

# **Nomination and Remuneration Policy**

# **NESCO LIMITED**

## Introduction

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 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.

## 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 Executive 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; financial position; 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, 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.

## **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”** 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 Company Secretary and the Chief Financial Officer.

## **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:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
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 shall 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.

Following is the criteria recommended by the Committee and approved by the Board for nominating / inducting a Director on the Board of the Company:

1. composition of the Board, taking into consideration the size of the Company and consistent with the requirement of law;
2. diversity on the Board;
3. optimal balance of skills and relevant experience; professional qualifications,
4. expertise and experience in specific area of business;
5. no present or potential conflict of interest;
6. availability of time and other commitments for proper performance of duties;
7. personal characteristics in line with the Company's values, such as integrity, honesty, and transparency; and
8. any other criteria which may be added by the Board at its discretion.

### ***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. The existing Directors who continue to satisfy the criteria may also be considered by the Committee for re-appointment. The re-appointment of Directors shall be recommended by the Committee after taking into consideration the performance of such a Director.

The Committee may recommend the candidates to the Board when:

1. Any vacancy in the Board is required to be filled due to retirement or resignation or;
2. Any vacancy arisen out of annual Board/ Director performance evaluation or;
3. Any vacancy as a result of end of tenure in accordance with the Act, Rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or;
4. Any change required in the Board on account of diversity or;
5. Any change required by law.

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

To formulate the criteria for evaluation of Independent and Non-Independent Directors, the Board and Board Committees.

The Committee shall determine a process for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis. The Committee shall also review its own performance on an annual basis. The Committee may seek the support and guidance of external experts and agencies for this purpose.

The Committee shall evaluate the performance of the Managing Director by setting his Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee shall ensure that his Key Performance Objectives are aligned with the immediate and long-term goals of the Company.

### ***Appointment of Senior Management***

Approval of candidates required for Senior Management positions:

The Committee shall lay down criteria including qualifications, skills, expertise and qualities required for Senior Management positions like Managing Director & CEO, Chief Financial Officer, Company Secretary and members of the Senior Management of the Company. The Committee feels that it would be appropriate for the management to consider and evaluate internal as well as external candidates for such senior positions.

The Committee shall play a consultative role to Board and make recommendations to the Board regarding the appointments and changes to the Senior Management positions of the Company.

### ***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 Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria. Remuneration to 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.
- Independent Directors and Non Independent Non-executive Directors shall be paid sitting fees for attending the meetings of the Board and of committees of which they may be members.
- The payment of sitting fees shall be recommended by the NRC and it shall be approved by the Board within the limited prescribed by the law.
- All remuneration above the prescribed amount mentioned under law, paid to non-executive directors, shall be fixed by the Board of Directors and shall be approved by shareholders in general meeting.
- The sitting fees paid to Directors (excluding Managing Director) is in line with Section 197 and 198 of Companies Act, 2013. The sitting fees paid per meeting are as follows :-

<b>Name of Committees</b>	<b>Amount (in Rs.)</b>
Board Meeting	1,00,000
Audit Committee	65,000
Nomination and Remuneration Committee	35,000
Other Committees	35,000

- Sitting fees shall be revised from time-to-time by the Board on recommendation of the Committee. Sitting fees of any other Committee of Directors which may be set up by the Board shall be decided/revised from time-to-time by the Board on recommendation of the Committee.
- In addition to the sitting fees, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the Company. This could include expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.
- 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.

## **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.

## **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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