

HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

NOMINATION AND REMUNERATION POLICY

(DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT)

PREAMBLE

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management of the Company has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors of the Company in compliance with Section 178 of the Companies Act, 2013 (the “Act”) read with applicable rules thereto and Regulation 19 read with Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR)”), in order to recommend the persons to be appointed as Director of the Company and one level below the Board of Directors and to pay equitable remuneration to the Directors, Key Managerial Personnel and Senior Management of the Company and to harmonise the aspirations of human resources consistent with the goals of the Company.

OBJECTIVE

- 1) To lay down the criteria for identifying the persons who are qualified to become directors and who may be appointed in Senior Management and recommending to the Board of Directors of the Company their appointment and removal.
- 2) To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director.
- 3) To formulate the policy relating to remuneration of Directors, Key Managerial Personnel and Senior Management.
- 4) To formulate the criteria for evaluation of performance of all the Directors on the Board.
- 5) To devise a policy on diversity of Board of Directors of the Company.

DEFINITION

“Board of Directors” or “Board” in relation to a Company, means the collective body of the Directors of the Company, in terms of sub-section (10) of section 2 of the Act.

“Independent Director” means a director as referred to in sub-section (6) of section 149 of the Act.

“Key Managerial Personnel” in terms of sub-section (51) of section 2 of the Act means-

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

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“Remuneration” means any money or its equivalent given or passed to any person for position occupied in the Company and responsibility being vested on him and includes perquisites as defined under the Income Tax Act, 1961.

“Senior Management” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

“Committee” means Nomination and Remuneration Committee of the Board of Directors of the Company constituted under section 178 of the Act.

“Other capitalised terms” which are not defined in this Policy shall have the meaning as defined in the Act and SEBI(LODR).

This Policy is divided in four parts:

Part A-Policy for Appointment and Removal of Director, Key Managerial Personnel and Senior Management;

Part B-Policy for Remuneration of Directors, Key Managerial Personnel and Senior Management;

Part C-Policy for Performance Evaluation of Board of Directors of the Company;

Part D-Policy on Diversity of Board of Directors of the Company.

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PART A-POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

A. APPOINTMENT

1. The Committee shall identify and ascertain the person for appointment as Director, Key Managerial Personnel and Senior Management based on the following parameters:
 - i. Integrity;
 - ii. Qualification;
 - iii. Knowledge and Competency and
 - iv. Experience
2. The Committee to decide suitability of the qualification, expertise and experience possessed by a person for the concerned position.
3. The Committee shall recommend the appointment to the Board of Directors of the Company.
4. The appointment of Managing Director and Independent Director of the Company shall be strictly in accordance with the applicable provisions of the Companies Act, 2013 and any other applicable law for the time being in force.
5. The Committee to impart training to the person appointed as Director of the Company, on matters related to the Company viz. profile, the core business, its area of operations and work mechanism etc.

B. TERM/TENURE

1. The tenure for the Executive Directors, Non-Executive Directors and Independent Directors shall be governed by the terms defined in the Act and SEBI (LODR).
2. The tenure of the Key Managerial Personnel (except Managing Director) and Senior Management will be governed by the Company's Human Resource Policy.

C. REMOVAL

1. Subject to the applicable provisions of the Act and SEBI (LODR), the Committee may recommend the removal of any of the Board of Directors of the Company if he/she has incurred disqualification under Section 164 of the Act or as per Section 167 or Section 169 of the Act. The reason for removal needs to be recorded in writing, subject to the provisions

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and compliance of the said Act, rules and regulations and forward it to the Board of Directors for their consideration.

2. The removal of the Key Managerial Personnel (except Managing Director) and Senior Management will be governed by the Human Resource Policy.

D. RETIREMENT

The Whole-time Directors (WTD), Key Managerial Personnel and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and prevailing policy of the Company. The Board will have the discretion to retain the WTD, Key Managerial Personnel and the Senior Management Personnel in the same position/ remuneration or otherwise, even after attaining the retirement age for the benefit of the Company.

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PART B-POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

A. REMUNERATION TO MANAGING DIRECTOR

1. The remuneration to Managing Director of the Company shall be governed by the applicable provisions of the Act or under any other enactment for the time being in force.
2. The Committee may make such recommendations to the Board of Directors of the Company as it may consider appropriate in connection with the remuneration to Managing Director.

B. REMUNERATION TO DIRECTORS OTHER THAN MANAGING DIRECTOR

1. The directors other than Managing Director of the Company shall receive remuneration by way of sitting fees for attending meetings of Board or Committee, as per the provisions of Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time.
2. An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and SEBI (LODR), as amended from time to time.
3. Commission, if applicable, may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL (EXCEPT MANAGING DIRECTOR) AND SENIOR MANAGEMENT

1. The remuneration to Key Managerial Personnel (except Managing Director) and Senior Management shall consist of fixed pay and incentive pay in compliance with the Act and in accordance with the Company's Policy.
2. The fixed pay shall include monthly remuneration, employers' contribution etc. as decided from time to time.
3. The payment of incentive shall be decided based on the performance of the Company and performance of Key Managerial Personnel (except Managing Director) and Senior Management.

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PART C-POLICY FOR PERFORMANCE EVALUATION OF BOARD OF DIRECTORS OF THE COMPANY

A. EVALUATION

1. The Committee shall carry out the evaluation of performance of every director on an annual basis.
2. The evaluation criteria shall vary for:
 - i. Board as a whole;
 - ii. Committees of the Board;
 - iii. Individual Directors and Chairman and
 - iv. Key Managerial Personnel and Senior Management.

i. Board as a whole

Some of the specific areas that should be considered in a performance evaluation of the entire Board by the Independent Directors:

Sr. No.	Assessment Criteria
1.	Is the composition of the board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy and to conduct its affairs effectively?
2.	Whether there is sufficient diversity in the Board with proper mix of qualification?
3.	Are sufficient numbers of board meetings, of appropriate length, being held to enable proper consideration of issues?
4.	Independent Directors meet all applicable independence requirements.
5.	The Board of Directors is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.
6.	The information provided, for the agenda to be dealt with, to directors prior to board meetings meets expectations in terms of length and level of details sufficient for the Board to take decision. Whether Board members come prepared to meetings and discuss the matter at length in the best interest of the Company and address issues that might present a conflict of interest.
7.	The Board receives regular financial updates and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in achieving mission on a regular basis.
8.	Company has necessary Committees which are required and these Committees are working effectively as per the reference approved by the Board.
9.	Nomination and appointment of Board members and their remuneration follow clearly established procedures using known criteria as laid down by the Nomination and Remuneration Committee.
10.	The Board of Directors is effective in developing a corporate governance structure

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that allows and encourages the Board to fulfill its responsibilities.

ii. Committees of the Board

Some of the specific areas that should be considered in a performance evaluation of the Committees of the Board:

Sr. No.	Assessment Criteria
1.	Whether the mandate, composition and working procedures is clearly defined and disclosed and as per the provisions of the applicable law(s)?
2.	Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable?
3.	Are sufficient numbers of meetings, of appropriate length, being held to enable proper consideration of agenda?
4.	The information provided to members prior to meetings meets expectations in terms of length and level of detail and members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.
5.	Whether the Committee's recommendations contribute effectively to the decisions of the Board?

iii. Individual Directors and Chairman

Non-Executive Directors:

Some of the specific issues and questions that should be considered in a performance evaluation of the Non-Executive Directors:

Sr. No.	Assessment Criteria
1.	Attendance at meetings of the Board and Committees, if applicable, thereof.
2.	Participation at the Board Meeting and Committee Meetings, if applicable thereof.
3.	Leadership initiative like innovative ideas and planning towards growth of the Company and steps initiated towards Branding of the Company.
4.	Adherence to ethical standards and Code of Conduct of Company.
5.	Compliance with policies, Reporting of frauds, violation etc. and disclosure of interest.
6.	Contribution towards growth of the Company including actual vis-a-vis budgeted performance.
7.	Interpersonal relations with other directors and management.
8.	Safeguarding of confidential information.

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Independent Directors:

Some of the specific issues and questions that should be considered in a performance evaluation of the Independent Directors:

Sr. No.	Assessment Criteria
1.	Attendance at meetings of the Board and Committees, if applicable, thereof.
2.	Participation at the Board Meeting and Committee Meetings.
3.	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.
4.	Adherence to ethical standards and Code of Conduct of Company and disclosure of non – independence, as and when it exists and disclosure of interest.
5.	Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings.
6.	Contribution towards growth of the Company including actual vis-a-vis budgeted performance.
7.	Interpersonal relations with other directors and management.
8.	Objective evaluation of Board's performance, rendering independent, unbiased opinion.
9.	Safeguarding of confidential information.
10.	Contribution to the enhancement of brand image of the Company.

Chairman:

Some of the specific issues and questions that should be considered in a performance evaluation of the Chairman:

Sr. No.	Assessment Criteria
1.	Attendance at meetings of the Board and Committees, if applicable, thereof.
2.	Participation at the Board Meeting and Committee Meetings, if applicable thereof.
3.	Whether the Chairman possess quality of leadership, coordination and steering skills, etc.
4.	Whether the Chairman is sufficiently committed to the Board and its meetings.
5.	Adherence to ethical standards and Code of Conduct of Company.
6.	Whether the Chairman is impartial in conducting discussions, seeking views and dealing with dissent.
7.	Whether due importance is being given for shareholder's interest in discussions and taking appropriate decisions.
8.	Interpersonal relations with other directors and management.
9.	Safeguarding of confidential information.
10.	Whether the Chairman displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to co-ordinate the discussion etc. and is

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overall able to steer the meeting effectively.

iv. Key Managerial Personnel and Senior Management

Some of the specific issues and questions that should be considered in a performance evaluation of the Key Managerial Personnel and Senior Management:

Sr. No.	Assessment Criteria
1.	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.
2.	Adherence to ethical standards and Code of Conduct of Company.
3.	Concerns to be highlighted to the Board and provide constructive contribution to resolve issues at meetings.
4.	Contribution towards growth of the Company including actual vis-a-vis budgeted performance.
5.	Interpersonal relations with management.
6.	Safeguarding of confidential information.
7.	Contribution to the enhancement of brand image of the Company.

B. RATING SCALE

A five point rating scale for performance review is to be followed:

Scale	Performance
5	Excellent
4	Very Good
3	Good
2	Average
1	Poor

C. FEEDBACK

Based on the criteria and rating scale accorded to each of the aforesaid levels, written assessment may be given to them which would be honest and without bias.

D. REVIEW

1. The performance evaluation process and related tools will be reviewed by the Committee on need basis and the Committee may periodically seek independent external advice in relation to the process.

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2. The Committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company.

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PART D-POLICY ON DIVERSITY OF BOARD OF DIRECTORS OF THE COMPANY

A. POLICY STATEMENT

The Company recognizes and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the business of the Company. Diversity at Board level is an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of varieties of skills, regional and industry experience, background, race, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and when required should be balanced appropriately.

The Company maintains that Board appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time for it to function effectively. In the process of attaining a diverse Board based on the aforementioned criteria, the following criteria needs to be assessed:

I. OPTIMUM COMPOSITION

- a) The Board shall have an optimum combination of executive and non-executive directors and not less than fifty per cent of the Board of Directors comprising non-executive directors;
- b) At least half of the Board should comprise of independent directors (where the Chairman of the Board is executive) or at least one-third of the Board should comprise of independent directors (where the Chairman of the Board is non-executive);
- c) The Company shall continue to have at least one woman director on the Board to ensure that there is no gender inequality on the Board.

II. RECOMMENDATION

While recommending the appointment of new directors, the Committee will:

- a) Review Board composition, consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

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- b) Identify suitable candidates for appointment to the Board, consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

III. FUNCTIONAL DIVERSITY

- a) Appointment of directors to the Board of the Company should be based on specific needs and business of the Company. Appointment should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company;
- b) Knowledge of and experience in domain areas such as finance, legal, risk management, industry, etc., should be duly considered while making appointments to the Board level;
- c) While appointing Independent Directors, care should be taken as to the independence of the proposed appointee;
- d) Directorships in other companies may also be taken into account while determining the candidature of a person.

IV. EVALUATION

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee shall consider the balance of skills, experience, independence and knowledge of Directors on the Board, the diversity representation of the Board, how the Board works together as a unit, and other factors relevant to its effectiveness.

B. MEASURABLE OBJECTIVES

The Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

C. REVIEW OF THE POLICY

The Committee will review the Policy as and when required, which will include an assessment of the effectiveness of the Policy.