Nomination and Remuneration Policy of
Gem Aromatics Limited

REGULATORY FRAMEWORK

This policy on Selection, Appointment, Performance Evaluation and Remuneration ("**Policy**") of Directors, Key Managerial Personnel (KMP), Senior Management has been formulated by the Nomination & Remuneration Committee and approved by the Board of Directors. This Policy has been approved and adopted by the Board of Directors ("**Board**") at its meeting held on September 22, 2023.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the "Act") and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company. The Board has constituted a Nomination and Remuneration Committee (the "NRC") which is in compliance with the requirements of the Act.

OBJECTIVE AND PURPOSE OF THE POLICY

- To formulate the criteria and terms to determine qualifications, positive attributes and independence of Directors;
- To identify the qualification, key attributes and profile required of persons who may be appointed in Senior Management and Key Managerial positions;
- To determine remuneration of the Directors, Key Managerial Personnel and Senior Management employees and other employees based on the Company's size of business, financial position and trends and practices prevailing in similar companies in the industry;
- To devise mechanism and carry out evaluation of the performance of Directors;
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

DEFINITIONS

"Act" means Companies Act, 2013 & rules made there under

"Company" means Gem Aromatics Limited.

"Board of Directors" or "Board" means the Board of Directors of Gem Aromatics Limited as constituted from time to time.

"SEBI Listing Regulations" mean the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time

"**Independent Director**" means a director referred to in Section 149(6) of the Companies Act, 2013 read together with Regulation 16 of the Listing Regulations.

"**Key Managerial Personnel**" or "**KMP**" shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, 2013, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.

"**Senior Management Personnel**" shall have the meaning as defined under Regulation 16 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with Listing Regulations.

1. Purpose

The primary objective of the Policy is to provide a framework and set standards for the selection, appointment, performance evaluation and remuneration of the Directors, KMPs and other employees including Senior Management Personnel. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, KMPs and Senior Management Personnel

2. Accountabilities

2.1 The Board is ultimately responsible for the appointment of Directors and KMPs. Subject to approval of Directors of the Company in case of appointment of Directors.

2.2 The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors and Key Managerial Personnel of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

3. Appointment of Directors, KMPs and Senior Management Personnel

3.1 Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP and Senior Management Personnel are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board and as KMP and Senior Management Personnel. When identifying a candidate for appointment, the Nomination and Remuneration Committee considers the following:

- assessing the appointee against a range of criteria which includes but not limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;

- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;

- the skills and experience that the appointee brings to the role of KMP;

- the nature of existing positions held by the appointee including Directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

- Directors should perform their duties in accordance with the provisions of Section 160 of the Act as amended from time to time.

The Nomination and Remuneration Committee shall then recommend the identified candidates for the position of Director and KMPs/Senior Management Personnel to the Board for final selection and appointment.

3.2 Selection Criteria:

The Nomination and Remuneration Committee shall formulate criteria for determining qualifications, positive attributes and independence of a Director, KMP and Senior Management Personnel based on the following:

- Demonstration of independence, integrity, high personal and professional ethics;
- Ability and willingness to commit sufficient time to the responsibilities as a Board member;
- Understanding of the Company's business and related industry;
- General understanding of marketing, finance, and other disciplines relevant to the business of the Company;
- Educational and professional background – professional qualification and/or experience of having run a business at senior management and decision making level;
- Age giving sufficient experience as well as length of service available;
- Ability to assessment the conflict of interest, if any;
- Personal accomplishments and ability to influence decisions.
- Excellent interpersonal, communication and representational skills;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- Reputation, integrity, efficiency, expertise, insights and accomplishments in sectors or areas relevant to the Company's industry.

The above are the broad parameters for assessing the candidate's suitability. The Nomination and Remuneration Committee has the discretion to apply additional or different criteria as it may deem fit. The Nomination and Remuneration Committee may also consider the contributions that a board candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances.

For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:

a. use the services of an external agencies, if required;
b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
c. consider the time commitments of the candidates.

3.3 Board Diversity:

The Nomination and Remuneration Committee shall assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board. The Committee shall be responsible for reviewing and assessing the composition and performance of the Board. The Committee shall assess the appropriate mix of diversity, skills, experience, and expertise required on the Board. The Committee shall review the Board composition in terms of the size of the Board. The Board shall have an optimum composition of executive, non-executive, and Independent Directors in accordance with the requirements of the Articles of Association of the Company, the Act, the Listing Regulations and other statutory/ regulatory requirements.

3.4 Regulatory Requirements

The Nomination and Remuneration Committee will keep in mind regulatory requirements in relation to selection and appointment of the Directors.

The Company may appoint or re-appoint any person as the Managing Director and/or Whole-time Director for a term not exceeding five years at a time. Further, they shall not be reappointed earlier than one year before the expiry of their term.

An Independent Director can hold office for a term up to five consecutive years on passing of Special resolution at the general meeting. Further he is 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 can hold office for more than two consecutive terms of five years, but such Independent Director is 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.

3.4 Letters of Appointment

Each Director / KMP/ Senior Management Personnel is required to sign a letter of appointment, as acceptance of the offer, with the Company containing the terms of appointment and the role assigned in the Company.

4. Remuneration of Directors and KMPs and Senior Management Personnel

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMPs and Senior Management Personnel.

Further, remuneration to KMP and senior management is performance based and appropriate to the working of the company and its goals.

The Directors remuneration and KMPs and Senior Management Personnel's salary shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee determines individual remuneration packages for Directors, KMPs and Senior Management Personnel of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines.

5. Evaluation Process for Directors, KMPs and other eligible employees including the Senior Management:

The Company follows annual evaluation for its Directors, KMPs and other eligible employees including the Senior Management Personnel.

A process modelled on this method has been designed for evaluation of Directors. Under this process, the Nomination and Remuneration Committee will:

- help define criteria for evaluations
- formulate the process for evaluating and rating each Director
- design the evaluation templates/questionnaire and implementation process
- coordinate and collate feedback received from each Director
- analyse feedback received from each Director and prepare summary thereof
- share the evaluation summary with the Chairperson of the Nomination and Remuneration Committee.

5.1 Key Evaluation Criteria

- Providing effective leadership and strategic guidance to the management
- Understanding the Business, including the Risks and regulatory landscape
- Attendance at, and active engagement in the discussion of business performance,competitive landscape and strategies
- Development and monitoring of leadership teams, Compliance focus and insistence onethical business practices
- Nudging for long term focus areas such as Succession Planning, Business ContinuityPlanning etc.
- Management of conflicts in Board discussion
- Management of Conflict of Interest

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

(i) Remuneration of the Managing Director/Whole-Time Director, Non-executive Directors, KMPs/Senior Management Personnel Remuneration:

a) Base Compensation (fixed Remuneration):

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

b) Variable Remuneration:

The Nomination and Remuneration Committee may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics and statutory limits, if any.

(ii) Statutory Requirements:

a) Section 197(5) of the Act provides for remuneration by way of a sitting fee to a Director for attending meetings of the Board and Committee meetings or for any other purpose as may be decided by the Board.

b) Section 197(1) of the Act provides for the total managerial remuneration payable by the Company to its Directors, including Managing director and Whole Time Director, and its Manager (if any) in respect of any financial year to not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 of the Act in the manner as prescribed under the Act.

c) The Company with the approval of the shareholders may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V of the Act.

d) The Company may with the approval of the shareholders authorize the payment of remuneration upto five percent of the net profits of the Company to any one Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.

e) The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a Managing Director or Whole-Time director or manager and three percent of the net profits in any other case.

f) The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Act.

g) The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

(i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or

(ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the shareholders shall be valid only till the expiry of the term of such director.

- All fees or compensation, if any, paid to non-executive directors, including independent directors shall require approval of shareholders in general meeting.

- The approval of shareholders by special resolution shall be obtained every financial year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

5.2 The Non-executive Directors and Independent Directors will receive remuneration by way of sitting fees for attending meetings of the Board and/or Committee thereof, as decided by the Board from time to time subject to the limits specified under the Act including any amendments thereto. The Non Executive Directors may be paid any fees, commission or compensation or any other form of remuneration in accordance with the provisions of the act and listing regulations and other applicable laws.

5.3 The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income tax Act, 1961, as amended and other statutory and regulatory requirements.

5.4 The remuneration payable to the KMPs and Senior Managerial Personnel shall be in accordance with the provisions of the Act and may be decided by the Nomination and Remuneration Committee having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

6. DISCLOSURE REQUIREMENTS

6.1 The Company shall disclose in its Corporate Governance Report, a chart or a matrix setting out the skills/expertise/competence of the board of directors specifying the following:

a. The list of core skills/ expertise/ competencies identified by the Board as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board; and

b. The names of directors who have such skills/ expertise/ competence.

6.2 The Company shall also disclose in its Corporate Governance Report a confirmation that in the opinion of the board, the independent directors fulfill the conditions specified in Listing Regulations and are independent of the management.

6.3 The Corporate Governance Report shall also include detailed reasons for the resignation of any independent director who resigns before the expiry of his or her tenure along with a confirmation by such director that there are no other material reasons other than thoseprovided.

6.4 This policy shall be uploaded on the website of the Company i.e. www.gemaromatics.com

6.5 The salient features of this policy along with a weblink to the policy shall be provided in the Board's Report.

7. REVIEW AND AMENDMENT

7.1 This policy may be reviewed at such intervals as the Board or NR Committee may deem necessary.

7.2 Any amendment to this Policy may be carried out with the approval of the Board of the Company.

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by Securities and Exchange Board of India/Stock Exchanges, that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s). Such amendments shall be brought to the attention of the Board.

In the event of any conflict between the provisions of this Policy and of the Act or SEBI Listing Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

This Policy was approved by the Board of Directors at its meeting held on September 22, 2023 and modified on July 21, 2026.

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