

Gemstone Investments Limited

Nomination and Remuneration Policy

Purpose

The Board of Directors in order to align with the provisions of the Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement renamed the “Remuneration Committee” as “Nomination and Remuneration Committee”. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel (SMP) has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors of the Company. This policy shall act as a guideline for determining, inter alia qualifications, independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

Applicability

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other Employees of the Company, as applicable.

Objective

The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the policy is:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.

- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To assist the Board in fulfilling responsibilities.

Constitution of Committee

The Nomination and Remuneration Committee constituted should consist of three or more non-executive directors out of which not less than one-half should be independent directors. However, the chairperson of the company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries. Minimum two (2) members shall constitute a quorum for the Committee meeting. Membership of the Committee shall be disclosed in the Annual Report.

Role of Committee

The Role and Powers of the Committee shall be as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Definitions

- **"Act"** means Companies Act, 2013 and rules framed thereunder.
- **"Board"** means Board of Directors of the Company as constituted from time to time.
- **"Policy"** or **"This policy"** means Nomination and Remuneration Policy.
- **"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.

- **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;
- **“Key Managerial Personnel”** means:
 - i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii. Chief Financial Officer;
 - iii. Company Secretary;
 - iv. And such other officer as may be prescribed.
- **“Senior Managerial Personnel”** mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.
- **“Independent Director”** means a Director referred to in Section 149 (6) of the Companies Act, 2013.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein

Appointment and Removal of Director, KMP and Senior Management

1. Appointment Criteria and Qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- d) Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules framed thereunder.

2. Term / Tenure:

- a) **Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act. The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

3. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular intervals i.e. yearly or at such intervals as may be considered necessary. The same may however be delegated by the Committee.

4. Removal:

Due to reasons for any disqualification as mentioned in the Act pursuant to section 164 or under any other applicable provisions, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations

5. Retirement:

Any Director other than the Independent Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Remuneration to Directors / KMP/ SMP

1) Remuneration to Managing Director / Whole-time Directors:

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2) Remuneration to Non- Executive / Independent Directors:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - i. The Services are rendered by such Director in his capacity as the professional; and
 - ii. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3) Remuneration to Key Managerial Personnel and Senior Management:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- c) If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he /

she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

- d) Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.

4) Familiarization Program for Independent Directors:

The Company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company, etc., through various programs.

Proceedings of the Meeting

Proceedings of all meetings must be minuted and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meeting will be circulated at the subsequent Board and Committee meeting for noting.

Review and Amendment to the Policy

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

- The Committee or the Board may review the Policy as and when it deems necessary.
- The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- This Policy may be amended or substituted by the Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.
- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

Disclosure

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report.
