



## **NOMINATION AND REMUNERATION POLICY**

### **1. INTRODUCTION:**

In terms of Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**SEBI Listing Regulations**”), as amended from time to time, this policy on nomination and remuneration of directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company (“**NRC**”) and approved by the Board of Directors.

### **2. APPLICABILITY:**

The Policy is applicable to:

- Directors (Executive and Non-Executive);
- Key Managerial Personnel; and
- Senior Management Personnel.

### **3. OBJECTIVE:**

The Nomination and Remuneration Committee of the Company and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 and Part D of Schedule II of SEBI Listing Regulations. 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 committee would be:

- a. 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;
- b. Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- c. Devising a policy on Board diversity;
- d. Identify 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.
- e. To ensure that 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.



- f. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- g. To ensure that the remuneration to directors, key managerial personnel, and senior management of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- h. To assist the board in ensuring that the plans are in place for orderly succession for appointments to the board and to senior management.
- i. To recommend to the board, all remuneration, in whatever form, payable to senior management.
- j. For every appointment of an independent director, the Nomination and Remuneration Committee (“NRC”) shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended by the Board for an appointment as an independent director shall have capabilities identified in such description. For the purpose of identifying suitable candidates, the NRC of the Company may:
  - i. use the services of external agencies, if required;
  - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - iii. consider the time commitments of the candidates.
- k. whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of Independent Directors;
- l. recommend to the Board, all remuneration, in whatever form, payable to senior management.
- m. to recommend amendments to ESOP policy, as and when required and to approve ESOPs grants.

#### **4. DEFINITIONS:**

- 4.1 “**Act**” means Companies Act, 2013 and rules relating thereto.
- 4.2 “**Board of Directors**” or “**Board**”, in relation to the Company, means the collective body of the directors of the Company.
- 4.3 “**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board
- 4.4 “**Company**” means BlueStone Jewellery and Lifestyle Limited.
- 4.5 “**Directors**” means a director appointed to the Board of a Company.
- 4.6 “**Independent Director**” means a director referred to in Section 149 (6) of the Companies Act, 2013 and/or as defined under Regulation 16 (b) of the Listing Regulations.



- 4.7 “**Key Managerial Personnel**” (KMP) means:
- a. Chief Executive Officer or the Managing Director or the Manager;
  - b. Company Secretary;
  - c. Whole-time Director;
  - d. Chief Financial Officer;
  - e. Such other officer, not more than one level below the Directors who is in whole time employment, designated as KMP by the Board and such other officer as may be prescribed.
- 4.8 “**Senior Management**” means the personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below Chief Executive Officer/ Managing Director/ Whole time Director and shall specifically include Company Secretary and Chief Financial Officer.

## 5. CONSTITUTION OF COMMITTEE:

- 5.1 The Board of Directors of the Company (the “**Board**”) constituted the committee known as “**Nomination and Remuneration Committee**” consisting of three or more non-executive directors out of which not less than one-half are independent directors.
- 5.2 The NRC Committee shall comprise of such number of directors, as prescribed under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)
- 5.3 The Chairman of the Committee shall be an Independent Director.
- 5.4 The Chairman 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.
- 5.5 In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- 5.6 The Chairperson of the Committee or in his absence, any other member of the committee authorised by him in this behalf shall attend the general meetings of the Company to answer the shareholders’ queries.
- 5.7 The company secretary shall act as the secretary for committee meetings.
- 5.8 Minutes of the meetings shall be recorded and maintained by the company secretary and shall be presented to the committee for approval at its subsequent meeting.



- 5.9 The quorum for the Committee meeting shall be one third of its total strength or two members, whichever is higher, including at least one Independent Director and the participation of the members by video conferencing or by other audio-visual means shall also be counted for the purposes of quorum.
- 5.10 The Committee shall meet at least once in a year. Further, the meetings of the Committee shall be held as and when required and as statutorily required under the provisions of Companies Act, 2013 and Rules made thereunder and as per the applicable law, if any, for the time being.

**6. CRITERIA FOR APPOINTMENT OF DIRECTOR AND SENIOR MANAGEMENT:**

The Committee shall consider the following factors for identifying the person who are qualified to becoming Director and who can be appointed in senior management:

- 6.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director or at senior management level and recommend to the Board his / her appointment
- 6.2 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.
- 6.3 An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
- 6.4 The Company may appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years subject to the approval of shareholders by passing a special resolution. The explanatory statement annexed to the notice for such motion indicating the justification for appointing such person.
- 6.5 The Company should ensure that the person so appointed as director/ independent director/ senior management personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force including SEBI Regulations and RBI Regulations, although not explicitly applicable to the Company.
- 6.6 The director/ independent director/ senior management personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or under listing regulations or any other enactment for the time being in force.



6.7 Independent Directors shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder and/or as specified in Regulation 25 of the listing regulations.

The Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

#### **6A. Disqualifications for appointment of directors**

Pursuant to section 164 of the Companies Act, 2013, a person shall not be eligible for appointment as a director of a Company if:

- a) He/ She is of unsound mind and stands so declared by a competent court;
- b) He is an undischarged insolvent;
- c) He has applied to be adjudicated as an insolvent and his application is pending;
- d) He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:  
Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any Company;
- e) An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- f) He has not paid any calls in respect of any shares of the Company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- g) He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
- h) He has not been allotted the Director Identification Number under Section 154 of the Act.
- i) He shall not be a Director in more than 20 Companies out of which 10 Companies can be public Companies as per provisions of Companies Act, 2013.

No person who is or has been a Director of a Company which:

- Has not filed financial statements or annual returns for any continuous period of three financial years; or
- Has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be reappointed as a director of that Company or appointed in other Company for a period of five years from the date on which the said Company fails to do so



Provided that where a person is appointed as a Director of a Company which is in default of above mentioned clauses, he shall not incur the disqualification for a period of 6 months from the date of his appointment.

## **6B. Term / Tenure**

### **6B.1 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.

### **6B.2 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.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

## **6C. Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the committee may recommend to the board for removal of a director or senior management personnel subject to the provisions and compliance of the said Act, rules and regulations.

## **6D. Retirement**

The Director and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the director or senior management personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **7. CRITERIA FOR DETERMINING POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTORS:**



### **Criteria for determining positive attributes:**

The Committee shall consider the following factors for determining positive attributes of directors (including independent directors):

- 7.1 Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- 7.2 Actively update their knowledge and skills with the latest developments in the jewellery industry, market conditions and applicable legal provisions.
- 7.3 Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- 7.4 To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- 7.5 Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- 7.6 To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.

### **Criteria for determining Independence:**

The Independent Director shall qualify the criteria of independence mentioned in Section 149(6) of the Companies Act, 2013 and rules related thereto and in Regulations 16(b) and 25 of SEBI Listing Regulations.

## **8. PERFORMANCE EVALUATION:**

The provisions relating to the performance evaluation of the Directors and the Board are as follows:

- a. Nomination and Remuneration Committee to carry out evaluation of every Directors Performance - Section 178(2) of the Act.
  - b. Independent Directors to bring objective view in evaluation of performance of Board and Management - Schedule IV(II) of the Act.
  - c. Performance evaluation of Independent Directors shall be done by entire Board of Directors excluding the Director being evaluated - Schedule IV of the Act and Regulation 17(10) of Listing Regulations.
  - d. Disclosure in Board Report a statement indicating the manner in which formal annual evaluation of the performance has been made of Board, its Committees and of individual Directors - Section 134(3)(p) of the Act.
-



**9. CRITERIA FOR EVALUATION OF THE BOARD, ITS COMMITTEES & INDIVIDUAL DIRECTORS:**

Pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board is required to carry out annual evaluation of board, its committees and individual directors.

For annual performance evaluation of the board as a whole, its committee(s) and individual directors including the chairman of the board, the Company shall formulate either through itself or through an external consultant prepare the tool for evaluation of the performance. On the basis of the response, a formal annual evaluation shall be made by the nomination and remuneration committee of the performance evaluation of the Board and that of its committees and individual directors.

**10. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES:**

At the appointment or re-appointment of Managing Director, Whole-time Director and KMPs, the Committee will recommend to the Board for their approval, the remuneration to be paid to them. The remuneration to be paid to the Managing Director, Whole-time Director, KMPs and Senior Management Personnel shall be in accordance with Section 197 of the Act.

The annual increment of remuneration for Managing Director/Whole-time Directors shall be made on the basis of the resolution approved by the shareholders of the Company.

The level and composition of remuneration as determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the Company successfully.

The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

**10.1 General:**

10.1.1 Nomination and Remuneration Committee shall recommend to the Board for its approval, the remuneration, including the commission based on the net profits or inadequate profits, as the case may be, of the Company for the Non-Executive Directors and Whole-time Director and other Executive Directors. The remuneration shall be subject to approval of the shareholders of the Company and Central Government, wherever required.





10.1.2 **Directors' and Officers' Insurance:** Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

## **10.2 Remuneration to Whole-time / Executive / Managing Director**

### 10.2.1 Fixed pay:

The Whole-time Director/ Managing Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors, as the case may be.

### 10.2.2 Minimum Remuneration:

If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director/ Managing Director in accordance with the provisions of the Companies Act, 2013.

## **10.3 Remuneration to Non- Executive / Independent Director:**

The Non-Executive Directors Independent Directors of the Company would be paid sitting fees as determined by the Board from time to time for each meeting of the Board and Committees thereof. The NRC/ Board shall review and revise this limit, if there are any changes in the limits/provisions of law. The Non-Executive Independent Directors will also be entitled to remuneration pursuant to the provisions of Sections 197 and 198 of the Companies Act, 2013 in addition to the sitting fees for attending the meetings of the Board of Directors and any Committees thereof. Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

## **10.4 Remuneration to KMP, Senior Management Personnel and Other Employees**

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may approved by the Committee.

This Remuneration Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board.

## **11. REVIEW AND AMENDMENT:**



- 11.1 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.
- 11.2 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 hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s)etc.