

## **Nesco Limited - Nomination and Remuneration Policy**

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### **OBJECT AND PURPOSE**

The purpose of the Nomination and Remuneration Policy (the "Policy") of Nesco Limited (the "Company") is to formulate the Company's nomination criteria for appointments at the top level management and specifically to identify, screen and review individuals qualified to serve as executive directors, non executive directors and independent directors.

This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and 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. The policy is framed with the objective(s):

1. 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;
2. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
3. That the remuneration to Directors, Key Managerial Personnel, and other employees 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;
4. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration;
5. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry;
6. To carry out evaluation of the performance of Directors, as well as Key Managerial Personnel and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations;
7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; and
8. To lay down criteria for appointment, removal of Directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.

### **Applicability and Governing Law**

This policy is applicable to all Directors viz: Executive, Non-Executive and Independent Director, Key Managerial Personnel, Senior Management Personnel and other employees of the Company. This policy shall be governed by the Companies Act, 2013, Clause 49 of the Listing Agreement or such other Rules/Regulations, as may be notified by SEBI from time to time.

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### **Definitions**

**"Act"** shall mean the Companies Act, 2013 and the Rules and Regulations notified thereunder.

**"Board of Directors"** or **"Board"** in relation to the Company means the collective body of the Directors of the Company.

**"Company"** means Nesco Limited.

**"Directors"** means Directors of the Company.

**"Independent Director"** means a Director referred to in Section 149 (6) of the Companies Act, 2013.

**"Key Managerial Personnel" (KMP)** in relation to a Company means

- i. the Chief Executive Officer, or the Managing Director or the Manager;
- ii. the Company Secretary;
- iii. the Whole-time director;
- iv. Chief Financial Officer; and
- v. such other officer as may be prescribed under the Act.

**"Senior Management Personnel"** mean employees of the company who are members of its core management team excluding Board of Directors including the functional / vertical heads.

### **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee shall have minimum three directors as members and out of which not less than one half shall be Independent Directors. The Nomination and Remuneration Committee comprises of following Directors:

Mr. Jai S. Diwanji	Non- executive Independent Director	Chairman
Mr. Mahendra K. Chouhan	Non- executive Independent Director	Member
Mrs. Sudha S Patel	Non- executive Non- Independent Director	Member

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

### **ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE**

The role of the Committee inter-alia will be the following:

#### ***Director Criteria***

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualifications, positive attributes, independence level, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision.

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### ***Nomination of directors***

Identify persons who are qualified to become directors (including independent directors) and also persons who may be eligible to be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. Whilst recommending appointment of Executive Directors, a balance between functional and business unit representatives may be considered.

### ***Director's Evaluation***

To formulate the criteria for evaluation of independent and non-independent directors and the Board and the Board Committees.

### ***Succession Planning & Board Diversity***

- To develop and recommend to the Board for approval a succession plan (the "Succession Plan") for orderly succession for appointments to the Board and to senior management (including a CEO), to review the Succession Plan periodically with the CEO, develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan.
- To establish a policy on Board diversity in light of and including thought process, experience, knowledge, perspective and gender.

### ***Other responsibilities***

- Reviewing and reassessing the adequacy of the policy as required and recommending changes to the Board.
- Reviewing and assessing its performance on an annual basis.
- Developing and recommending to the Board a set of corporate governance guidelines applicable to the Company.
- Overseeing the Company's corporate governance practices, including reviewing the Company's corporate governance guidelines annually and recommending amendments to the Board as necessary.
- Monitoring compliance with the Company's corporate governance guidelines.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

### ***Remuneration***

- Recommend to the Board a policy relating to the remuneration for the directors (including specific remuneration packages for Executive Directors including pension rights and any compensation payment), key managerial personnel, senior management and other employees. While formulating the policy, it shall ensure that:
  - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the desired quality, qualifications, experience and competence required to run the Company successfully.
  - Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To recommend/review remuneration of the CEO(s), Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria. Remuneration to

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directors, key managerial personnel and senior management 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. All elements of remuneration package of individual directors are summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.

- All remuneration paid to non-executive directors, shall be fixed by the Board of Directors and shall be approved by shareholders in general meeting.
- Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of the total remuneration vary for different employee grades and are governed by industry patterns, qualifications and experience of the employees, responsibilities handled by them, their individual performances, etc. The annual variable pay of senior managers is linked to the Company's performance in general and their individual performance for the relevant year is measured against specific major performance areas which are closely aligned to the Company's objectives.
- A sitting fee of Rs.50,000/- for attendance at each meeting of the Board, Rs.45,000/- for attendance at each meeting of the Audit Committee and Rs.25,000/- for attendance of each meeting of the Nomination and Remuneration Committee and Rs.25,000/- for attendance at each meeting of Stakeholder Relationship Committee paid to its Members (excluding Managing Director and Joint Managing Director) is in line with section 197 and 198 of Companies Act, 2013. Sitting fee may be changed from time-to-time by the Board on recommendation of the Committee. Sitting fee of any other Committee of Directors which may be set up by the Board shall be decided/changed from time-to-time by the Board on recommendation of the Committee.

### ***Employee Stock Option Scheme***

As and when the Company launches any Employees' Stock Option Scheme, the Committee shall administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including:

- a) the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
- b) the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
- c) the exercise period within which the employee should exercise the option, and that the option would lapse on failure to exercise the option within the exercise period;
- d) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
- e) the right of an employee to exercise all options vested in him at one time or various points of time within the exercise period;
- f) the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others;
- g) the granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options.

Independent directors are not eligible to receive any stock options.

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### **Meeting**

The Committee shall meet at least once in a year. Additional meetings of the Committee shall be held from time-to-time as determined by the needs of the Board or the Committee. If the need arises, meetings may be held telephonically to address issues in between the Committee meetings. In lieu of a meeting, upon decision from its chairman, the Committee may also act by unanimous written consent. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings as are applicable to the Board. The quorum for a meeting shall be two directors. The Secretary of the Company shall act as Secretary of the Committee.

### **Minutes**

The Committee will maintain written minutes of its meetings, including formal telephonic meetings, which will be filed with the minutes of the meetings of the Board, and will also comprise the record of any action taken by written consent.

### **Disclosure of Nomination and Remuneration Policy**

This policy shall also be uploaded on the website of the Company at [www.nesco.in](http://www.nesco.in) and a web link thereto shall be provided in the Annual Report of the Company.

### **Review**

This Policy shall be reviewed by the Board of Directors on its own and/or as per the recommendations of the Nomination and Remuneration Committee, as and when deemed fit.

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