LUMAX
AUTO TECHNOLOGIES

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) AND 192A OF THE COMPANIES ACT, 1956:

Item No. 1 & 2:

Mrs. Usha Jain was re-appointed as Managing Director of the Company for a period of 5 (five) years w.e.f April 1, 2012, by a Special Resolution No. 6 passed by the members of the Company in the Annual General Meeting held on 24th August, 2012 on the terms and conditions as mentioned in the said resolution read with the Explanatory Statement.

That, during the F.Y. 2012-2013, The Managing Director was diagnosed with ovarian cancer and was in need of immediate medical attention and treatment. In the course of her treatment, she was required to be treated at hospitals in India and on Doctor's advise, was sent abroad for medical treatment.

Your Directors wish to place on record that with the timely treatment and after two major surgeries by competent team of surgeons in USA, the Managing Director has recovered substantially and would be able to resume duties in the near foreseeable future.

That, the expenses of medical treatment and hospitalization in USA, as is well known, are quite high. On top of this, she had to remain under constant medical care. Due to the urgent nature of this unforeseen substantially large expenditure, there was no other course but for the company to bear this. Fortunately, your company being a very profitable venture was able to financially support its Managing Director in this crucial period.

Mrs. Usha Jain has been a part of the Company since 1987. She has been instrumental to the growth and success of the Company. This has enabled the Company to reach the pinnacle in the Automotive Sector. The company has seen tremendous growth under her leadership and is poised for major expansion plans, which your Directors hope will fructify under her leadership. That, the Board considers it in the interest of the Company to continue to have the benefit of the rich experience and expertise of Mrs. Usha Jain for the growth of the Company in future as well.

The Remuneration Committee of Directors consisting of independent Directors have viewed that the medical expenses including travelling of Rs. 2,43,53,916 (Rupees Two Crores Forty Three Lakhs Fifty Three Thousand Nine Hundred Sixteen Only) during F.Y. 2012 - 13 were absolutely unavoidable and wholly and exclusively due to the gravity of the situation. The said Committee considered it prudent that in view of the payment of the aforesaid medical expenses, the consequent excess remuneration paid during the F.Y. 2012 - 13 in excess of permissible limits under the provisions of the Companies Act, 1956, be waived for recovery from the Managing Director with, the permission, of the Central Government.

Further, the medical and post surgery treatment of the Managing Director is expected to continue during the F.Y. 2013-14 and therefore your approval is sought for payment of medical expenses including travelling of the Managing Director, estimated at Rs. 2,00,00,000/- (Rupees Two Crores only), or actual amount of expenses, whichever is lower being over and above the existing managerial remuneration of 5% as approved by the members of the Company vide Special Resolution No. 6 passed in the Annual General Meeting held on 24th August, 2012.

Your Company proposes to file an application with the Central Government, as per Section 309(5B) of the Companies Act, 1956, for waiver of recovery of excess remuneration paid to the Managing Director during F.Y. 2012-2013.

Your Company also proposes to apply to the Central Government for approval of the payment of remuneration in excess of the ceiling limit of 5% to the Managing Director during F.Y. 2013-2014.

The aforesaid proposals have been recommended by the Remuneration Committee considering the financial position of the Company, qualification, experience, past performance of the Managing Director, future business plans and most importantly, the demand of the situation for her medical support, among others and also approved by the Board of Directors at their meeting held on 13th February, 2013.

The approval of the members is being sought for the waiver of the recovery of excess remuneration paid to the Managing Director during F.Y. 2012-13, incurred on her hospitalization and medical treatment and also for the payment of remuneration in excess of the ceiling limit of 5% to her during F.Y. 2013-2014, estimated to be incurred on her hospitalization and medical treatment, as advised by the team of Doctors attending on her.

None of the Directors except Mr. D.K. Jain and Mr. Anmol Jain, being related to Mrs. Usha Jain, is interested in the above resolutions.

The Board recommends the above resolutions for approval of members as Special Resolutions.

BY ORDER OF THE BOARD

Place: Pune
Date: February 13, 2013

Swapnal B. Pawar
Company Secretary