unless it has received minimum subscription of 90% of the application money towards the public issue component and permission of the Designated Stock Exchange is obtained to use the amount of subscription. The company will obtain the permission of Designated Stock Exchange by producing sufficient documentary evidence of subscription of 90% or more on the closure of the Issue to utilise the funds collected as per the present rules. The Company will not have access to the funds received against the public issue until it has received approval for allotment from the Designated Stock Exchange and listing and trading permission is received from BSE.

Scope of Activities of the Registrars to the Issue

The Registrars to the offer shall also be the Share Transfer Agent and would also be responsible for all the post issue activities pertaining to this offer.

Undertaking by the Company

The Board of Directors of the Company undertakes that: -

- I. that the complaints received in respect of the issue shall be attended to by the Company expeditiously and satisfactorily.

- II. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalisation of the basis of allotment.
- III. that the Company shall apply in advance for the listing of equities.
- IV. that the funds required for despatch of refund to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the company.
- V. that where refunds are made through electronics transfer of funds, a suitable communications shall be sent to the applicants within 30 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of funds.
- VI. that no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.
- VII. that the certificates of the Equity Shares/refund orders to the non-resident Indians shall be despatched within specified time.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

- a) all the monies received out of this issue of Equity shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act.
- b) details of all monies utilised out of the issue referred to in sub item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies has been utilised and,
- c) details of all unutilised monies out of the issue of Equity Shares, if any, referred to in sub item (a) shall be disclosed under an appropriate head in the Balance Sheet of the Company indicating the form in which such unutilised monies have been invested.
- d) utilisation of monies received under the promoters' contribution shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilized.
- e) details of all monies unutilized out of the funds received under promoters' contribution shall be disclosed under a separate head in the balance sheet of the company indicating the form in which the unutilized money has been invested.
- f) our Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.

The Company undertakes that it shall not access the money raised in the issue till finalisation of basis of allotment or completion of issue formalities.

Restriction on Foreign Ownership of Indian Securities

Foreign Investment in Indian Securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the Conditions subject to which foreign investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy, FEMA regulates the precise manner in which investments may be made. Under the Industrial policy unless specifically restricted, foreign investor is required to follow certain prescribed procedures for making such investments. As per current foreign investments policies, foreign direct investment in auto component industry is permitted upto 100% under the automatic route.

The Equity shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, The Equity Shares are only being offered and sold) in the United States to "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act, and ii) outside the United States to certain persons in offshore transactions in compliance with regulations S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

SECTION IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Rights of Members

Subject to applicable laws the equity shareholders shall have the following rights

- Right to receive dividend, if declared;
- Right to attend general meeting and exercise voting rights unless prohibited by law;
- Right to vote on poll either personally or by proxy;
- Right to receive offer for rights shares and the allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956, listing Agreement with the stock Exchanges and Articles of Association of the Company;

For further details on the main provision of the Articles of Association dealing with voting rights , dividends , forfeiture and lien , transfer and transmission and/or consolidating/splitting , please refer to section titled “ Main Provision of Articles of Association of the Company “ on page No [●] of this Draft Prospectus.

Main Provisions of Articles of Associations

4. SHARE CAPITAL

- (a) The Authorised Share Capital of the Company is Rs.10,00,00,000/- (Rupees Ten crores only) divided into 1,00,00,000 (one crore) Equity Shares of Rs...10/- (Rupees ten only) each
- (b) The Paid-up Share Capital shall be at all times a minimum of Rs.500,000 (Rupees Five Hundred Thousand only) as required under the Act.
- (c) The Company has power from time to time to increase its authorised or issued and Paid up Share Capital only if the DK Group vote in favour of any or all such resolutions required to be passed.
- (d) In the event it is permitted by law, the Share Capital of the Company may be classified into Shares with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed.
- (e) Subject to Article 4(d), all Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.
- (f) The Company in General Meeting may from time to time by an Ordinary Resolution, increase the Capital by the creation of new Shares, such increase to be of such aggregate amount and to be divided into Shares of such respective amounts as the resolution shall prescribe. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as by the General Meeting creating the same shall be directed and if no direction be given by the General Meeting, as the Board shall determine; and, in particular, such Shares may

be issued with a preferential or qualified right to Dividends and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Sections 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

- (g) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new Shares, shall be considered as part of the existing Capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
- (h) All of the provisions of these Articles shall apply to all of the Members of the Company.

5. PREFERENCE SHARES

(a) Redeemable Preference Shares

The Company shall subject to the provisions of the Act and the consent of the Board have power to issue on a cumulative or non-cumulative basis Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such Shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

(b) Convertible Redeemable Preference Shares

The Company shall subject to the provisions of the Act and the consent of the Board have power to issue on a cumulative or non-cumulative basis Convertible Redeemable Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such Shares into such Securities on such terms as they may deem fit.

6. PROVISIONS IN CASE OF PREFERENCE SHARES.

Upon the issue of Preference Shares pursuant to Article 5 above, the following provisions shall apply:

- (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of Shares made for the purposes of the redemption;
- (b) No such Shares shall be redeemed unless they are fully paid;
- (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Securities Premium Account before the Shares are redeemed;
- (d) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for Dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the Share redeemed; and

the provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided by Section 80 of the Act, apply as if the Capital Redemption Reserve Account were Paid up Share Capital of the Company;

- (e) The redemption of Preference Shares under this Article by the Company shall not be taken as reduction of Share Capital;
- (f) Subject to anything to the contrary in these Articles, if the Company has redeemed or is about to redeem any Preference Shares, it shall have power to issue Shares up to the nominal amount of the Shares redeemed or to be redeemed as if those Shares had never been issued and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act be deemed to be increased by the issue of Shares in pursuance of this sub-article; provided that, where new Shares are issued before the redemption of the old Shares, the new Shares shall not, so far as relates to stamp duty, be deemed to have been issued in pursuance of this sub article unless the old Shares are redeemed within one month after the issue of the new Shares;
- (g) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up un-issued Shares of the Company to be issued to the Members as fully paid bonus Shares;
- (h) Whenever the Company shall redeem any Redeemable Preference Shares or Cumulative Convertible Redeemable Preference Shares, the Company shall within thirty days thereafter, give notice thereof to the Registrar of Companies as required by Section 95 of the Act.

7. SHARE EQUIVALENT

The Company shall subject to the provisions of the Act, compliance with all applicable laws, rules and regulations and the consent of the Board have power to issue Share Equivalents on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

8. ADRs/GDRs

The Company shall subject to the provisions of the Act, compliance with all applicable laws, rules and regulations and the consent of the Board have power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board.

9. ALTERATION OF SHARE CAPITAL

The Company may, by Ordinary Resolution in General Meeting from time to time alter the conditions of its Memorandum as follows, that is to say, it may:

- (a) increase its Share Capital by such amount as it thinks fit and expedient by issuing new Shares of such amount as may be deemed expedient and the new Shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct and if no direction be given, as the Board of Directors shall determine, and in particular

such Shares maybe issued with a preferential right to Dividends and in the distribution of the assets of the Company;

- (b) consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares;
- (c) convert all or any of its fully Paid up Shares into stock and reconvert that stock into fully Paid up Shares of any denomination
- (d) sub-divide its Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
- (e) cancel Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the Shares so cancelled. A cancellation of Shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

10. REDUCTION OF SHARE CAPITAL

The Company may (subject to the provisions of Sections 78, 80 and 100 to 105 [both inclusive] of the Act), from time to time by Special Resolution, reduce its Capital, any Capital Redemption Reserve Account and the Securities Premium Account in any manner for the time being authorised by law, and in particular, Capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate any power the Company would have, if it were omitted.

11. POWER OF COMPANY TO PURCHASE ITS OWN SHARES

Pursuant to a resolution of the Board of Directors, the Company may purchase its own Shares by way of a buy-back arrangement, in accordance with Section 77A of the Act and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, subject to compliance with all applicable Requirements of Law.

12. POWER TO MODIFY RIGHTS

Where, the Capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is affected with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued Shares of that class and all the provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.

13. SHARES AND CERTIFICATES

- (a) The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or Country outside India, a Branch Register of Members resident in that State or Country.

- (b) The Shares in the Capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the Shares of the Company which are dematerialized or may be dematerialized in future or issued in future in a dematerialized form. Except in the manner hereinbefore mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share held in material form shall continue to bear the number by which the same was originally distinguished.
- (c) The Company shall be entitled to dematerialize its existing Shares, rematerialize its Shares held in the Depository and/or to offer its fresh Shares in a dematerialized form pursuant to the Depositories Act, 1996, and the rules framed thereunder, if any.

14. FURTHER ISSUE OF SHARES

- (a) The Share Capital of the Company shall be in accordance with Indian Laws, Regulations or Guidelines, as in force from time to time.
- (b) Where it is proposed to increase the subscribed Capital of the Company by allotment of further Shares, whether out of un-issued Share Capital or out of increased Share Capital, then such further Shares shall be offered to the Persons who at the date of the offer are holders of the Shares of the Company, in proportion as nearly as circumstances admit, to the Capital Paid up on those Shares at that date. Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer if not accepted will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declined to accept the Shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.
- (c) The offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to them in favour of any other Person and the notice issued in relation thereto shall contain a statement of this right. PROVIDED THAT the Board may decline, without assigning any reason to allot any Shares to any Person in whose favour any Member may renounce the Shares offered to him.
- (d) Notwithstanding anything contained in the preceding sub-article, the Company may offer further shares to any person or persons and such person or persons may or may not include the persons who at the date of the offer, are the holders of the Equity Shares of the Company-
 - (i) by a special resolution to that effect is passed by the Company in General Meeting, or
 - (ii) where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to do vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company,

- (e) Notwithstanding anything contained in sub-Article (b) above, but subject however, to Section 81(3) of the Act, if applicable, the Company may increase its subscribed capital on exercise of an option attached to the Debentures issued or loans raised by the Company to convert such Debentures or loans into Shares or to subscribe for Shares in the Company.
- (f) Notwithstanding anything contained in Section 79 of the Act, the Company may issue sweat Equity Shares in accordance with the provisions of Section 79A of the Act.
- (g) Nothing in sub-article (c) above shall be deemed:
 - (a) To extend the time within which the offer should be accepted; or
 - (b) To authorise any Person to exercise the right of renunciation for a second time, on the ground that the Person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.
- (h) Nothing in this Article shall apply to the increase of the subscribed Capital of the Company caused by the exercise of an option attached to the Debentures issued or loans raised by the Company:
 - (i) To convert such Debentures or loans into Shares in the Company; or
 - (ii) To subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such Debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the Debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- (b) In the case of Debentures or loans or other than Debentures issued to or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in General Meeting before the issue of the Debentures or raising of the loans.

15 SHARES AT THE DISPOSAL OF THE DIRECTORS

- (a) Subject to the provisions of Section 81 of the Act, if applicable, and these Articles, the Shares in the Capital of the Company for the time being (including any Shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to Persons (who under Indian laws, regulations or guidelines can acquire shares of a company incorporated in India and engaged in the air transport sector), in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 78 and 79 of the Act) at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any Person or Persons the option or right to call for any Shares either at par or premium or at a discount during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its

business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares, provided however, notwithstanding the foregoing, the option or right to call on Shares shall not be given to any Person or Persons without the sanction of the Company in the General Meeting.

- (b) In addition to and without derogating from powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased Capital of the Company), shall be offered to such Persons, (whether Members or holders of Debentures or any other Securities or not), in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person, (whether a Member or holders of Debentures or any other Securities or not), the option to call for or be allotted Shares of any class of the Company, either (subject to compliance with the provisions of Sections 78 and 79 of the Act), at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any Shares.
- (c) Any application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Shares therein, shall be an acceptance of Shares within the meaning of these Articles and every person who thus or otherwise accepts any Shares and whose name is on the Register of Members shall for the purposes of these Articles be a Member.
- (d) The money, (if any), which the Board shall, on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
- (e) Every Member, or his heirs, Executors, or Administrators shall pay to the Company, the portion of the Capital represented by his Share or Shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board shall from time to time in accordance with the Articles require or fix for the payment thereof.
- (f) (i) Every Member or allottee of Shares shall be entitled without payment, to receive one certificate specifying the name of the Person in whose favour it is issued, the Shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Every such certificate shall be issued under the Seal of the Company which shall be affixed in the presence of two Directors or persons acting on behalf of the Board under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose

and the two Directors or their attorneys and the Secretary or other person shall sign the Shares Certificate(s), provided that if the composition of the Board permits, at least one of the aforesaid two Directors shall be a person other than a Managing Director(s) or a Executive Director(s). Particulars of every share certificate issued shall be entered in the Register of Members against the name of the Person, to whom it has been issued, indicating the date of issue. For any further certificate, the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupees two. The Company shall comply with the provisions of Section 113 of the Act.

- (ii) Every Member shall be entitled, without payment, to one or more certificate, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and the amount Paid-up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to the first named of the joint holders shall be sufficient delivery to all such holders.
- (iii) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

16. ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED

- (a) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the Member entitled to such lost or destroyed Certificate. Every Certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees two for each certificate) as the Directors shall prescribe, provided that no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchange or the Rules

made under the Act or the rules made under the Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

- (b) The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.
- (c) When a new share certificate has been issued in pursuance of sub-article (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Duplicate issued in lieu of Shares Certificate No. " or "Issued in lieu of Share Certificate No. Sub-divided/replaced/on consolidation of Shares" as the case may be. The word "Duplicate" shall be stamped or punched in bold letters across the face of the Share Certificate.
- (d) Where a new share certificate has been issued in pursuance of sub-articles (a) or (b) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the name of the Member to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued and the necessary charges indicated in the Register of Members by suitable cross reference in the "Remarks" column.
- (e) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose; and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.
- (f) The Managing Director or the Executive Director of the Company for the time being or if the Company has no Managing Director or the Executive Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of the Share certificate referred to in sub-article (e) of this Article.
- (g) All books referred to in sub-article (f) of this Article, shall be preserved in good order permanently.
- (h) If any Share stands in the names of two or more Members, the Member first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at Meetings and the transfer of Shares, be deemed the sole holder thereof, but the joint holders of a Share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such Shares, and for all incidents thereof according to these Articles.
- (i) Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the Member whose name appears on the Register of Members as the holder of any Share or whose name appears as the Beneficial Owner of Shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such Share on the

part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any Shares in the joint names of any two or more Persons or the survivor or survivors of them.

17. UNDERWRITING AND BROKERAGE

- (a) Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscription, (whether absolutely or conditionally), for any Shares or Debentures in the Company; but so that the commission shall not exceed in the case of Shares, five per cent of the price at which the Shares are issued and in the case of Debentures two and a half per cent of the price at which the Debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or partly in one way and partly in the other. No commission shall however be payable to any Person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Shares in, or Debentures of the Company, which are not offered to the public for subscription.
- (b) The Company may also, on any issue of Shares or Debentures, pay such brokerage as may be lawful.

18. INTEREST OUT OF CAPITAL

Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may with the previous sanction of the Central Government, pay interest on so much of that Share Capital as is for the time being Paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to Capital as part of the cost of construction of the work or building or the provision of plant.

19. CALLS

- (a) Subject to the provisions of Section 91 of the Act, the Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the Person or Persons and at the times and places appointed by the Board. A call may be made payable by installments.
- (b) Thirty days notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call the Board may by notice in writing to the Members revoke the same.
- (c) A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by the

Members whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.

- (d) A call may be revoked or postponed at the discretion of the Board.
- (e) The joint holder of a Share shall be jointly and severally liable to pay all installments and calls due in respect thereof.
- (f) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members who, from residence at a distance or other cause the Board may deem fairly entitled to such extension; but no Members shall be entitled to such extension save as a matter of grace and favour.
- (g) If any Member or allottee fails to pay the whole or any part of any call or installment, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.
- (h) Any sum, which by the terms of issue of a Share or otherwise, becomes payable on allotment or at any fixed date or by installments at a fixed time whether on account of the nominal value of the Share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.
- (i) On the trial or hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the Member or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.
- (j) Neither a judgment or decree in favour of the Company for calls, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

- (k) The Board may, if it thinks fit (subject to the provisions of Section 92 of the Act) agree to and receive from any Member willing to advance the same, the whole or any part of the amounts due upon the Shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or upon so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the Shares in respect of which such advance has been made, the Board may pay interest, as the Member paying such sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three (3) months notice in writing. Provided that the money paid in advance of calls on any Shares may carry interest but shall not in respect thereof confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.
- (l) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.
- (m) The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company.

20. **COMPANY'S LIEN ON SHARES:**

- (a) The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Share shall be created except upon the condition that this Article will have full effect, and such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares and interest in respect of Debentures. Unless otherwise agreed, the registration of a transfer of Shares/Debentures shall operate as a waiver of the Company's lien, if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this Article.
- (b) For the purpose of enforcing such lien the Board may sell the Shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such Member or his Legal Representative, and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.
- (c) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the Person entitled to the Shares at the date of the sale.

21. FORFEITURE OF SHARES

- (a) If any Member fails to pay any call or installment or any part thereof or any money due in respect of any Shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his Legal Representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
- (b) The notice shall name a day, (not being less than fourteen days from the date of the notice), and a place or places on or before which such call or installment or such part or other moneys as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or installment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the Shares in respect of which the call was made or installment is payable, will be liable to be forfeited.
- (c) If the requirements of any such notice as aforesaid shall not be complied with, any Share in respect of which such notice has been given, may at any time thereafter before payment of all calls, installments, other moneys due in respect thereof, interest and expenses as aforesaid, be forfeited by a Resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other moneys payable in respect of the forfeited Share and not actually paid before the forfeiture.
- (d) When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture or if any of his Legal Representatives or to any of the Persons entitled to the Shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
- (e) Any Share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.
- (f) Any Member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, amounts, installments, interest and expenses and other moneys owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate. as the Board may determine and the Board may enforce, (if it thinks fit), payment thereof as if it were a new call made at the date of forfeiture.
- (g) The forfeiture of a Share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the Share

and all other rights incidental to the Share, except only such of these rights as by these Articles are expressly saved.

- (h) A declaration in writing that the declarant is a Director or Secretary of the Company and that a Share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the Shares.
- (i) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
- (j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the related Shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.
- (k) The Board may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

22. TRANSFER AND TRANSMISSION OF SHARES

- (a) The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.
- (b) Every instrument of transfer of Shares shall be in writing in the usual common form or in such form as may be prescribed under Section 108 of the Act and shall be delivered to the Company within such time as may be prescribed under the Act.
- (c)
 - (1) An application for the registration of a transfer of the Shares in the Company may be made either by the transferor or the transferee.
 - (2) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (d) Every such instrument of transfer shall be executed both by the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

- (e) The Board shall have power on giving not less than seven days previous notice by advertisement in a newspaper circulating in the city, town or village in which the Office of the Company is situated to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days (45) in each year, as it may deem expedient.
- (f) Subject to the provisions of Sections 111 and 111A of the Act, or any statutory modification of the said provisions for the time being in force and any other Requirements of Law, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of Shares and in particular may so decline in any case in which (i) the proposed transferee is a Person who is not permitted by any applicable law, regulation or guideline to acquire shares of a Company incorporated in India and engaged in the air transport sector or (ii) if the Company has a lien upon the Shares or any of them or (iii) whilst any moneys in respect of the Shares desired to be transferred or any of them has remained unpaid or not or unless the transferee is approved by the Board and such refusal shall not be affected by the fact that the proposed transferee is already a Member. But in such cases it shall, within one (1) month from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of refusal to register such transfer. The registration of a transfer shall be conclusive evidence of the approval of the Board of the transferee.

Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

- (g) Subject to the provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any Shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of Shares upon which the Company has a lien.
- (h) Transfer of Shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scrips of any small denominations or to consider a proposal for transfer of Shares comprised in a share certificate to several Members, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of Shares in violation of the stock exchange listing requirements on the ground that the number of Shares to be transferred is less than any specified number.
- (i) In the case of the death of any one or more of the Members named in the Register of Members as the joint-holders of any Share, the survivors shall be the only Member or Members recognized by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on Shares held by him jointly with any other Person.

- (j) The Executors or Administrators or holder of the Succession Certificate or the Legal Representatives of a deceased Member, (not being one of two or more joint-holders), shall be the only Members recognized by the Company as having any title to the Shares registered in the name of such Member, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representatives unless such Executors or Administrators or Legal Representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted court in the Union of India, provided that the Board may in its absolute discretion dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 24(1) of these Articles register the name of any Person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member, as a Member.
- (k) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind.
- (l) Subject to the provisions of Articles, any Person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy of any Member or Member, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares.
- (m) A Person becoming entitled to a Share by reason of the death or insolvency of a Member shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Shares, except that he shall not, before being registered as a Member in respect of the Shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company; PROVIDED THAT the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Shares, and if the notice is not complied with within ninety days, the Directors may thereafter withhold payment of all Dividends, bonuses or other moneys payable in respect of the Shares until the requirements of the notice have been complied with.
- (n) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.
- (o) In case of transfer and transmission of Shares or other marketable securities where the Company has not issued any certificates and where such Shares or

Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

- (p) Before the registration of a transfer, the certificate or certificates of the Share or Shares to be transferred must be delivered to the Company along with (save as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.
- (q) No fee shall be payable to the Company, in respect of the transfer or transmission of Shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents.
- (r) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.
- (s) The provision of these Articles shall subject to the provisions of the Act and any requirements of law *mutatis mutandis* apply to the transfer or transmission by operation of law to other Securities of the Company.

23. DEMATERIALISATION OF SECURITIES

- (a) De-materialisation: Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing Securities, rematerialise its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.
- (b) Options for Investors: Every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities.

If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

- (c) Securities in Depositories to be in fungible form: All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
- (d) Rights of Depositories & Beneficial Owners:
 - (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
 - (ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
 - (iii) Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.
 - (iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.
- (e) Service of Documents: Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (f) Transfer of Securities:
 - (i) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
 - (ii) In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.
- (g) Allotment of Securities dealt with in a Depository: Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.
- (h) Certificate No. Etc. of Securities in Depository: Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.
- (i) Register and Index of Beneficial Owners: The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security-holders for the purposes of these Articles.

24. NOMINATION OF SHARES

- (1) Every holder of Shares in, or holder of Debentures of, the Company may, at any time, nominate, in the manner prescribed under the Act, a Person to whom his Shares in, or Debentures of, the Company shall vest in the event of his death.
- (2) Where the Shares in, or Debentures of, the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Act, a Person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such Shares in or Debentures of, the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any Person the right to vest the Shares in, or Debentures of, the Company, the nominee shall, on the death of the Member or debenture holder of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the Shares or Debentures of the Company or, as the case may be, all the joint holders, in relation to such Shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the Act.
- (4) Where the nominee is a minor, the holder of the Shares or Debentures concerned, can make the nomination to appoint in prescribed manner under the Act, any Person to become entitled to the Shares or Debentures of the Company in the event of his death, during the minority.

25. TRANSMISSION IN CASE OF NOMINATION

- (1) Notwithstanding anything contained in other Articles, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect either:-
 - (a) to be registered himself as holder of the Share or Debenture, as the case may be, or
 - (b) to make such transfer of the Share or Debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.
- (2) If the person being a nominee, so becoming entitled, elects to be registered as holder of the Share or Debenture, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Member or debentureholder, as the case may be.
- (3) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration or transfer of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the Member had not occurred and the notice or transfer where a transfer signed by that Member or debentureholder, as the case may be.

- (4) A Person, being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture except that he shall not, before being registered a Member in respect of his Share or Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all Dividends, bonuses or other moneys payable in respect of the Share or Debenture until the requirements of the notice have been complied with.

26. NOMINATION FOR FIXED DEPOSITS

A depositor may, at any time, make a nomination and the provisions of Sections 109A and 109B shall, as far as may be, apply to the nominations made pursuant to the provisions of Sections 58A(11) of the Act.

27. NOMINATION IN CERTAIN OTHER CASES

Subject to the provisions of the Act and these Articles, any person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some Person nominated by him and approved by the Board registered as such holder; provided nevertheless that, if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares.

28. RESTRICTED RIGHT OF TRANSFER

No Person shall exercise any rights or privileges of Members until he shall have paid all sums (whether in respect of call or otherwise) for the time being due in respect of the Shares held by him or due in any manner whatsoever to the Company.

29. COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every Member at his request within seven days of the request on payment of the sum of Rupee One for each copy.

30. BORROWING POWERS

- (a) Subject to the provisions of Section 58A, 292 and 293 of the Act the Board may, from time to time at its discretion by resolution passed at the meeting of a Board:

- (i) accept or renew deposits from Directors, their relatives, Members or the public;
- (ii) borrow moneys otherwise than on Debentures;
- (iii) accept deposits from Members either in advance of calls or otherwise; and
- (iv) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

Provided, however, that where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such moneys without the consent of the Company in General Meeting.

- (b) Subject to the provisions of these Articles, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture-stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present and future. Provided however that the Board shall not, except with the consent of the Company in General Meeting mortgage, charge or otherwise encumber, the Company's uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.
- (c) Any bonds, Debentures, debenture-stock or other Securities may if permissible in law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.
- (d) Subject to the provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Members in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorize the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the Members in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall *mutatis mutandis*

apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.

- (e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with within the time prescribed by the said Sections or such extensions thereof as may be permitted by the Central Government, The Company Law Board, the National Company Law Tribunal, or any other authority as may be prescribed or the Court or the Registrar, as the case may be, so far as they are required to be complied with by the Board.
- (f) The Company shall, if at any time it issues Debentures, keep a Register and Index (if applicable) of Debenture-holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State or Country outside India, a Branch Register of Debenture-holders resident in that State or Country.
- (g) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board of Directors from time to time.

31. SHARE WARRANTS

- (a) The Company may issue share warrants subject to, and in accordance with, the provisions of Sections 114 and 115; and accordingly the Board may in its discretion, with respect to any Share which is fully Paid-up, on application in writing signed by the Persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the Person signing the application, and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.
- (b)
 - (i) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposited warrant.
 - (ii) Not more than one person shall be recognised as depositor of the share warrant.
 - (iii) The Company shall, on two days' written notice, return the deposited share warrant to the depositor.
- (c)
 - (i) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the

Company, or attend, or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.

- (ii) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Shares included in the warrant, and he shall be a Member of the Company.

- (d) The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

32. CONVERSION OF SHARES INTO STOCK AND RECONVERSION

- (a) The Company in General Meeting may convert any Paid-up Shares into stock and when any Shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interests, in the same manner and subject to the same regulations as those subject to which Shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into Paid-up shares of any denomination.
- (b) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividends, voting at meetings of the Company, and other matters, as if they held the Shares from which the stock arose, but no such privileges or advantages, (except participation in the Dividends and profits of the Company and in the assets on winding-up), shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

33. MANAGEMENT OF COMPANY'S AFFAIRS

Subject to the provisions of the Act and these Articles, the entire management of the Company's affairs including all decisions and resolutions shall be entrusted by the Members of the Company to its Board of Directors. All matters arising at a meeting of the Board of Directors, other than those otherwise specified in these Articles if any shall be decided by a majority vote, subject to any casting vote of the Chairman in the event of a tie.

34. ANNUAL GENERAL MEETING

The Company shall in each year hold a General Meeting specified as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

35. WHEN ANNUAL GENERAL MEETING TO BE HELD

The Annual General Meeting shall be held within six months after the expiry of each Financial Year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar

under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held.

36. VENUE, DAY AND TIME FOR HOLDING ANNUAL GENERAL MEETING

- (a) Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company is situate, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting.
- (b) Every Member of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the Directors' Report and Audited Statement of Accounts, Auditors' Report, (if not already incorporated in the Audited Statement of Accounts), the proxy Register with proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same to the concerned Registrar of Companies, in accordance with Sections 159, 161, and 220 of the Act. The Directors are also entitled to attend the Annual General Meeting.

37. NOTICE OF GENERAL MEETINGS

- (a) Number Of Days Notice Of General Meeting To Be Given: A General Meeting of the Company may be called by giving not less than twenty one (21) days clear notice in writing, but a General Meeting may be called after giving shorter notice if consent is accorded thereto:
 - (i) In case of an Annual General Meeting, by all the Members entitled to vote thereat; and
 - (ii) In the case of any other meeting, by the Members of the Company holding not less than 95 per cent of such part of the Paid up Share Capital of the Company as gives a right to vote at the meeting.
- (b) Notice Of Meeting To Specify Place, etc., And To Contain Statement Of Business: Notice of every meeting of the Company shall specify the place, date and hour of the meeting, and shall contain a statement of the business to be transacted thereat.
- (c) Contents And Manner Of Service Of Notice And Persons On Whom It Is To Be Served: Every notice may be served by the Company on any Member thereof either personally or by sending it by post to their/its registered address in India and if there be no registered address in India, to the address supplied by the Member to the Company for giving the notice to the Member.
- (d) Special Business: Where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a

statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 per cent of the paid up share capital of that other company. All business transacted at any meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 173(1)(a) of the Act shall be deemed to be special.

- (e) Resolution Requiring Special Notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 190 of the Act.
- (f) Notice Of Adjourned Meeting When Necessary: When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (g) Notice When Not Necessary: Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

38. REQUISITION OF EXTRAORDINARY GENERAL MEETING

- (a) The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any two Directors or by any Member or Members holding in the aggregate not less than one-tenth of such of the Paid-up Capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made, and such meeting shall be held at the Office of the Company or at such place and at such time as the Board thinks fit.
- (b) Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.
- (c) Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the Paid-Up Share Capital held by all of them or not less than one-tenth of such of the Paid-up Share Capital of the Company as is referred to in Section 169(4) of the Act, whichever is less, may themselves call the Meeting, but in either case any Meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.
- (d) Any Meeting called under the foregoing sub-Articles by the requisitionists, shall be called in the same manner, as nearly as possible, as that in which a Meeting is to be called by the Board.

- (e) The accidental omission to give any such notice as aforesaid to any of the Members, or the non-receipt thereof, shall not invalidate any resolution passed at any such Meeting.
- (f) No General Meeting, Annual or Extraordinary, shall be competent to enter into, discuss or transact any business which has not been mentioned in the notice or notices by which it was convened.

39. NO BUSINESS TO BE TRANSACTED IN GENERAL MEETING IF QUORUM IS NOT PRESENT

- (a) Five Members present in person (who shall include the authorized representatives of the DK Group) shall be the quorum.
- (b) Notwithstanding what is stated in Article 39(a) above, the DK Group may by notice in writing waive the requirement of the presence of its representative for the purpose of constituting a valid quorum in respect of a General Meeting.

40. ADJOURNED MEETING

If, at the expiration of half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the meeting if convened by or upon the requisition of Members shall stand dissolved but in any other case the Meeting shall stand adjourned for 7 days after the original meeting or to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and such other time and place within the city, town or village in which the Registered Office of the Company is situate, as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called. It shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

41. CHAIRMAN OF THE GENERAL MEETING

DK shall be the Chairman of every General Meeting so long as he is willing to be a Director and the Chairman of the Company. In the absence of DK at any General Meeting, one of the DK Group Nominees shall preside at such Meeting as the Chairman of such General Meeting. If for any reason DK is unable to continue as the Chairman of the Company, then the Chairman of the Board shall be the Chairman of every General Meeting. In the absence of the Chairman of the Board at any General Meeting, one of the DK Group Nominees shall preside at such Meeting as the Chairman of that General Meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the Chair is vacant.

42. CHAIRMAN CAN ADJOURN THE GENERAL MEETING

The Chairman may adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

43. QUESTIONS AT GENERAL MEETING HOW DECIDED

- (a) At any General Meeting, a resolution put to the vote of the Meeting shall, unless a poll is demanded, be decided on a show of hands. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or in which an aggregate sum of not less than fifty thousand rupees has been Paid-up. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
- (b) In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll, (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
- (c) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situate and either by a show of hands or by ballot or by postal ballot, as the Chairman shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the decision of the Meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
- (d) Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member, (not being an officer or employee of the Company), present at the Meeting provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- (e) Any poll duly demanded on the election of a Chairman of a Meeting or any question of adjournment, shall be taken at the Meeting forthwith.
- (f) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.
- (g) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 193 of the Act to be contained in the Minutes of the proceedings of such Meeting.

- (h) The Members will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

44. VOTES OF MEMBERS

- (a) No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of Members either upon a show of hands or upon a poll in respect of any Shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

- (b) Subject to the provisions of these Articles, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the Capital of the Company, every Member not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands, every Member present in person shall have one vote and upon a poll, the voting right of such Member present, either in person or by proxy, shall be in proportion to his share of the Paid Up Share Capital of the Company held alone or jointly with any other Person or Persons.

Provided however, if any Member holding Preference Shares be present at any Meeting of the Company, save as provided in Clause (b) of Sub-Section (2) of Section 87 of the Act, he shall have a right to vote only on resolutions placed before the Meeting, which directly affect the rights attached to his Preference Shares.

- (c) On a poll taken at a Meeting of the Company, a Member entitled to more than one vote, or his proxy, or any other Person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.
- (d) A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through a committee or through his legal guardian; and any such committee or guardian may, on a poll vote by proxy. If any Member be a minor his vote in respect of his Share(s) shall be exercised by his guardian(s), who may be selected (in case of dispute) by the Chairman of the meeting.
- (e) If there be joint registered holders of any shares, any one of such Persons may vote at any Meeting or may appoint another Person, (whether a Member or not) as his proxy in respect of such Shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the Meeting and if more than one of such joint-holders be present at any Meeting, then one of the said Persons so present whose name stands higher in the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other joint-holders shall be entitled to be present at the Meeting. Several Executors or Administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint-holders thereof.
- (f) Subject to the provision of these Articles, votes may be given personally or by an attorney or by proxy. A body corporate, whether or not a Company within the meaning of the Act, being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and

- such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Member.
- (g) Any Person entitled to transfer any Shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that forty-eight hours at least before the time of holding the Meeting or adjourned Meeting as the case may be at which he proposes to vote, he shall satisfy the Board of his right to such Shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such Meeting in respect thereof.
- (h) Every proxy, (whether a Member or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a Meeting.
- (i) An instrument of proxy may appoint a proxy either for (i) the purposes of a particular Meeting (as specified in the instrument) or (ii) for any adjournment thereof or (iii) it may appoint a proxy for the purposes of every Meeting of the Company, or (iv) of every Meeting to be held before a date specified in the instrument for every adjournment of any such Meeting.
- (j) A Member present by proxy shall be entitled to vote only on a poll.
- (k) An instrument appointing a proxy and a power of attorney or other authority (including by way of a Board Resolution, (if any),) under which it is signed or a notarially certified copy of that power or authority or resolution as the case may be, shall be deposited at the Office not later than forty-eight hours before the time for holding the Meeting at which the Person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. An attorney shall not be entitled to vote unless the power of attorney or other instrument or resolution as the case may be appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the Meeting at which the attorney proposes to vote, or is deposited at the Office of the Company not less than forty-eight hours before the time fixed for such Meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may, by notice in writing addressed to the Member or the attorney, given at least 48 hours before the Meeting, require him to produce the original power of attorney or authority or resolution as the case may be and unless the same is deposited with the Company not less than forty-eight hours before the time fixed for the Meeting, the attorney shall not be entitled to vote at such Meeting unless the Board in their absolute discretion excuse such non-production and deposit.
- (l) Every instrument of proxy whether for a specified Meeting or otherwise should, as far as circumstances admit, be in any of the forms set out in Schedule IX of the Act or a form as near thereto as circumstance admit.

- (m) If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at Meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.
- (n) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the Meeting.
- (o) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.
- (p) The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.
 - (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such Meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
 - (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.
 - (3) In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise.
 - (4) The Minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.
 - (5) All appointments of Directors of the Company made at any Meeting aforesaid shall be included in the minutes of the Meeting.
 - (6) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the Meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.

- (7) Any such Minutes shall be evidence of the proceedings recorded therein.
- (8) The book containing the Minutes of proceedings of General Meetings shall be kept at the Registered Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Member without charge.
- (9) The Company shall cause minutes to be duly entered in books provided for the purpose of: -
 - a) the names of the Directors and Alternate Directors present at each General Meeting;
 - b) all Resolutions and proceedings of General Meeting;
- (q) The Members shall vote (whether in person or by proxy) all of the Shares owned or held of record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board of Directors, appointed as a Director of the Company under Section 274(1) of the Act in accordance with these Articles.
- (r) The Members will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.
- (s) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote (and any voting shall not be construed as a majority vote unless it includes the affirmative vote of the DK Group).
- (t) The Members shall exercise their voting rights as shareholders of the Company to ensure that the Act or these Articles are implemented and acted upon by the Members, and by the Company and to prevent the taking of any action by the Company or by any Member, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

45. DIRECTORS

- (a) Until otherwise determined by the Company in a General Meeting and subject to Sections 252 and 259 of the Act, the number of Directors (excluding Alternate Directors) shall not be less than three and not more than twelve.
- (b) The DK Group shall be entitled to appoint: One third of the members of the Board (DK Group Nominees) who shall be Non-Retiring Directors.
- (c) If a DK Group Nominee retires, resigns, is removed or otherwise vacates office at any time then, subject to Article 48, the DK Group shall be entitled to nominate one replacement Director upon the retirement, removal or resignation of their nominee Director.
- (d) The DK Group Nominees shall hold office at the pleasure of the DK Group, and be subject to removal by the DK Group. Their appointment and removal shall be

effective by a notice in writing addressed to the Board, under the hand of one of the authorized representatives of the DK Group and the same shall take effect forthwith upon being delivered to the Company. As and when there is a vacancy on the Board of the Company for any cause or reason out of the Directors nominated by the DK Group, such vacancy shall be filled by the DK Group.

46. CHAIRMAN OF THE BOARD OF DIRECTORS

- (a) DK shall be and shall continue as the non-retiring Chairman of the Board so long as he is willing to be a Director and Chairman of the Company and shall not be liable to retire by rotation. The Chairman shall preside at all meetings of the Board and the General Meeting of the Company. In the absence of DK at any meeting of the Board, one of the DK Group Nominees shall preside at such meeting as the Chairman. The Chairman shall have a casting vote in the event of a tie.
- (b) If for any reason DK is unable to continue as the Chairman, the members of the Board of Directors shall appoint one of the DK Group Nominees as the Chairman.
- (c) All the Directors shall exercise their voting rights to ensure that these Articles are implemented and acted upon by them to prevent the taking of any action by the Company or by any Member, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

47. APPOINTMENT OF ALTERNATE DIRECTORS

Subject to Section 313 of the Act, any Director shall be entitled to nominate an alternate director to act for him during his absence for a period of not less than 3 months. The Board may appoint such a person as an Alternate Director to act for a Director (hereinafter called "the Original Director") (subject to such person being acceptable to the Chairman) during the Original Director's absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State. If the term of the office of the Original Director is determined before he so returns to the State, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

48. CASUAL VACANCY AND ADDITIONAL DIRECTORS

- (a) Subject to the provisions of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any qualified Person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under Article 45. Any Person so appointed as an addition shall hold office only up to the date of the next Annual General Meeting. Any person appointed to fill a casual vacancy shall hold office only up to the date to which the Original Director in whose place he is appointed would have held office if it had not been vacated but shall be eligible for election.

- (b) As and when there is a vacancy on the Board of the Company for any cause or reason out of the Directors nominated by the DK Group (i.e. DK Group Nominees) such a vacancy shall be filled by the DK Group.

49. DEBENTURE DIRECTORS

If it is provided by a Trust Deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any Person/ Lender or Persons/ Lenders shall have power to nominate a Director of the Company, then in the case of any and every such issue of Debentures, the Person/ Lender or Persons/ Lenders having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to a Debenture Director. A Debenture Director may be removed from office at any time by the Person/ Lender or Persons/ Lenders in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.

50. NO QUALIFICATION SHARES FOR DIRECTORS

A Director shall not be required to hold any qualification Shares of the Company.

51. REMUNERATION OF DIRECTORS

- (a) Subject to the provisions of the Act, a Managing Director or Managing Directors, and any other Director/s who is/are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.
- (b) Subject to the provisions of the Act, a Director (other than a Managing Director or an Executing Director) may be paid remuneration either:
 - (i) by way of monthly, quarterly or annual payment, or
 - (ii) by way of commission.
- (c) The remuneration payable to each Director for every Meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 310 of the Act.

52. SPECIAL REMUNERATION FOR EXTRA SERVICES RENDERED BY A DIRECTOR

If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration otherwise provided.

53. TRAVEL EXPENSES OF DIRECTORS

The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board/committee meetings are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for travelling, , lodging and/ or other expenses, in addition to his fee for attending such Board Meetings/ committee meetings as above specified; and if any Director be called upon to go or reside out of his ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed travelling and other expenses incurred in connection with the business of the Company.

54. CONTINUING DIRECTORS

The continuing Directors may act notwithstanding any vacancy in their body, but if, and so long as their number is reduced below the minimum number fixed by Article 45 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose.

55. VACATION OF OFFICE BY DIRECTOR

- (1) Subject to Sections 283 and 314 of the Act, the office of a Director, including DK or any DK Group Nominee shall *ipso facto* be vacated if:
 - (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
 - (b) he applies to be adjudicated an insolvent; or
 - (c) he is adjudged an insolvent; or
 - (d) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
 - (e) he fails to pay any calls made on him in respect of Shares of the Company held by him whether alone or jointly with others, within six months from the date fixed for the payment of such call, unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or
 - (f) he absents himself from three consecutive Meetings of the Board or from all Meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
 - (g) he, (whether by himself or by any Person for his benefit or on his account), or any firm in which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company, in contravention of Section 295 of the Act; or
 - (h) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
 - (i) he acts in contravention of Section 299 of the Act; or
 - (j) he becomes disqualified by an order of the Court under Section 203 of the Act; or
 - (k) he is removed in pursuance of Section 284 of the Act; or
 - (l) if he is a DK Group Nominee , upon receipt of notice by the Board from the DK Group, informing the Board of the withdrawal of his nomination; or
 - (m) he is disqualified under section 274 (1)(g) of the Act.

- (2) Subject to the provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Board of Directors and such resignation shall become effective upon its acceptance by the Board.

56. REMOVAL OF DIRECTORS

The DK Group Nominees shall hold office at the pleasure of DK Group and be subject to removal by the Members of the DK Group.

57. DIRECTORS MAY CONTRACT WITH COMPANY

- (1) A Director or his relative, a firm in which such Director or relative is a partner, any other Person in such firm, or a private company of which the Director is a member or director may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in, or Debentures, of the Company, provided that the prior sanction of the Board and the Central Government is obtained in accordance with Section 297 of the Act.
- (2) No sanction however shall be necessary to: -
- (a) any sale, purchase or lease of immovable property; or
 - (b) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company, by any such Director, relative, firm, partner or private Company as aforesaid for cash at prevailing market prices; or
 - (c) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other, for sale, purchase or supply of any goods, materials and services, in which either the Company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services do not exceed Rs.5,000 in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, the Company may without obtaining the consent of the Board enter into any such contract or contracts with the Director, relative, firm, partner or private company, even if the value of such goods or materials or the cost of such services exceeds Rs.5,000 in the aggregate in any year comprised in the period of the agreement, if the consent of the Board shall be obtained to such contract or contracts at a Meeting within three months of the date on which the contract was entered into.

- (3) The Director, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

58. DISCLOSURE OF INTEREST

- (a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company,

shall disclose the nature of his concern or interest at a Meeting of the Board in the manner provided in Section 299(2) of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together holds or hold not more than 2 per cent of the Paid-up Share Capital in the other company or the Company as the case may be. A general notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but may be renewed for a further period of one Financial Year at a time by a fresh notice given in the last month of the Financial Year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a Meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first Meeting of the Board after it is given.

- (b) No Director shall as a Director, take any part in the discussion of, vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangements; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however that nothing herein contained shall apply to:-
 - (i) any contract or indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
 - (ii) any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Director consists solely,
 - (I) in his being -
 - (i) a director of such company, and
 - (ii) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by this Company, or
 - (II) in his being a member holding not more than 2 per cent of its Paid-up Share Capital.
- (c) Subject to the provisions of Section 314 and other applicable provisions, if any, of the Act, any Director of the Company, any partner or relative of such Director, any firm in which such Director or a relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.
- (d) The Company shall keep a Register in accordance with Section 301(1) of the Act and shall within the time specified in Section 301(2) of the Act enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act, as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the

bodies corporate and firms of which notice has been given by him under Article 58(a). The Register shall be kept at the Registered Office of the Company and shall be open to inspection at such Office, and extracts may be taken therefrom and copies thereof may be required by any Member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

- (e) A Director may be or become a Director of any Company promoted by the Company, or on which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as director or shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

59. PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP

- (i) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (ii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless:-
 - (a) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;
 - (b) retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed;
 - (c) he is not qualified or is disqualified for appointment;
 - (d) a resolution whether special or ordinary is required for the appointment or reappointment by virtue of any provisions of the Act.
 - (e) the proviso to subsection (2) of Section 263 of the Act is applicable to this case.

60. COMPANY MAY INCREASE OR REDUCE THE NUMBER OF DIRECTORS.

Subject to Article 41 and Section 252, 255, 258 and 259 of the Act and these Articles, the Company may, by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may, (subject to the provisions of Section 284 of the Act), remove any Director before the expiration of his period of office and appoint another qualified in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

61. REGISTER OF DIRECTORS ETC.

- (a) The Company shall keep at its Office, a Register containing the particulars of its Directors, Managing Directors, Manager, Secretaries and other Persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.

- (b) The Company shall in respect of each of its Directors also keep at its Office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said section in all respects.

62. DISCLOSURE BY DIRECTOR OF APPOINTMENT TO ANY OTHER BODY CORPORATE.

- (a) Every Director, (including a person deemed to be a Director by virtue of the Explanation to Sub-Section (1) of Section 303 of the Act), a Managing Director, Manager, or Secretary of the Company shall, within thirty days of his appointment to any of the above offices or as the case may be, relinquishment of, such offices, in any other body corporate disclose to the Company, the particulars relating to his office in the other body corporate which are required to be specified under Sub-Section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purposes of enabling the Company to comply with the provisions of that Section.

63. MANAGING DIRECTOR(S)/ EXECUTIVE DIRECTOR(S)/ MANAGER

- (a) Subject to the provisions of Article 41 and Section 267, 268, 269, 309, 310, 311, 316 and 317 and other applicable provisions and Schedule XIII of the Act and of these Articles, the DK Group shall have the right by a notice in writing signed by DK or a DK Group Nominee addressed to the Board, the right to designate one or more of the DK Group Nominees as the Managing Director(s) or Manager or Executive Director(s) of the Company and the Board shall within one week of the date of receipt of such letter, appoint such designate or designates as the Managing Director(s) or Manager or Executive Director(s) of the Company. The DK Group shall have the right by a similar notice to require the Board to remove any Managing Director(s) or Manager or Executive Director(s) of the Company and the Board shall within one week of the date of receipt of such notice take steps to remove such person from such office with the Company. On a vacancy being caused in the office of the Managing Director(s) or Manager or Executive Director(s), whether by resignation, death, removal or otherwise, the DK Group shall have the right to designate another DK Group Nominee for such appointment and the Board shall proceed to appoint such DK Group Nominee in the same manner as prescribed above. The terms of appointment of Managing Director(s) or Manager or Executive Director(s) shall be as are specified, (with the power to vary such terms) by the DK Group from time to time and these shall be the terms on which such persons shall be appointed by the Board. The Managing Director(s) or Manager or Executive Director(s), as the case may be, so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or Manager or Executive Director(s), as the case may be, all the powers vested in the Board generally.
- (b) The Managing Director(s) or Manager or Executive Director(s), as the case may be, of the Company in office on the date of adoption of this Article by the Company shall be deemed to be the Managing Director or Manager or Executive Director, as the case may be designated by the DK Group for

appointment and appointed by the Board, as provided in sub-Article (a) above and the remaining provisions of sub-Article (a) above shall apply to such Managing Director or Executive Director or Manager (as the case may be).

64. PROVISIONS TO WHICH MANAGING DIRECTOR(S)/ EXECUTIVE DIRECTOR(S)/ MANAGER ARE SUBJECT

Notwithstanding anything contained herein, a Managing Director(s)/ Executive Director(s)/ Manager shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of a Director he shall ipso facto and immediately cease to be a Managing Director(s)/ Executive Director(s) / Manager, and if he ceases to hold the office of a Managing Director(s)/ Executive Director(s) / Manager he shall ipso facto and immediately cease to be a Director.

65. REMUNERATION OF MANAGING DIRECTOR(S) OR EXECUTIVE DIRECTOR(S) OR MANAGER

The remuneration of the Managing Director(s) or Executive Director(s) or Manager shall (subject to Sections 198, 269, 309, 310, 311 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission or profits of the Company or by participation in such profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

66. POWER AND DUTIES OF MANAGING DIRECTOR(S) OR EXECUTIVE DIRECTOR(S) OR MANAGER

Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director(s) or Executive Director(s) or Manager in the manner as deemed fit by the Board and subject to the provisions of the Act, and these Articles, the Board may by resolution vest any such Managing Director(s) or Executive Director(s) or Manager with such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to the provisions of the Act, and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

67. LIMITATIONS ON POWERS OF MANAGING DIRECTOR(S) OR EXECUTIVE DIRECTOR(S) OR MANAGER

The Managing Director (s) or Executive Director (s) or Manager shall not exercise the powers to: -

- (a) making calls on Members in respect of money unpaid on the Shares in the Company;
- (b) issue Debentures;
- (c) and except to the extent mentioned in the resolution passed at the Board Meeting under Section 292 of the Act, shall also not exercise the powers to borrow moneys, otherwise than on Debentures;
- (d) invest the funds of the Company;

- (e) make loans; and
- (f) do such things and take such actions as are limited or proscribed by the Board from time to time.

68. PROCEEDINGS OF THE BOARD OF DIRECTORS

- (a) The Board may meet for the dispatch of the business, adjourn and otherwise regulate its meetings on a date, time and venue as indicated by the Chairman, provided however, the Board shall meet once in every three calendar months and at least four times in a year in accordance with Section 285 of the Act or any statutory modifications thereof.
- (b) The Company Secretary shall as and when, directed by the Chairman convene a meeting of the Board by giving a notice in writing to every Director.
- (c) The Board of Directors may meet either at the Office of the Company, or at any other location in India or outside India as the Chairman may determine.
- (d) At least 7 days notice of every meeting of the Board shall be given in writing to every Director for the time being at his usual address in India and in the case of a Director resident outside India, at his address outside India and to his alternate, if any in India at his usual address in India. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any emergency as directed by the Chairman or the Managing Director or the Executive Director, as the case may be. Such notice or shorter notice may be sent by post or by fax or email depending upon the circumstances.
- (e) If permissible under applicable Requirements of Law, a Director may attend Board Meetings by any video or audio conferencing facility that permits simultaneous communication between participants.

69. QUORUM FOR BOARD MEETING

Subject to Section 287 of the Act, the quorum for a Meeting of the Board shall be presence of at least one- third of its total strength which must include at least an equal number of Directors who are DK Group Nominees (or his or their alternate) unless such absent DK Group Nominee Director(s) consent in writing to a quorum requirement being satisfied despite his or their absence. Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength of the number of remaining Directors, that is to say, the number of Directors who are not interested, present at the Meeting being not less than two (of whom atleast one should be a DK Group Nominee), they shall be the quorum during such time.

70. ADJOURNED BOARD MEETING FOR WANT OF QUORUM

- (a) If any duly convened Board Meeting cannot be held for want of a quorum, in terms of Article 69 above then such a meeting shall automatically stand adjourned for 7 days after the original Meeting at the same time and place, or if that day is a public holiday, on the next succeeding day which is not a public holiday to the same time and place. Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed by all the Directors.
- (b) If in the event of a quorum once again not being available at such an adjourned meeting, the Directors present shall constitute the quorum and may transact business for which the meeting has been called.

71. QUESTIONS AT THE BOARD MEETINGS HOW DECIDED

- (a) Questions arising at any meeting of the Board, other than as specified in these Articles if any, shall be decided by a majority vote and any voting shall not be construed as a majority vote unless it includes the affirmative vote of either DK or one DK Group Nominee or the Managing Director or the Executive Director present and voting at such Meeting. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that if neither DK nor any DK Group Nominee Director is able to attend a Board Meeting, but addresses a written communication to the Board, expressing his/their concurrence or approval to the passage of any particular resolution or resolutions by the Board, such communication shall for the purposes of this Article be deemed to be his/ their affirmative vote.
- (b) No regulation made by the Company in General Meeting, shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

72. POWERS OF THE BOARD

Subject to the provisions of the Act and these Articles: -

- (a) The Board of Directors shall be entitled to exercise all such power and to do all such acts and things as the Company is authorised to exercise and do.
- (b) The Board of Directors is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

73. COMMITTEES AND DELEGATION BY THE BOARD

- (a) Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 292 of the Act, delegate any of their powers to the Managing Director(s), the Executive Director(s) or Manager or the Chief Executive Officer of the Company. The Managing Director(s), the Executive Director(s) or the Manager or the Chief Executive Officer(s) as aforesaid shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effect as if done by the Board.
- (b) Subject to the provisions of the Act, any Requirements of Law and anything stated in these Articles the Board may delegate any of their powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of

their appointment but not otherwise, shall have the like force and effect as if done by the Board.

- (c) Subject to applicable laws, in respect of each committee of the Board of Directors, the DK Group is entitled to nominate atleast one of the DK Group Nominees to each of the committees of the Board of the Company.
- (d) The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under the last preceding Article.

74. ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING INFORMAL APPOINTMENT

All acts done at any Meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

75. RESOLUTION BY CIRCULAR

Subject to Sections 289 and 292 of the Act and the provisions as contained in these Articles, no resolution shall be deemed to have been passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft together with the necessary papers, if any, to all Directors, or to all members of the Committee, whether in India or not (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and to all other Directors or members of the Committee at their usual address in India or elsewhere, and has been approved by all such Directors or members of the Committee, or by a majority of such of them as are entitled to vote on the resolution.

76. MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE BOARD

- (a) The Company shall cause minutes of all proceedings of every meeting of the Board and the Committee/s thereof to be kept by making within thirty days of the conclusion of every such meeting, entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat and shall also contain: -
 - (i) all appointments of Officers;
 - (ii) the names of the Directors and Alternate Directors present at each meeting of the Board;
 - (iii) all resolutions and proceedings of the meetings of the Board;
 - (iv) the names of the Directors, if any, dissenting from, or not concurring in, the resolution.
- (e) Nothing contained in sub Articles (a) to (d) above shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting: -
 - (i) is or could reasonably be regarded as defamatory of any person ;
 - (ii) is irrelevant or immaterial to the proceedings ; or
 - (iii) is detrimental to the interests of the Company .
- (f) The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub article.
- (g) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

77. OFFICERS

- (a) The Company shall have its own professional management and such officers shall be appointed from time to time as designated by its Board. The officers of the Company shall serve at the discretion of the Board.
- (b) The officers of the Company shall be responsible for the implementation of the decisions of the Board, subject to the authority and directions of the Board and shall conduct the day to day business of the Company.
- (c) The officers of the Company shall be the Persons in charge of and responsible to the Company for the conduct of the business of the Company and shall be concerned and responsible to ensure full and due compliance with all statutory laws, rules and regulations as are required to be complied with by the Company and/or by the Board of Directors of the Company.
- (d) Qualified experienced managerial, and marketing executives and other officers shall be appointed for the operation and conduct of the business of the Company.
- (e) The Board shall appoint with the approval of the Chairman, the President and/or Chief Executive Officer and/or Chief Operating Officer of the Company, as well as persons who will be appointed to the posts of senior executive management.

78. THE SECRETARY

- (a) Subject to the provisions of Section 383A of the Act, the Board may from time to time appoint any individual as Secretary of the Company to perform such function, which by the Act or these Articles for the time being of the Company are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to him by the Board. The Board may confer upon the Secretary so appointed any powers and duties as are not by the Act or by these Articles required to be exercised by the Board and may from time to time

revoke, withdraw, alter or vary all or any of them. The Board may also at any time appoint some individual (who need not be the Secretary), to maintain the Registers required to be kept by the Company.

- (b) The Company Secretary shall be an individual responsible to ensure that there shall be no default, non-compliance, failure, refusal or contravention of any of the provisions of the Act, or any rules, regulations or directions which the Company is required to conform to or which the Board of Directors of the Company are required to conform to and shall be designated as such and be the officer in default.

79. DIRECTORS' & OFFICERS' LIABILITY INSURANCE

Subject to applicable Indian laws, the Company shall procure, at the Company's cost, comprehensive directors and officers liability insurance for each Director: -

- (a) on terms approved by the Board;
- (b) which includes each Director as a policyholder,
- (c) is from an internationally recognised insurer approved by the Board; and
- (d) for a coverage for claims of an amount not less than the Rupee equivalent of Rs. (Rupees.....) in the aggregate or as may be decided by the Board from time to time.

80. SEAL

- (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board, previously given.
- (b) The Company shall also be at liberty to have an official Seal(s) in accordance with Section 50 of the Act, for use in any territory, district or place outside India.
- (c) Every deed or other instrument to which the Seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney, be signed by (i) two Directors or (ii) by one Director and the Secretary or (iii) by one Director and any other person as may be authorised by the Board for that purpose.

81. ACCOUNTS

- (a) The Company shall keep at its Office or at such other place in India as the Board thinks fit proper books of account in accordance with Section 209 of the Act with respect to -
 - (i) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;
 - (ii) all sales and purchase of goods by the Company;
 - (iii) the assets and liabilities of the Company.
- (b) Where the Board decides to keep all or any of the books of account at any place other than the Office of the Company, the Company shall within seven days of the decision file with the Registrar, a notice in writing giving the full address of that other place.

- (c) The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year.
- (d) When the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to dates at intervals of not more than three months, are sent by the branch office to the Company at its office or at the other place in India, at which the Company's books of account are kept as aforesaid.

82. AUDIT

- (a) Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 233 of the Act.
- (b) Every account of the Company when audited shall be approved by a General Meeting and shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected, and henceforth shall be conclusive.

83. DOCUMENTS AND NOTICES

- (1) A document or notice may be given or served by the Company to or on any Member whether having his registered address within or outside India either personally or by sending it by post to him to his registered address.
- (2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due or by cable or telegram and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall be deemed to be effected unless it is sent in the manner intimated by the Member. Such service shall be deemed to have effected in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted or after a telegram has been dispatched and in any case, at the time at which the letter would be delivered in the ordinary course of post or the cable or telegram would be transmitted in the ordinary course.
- (3) A document or notice may be given or served by the Company to or on the joint-holders of a Share by giving or serving the document or notice to or on the joint-holder named first in the Register of Members in respect of the Share.
- (4) Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which previous to his name and address being entered on the register of Members, shall have been duly served on or given to the Person from whom he derives his title to such Share.

- (5) Any document or notice to be given or served by the Company may be signed by a Director or the Secretary or some Person duly authorised by the Board for such purpose and the signature thereto may be written, printed, photostat or lithographed.
- (6) All documents or notices to be given or served by Members on or to the Company or to any officer thereof shall be served or given by sending the same to the Company or officer at the Office by post under a certificate of posting or by registered post or by leaving it at the Office.

84. DIVIDEND POLICY

- (a) The profits of the Company, subject to any special rights relating thereto being created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the Members in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the Shares held by them respectively. Provided always that, (subject as aforesaid), any Capital Paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.
- (b) Subject to the provisions of Section 205 of the Companies Act, 1956 the Company in General Meeting may declare Dividends, to be paid to Members according to their respective rights and interests in the profits but no Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller Dividend, and may fix the time for payments not exceeding 30 days from the declaration thereof.
- (c)
 - (i) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both provided that: -
 - (I) if the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a Dividend for any Financial Year provide for such depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years,
 - (II) if the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

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- (ii) The declaration of the Board as to the amount of the net profits shall be conclusive.
 - (d) The Board may from time to time, pay to the Members such interim Dividend as in their judgment the position of the Company justifies.
 - (e) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.
 - (f)
 - (i) Subject to the rights of Persons, if any, entitled to Shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any Shares in the Company, Dividends may be declared and paid according to the amount of the Shares.
 - (ii) No amount paid or credited as paid on Shares in advance of calls shall be treated for the purpose of this regulation as paid on Shares.
 - (iii) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid, but if any Shares are issued on terms providing that it shall rank for Dividend as from a particular date such Shares shall rank for Dividend accordingly.
 - (g) Subject to the provisions of the Act and these Articles, the Board may retain the Dividends payable upon Shares in respect of any Person, until such Person shall have become a Member, in respect of such Shares or until such Shares shall have been duly transferred to him.
 - (h) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other moneys payable in respect of such Shares.
 - (i) Subject to the provisions of the Act, no Member shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any such Member all sums of money so due from him to the Company.
 - (j) A transfer of Shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.
 - (k) Unless otherwise directed any Dividend may be paid by cheque or warrant or by a pay slip or receipt (having the force of a cheque or warrant) and sent by

post or courier or by any other legally permissible means to the registered address of the Member or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any Dividend lost to a Member or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If two or more Persons are registered as joint-holders of any Share(s) any one of them can give effectual receipts for any moneys payable in respect thereof. Several Executors or Administrators of a deceased Member in whose sole name any Share stands shall for the purposes of this Article be deemed to be joint-holders thereof.

- (l) No unpaid Dividend shall bear interest as against the Company.
- (m) Any General Meeting declaring a Dividend may on the recommendation of the Board, make a call on the Members of such amount as the Meeting fixes, but so that the call on each Member shall not exceed the Dividend payable to him, and so that the call will be made payable at the same time as the Dividend; and the Dividend may, if so arranged as between the Company and the Members, be set-off against such calls.

85. UNPAID OR UNCLAIMED DIVIDEND

- (i) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 days from the date of declaration to any Member entitled to the payment of such dividends, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that regard with any scheduled bank called the "Unpaid Dividend of LUMAX AUTO TECHNOLOGIES LIMITED" and transfer to the said account the total amount of Dividend which remains unpaid or in relation to which no Dividend warrant has been posted.
- (ii) Any money so transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 205C of the Act, viz. "Investors Education and Protection Fund"..
- (iii) No unpaid or unclaimed Dividend shall be forfeited by the Board.

86. CAPITALISATION OF PROFITS

The Company in General Meeting may, upon the recommendation of the Board, resolve:

- i) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the Company's profit and loss account or otherwise, as available for distribution, and
- ii) that such sum be accordingly set free from distribution in the manner specified herein below in sub-article (iii) as amongst the Members who would have been entitled thereto, if distributed by way of Dividends and in the same proportions.

- iii) The sum aforesaid shall not be paid in cash but shall be applied either in or towards:
 - (a) paying up any amounts for the time being unpaid on any Shares held by such Members respectively;
 - (b) paying up in full, un-issued Shares of the Company to be allotted, distributed and credited as fully Paid up, to and amongst such Members in the proportions aforesaid; or
 - (c) partly in the way specified in sub-article (a) and partly in the way specified in sub-article (b).

87. RESOLUTION FOR CAPITALISATION OF RESERVES AND ISSUE OF FRACTIONAL CERTIFICATE

- (I) The Board shall give effect to a Resolution passed by the Company in pursuance of this regulation.
- (II) Whenever such a Resolution as aforesaid shall have been passed, the Board shall:
 - (a) make all appropriation and applications of undivided profits (resolved to be capitalized thereby), and all allotments and issues of fully paid Shares or Securities, if any; and
 - (b) generally do all acts and things required to give effect thereto.

88. DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP

- (a) If the Company shall be wound up, the Liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members, in specie or kind the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (b) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.

89. DIRECTORS' AND OTHERS' RIGHTS TO INDEMNITY

Subject to the provisions of Section 201 of the Act, every Director, Manager and other officer or employee of the Company shall be indemnified by the Company against any liability incurred by him and it shall be the duty of the Directors to pay out of the funds of the Company all costs, losses and expenses which any Director, Manager, officer or employee may incur or become liable to by reason of any contract entered into by him on behalf of the Company or in any way in the discharge of his duties and in particular,

and so as not to limit the generality of the foregoing provision, against all liabilities incurred by him as such Director, Manager, officer or employee in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all claims.

90. DIRECTORS ETC., NOT LIABLE FOR CERTAIN ACTS

Subject to the provisions of Section 201 of the Act, no Director, Manager, officer or employee of the Company shall be liable for the acts, defaults, receipts and neglects of any other Director, Manager, officer or employee or for joining in any receipts or other act for the sake of conformity or for any loss or expenses happening to the Company through the insufficiency, or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any Person with whom any moneys, Securities or effects shall be deposited or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through his own negligence, default, misfeasance, breach of duty or breach of trust.

91. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

- (a) The Members shall vote all the Shares owned or held of record by such Members at any Annual or Extraordinary General Meeting of the Company in accordance with these Articles.
- (b) The Members shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.
- (c) The Articles of the Company shall not be amended unless (i) Members holding not less than 75% of the Shares (and who are entitled to attend and vote) cast votes in favour of each such amendment/s to the Articles and (ii) unless the DK Group votes in favour of such amendment/s, so long as the DK Group are Members of the Company and vote on such amendment/s.
- (d) Notwithstanding anything stated in these Articles, if the DK Group holds less than 26% of the Equity Shares of the Company, then the DK Group will not be entitled to the rights as stipulated in Articles 4, 39, 41, 44, 45, 46, 48, 56, 63, 69 and 71 of these Articles.

92. SECRECY

- (i) Every Director, Manager, Committee Member, Auditor, Trustee, officer, servant, agent, accountant or other Person employed in the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company and in matters relating there to and shall by such declaration, pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by law or by the Person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

- (ii) No Member, not being a Director shall be entitled except to the extent expressly permitted by the Act or these Articles to enter upon the property of the Company or to require discovery of any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process, which may relate to the conduct of the business of the Company and which, in the opinion of the Board will be inexpedient in the interests of the Company to communicate to the public.

SECTION X: OTHER INFORMATION

Material Contract & Documents for Inspection

The following contracts and agreements referred to below (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this Draft Prospectus which are/or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to below, all of which have been attached to the copy of the Draft Prospectus and which have been delivered to the Registrar of Companies, Pune, Maharashtra, may be inspected at the Registered Office of the Company between 11.00 a.m. and 3.00 p.m. on any working day from the date of the Draft Prospectus until the date of closing of subscription list.

Material Contracts

1. Engagement letter dated April 19, 2006 executed with Centrum Capital Limited, appointing them as Lead Manager.
2. Memorandum of Understanding between the company and Lead Manager, Centrum Capital Limited and S B & T Private Limited, dated August 01, 2006
3. Memorandum of Understanding dated June 12, 2006, between the Company and the Registrar, Bigshare Services Private Limited.

Material Documents

1. Certificates of Incorporation of Lumax Auto Technologies Limited dated October 13, 1981, November 02, 1998, May 30, 2002 and August 02, 2006..
2. Memorandum of Association and Articles of Association of the Lumax Auto Technologies Limited as amended from time to time.
3. Resolutions Passed at the EGM of the Company held on April 01, 2002 for appointment and affixing the remuneration of Mrs. Usha Jain as Managing Director.
4. Certified true copy of the resolution passed at the EGM under section 81(1A) dated June 15, 2006
5. Share Purchase and Sale Agreement dated January 31, 2006 between shareholders and members of Lumax DK Auto Industries Limited and Dhanesh Auto Electricals Limited (now known as Lumax Auto Technologies Limited).
6. Valuation Report of Deloitte Hasken and Touche valuation of Lumax DK Auto Industries Limited for share swap.
7. Copy of the Board resolution for appointment of Company Secretary.
8. Copy of the Board Resolution for formation of Company's Audit Committee, Investor Grievance Committee and Remuneration Committee
9. Report of Auditors dated July 06, 2006 as mentioned in Draft Prospectus under the heading Financial Information.

10. Letter dated July 06, 2006 given by M/s. D.R. Barve & Company regarding possible tax benefits available to Lumax Auto Technologies Limited and its current shareholders under the Current tax laws presently in force in India
11. Certificate dated July 19, 2006 from M/s. D.R. Barve & Company, Chartered Accountants regarding sources and deployment of funds.
12. Certificate from M/s. D.R. Barve & Company, Chartered Accountants, regarding Compliance of Corporate Governance by the Company as per clause 49 of the Listing Agreement and certificate.
13. Consent letter from Chartered Accountants for inclusion of his report on Accounts and a statement on tax benefits in the form and in the context in which they appear in the Draft Prospectus.
14. Consent letters from the Directors of the Company, Lead Managers to the Issue, Bankers to the Issue, Bankers to the Company, Auditors, Solicitors, Registrar to the Issuer, Company Secretary and Compliance Officer to act in their respective capacities and for inclusion of their names in the Draft Prospectus.
15. Power of Attorney executed by the Directors in favour of Mr. P.S. Chandrasekar for signing and making correction in the Draft Prospectus on their behalf.
16. Copies of Annual Reports for the last five accounting periods, i.e., FY2001-2002, 2002-2003, 2003-2004, 2004-2005 and 2005-2006 of the Company
17. Copy of the letter from India Law Alliance, Advocates as legal Advisor to the issue for vetting and approval of Draft Prospectus.
18. No objection certificate received from State Bank of India, Bankers to the Company, for the public issue.
19. Due diligence certificate dated August 07, 2006 issued by Lead Manager to the Issue, Centrum Capital Limited.
20. Letters from Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited dated [●] and [●], granting the 'in principle' approval to the listing of shares.
21. Initial listing applications dated [●], 2006 and [●], 2006 filed with NSE and BSE.
22. Copy of tripartite agreement entered into between CDSL, the Company and the Registrar Bigshare Services Private Limited dated [●], 2006
23. Copy of tripartite agreement entered into between NSDL, the Company and the Registrar, Bigshare Services Private Limited [●], 2006.
24. SEBI observation letter No.[●], 2006 dated [●], 2006.

Any of the contracts or documents mentioned in the Draft Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliances of applicable laws.

Declaration

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with this said offer as also the guidelines; instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We the Directors of Lumax Auto Technologies Limited and the Issuer(s), declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the Equity Shares offered in terms of this Draft Prospectus have been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till Allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

The Directors of the Company certify that all disclosures made in the Draft Prospectus are true and correct.

Mrs. Usha Jain, Managing Director

Mr. Dhanesh Kumar Jain, Director

Mr. Anmol Jain, Director

Mr. A.V. Alexander, Director

Mr. Manmohan Sachdev, Director

Mr. Sandeep Dinodia, Director

Mr. P.S. Chandrasekar, Company Secretary and Compliance Officer

Place: Delhi

Date: August 07, 2006