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AUTOMOTIVE STAMPINGS AND ASSEMBLIES LIMITED

Nomination and Remuneration Policy

(Nomination and Remuneration policy for
Directors, Key Managerial Personnel and other
employees)

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The philosophy for remuneration of Directors, Key Managerial Personnel (“KMP”) and all other employees of **Automotive Stampings and Assemblies Limited** (“Company”) is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

The Clause 49 of the erstwhile Listing Agreement effective October 1, 2014, between listed companies and the Stock Exchanges and Companies Act, 2013 read with Rules, inter-alia, had provided to comply with mandatory requirement for all listed companies wrt formulating policy relating to, the remuneration of the directors, key managerial personnel and other employees (Remuneration Policy);

The Company has already put in place Remuneration Policy as adopted by the Board at its Meeting held on March 10, 2015.

Further, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) has been recently made effective from December 1, 2015.

Accordingly this policy now has been revised with reference to the recently notified Listing Regulations.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“**Act**”) and Regulation 19 of the Listing Regulations (“**Listing Regulations**”). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law. While formulating this policy, the Nomination and Remuneration Committee (“**NRC**”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- “(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;*
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and*
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay*

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reflecting short and long-term performance objectives appropriate to the working of the company and its goals”

Key principles governing this remuneration policy are as follows:

- **Remuneration for independent directors and non-independent non-executive directors**

- Independent Directors (“ID”) and non-independent non-executive Directors (“NED”) may be paid sitting fees (for attending the meetings of the Board and of Committees of which they may be members) and commission within regulatory limits.
- Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
- Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).
- Overall remuneration should be reflective of size of the Company, complexity of the sector/ industry/ Company’s operations and the Company’s capacity to pay the remuneration.
- Overall remuneration practices should be consistent with recognized best practices.
- Quantum of sitting fees may be subject to review on a periodic basis, as required.
- The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
- The NRC will recommend to the Board the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.

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- In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/ her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/ Board Committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a Director.
- **Remuneration for managing director (“MD”)/ executive directors (“ED”)/ Manager / Chief Executive Officer / KMP / rest of the employees¹**
 - The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be
 - ❑ Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent)
 - ❑ Driven by the role played by the individual,
 - ❑ Reflective of size of the Company, complexity of the sector/ industry/ Company’s operations and the Company’s capacity to pay,
 - ❑ Consistent with recognized best practices; and
 - ❑ Aligned to any regulatory requirements.
 - In terms of remuneration mix or composition,
 - ❑ The remuneration mix for the MD/ EDs/ Manager/ Chief Executive Officer is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
 - ❑ Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
 - ❑ In addition to the basic/ fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also

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provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.

- The Company provides retirement benefits as applicable.

1 Excludes employees covered by any long term settlements or specific term contracts. The remuneration for these employees would be driven by the respective long term settlements or contracts.

- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/ EDs/ Manager/ Chief Executive Officer such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:

- Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
- Industry benchmarks of remuneration,
- Performance of the individual.

- The Company provides the rest of the employees a performance linked bonus/incentive. The performance linked bonus/incentive would be driven by the outcome of the performance appraisal process and the performance of the Company.

- **Remuneration payable to Director for services rendered in other capacity**

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:

- a. The services rendered are of a professional nature; and
- b. The NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession.

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- **Policy implementation**

The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

March 4, 2016