

## **Nomination and Remuneration Policy for Directors, Key Managerial Personnel, Senior Management Personnel and other employees**

### **1. Preamble**

This Nomination and Remuneration Policy of Nesco Limited, (hereinafter referred to as "The Policy") has been formulated in accordance with the provisions of Companies Act, 2013, the Rules made thereunder and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time. The Policy outlines the role of the Nomination and Remuneration Committee and the Board of Nesco Limited in, *inter-alia*, determining the criteria for Board membership, approve and recommend compensation packages and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its committees, and the Directors.

### **2. 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 following objective(s):

- a.** To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive including Independent Directors) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration;
- b.** To provide framework for remuneration of the Directors, Key Managerial Personnel and Senior Management Personnel and align with the Company's business strategies, values, key priorities and goals.
- c.** To provide for rewards linked directly to the effort, performance, dedication and achievement of Company's targets by the employees.
- d.** To specify the manner and criteria for effective evaluation of performance of Board, its committees and individual Directors, which shall be carried out by the Board or by an independent external agency annually or at such intervals as it may deem fit and proper and review its implementation and compliance.
- e.** To carry out the evaluation of its Key Managerial Personnel and Senior Management Personnel and recommend the same to the board.
- f.** To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;



### **3. Scope**

This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour. This policy shall be governed by the Companies Act, 2013, Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or such other Rules/Regulations, as may be notified by SEBI from time to time.

### **4. Definitions**

- a. **“Act”** shall mean the Companies Act, 2013 and the Rules and Regulations notified thereunder.
- b. **“Board of Directors”** or **“Board”** in relation to the Company means the collective body of the Directors of the Company.
- c. **“Company”** means NESCO Limited.
- d. **“Directors”** means Directors of the Company.
- e. **“Independent Director”** means a Director referred to in Section 149 (6) of the Companies Act, 2013.
- f. **“Key Managerial Personnel” (KMP)** in relation to a Company means
  - i. the Chief Executive Officer, or the Managing Director or the Manager;
  - ii. the Whole-time director;
  - iii. Chief Financial Officer;
  - iv. Company Secretary and
  - v. such other officer as may be prescribed under the Act.
- g. **“Employee”** means any person who is in the permanent employment of the Company.
- h. **“Listing Regulations”** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- i. **“Senior Management Personnel”** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors.

## **5. Nomination and Remuneration Committee (NRC)**

The Board has the power to constitute and reconstitute the NRC Committee consistent with the provisions of the Companies Act, 2013, the Rules made thereunder and SEBI Listing Regulations.

## **6. Appointment of Directors**

- a.** The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 3 and maximum of 15, the Board shall have an appropriate combination of Executive, Non-Executive, Independent and Women Directors.
- b.** The NRC shall be responsible for identifying suitable candidate for appointment as Director of the Company. While evaluating a person for appointment/ re-appointment as Director, the Committee shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities (ability to exercise sound judgement), professional experience and functional expertise, educational and professional background, personal accomplishment, age, experience of the Company's business sector/industry, marketing, technology, finance and other disciplines relevant to the business etc. and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.
- c.** The proposed candidate shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, real estate, CSR, corporate governance or such other areas related to the Company's business as determined by the NRC.
- d.** During the term of the office, every director shall -
  - uphold ethical standards of integrity;
  - act objectively and constructively;
  - exercise responsibilities in a bona-fide manner in the interest of the Company;
  - shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;
  - shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

## **7. Appointment of Managing Director/ Whole-time directors / Non-Executive Non-Independent Directors**

The Board based on the recommendation of the NRC shall identifying suitable candidates for the position of Managing Director/ Whole-time Director and Non-Executive Non-Independent directors.

The appointment/ re-appointment of the Managing Director/ Whole-time Director/ Non-Independent Directors shall be in terms of the Act, Rules and the Listing Regulations.

## **8. Appointment of Non-Executive Independent Directors**

While evaluating a person for appointment /reappointment as an Independent Director, the Committee shall ensure that the proposed candidate satisfies the following additional criteria:

- a. Meet the definition and criteria of “independence” as set out in Section 149 of the Act, the Listing Regulations, and other applicable laws.
- b. Does not hold independent directorship in more than seven listed entities.
- c. Does not hold directorship in more than three listed entities if serving as a whole-time director in any listed entity.

The Independent Director shall immediately notify to the board any matter or circumstances which shall affect his independence at any point of time.

## **9. Appointment of Key Managerial Personnel and Senior Management Personnel (not being a Director)**

- a. The Managing Director shall be responsible for identifying suitable candidate for the position of Key Managerial Personnel i.e. Chief Financial Officer, Company Secretary and other Senior Management Personnel as defined by the Managing Director;
- b. While evaluating a candidate for appointment as Key Managerial Personnel or Senior Management Personnel factors such as competence, integrity, qualifications, expertise, skills and experience shall be taken into consideration.
- c. The appointment of Key Managerial Personnel (other than the whole-time director) shall be approved by the Board on the recommendation of the NRC with discussions/ consultation with the Managing Director.
- d. The appointment of Senior Managerial Personnel shall be approved/ ratified by the Board on the recommendation/ ratification of the NRC with discussions/ consultation with the Managing Director.

## **10. Appointment of other employees**

The appointment of other employees shall be made based on the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be approved by the respective functional head, the Human Resource Department under the overall control of the Managing Director.

## **11. Removal of Directors, Key Managerial Personnel (KMP) or Senior Management Personnel**

- a. The removal of Directors, other KMP or Senior Management Personnel may be warranted due to reasons such as disqualification prescribed under the applicable laws, performance, disciplinary reasons, etc.
- b. The removal of any director shall be recommended by NRC in consultation with the Managing Director. The removal shall be finally approved by the shareholders' basis recommendation of the Board.
- c. The removal of KMP and Senior Management Personnel shall be approved by the Board basis recommendation of the NRC and Managing Director.

## **12. Evaluation of Board, its committees and individual Directors**

The NRC shall set the criteria for effective evaluation of performance of Board, its committees and individual Directors annually or at such intervals the NRC may deem fit and proper. Performance evaluation of individual Directors shall be done by the entire Board excluding the director being evaluated.

In case NRC entrusts the responsibility of performance evaluation on the Board then the Chairman of the Board or the NRC shall with the support of the Company Secretary organise the evaluation process and accordingly conclude the steps required to be taken.

In case NRC engages external agency to evaluate performance of Board, individual directors and Board committees then Company Secretary shall organise the evaluation process through the external agency nominated by the NRC and accordingly conclude the steps required to be taken as also place the report of the external agency to the Chairman of the Board for consideration by the Board.

Based on the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of any Director.

### **13. Remuneration of Managing Director/Whole time Directors**

- a.** The overall limits of remuneration of the board members including executive board members(i.e.) Managing Director, Whole-Time Director, Executive Directors are governed by the provisions of the Act read with the Rules made thereunder, the Schedules and shall be approved by the shareholders of the Company.
- b.** Within the overall limit approved by the shareholders, on the recommendation of the NRC, the Board shall determine and revise the remuneration of the Managing Director, Whole-Time Director, Executive Directors. The Board can determine different remuneration for different directors based on their role, responsibilities, duties, time involvement etc.
- c.** The Managing Director/Whole-time Director (other than promoters) shall also be eligible for the grant of stock options, under the applicable Employee Stock Option Scheme of the Company, if and when decided by the Nomination and Remuneration Committee from time to time.

### **14. Remuneration to Non-Executive Directors**

Non-Executive Directors shall be entitled to the sitting fees for attending the board meeting, the board committee meetings, and Independent Directors meeting upto such sum which may be decided by the Board of Directors which shall in no event exceed the limits stipulated under the applicable provisions of the Act and the rules made therein.

The sitting fees payable to each non-executive Directors for attending each board, committee and Independent Directors meetings shall as be as under and shall be revised by the board from time to time by passing necessary resolutions at the board meetings.

<b>Particulars</b>	<b>Sitting fees</b>
Board Meeting	Rs. 100,000
Audit Committee Meetings	Rs. 65,000
Other Committee Meetings	Rs. 35,000
Independent Directors Meeting	Rs. 35,000

All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in furtherance of his/her duties as a director.

The Independent Directors will not be entitled for grant of Stock Options.

The NRC at an appropriate time may recommend to the board the payment of any commission to be paid to the Non-Executive Directors subject to the approval of the Board within the overall limits approved by the shareholders. In no case the commission if approved to be paid shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Act. The Commission if approved, to be paid shall be

payable at the end of the financial year after approval of the annual financial statements by the Board.

**15. Remuneration to Key Managerial Personnel, (not being a director) Senior Management Personnel and other Employees**

The Managing Director shall propose the remuneration for the KMPs (Other than executive Directors) and Senior Management Personnel to the NRC. The Board shall have the final authority to approve/ratify the remuneration of the other KMP and Senior Management Personnel based on recommendation of NRC. The remuneration including revision in remuneration of other employees shall be decided the Human Resources Department in consultation with the matrix manager within the overall framework of compensation and appraisal practices of the Company and under the overall authority of the Managing Director. The remuneration may include basic salary, allowances, perquisites, performance linked incentive, variable pay, ESOPs, retirement benefits, joining/retention bonus, long-term or retention incentives, leave travel concessions, ex-gratia/one-time payments, medical benefits, housing/other loans at concessional rates, severance package or any other component/ benefits.

The Key Managerial Personnel, Senior Management Personnel, and other employees of the Company (not being a promoter Director) shall also be eligible for grant of stock options, wherever deemed fit, under the applicable Employee Stock Option Scheme of the Company, as may be recommended by the by the NRC and approved by the Board and shareholders from time to time.

All Directors and officers (including Key Managerial Personnel and Senior Management Personnel) of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

**16. Board Diversity**

The NRC shall devise and recommend to the Board a policy on Board Diversity.

**17. 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. 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 Secretary of the Company shall act as Secretary of the Committee. The sitting fees shall be paid as decided by the board from time to time.



## **18. Minutes**

The Committee will maintain written minutes of its meetings, including minutes of 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.

## **19. 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.

## **20. 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.

4th version of this policy approved by the Board of Directors at its meeting held on 30th January 2025.