

REMUNERATION CRITERIA FOR NON-EXECUTIVE DIRECTORS

Criteria for payment of remuneration to Non-executive Directors of Lumax Auto Technologies Limited

Non-executive directors of the company play a crucial role to the independent functioning of the board. They bring in external and wider perspective to the decision-making by the board. They provide leadership and strategic guidance, while maintaining objective judgment. They also help the company in ensuring that all legal requirements and corporate governance are well taken care of.

The responsibilities and obligations imposed on the non-executive directors have increased manifold in the recent years on account of a number of factors, including the growth in the activities of the company and the rapid evolution arising out of legal and regulatory provisions and requirements.

In view of the increased demands on non-executive directors' participation in board and committee meetings and the higher responsibilities they are expected to bear in the interest of higher level of excellence in corporate governance, with effect from 1 April 2011, the non-executive directors are paid commission at the rate of 1% commission on net profits, every year computed in the manner specified in the Act. The Quantum of the said Commission will be apportioned amongst the Non - Executive Director(s) commensurate with their respective performance, which will be adjudged by the Remuneration Committee and Board of Directors.

Apart from sitting fees and commission referred to above and reimbursement of traveling expenses for their attending the board and committee meetings, no payment by way of bonus, pension, incentives etc. is paid to any of the non-executive directors.

The company has no stock option plans and hence, such instruments do not form part of remuneration package payable to non-executive directors.