

1. Introduction:

The Risk Management Committee (RMC) of Nesco Limited ("the company" or "Nesco") was formed in compliance with Clause 49(VI) of the Listing Agreement in order to ensure the Company's affairs shall be carried out in a sound and a prudent manner by managing its business, operating and financial risks by adopting appropriate risk identification, assessment, control and mitigation measures.

As per clause (n) of sub-section (3) of Section 134 of the Companies Act, 2013, the Directors' Report shall include a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

It has therefore become mandatory for companies to prepare a comprehensive framework of risk management for assessment of risks and determine the responses to these risks so as to minimize their adverse impact on the organization.

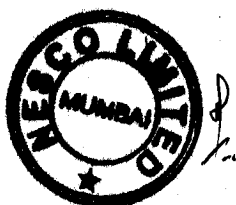
2. Purpose:

The purpose of this Policy is to:

- a) encourage an appropriate level of risk tolerance throughout the Company;
- b) establish procedures to analyze risk within agreed parameters across the Company;
- c) establish appropriate risk delegations and corresponding risk management framework across the Company; and
- d) ensure Nesco has a risk management framework that can noticeably respond the risk profile of the Company.

3. Definitions:

- I. **"Act"** means the Companies Act, 2013;
- II. **"Risk Management (RM)"** means and includes but not limited to:-
 - (i) Project Risk
 - (ii) Business Operation Risk
 - (iii) Financial Risk
 - (iv) Operating Risk
 - (v) Continuity of Business Risk
 - (vi) Marketing Risk
 - (vii) Compliance Risk
- III. **"Risk Management Committee"** means the Risk Management Committee of the Board/Senior Executive referred to in clause 49(VI) of the Listing Agreement;
- IV. **"Board"** means the Board of Directors of the Company.



4. Risk Management Framework:

Nesco believes that risk should be managed and monitored on a continuous basis. As a result, the Company has designed a risk management framework to allow Nesco to manage its risks effectively and efficiently, enabling both short term and long term business objectives to be met. The said framework is summarized below:

a) Identification of Risks:-

To ensure key risks are identified:

- defines risks in the line with of the Company's strategy
- documents the risk profiles
- regular reviews and update the risk profiles

b) Assessment of Risks:-

The Risk assessment methodology shall include:

- collection of information
- identification of major risks
- rating of risks
- prioritization of risks
- programme for risk level reduction plan and setting level of responsibility and accountability
- formulation of action plan for monitoring risk reduction, evaluation and correction

c) Measurement and Control:

- Identified risks are then analyzed and the manner in which the risk is to be managed and controlled is then determined and agreed.

d) Continuous assessment :

- The Company's Risk Management Framework requires a continuing cycle of implementing, monitoring, reviewing and managing risk management processes

5. Role and Responsibilities:

- (a) To disclose the composition of the risk Management Committee in the Board Report;
- (b) Periodically examine and evaluate the effectiveness of the RM framework, track progress and report on best practices;
- (c) To formulate and recommend to the Board, a Risk Management Policy;
- (d) Ensure that risks are prioritized and appropriate risk management strategies are in place to respond to the indentified risks;
- (e) To recommend the methods and procedures to be followed by the company with respect to risk assessment and minimization procedures for the same;
- (f) To monitor and review the Risk Management Policy of the Company from time to time.



6. Constitution:

1. The Risk Management Committee shall consist of members of the Board of Directors. Senior Executives of the Company may be members of the said committee but the chairman of the Committee shall be member of the Board of Directors.
2. Membership of the Committee shall be disclosed in the Annual Report.

7. Policy for managing risks associated with Company Assets and Property:

The policy deals with nature of risk involved in relation to assets and property, objectives of risk management and measures to manage risk.

The risk management policy relating to assets aims at ensuring proper security and maintenance of assets and adequate coverage of insurance to facilitate speedy replacement of assets with minimal disruption to operations. The role and responsibilities of the departments shall be identified to ensure adequate physical security and maintenance of its assets.

8. Policy for managing risk relating to employees:

The employees constitute the most important asset of the Company. The risk management policy relating to employees is therefore necessary to cover all risks related to employees and their acts/omissions. The policy deals with the nature of risk involved in relation to employees, objectives of risk management and measures to manage risk.

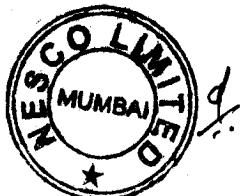
In particular, the objectives of employee related risk management policy aims at reducing attrition rate, providing adequate security to employees in relation to life, disability, accident and sickness, providing adequate legal safeguards to protect confidential information, and protecting the Company from any contractual liability due to misconduct/errors/omissions of employees.

9. Operational Risks:

The Company is constantly working to limit the operational risks that run through all facets of operations. This requires the combined efforts of all business and support units, and the tools required continue to be developed. The startup database of loss events is populated from internal audit reports. Apparent trends are analysed, and various operating groups combine into task forces to address these. The business continuity plan is reviewed annually by each unit. In all of these efforts, the use of technology is harnessed for more control.

10. Risks associated with Non-Compliance of Statutory enactments:

The Company being a legal entity engaged in diversified business like renting of space for exhibition, IT/ITES companies, capital goods manufacturing, and hospitality and listed on stock exchange. In view of the same, the Company is required to ensure compliance of provisions of various applicable statutory enactments. Failure to comply one or more such provisions may render strict penalties as may be prescribed under such statutory enactments.



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The Company shall ensure that qualified professionals are employed to comply with various laws. In addition to the statutory audits, the Company shall promote undertaking of internal audit/s at different levels periodically to ensure timely check on the statutory compliances.

11. Competition Risks:

Risk of competition is inherent to all business activities. The Company faces competition from the existing players in the domestic operating in the segment in which the company operates. Considering that there is always an inherent risk that the existing competition may further get acute with the advent of new players.

12. Contractual Risks:

There may be instances of defaults by Customer/s in fulfilling contractual obligations as a result of which the Company may face financial losses. Similarly, defaults by the Company in fulfilling one or more contractual obligations due to reasons such as misrepresentations, breach of warranties etc. cannot be ruled out.

The Company shall ensure that proper drafting of the contract and adequate indemnity clauses are incorporated in the contracts entered into with one or more parties. In addition, internal controls from technical team and strict supervisions and checks on execution of contracts and delivery be undertaken.

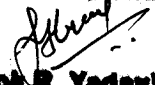
13. Disclosure in Board' s Report:

Board of Directors shall include a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company

14. Review:

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

For NESCO LIMITED


(Ashok R. Yadav)
Company Secretary and
Compliance Officer