

# CORPORATE GOVERNANCE REPORT

The Corporate Governance report for Financial Year (“FY”) 2018-19, which forms part of Directors’ Report, is prepared in accordance with Regulation 34 read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). This Report is in compliance with the Listing Regulations.

Corporate Governance is a set of standards which aims to improve the Company’s image, efficiency and effectiveness. It is the road map, which guides and directs the Board of Directors of the Company to govern the affairs of the Company in a manner most beneficial to all the Shareholders, the Creditors, the Government and the Society at large.

Your Company is committed to highest standards of Corporate Governance and disclosure practices to ensure that its affairs are managed in the best interest of all stakeholders.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, as applicable, with regard to Corporate Governance.

A report on compliance with the implementation of Regulation 34(3) read with Chapter IV and Schedule V to the Listing Regulations is given below:

## 1. HFCL Philosophy on Corporate Governance

The cardinal principles of the Corporate Philosophy of HFCL on Corporate Governance can be summarized in the following words:

**“Transparency, professionalism and  
Accountability  
with an  
Ultimate aim of value creation”**

HFCL Corporate Philosophy envisages complete transparency and adequate disclosures with an ultimate aim of value creation for all players i.e. the Stakeholders, the Creditors, the Government and the Employees.

## 2. Board of Directors

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations as well as the Companies Act, 2013 (the “Act”).

As on 31st March, 2019, the Company had 8 (eight) Directors on the Board with an optimum mix of Executive, Non-Executive and Independent Directors.

As on 31st March, 2019, more than fifty percent of the Board comprised of Non-Executive Directors. Out of 8 (eight) Directors, 3 (three) are Non-Executive Independent Directors including 1 (one) Woman Director, 4 (four) Non-Executive Directors including 1 (one) Nominee Director of IDBI Bank Limited (a Lender Bank) and 1 (one) Promoter Managing Director.

Detailed profile of each of the Directors is available on the web-site of the Company at [www.hfcl.com](http://www.hfcl.com).

The Chairman of the Board is a Non-Executive Director.

The members on the Board possess adequate experience, expertise and skills necessary to manage the affairs of the Company in the most efficient manner.

The Board periodically evaluates the need for change in its size and composition.

A Certificate as required under Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of the Company, is enclosed and forms part of this Report.

## Board/Committees Procedures and flow of information

The Board meets at least once in a quarter to, *inter-alia*, review quarterly standalone and consolidated financial results/statements, compliance report(s) of all laws applicable to the Company, regulatory developments, minutes of the Board Meetings of subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, any other proposal from the management etc.

The maximum gap between any two Board / Committee meetings is within the stipulated period under the provisions of the Act and the Listing Regulations. Additional meetings are held whenever necessary. In case of matters requiring urgent approval of the Board, resolutions are passed through circulation. The Company also provides video conferencing facility to its Directors to enable them to participate in the discussions held at the meetings, when it may not be possible for them to be physically present for the meeting.

The Agenda for the meetings is circulated well in advance to the Directors to ensure that sufficient time is provided to Directors to prepare for the meeting.

## Information Placed before the Board

The Board has complete access to all information of the Company, including *inter-alia*, the minimum information required to be made available to the Board as prescribed under Part A of Schedule II to the Listing Regulations.

The Managing Director, SBUs / Functional Heads of the Company are invited to attend meetings of the Board and make presentations to the Board on matters including but not limited to the Company’s performance, strategic plans, quarterly and annual financial results, compliance reports, etc.

The important decisions taken at the Board/Committee meetings are communicated to the concerned Departments/ Divisions.

The Company adheres to the provisions of the Companies Act, 2013 read with the Rules issued thereunder, Secretarial Standards and Listing Regulations with respect to convening and holding the meetings of the Board of Directors, its Committees and the General Meetings of the shareholders of the Company.

## 2.1 Board Meetings

During the financial year ended 31st March, 2019, 7 (seven) Board Meetings were held on 03.05.2018, 23.07.2018, 01.08.2018, 27.08.2018, 31.10.2018, 07.01.2019 and 08.02.2019.

The necessary quorum was present for all the meetings.

The last Annual General Meeting (AGM) was held on 29th September, 2018.

Mr. Mahendra Pratap Shukla, Chairman of the Company who was also the Chairman of Audit Committee (up to the conclusion of 31st

Annual General Meeting of the Company held on 29th September, 2018), Stakeholders' Relationship Committee and a member of the Nomination, Remuneration and Compensation Committee was present at the aforesaid last AGM of the Company.

Mr. Arvind Kharabanda, Non-Executive Director and member of the Audit Committee, Stakeholders Relationship Committee also attended the last AGM of the Company.

The attendance of each Director at the Board Meetings held during the financial year under review as well as in the last AGM and the number of Directorships held by them, as at 31st March, 2019, are as under:-

Name of the Director	DIN	Category	Total No. of Directorships <sup>§</sup>	No. of Board Meetings		Attended last AGM (29.09.2018)	Shareholding in the Company
				Held	Attended		
Mr. Mahendra Pratap Shukla	00052977	NED	02	7	7	Yes	Nil
Mr. Mahendra Nahata	00052898	PD [MD]	08	7	7	No	73,477
Mr. Arvind Kharabanda	00052270	NED	04	7	7	Yes	Nil
Dr. (Mr.) Ranjeet Mal Kastia	00053059	NED	06	7	5	No	Nil
Mr. Ranjeet Anandkumar Soni (Nominee – IDBI Bank Limited)	07977478	NED	01	7	6	No	Nil
Ms. Bela Banerjee*	07047271	NEID	03	4	3	No	Nil
Mr. Surendra Singh Sirohi#	07595264	NEID	02	3	3	No	Nil
Mr. Ved Kumar Jain#	00485623	NEID	04	3	3	No	Nil
Dr. (Ms.) Tamali Sengupta@	00358658	NEID	07	2	2	NA	Nil

§ The number of Directorships held by Directors as mentioned above does not include directorship of foreign companies, Section 8 companies, if any.

\* Resigned w.e.f. 26th September, 2018.

# Appointed w.e.f. 27th August, 2018.

@ Appointed w.e.f. 24th December, 2018.

[NEID - Non-Executive Independent Director, PD - Promoter Director, MD - Managing Director, NED-Non-Executive Director]

## 2.2 Directorship in other Companies/ Committee Position (including Himachal Futuristic Communications Limited) as at 31st March, 2019:-

S. No.	Name of Director & Category	Directorship in Listed Companies along with Category	Committee Position(s)#		
			Name of Company	Name of Committee	Position
1	Mr. Mahendra Pratap Shukla Chairman (Non-Executive)	Himachal Futuristic Communications Limited – Non-Executive	Himachal Futuristic Communications Limited	Audit Committee*	Chairman*
			HTL Limited	Stakeholders' Relationship Committee	Chairman
				Audit Committee	Chairman
2	Mr. Mahendra Nahata Executive	Himachal Futuristic Communications Limited – Executive	Nil	Nil	Nil
3	Mr. Arvind Kharabanda Non-Executive	Himachal Futuristic Communications Limited – Non-Executive	Himachal Futuristic Communications Limited	Audit Committee	Member
				Stakeholders' Relationship Committee	Member
4	Dr. (Mr.) Ranjeet Mal Kastia Non-Executive	Himachal Futuristic Communications Limited – Non-Executive	Himachal Futuristic Communications Limited	Stakeholders' Relationship Committee	Member
			HTL Limited	Audit Committee	Member
5	Mr. Ranjeet Anandkumar Soni Non-Executive (Nominee-IDBI Bank)	Himachal Futuristic Communications Limited – Non-Executive	Nil	Nil	Nil
6	Mr. Surendra Singh Sirohi Independent	Himachal Futuristic Communications Limited – Independent	Himachal Futuristic Communications Limited	Audit Committee	Member**
			Bharat Electronics Limited – Independent	Bharat Electronics Limited	Audit Committee
7	Mr. Ved Kumar Jain Independent	Himachal Futuristic Communications Limited – Independent	DLF Limited – Independent	Audit Committee	Chairman <sup>§</sup>
			DLF Limited	Audit Committee	Chairman
			Inventia Healthcare Limited	Audit Committee	Chairman
			Multi Commodity Exchange Clearing Corporation Limited	Audit Committee	Member
8	Dr. (Ms.) Tamali Sengupta Independent	Himachal Futuristic Communications Limited – Independent	Himachal Futuristic Communications Limited	Audit Committee	Member <sup>@</sup>
			SREI Infrastructure Finance Limited – Independent		

# Only Audit Committee and Stakeholders' Relationship Committee positions are considered.

\* Mr. Mahendra Pratap Shukla ceased to be the Chairman and Member of the Audit Committee w.e.f. 29th September, 2018 and 15th October, 2018, respectively.

\*\* Mr. Surendra Singh Sirohi was inducted as Member of the Audit Committee w.e.f. 27th August, 2018.

§ Mr. Ved Kumar Jain was inducted as Member of the Audit Committee w.e.f. 27th August, 2018 and Chairman of the Audit Committee w.e.f. 15th October, 2018.

@ Dr. (Ms.) Tamali Sengupta was inducted as Member of the Audit Committee w.e.f. 8th February, 2019.

None of the Directors on the Board holds directorships in more than ten public companies and memberships in more than ten committees and they do not act as Chairman of more than five committees across all public limited companies in which they are directors. None of the Independent Directors serves as an independent director on more than seven listed entities. Necessary disclosures regarding their Committee positions have been made by all the Directors.

### 2.3 Disclosure of relationship between directors inter-se

None of the Directors of the Company is related to each other.

### 2.4 Number of shares and convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors hold any share or convertible instrument of the Company as on 31st March, 2019.

### 2.5 Evaluation of Board

Listing Regulations mandate the Board of listed companies to monitor and review the Board Evaluation framework. Section 134(3) of the Act read with the Rule 8 of the Companies (Accounts) Rules, 2014 issued thereunder further provides that formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and individual Directors.

Schedule IV to the Companies Act, 2013 and Regulation 17(10) of the Listing Regulations states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

After taking into consideration the Guidance Note on Performance Evaluation of Board dated 5th January, 2017 published by SEBI, a questionnaire was prepared to evaluate the performance of the Board, various Committees of the Board and individual performance of each Director including the Chairman of the Company.

The Questionnaires for evaluation of performance of the Directors were prepared based on various aspects which amongst other parameters included the level of participation of the Directors, understanding of the roles and responsibilities of Directors, understanding of the business and competitive environment in which the Company operates, understanding of the strategic issues and challenges for the Company, protecting the legitimate interest of the Company, shareholders and employees, implementation of best corporate governance practice etc.

The parameters for performance evaluation of Board includes composition of the Board, process of appointment to the Board of directors, common understanding that the different Board members have understanding of the roles and responsibilities of the Board, timeliness for circulating the board papers, content and the quality of information provided to the Board, attention to the Company's long term strategic issues, evaluating strategic risks, overseeing and guiding major plans of action, acquisitions, divestment etc.

Some of the performance indicators for the Committees include understanding of the terms of reference, effectiveness of the discussions at the Committee meetings, information provided to the Committee to discharge its duties and performance of the Committee vis-à-vis its responsibilities, composition of the Committee with the appropriate mix of experience, knowledge and skills.

Pursuant to Regulation 17(10) of the Listing Regulations, the performance evaluation of independent directors was done by the entire Board of Directors excluding independent director being evaluated. Broad parameters for reviewing the performance of Independent Directors amongst other include participation at the Board/Committee meetings, understanding their roles and responsibilities and business of the Company, effectiveness of their contribution/commitment, effective management of relationship with stakeholders, integrity and maintaining of confidentiality, exercise of independent judgment in the best interest of the Company, ability to contribute and monitor corporate governance practice, adherence to the code of conduct for independent directors, bringing independent judgement during board deliberations on strategy, performance, risk management, etc.

Basis the feedback received on questionnaire from all the Directors, the performance evaluation of the Board as a whole, Committees of the Company, Chairperson of the Company and individual directors was found satisfactory.

### 2.6 Independent Directors

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

The Company has issued the formal letter of appointment to the Independent Directors in the manner provided under the Act and Listing Regulations.

During the FY19, Ms. Bela Banerjee (DIN: 07047271) has resigned as Independent Director of the Company w.e.f. 26th September, 2018, due to her preoccupation and other engagements and there was no other material reasons for her cessation.

### 2.7 Meeting of Independent Directors

Schedule IV to the Act mandates that the Independent Directors of the Company hold at least one meeting in a financial year, without the attendance of Non-Independent Directors or management personnel. All Independent Directors strive to be present at such meetings.

Independent Directors at their meeting interact and discuss matters including review of the performance of the Non-Independent Directors and the Board as a whole, review of the performance of the Chairman of the Company taking into account views of Executive/Non-Executive Directors and assessing the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During the financial year ended 31st March, 2019, 1 (one) meeting of the Independent Directors was held on 28th March, 2019. All the Independent Directors attended the meeting.

**2.8 Familiarization Programme for Independent Directors**

Regulation 25(7) of the Listing Regulations mandates the Company to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. through various programmes.

The Company through its Managing Director/ Senior Managerial Personnel conduct programmes/ presentations periodically to familiarize the Independent Directors with the strategy, business and operations of the Company.

Such programmes/presentations provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, services and product offerings, organization structure, finances, sales and marketing, human resources, technology, quality of products, facilities and risk management and such other areas as may arise from time to time.

The above programme also includes the familiarization on statutory compliances as a Board member including their roles, rights and responsibilities. The Company also circulates news and articles related to the industry from time to time and provide specific regulatory updates.

The Familiarization programme for Independent Directors in terms of Regulation 25(7) of the Listing Regulations is uploaded on the website of the Company and can be accessed through the following link: <http://www.hfcl.com/wp-content/uploads/2017/04/HFCL-Familiarisation-Prog.-Independent-Director.pdf>.

**2.9 List of Core Skills/ Expertise/ Competencies as required in the Context of Business and Sector(s) of the Company**

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning for its various business verticals viz. OFC & Equipment Manufacturing, Telecom Network & Turnkey Solutions, Railway Communication and Signalling, Defence Equipment Manufacturing and Surveillance, Security & Smart Cities:-

S. No.	Skills/Expertise/Competence identified by the Board of Directors	Actually available with the Board of Directors
1	<b>Industry knowledge/ experience:</b>	
	Experience	Yes
	Industry knowledge	Yes
2	<b>Technical skills/experience</b>	
	Information Technology	Yes
	Marketing	Yes
	Accounting and Finance	Yes
	Compliance and Risk	Yes
3	<b>Behavioural Competencies</b>	
	Integrity and ethical standards	Yes
	Mentoring abilities	Yes
	Interpersonal relations	Yes

**3. Committees of the Board**

In terms of the Listing Regulations, the Board of your Company has constituted the following Committees as mandatorily required under the provisions of the Act and the Listing Regulations:-

1. Audit Committee
2. Nomination, Remuneration and Compensation Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee

The composition of various Committees of the Board of Directors is also available on the website of the Company and web link for the same is <http://www.hfcl.com/wp-content/uploads/2019/04/Composition-of-Board-Committees.pdf>.

**3.1 Audit Committee**

The terms of reference of the Audit Committee covers the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations.

The brief description of terms of references of Audit Committee is as under: -

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment/ re-appointment of external and internal auditors, tax auditors, cost auditors, fixation of statutory audit fees, internal audit fees and tax audit fees and also approval for payment of any other services.
- Review with management, the annual financial statements before submission to the Board.
- Review quarterly un-audited/audited financial results/ quarterly review reports.
- Review the financial statements in particular the investments made by the unlisted subsidiary companies.
- Review with management, performance of external and internal auditors, and adequacy of internal control system.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with statutory auditors before the audit commence about nature and scope of audit as well as have post audit discussions to ascertain any area of concern.
- Approve the appointment of Chief Financial Officer.

- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors, if any.
- Review of the use/application of money raised through Public/Rights/Preferential Issue, if any.
- Approval or any subsequent modification(s) of transactions of the Company with related parties, if any.
- Review and monitor auditors independence and performance and effectiveness of audit process.
- Scrutiny of inter corporate loans and investments.
- Review the Company's financial and Risk Management Policy.
- Discussions with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Valuation of Undertakings or assets of the Company where it is necessary.
- To review the functioning of the Whistle Blower/Vigil Mechanism.
- Evaluation of Internal Financial Control and risk management system.
- Reviewing the utilization of loans and/or advances from/ investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/investments.

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have requisite experience in financial management.

Mr. Ved Kumar Jain, Non-Executive Independent Director is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

Upon invitation, the CFO and the Statutory Auditors of the Company attend the meetings of the Audit Committee.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the financial year ended 31st March, 2019, the Audit Committee met 5 (five) times on 27.04.2018, 03.05.2018, 01.08.2018, 31.10.2018 and 08.02.2019.

The composition of the Audit Committee and details of meetings attended by its members during the financial year ended 31st March 2019, are given below:-

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Mahendra Pratap Shukla*	Chairman	3	3
Mr. Ved Kumar Jain**	Chairman	2	2
Mr. Surendra Singh Sirohi**	Member	2	2
Ms. Bela Banerjee***	Member	3	3
Dr. (Ms.) Tamali Sengupta#	Member	N.A.	N.A.
Mr. Arvind Kharabanda	Member	5	5

\* Mr. Mahendra Pratap Shukla ceased to be the Chairman and Member of the Audit Committee w.e.f. 29th September, 2018 and 15th October, 2018, respectively.

\*\* Mr. Ved Kumar Jain and Mr. Surendra Singh Sirohi were appointed as the Members of the Audit Committee w.e.f. 27th August, 2018 and Mr. Ved Kumar Jain, was appointed as Chairman of the Audit Committee w.e.f. 15th October, 2018.

\*\*\*Ms. Bela Banerjee ceased to be a Director and Member of the Audit Committee w.e.f. 26th September, 2018.

# Dr. (Ms.) Tamali Sengupta has been appointed as the Member of the Audit Committee w.e.f. 8th February, 2019.

### Reporting of Internal Auditor

The Internal Auditor of the Company attends meetings of the Audit Committee on regular basis and findings of Internal Audits, if any, are reported directly to the Audit Committee.

### 3.2 Nomination, Remuneration and Compensation Committee

The Nomination, Remuneration and Compensation Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

Nomination, Remuneration and Compensation (NRC) Committee, amongst others, is responsible for determining the Company's policy on recruitment and remuneration of Directors/KMPs, Senior Management Personnel and other employees of the Company.

The terms of reference of the NRC Committee covers the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the Listing Regulations.

The brief description of term of reference of NRC Committee, amongst others, includes the following:-

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management Personnel in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal including their remuneration.
- To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
- To formulate the criteria for determining qualifications,

positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, key managerial personnel and other employees.

- To devise a policy on diversity of Board of Directors.
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors.
- To carry out evaluation of every Director's performance.
- To administer, implement and superintend the Employees' Long Term Incentive Plan.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification(s), amendment(s) or modification(s) as may be applicable.
- To recommend to the board, all remuneration, in whatever form, payable to senior management personnel.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Mr. Surendra Singh Sirohi, Non-Executive Independent Director is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

During the financial year ended 31st March, 2019, the Nomination, Remuneration and Compensation Committee met 5 (five) times on 03.05.2018, 01.08.2018, 27.08.2018, 15.10.2018 and 08.02.2019.

The composition of the NRC Committee and details of meetings attended by its members during the financial year ended 31st March 2019, are given below:-

Name of Director	Position	No. of Meetings	
		Held	Attended
Ms. Bela Banerjee*	Chairperson	3	2
Mr. Surendra Singh Sirohi**	Chairman	2	2
Mr. Ved Kumar Jain**	Member	2	2
Mr. Mahendra Pratap Shukla	Member	5	5
Dr. (Mr.) Ranjeet Mal Kastia***	Member	3	3
Mr. Ranjeet Anandkumar Soni§	Member	2	Nil

\*Ms. Bela Banerjee ceased to be a Director and the Chairperson of the NRC Committee w.e.f. 26th September, 2018.

\*\* Mr. Surendra Singh Sirohi and Mr. Ved Kumar Jain were appointed as Members of the NRC Committee w.e.f. 27th August, 2018 and Mr. Surendra Singh Sirohi has been appointed as the Chairman of the NRC Committee w.e.f. 15th October, 2018.

\*\*\* Dr. (Mr.) Ranjeet Mal Kastia ceased to be a Member of the NRC Committee w.e.f. 28th August, 2018.

§ Mr. Ranjeet Anandkumar Soni has been appointed as the Member of the NRC Committee w.e.f. 27th August, 2018.

### Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria for independent directors is determined by the NRC Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgment.

Performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

The Directors expressed their satisfaction with the evaluation process.

### Remuneration Policy

The Policy of the Company is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The Policy emphasize on promoting talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The Policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for Shareholders.

The Remuneration Policy applies to Directors, Senior Management Personnel including its Key Management Personnel (KMPs) and other employees of the Company. When considering the appointment and remuneration of Whole-time Directors, the NRC Committee inter-alia considers pay and employment conditions in the industry, merit and seniority of person and the paying capacity of the Company.

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel. While designing remuneration packages, industry practices and cost of living are also taken into consideration.

The Nomination, Remuneration and Compensation Committee also administers, implements and superintend the HFCL Employees Long Term Incentive Plan-2017 through HFCL Employee Trust.

### Remuneration of Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director. Annual increments are recommended by the Nomination, Remuneration and Compensation (NRC) Committee within the salary scale approved by the Board and Members of the Company.

The Board of Directors, on the recommendation of the NRC Committee, decides the commission payable to the Managing Director out of the profits for the financial year and within the ceilings prescribed under the Act, considering the criteria such as the financial performance of the Company.

### Remuneration of Non-Executive Directors

The Company paid sitting fees of ₹35,000/- per meeting to its Non-Executive Directors, including Independent Directors, for attending meetings of the Board and meetings of Committees of the Board. In case of Nominee Director, sitting fee is paid to the Nominating Institution.

The Company has revised the sitting fee from ₹35,000/- per meeting to ₹50,000/- per meeting with effect from the meetings, to be held after 15th May, 2019.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

### Remuneration of KMPs/ Senior Management

Remuneration of KMPs and senior management personnel is recommended by the NRC Committee and approved by the

Board of Directors. The remuneration of other employees is fixed as per principles outlined above and prevailing HR Policies of the Company.

The Remuneration policy is available on <http://www.hfcl.com/wp-content/uploads/2019/06/Remuneration-Policy.pdf>.

### Details of pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company

Except Sitting fee payable to Non-Executive Directors, for attending the Board and / or its Committee meetings, there is no other pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company.

### Criteria of making payments to Non-Executive Directors:

The Non-Executive Directors are entitled to sitting fees for attending meetings of the Board and/or its Committees.

The details of remuneration paid to the Executive and Non-Executive Directors during the FY19 are given below:

#### Remuneration to Executive Director:

(Amount in ₹)					
Name of Director	Salary	Perquisites & Allowances	Contribution to PF	Net Profit based Commission	Total
Mr. Mahendra Nahata Managing Director	5,00,00,000	1,20,00,000	60,00,000	2,00,00,000	8,80,00,000

#### Remuneration to Non-Executive / Independent Directors:

(Amount in ₹)		
Name of Director	Sitting Fee	Total
<b>Nominee Director –</b>		
<b>IDBI Bank Limited (Non-Executive)</b>		
Mr. Ranjeet Anandkumar Soni	2,45,000	2,45,000
<b>Non-Executive Directors</b>		
Mr. Mahendra Pratap Shukla Chairman	7,00,000	7,00,000
Dr. (Mr.) Ranjeet Mal Kastia	5,95,000	5,95,000
Mr. Arvind Kharabanda	7,35,000	7,35,000
<b>Independent Directors</b>		
Ms. Bela Banerjee*	2,80,000	2,80,000
Mr. Ved Kumar Jain**	2,80,000	2,80,000
Mr. Surendra Singh Sirohi**	3,15,000	3,15,000
Dr. (Ms.) Tamali Sengupta#	1,05,000	1,05,000
<b>Total</b>		<b>32,55,000</b>

\* Ceased to be an Independent Director w.e.f. 26th September, 2018.

\*\* Appointed as Independent Director w.e.f. 27th August, 2018.

# Appointed as an Independent Director w.e.f. 24th December, 2018.

### Details of fixed components and performance linked incentives along with the performance criteria

The details of fixed components are mentioned as above and there is no performance linked incentive along with the performance criteria for Managing Director as on 31st March, 2019. However, the net profit based Commission is determined on the basis of financial performance of the Company and approved by the NRC Committee after the declaration of Annual Financial Results for the financial year.

### Service contracts, notice period, severance fees

The appointment of the Managing Director is governed by resolutions passed by the Shareholders of the Company, which covers the terms and conditions of such appointment, read with the service rules of the Company.

A separate service contract is not entered into by the Company with the Managing Director.

The office of the Managing Director may be terminated by the Company or by the Managing Director by giving the other 6 (six) months' prior notice in writing.

No severance fee is payable to any Director.

### Stock option details, if any and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable

The necessary disclosures have been given in **Annexure – B** to the Directors' Report and for the sake of brevity, same has not been repeated here. No stock options have been issued to any of the Directors of the Company.

### 3.3 Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted by the Board in compliance with the requirements of Section 178 (5) of the Act and Regulation 20 of the Listing Regulations.

The terms of reference of the Stakeholders' Relationship Committee (SRC), covers the areas mentioned in Section 178(5) of the Act and Regulation 20 read with Part D (B) of Schedule II to the Listing Regulations.

The terms of reference of the SRC, inter-alia are as follows:

- a) Resolution of the grievances of the security holders of the Company including work related to the transfer and transmission of shares/debentures/bonds etc., issue of new/ duplicate share certificates, issue of share certificates on rematerialisation, consolidation and sub-division of shares, non-receipt of annual report, non-receipt of declared dividends etc.
- b) Review of measures taken for effective exercise of voting rights by shareholders.
- c) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- d) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

This Committee particularly looks into the investors grievances and oversees the performance of the Share Department /Share Transfer Agent and to ensure prompt and efficient investors' services.

During the financial year ended 31st March, 2019, the Stakeholders' Relationship Committee met 2 (two) times on 15.11.2018 and 26.03.2019.

The composition of the Stakeholders' Relationship Committee is in compliance with the provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations.

Mr. Mahendra Pratap Shukla, Non-Executive Chairman is the Chairman of the SRC Committee. The Company Secretary acts as Secretary to the Committee.

The composition of the SRC Committee and details of meetings attended by its members during the financial year ended 31st March 2019, are given below:-

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Mahendra Pratap Shukla	Chairman	2	2
Dr. (Mr.) Ranjeet Mal Kastia	Member	2	2
Mr. Arvind Kharabanda	Member	2	2

Dr. (Ms.) Tamali Sengupta, Independent Director has also been inducted as a Member of the SRC Committee w.e.f. 1st April, 2019.

#### Nature of Complaints and Redressal Status

During the FY19, the complaints and queries received by the Company were general in nature, which include issues relating to non-receipt of dividend warrants, annual reports, shares, transfer/transmission of shares, loss of shares etc. and were resolved to the satisfaction of the shareholders.

#### Details of complaints received and attended to during the FY19 are given below:

Number of Shareholders' complaints received during the FY19	43
Number of complaints not resolved to the satisfaction of shareholders as on 31st March, 2019	NIL
No. of pending complaints as at 31st March, 2019	NIL

The Company has attended the investor's grievances/ correspondence within a period of 15 days from the date of receipt of the same during the FY19 except in cases which are constrained by disputes and legal impediments.

There were no investor grievances remaining unattended/pending as at 31st March, 2019.

The Board, in its meeting held on 31st October, 2006, has designated Mr. Manoj Baid, Vice-President (Corporate) & Company Secretary as the Compliance Officer of the Company.

The Board has delegated powers of share transfer and dematerialization to Mr. Manoj Baid, Company Secretary to expedite the process of share transfer/ dematerialization work.

### 3.4 Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Act.

The broad terms of reference of the CSR Committee, inter-alia, are as follows:

- Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act.
- Recommending the amount of expenditure to be incurred on CSR activities of the Company.
- Monitoring the CSR policy of the Company from time to time.

The Board has adopted a Corporate Social Responsibility (CSR) Policy as formulated and recommended by the CSR Committee. The CSR Policy is available on the website of the Company at <http://www.hfcl.com/wp-content/uploads/2016/01/CSR-Policy.pdf>.

The details of the CSR initiatives of the Company and expenditure incurred on it have been given in the "Annual Report on CSR Activities" annexed as Annexure – G to the Directors' Report.

The Composition of the CSR Committee is in alignment with the provisions of Section 135 of the Companies Act, 2013.

During the financial year ended 31st March, 2019, 1 (one) meeting of the CSR Committee was held on 29.03.2019.

Mr. Mahendra Nahata, Managing Director is the Chairman of the CSR Committee. The Company Secretary acts as Secretary to the Committee.

The composition of the CSR Committee and details of meetings attended by its members during the financial year ended 31st March 2019, are given below:-

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Mahendra Nahata	Chairman	1	1
Mr. Mahendra Pratap Shukla	Member	1	1
Mr. Ranjeet Anandkumar Soni	Member	1	1
Mr. Surendra Singh Sirohi *	Member	1	1

\* Mr. Surendra Singh Sirohi was inducted as Member of the CSR Committee w.e.f. 27th August, 2018.

### 3.5 Risk Management Committee

The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of the Listing Regulations.

The Board of the Company has constituted a Risk Management Committee to frame, implement and monitor the Risk Management Plan for the Company.

The Committee is responsible for reviewing the Risk Management Plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Roles and Responsibilities of the Risk Management Committee include the followings:

- Framing of Risk Management Policy.
- Overseeing implementation of Risk Management Plan and Policy.
- Monitoring of Risk Management Plan and Policy.
- Validating the process of risk management.
- Reviewing and evaluating the Risk Management Policy and practices

with respect to risk assessment and risk management processes.

- Performing such other functions as may be necessary for the performance of its oversight function.
- Cyber Risk/Security.

Mr. Mahendra Nahata, Managing Director is the Chairman of the Risk Management Committee. The Company Secretary acts as Secretary to the Committee.

The composition of the Risk Management Committee as on 31st March 2019 is as under:

Name of Director	Position
Mr. Mahendra Nahata	Chairman
Mr. Mahendra Pratap Shukla	Member
Mr. Arvind Kharabanda	Member

The Board has adopted a Risk Management Policy as formulated and recommended by the Risk Management Committee. The Risk Management Policy articulates the Company's approach to address uncertainties in its endeavors to achieve its stated and implicit objectives.

The Policy provides guidelines to define, measure, report, control and mitigate the identified risks, the structure for managing risks inherent in any business operations of the Company and address the key strategic/business risks and operational risks.

## 4. General Body Meetings

### 4.1 Location and time where Annual General Meetings held in the last 3 years are given below:

Financial Year	Date	Location	Time
2017-18	29-09-2018	Mushroom Centre, Solan	11:00 A.M.
2016-17	25-09-2017	Mushroom Centre, Solan	11:00 A.M.
2015-16	29-09-2016	Mushroom Centre, Solan	11:00 A.M.

No Extra-Ordinary General Meeting (EGM) was held in last three years.

### 4.2 The following resolutions were passed as Special Resolutions in previous three AGMs:-

Financial Year	Date	Subject matter of Special Resolutions
2017-18	29-09-2018	<ul style="list-style-type: none"> <li>• To appoint a Director in place of Dr. Ranjeet Mal Kastia (DIN: 00053059), who retires by rotation at this Annual General Meeting and being eligible offers himself for re- appointment.</li> <li>• To appoint Shri Mahendra Pratap Shukla (DIN: 00052977) as a Non –Executive Director and Chairman of the Company.</li> <li>• To re-appoint Shri Mahendra Nahata (DIN: 00052898) as a Managing Director of the Company.</li> </ul>
2016-17	25-09-2017	<ul style="list-style-type: none"> <li>• To increase the remuneration of Shri Mahendra Nahata (DIN: 00052898), the Managing Director of the Company.</li> <li>• To consider and approve HFCL Employees' Long Term Incentive Plan-2017 and its implementation through Trust.</li> <li>• To consider and approve extending benefits of HFCL Employees' Long Term Incentive Plan-2017 to the employees of subsidiary companies.</li> <li>• To consider and approve authorization to HFCL Employees Trust to subscribe, acquire, hold, transfer shares under the HFCL Employees' Long Term Incentive Plan-2017.</li> <li>• To consider and approve granting loans to HFCL Employees Trust for subscription of HFCL shares under HFCL Employees' Long Term Incentive Plan-2017.</li> <li>• To Issue Convertible Warrants on preferential basis.</li> </ul>
2015-16	29-09-2016	<ul style="list-style-type: none"> <li>• To re-appoint Shri Mahendra Pratap Shukla (DIN: 00052977) as an Independent Director.</li> <li>• To re-appoint Smt. Bela Banerjee (DIN: 07047271) as an Independent Director.</li> <li>• To consider and approve re-classification of Promoters of the Company.</li> <li>• To issue 10.30% 33,72,750, Secured, Unlisted Non-Convertible Debentures (NCDs) on a Private Placement basis by way of conversion of outstanding recompense amount payable to the Lenders.</li> </ul>

#### 4.3 Postal Ballot

No special resolutions was put through Postal Ballot during the FY19.

#### 4.4 Any Special Resolution proposed to be conducted through Postal Ballot

No Special Resolution is proposed to be passed through Postal Ballot at the ensuing AGM.

#### 4.5 Procedure for Postal Ballot

Since, no special resolution is proposed to be passed through Postal Ballot, procedure for postal ballot has not been given.

### 5. Means of Communications

#### 5.1 Quarterly results

The quarterly/ half-yearly/ annual financial results are regularly submitted to the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE), the Stock Exchanges where the securities of the Company are listed pursuant to the Listing Regulations requirements and are published in the Newspapers (Hindi and English).

The financial results are displayed on the Company's website [www.hfcl.com](http://www.hfcl.com).

#### 5.2 Newspapers wherein results normally published

The quarterly/ half-yearly/ annual financial results are generally published in Financial Express (English), Jansatta, Dainik Tribune and Divya Himachal (Hindi).

#### 5.3 Website, where displayed

The financial results and the official news releases are also placed on the Company's website [www.hfcl.com](http://www.hfcl.com) in the 'Investors' section.

#### 5.4 Whether website also displays official news releases

The Company has maintained a functional website [www.hfcl.com](http://www.hfcl.com) containing basic information about the Company e.g. details of its business, financial information, shareholding patterns, press releases, codes, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievance, etc.

The information required to be disclosed under Regulation 46 of the Listing Regulations, is disseminated at the website of the Company.

#### 5.5 Presentations made to institutional investors or to the analysts

Information which are already in public domain are shared with the institutional investors/ financial analyst from time to time. No unpublished price sensitive information is discussed in meeting/ presentation with the institutional investors/financial analyst. The Presentations are also uploaded on the Company's website at [www.hfcl.com](http://www.hfcl.com) and filed with the Stock Exchanges – BSE and NSE, from time to time.

### 6. General Shareholders' Information

#### 6.1 Date, time and venue of Annual General Meeting

28th September, 2019 at 11:00 A.M. at Mushroom Centre, Chambaghat, Solan - 173213 (H.P.)

#### 6.2 Financial Year

1st April, 2018 to 31st March, 2019.

#### 6.3 Dividend Payment Date

The Board of Directors of your Company has recommended a dividend @ 10% i.e. ₹0.10/- (Ten Paise) per equity share of ₹1/-, for the FY19.

Dividend, if declared, in the ensuing AGM, will be paid within the statutory time limits i.e. 30 days from the date of AGM.

#### 6.4 Date of Book Closure: From September 23, 2019 to September 28, 2019 (both days inclusive).

#### 6.5 Registered Office

8, Electronics Complex  
Chambaghat  
Solan – 173 213 HP  
Tel: +91-1792-230644  
Fax: +91-1792-231902

#### 6.6 Corporate Office

8, Commercial Complex  
Masjid Moth, Greater Kailash – II  
New Delhi – 110 048  
Tel: +91-11-30882624  
Fax: +91-11-30689013

#### 6.7 Corporate Identity Number (CIN)

L64200HP1987PLC007466

#### 6.8 Website/ Email

[www.hfcl.com](http://www.hfcl.com)  
[secretarial@hfcl.com](mailto:secretarial@hfcl.com) / [investor@hfcl.com](mailto:investor@hfcl.com)

#### 6.9 Depositories

##### National Securities Depository Limited

4th Floor, 'A' Wing, Trade World  
Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel  
Mumbai - 400 013  
Tel: +91-22-24994200  
Fax: +91-22-24972993

##### Central Depository Services (India) Limited

Marathon Futurex, A' Wing, 25th Floor  
N.M. Joshi Marg, Lower Parel  
Mumbai - 400 013  
Tel: +91-22-22723333  
Fax: +91-22-22723199

#### 6.10 International Securities Identification Number (ISIN)

INE548A01028

#### 6.11 Name and address of Stock Exchanges at which the Company's securities are listed

##### The BSE Limited

Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001  
Tel: +91-22-22721233  
Fax: +91-22-22723121

**The National Stock Exchange of India Limited**

Exchange Plaza, 5th Floor  
Plot No. C/1, G Block  
Bandra Kurla Complex, Bandra (East)  
Mumbai - 400 051  
Tel: +91-22-26598235  
Fax: +91-22-26598237

The Company has paid the listing fees to the above Stock Exchange(s) for the FY20.

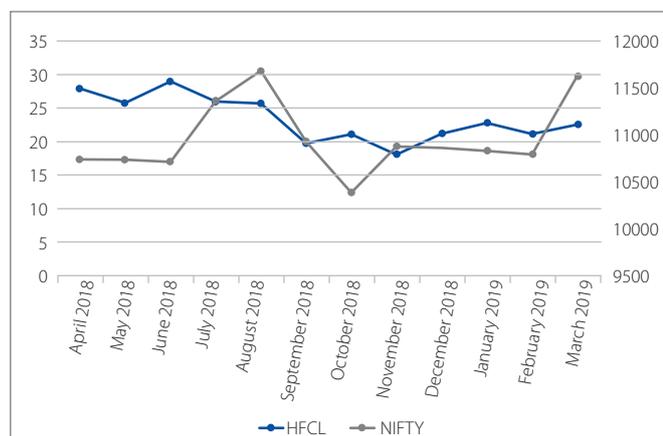
**6.12 Stock Codes**

BSE: 500183  
NSE: HFCL

**6.13(a) Stock Market Price Data on NSE and Performance in comparison to broad-based indices**

(₹)

Month	NSE		NIFTY INDEX	
	Highest	Lowest	Highest	Lowest
April, 2018	28.60	25.95	10759.00	10111.30
May, 2018	28.80	25.25	10929.20	10417.80
June, 2018	35.25	24.25	10893.25	10550.90
July, 2018	31.35	24.55	11366.00	10604.65
August, 2018	27.05	23.80	11760.20	11234.95
September, 2018	26.40	18.45	11751.80	10850.30
October, 2018	22.45	18.50	11035.65	10004.55
November, 2018	21.70	18.00	10922.45	10341.90
December, 2018	22.55	17.00	10985.15	10333.85
January, 2019	25.15	20.90	10987.45	10583.65
February, 2019	23.15	20.95	11118.10	10585.65
March, 2019	25.30	21.25	11630.35	10817.00

**6.13(b) Performance of Share Price in Comparison to NIFTY INDEX****6.14 In case, the securities are suspended from trading, reason thereof**

Not applicable, since the securities of the Company have not been suspended from trading.

**6.15 Registrar and Share Transfer Agents (RTA)****MCS Share Transfer Agent Limited**

F-65, 1st Floor, Okhla Industrial Area, Phase-I  
New Delhi – 110 020  
Tel: +91-11-41406149  
Fax: +91-11-41709881  
Email: admin@mcsregistrars.com

**6.16 Share Transfer, Transmission, Divident etc.**

Share transmission, dividend payments and all other investor related activities are attended to and processed at the Office of the Company's Registrar and Share Transfer Agent, namely, MCS Share Transfer Agent Limited (RTA). For lodgment of transfer deeds and any other documents or for any grievances/complaints, kindly contact any of the office of RTA or of the Company.

**Share Transfer - Physical System**

As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. Effective 1st April, 2019, transfer of shares in physical form has ceased. Shareholders who had lodged their request for transfer prior to 31st March, 2019 and, have received the same under objection can re-lodge the transfer request after rectification of the documents. Request for transmission of shares and dematerialization of shares will continue to be accepted.

**The Total number of equity shares transferred/transposed in physical forms during the FY19**

Number of Transfers	36
Number of Shares	3,990

**6.17 Distribution of Equity Shareholdings as on 31st March, 2019**

No. of Equity Share held	No. of Shareholders	% of Shareholders	Shares Amount (₹)	% of Shareholdings
Up to 5000	2,17,735	95.38	13,13,48,106	10.31
5001 - 10000	5,243	2.30	4,02,06,353	3.15
10001-20000	2,525	1.11	3,73,48,315	2.93
20001-30000	958	0.42	2,40,13,628	1.88
30001-40000	379	0.16	1,33,93,055	1.05
40001-50000	313	0.14	1,46,09,640	1.15
50001-100000	551	0.24	4,02,35,433	3.16
Above 100000	573	0.25	97,32,22,664	76.37
<b>Total</b>	<b>2,28,277</b>	<b>100.00</b>	<b>127,43,77,194</b>	<b>100.00</b>

**6.18 Categories of Equity Shareholding as on 31st March, 2019**

S. No.	Category	Shares	%
<b>A</b>	<b>Promoters Holding</b>		
1	Indian Promoters	48,96,82,198	38.43
2	Foreign Promoters	-	-
	<b>Sub Total (A)</b>	<b>48,96,82,198</b>	<b>38.43</b>
<b>B</b>	<b>Public Shareholding</b>		
<b>1</b>	<b>Institutional Investors</b>		
a)	Mutual Funds/UTI	4,802	0.00
b)	Venture Capital Funds	-	-
c)	Alternate Investment Funds	-	-
d)	Foreign Venture Capital Investors	-	-
e)	Foreign Portfolio Investors	5,70,09,710	4.47
f)	Financial Institutions and Banks	1,67,63,636	1.32
g)	Insurance Companies	5,21,000	0.04
h)	Provident Funds/Pension Funds	-	-
i)	Any Others(specify)		
	(i) Foreign Institutional Investors	10820	0.00
	(ii) Foreign Banks	5,305	0.00
	<b>Sub Total (B1)</b>	<b>74315273</b>	<b>5.83</b>
<b>2</b>	<b>Central Government/State Government(s)/President of India</b>	<b>5,000</b>	<b>0.00</b>
	<b>Sub Total (B2)</b>	<b>5,000</b>	<b>0.00</b>
<b>3</b>	<b>Non Institutional Investors</b>		
a)	Indian Public	39,78,86,800	31.22
b)	NBFCs Registered with RBI	15,25,090	0.12
c)	Employee Trusts	-	-
d)	Overseas Depositories (holding DRs)	-	-
e)	Any Other		
	(i) Bodies Corporates	30,15,38,138	23.66
	(ii) OCBS	38250	0.00
	(iii) NRIs	93,22,281	0.73
	(iv) Societies	520	0.00
	(v) Trusts	63,644	0.01
	<b>Sub Total (B3)</b>	<b>71,03,74,723</b>	<b>55.74</b>
	<b>Total Public Shareholding (B = B1+B2+B3)</b>	<b>78,46,94,996</b>	<b>61.57</b>
<b>C</b>	<b>Non Promoter-Non Public Shareholders</b>		
1	Custodian /DR Holder – Name of DR Holders	-	-
2	Employee Benefit Trustee - (Under SEBI (Share based Employee Benefits) Regulations, 2014)	-	-
	<b>Total Non-Promoter- Non Public Shareholders (C=C1+C2)</b>	<b>-</b>	<b>-</b>
	<b>Grand Total (A+B+C)</b>	<b>1,27,43,77,194</b>	<b>100.00</b>

**6.19 Dematerialization of shares and liquidity**

The process of conversion of shares from physical form to electronic form is known as Dematerialization.

For dematerializing the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the demat request, both physically and electronically and after

verification, the Shares are dematerialized and an electronic credit of shares is given in the account of the Shareholder.

The Company's shares are compulsorily traded in dematerialized form as per SEBI Guidelines.

As on 31st March, 2019, 99.96% of the equity shares have been dematerialized. The equity shares of the Company are frequently traded on BSE and NSE, having nationwide trading terminals, and hence provide liquidity to the investors.

Shares in Physical and Demat form as on 31st March, 2019	No. of Shares	%
In Physical Form	4,88,085	0.04
In Dematerialized Form	1,27,38,89,109	99.96
<b>Total</b>	<b>1,27,43,77,194</b>	<b>100.00</b>

No. of shareholders whose shares as on 31st March, 2019 are in Physical and Demat form:	No. of Shareholders Percentage	%
In Physical Form	3,658	1.60
In Dematerialized Form	2,24,619	98.40
<b>Total</b>	<b>2,28,277</b>	<b>100.00</b>

**Disclosure with respect to demat suspense account/ unclaimed suspense account:** Not applicable.

#### 6.20 Outstanding GDRs / ADRs or warrants or any Convertible Instruments, conversion date and any likely impact on equity

The Company had issued 4,50,00,000 Warrants on preferential basis at a price of ₹16/- per Warrant. The Warrants holders have already paid 25% of the issue price on the said Warrants.

During the FY19, the Warrants holders have exercised their right to conversion and pursuant to exercise of Warrants, the Company has converted and allotted up to 3,50,00,000 equity shares on receipt of balance 75% money from the Warrant holders.

The Company has 1,00,00,000 warrants outstanding as on 31st March, 2019. However, there are no outstanding Warrants as on the date of this Report.

The Company has not issued any Global Depository Receipts or American Depository Receipts, during the year under review.

#### 6.21 Commodity price risk or foreign risk and hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given.

During the FY19, the Company had managed the foreign exchange risk and hedged to the extent considered necessary.

The Company entered into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note no. 60 to the Standalone Financial Statements.

#### 6.22 Plant Locations

##### Telecom Equipment Plant

Electronics Complex, Chambaghat  
Solan - 173 213 (H.P.)  
Tel: +91-1792-230644  
Fax: +91-1792-231902

##### Optical Fiber Cable Plant

L 35-37, Industrial Area, Phase - II  
Verna Electronic City, Salcete  
Goa - 403 722  
Tel: +91-832-6697000  
Fax: +91-832-2783444

**Optical Fiber Plant:** A Greenfield Optical Fiber manufacturing facility is being set up with a capacity of 6.4m fkm at:  
Plot No. S9, E-City  
Raviryala, Rangareddy  
Hyderabad – 501 510  
Telangana

The said Plant is likely to be commissioned from November, 2019.

#### 6.23 Addresses for Correspondence

For Share Transmission in physical form and other communication regarding share certificates, dividends, change of address etc. and any other grievance of investors, may be sent to:-

##### MCS Share Transfer Agent Limited

F-65, 1st Floor,  
Okhla Industrial Area, Phase-I  
New Delhi-110 020  
Tel: +91-11-41406149-52  
Fax: +91-11-41709881  
Email: admin@mcsregistrars.com

##### Secretarial Department and Investor Relations/ Nodal Officer

###### Mr. Manoj Baid

Vice-President (Corporate) & Company Secretary  
8, Commercial Complex, Masjid Moth, Greater Kailash- II  
New Delhi – 110048  
Tel: +91-11-30688999  
Fax: +91-11-29226015  
Email: investor@hfcl.com

#### 6.24 SEBI Complaints Redress System (SCORES)

The investors' complaints received by SEBI are being processed through its centralized web base complaint redressal system. The salient features of SCORES are availability of centralized database of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of their complaints.

SEBI vide its Circular dated 26th March, 2018 have streamlined the process of filing investor grievances in the SCORES in order to ensure speedy and effective resolution of complaints filed therein. The said Circular can be accessed on the website of SEBI at:

[https://www.sebi.gov.in/legal/circulars/mar-2018/investor-grievance-redress-mechanism-new-policy-measures\\_38481.html](https://www.sebi.gov.in/legal/circulars/mar-2018/investor-grievance-redress-mechanism-new-policy-measures_38481.html).

#### 6.25 Debenture Trustee

##### IDBI Trusteeship Services Limited

Reg. office: Asian Building, Ground Floor  
17, R. Kamani Marg, Ballard Estate  
Mumbai, Maharashtra – 400 001  
Tel.: 022 4080 7000  
Fax: 022 6631 1776  
Email: itsl@idbitrustee.com/ response@idbitrustee.com

**6.26 List of all Credit Ratings obtained along with any revisions thereto**

As a result of significant improvements in the key rating drivers of your Company, CARE Ratings Limited, vide its letter dated July 09, 2019, has re-affirmed the credit rating for the Long Term Bank facilities of the Company to **CARE A Minus; Stable (Single A Minus; Outlook: Stable)** and Short Term Bank facilities to **CARE A2+ (A Two Plus)**.

**7. Other Disclosures**

**7.1 Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large**

There is no material significant transaction entered into with any of the related parties that may have conflict with the interest of the Company.

Attention of the members is drawn to the disclosures of transactions with related parties set out in Note No. 52 of the Standalone Financial Statements forming part of the Annual Report.

**7.2 Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authorities, on any matter related to capital markets, during the last three years**

There was no non-compliance by the Company and no penalty and strictures were imposed on the Company, by Stock Exchange(s) or SEBI or any other statutory authorities, on any matter related to capital markets, during the last three years, except as mentioned herein below:

During the period under review, SEBI has issued Show Cause Notice No. EFD-1/DRA 1/ BRK/RK/SCN/HFCL/OW/1 7730/1/2018/1 dated June 22, 2018 to the Company alleging violation of Regulations 3, 5(1) and 6(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 read with Regulation 13(2) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. SEBI has also issued Show Cause Notice No. EAD-4/ADJ/BS/HKS/OW/18117/1/2018 dated June 27, 2018 to the Company alleging violation of Section 21 of the Securities Contracts (Regulation) Act, 1956 read with Clauses 36(7) and 50 of the erstwhile Listing Agreement.

The Company and the SEBI have arrived at a Settlement documented in Order No. SO/EFD-2/SD/280/MAR/2019 passed on 29th March, 2019 and Order No. ORDER/SRP/HKS/2019-20/2623 passed on 5th April, 2019, on payment of settlement amount of ₹1,14,06,516/- towards settlement charges by the Company in respect of settlement application No. 3566/2018 filed by the Company in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 which is repealed and replaced with the SEBI (Settlement Proceedings) Regulations, 2018 with effect from 01st January, 2019, in respect of proceedings under Section 11B of the SEBI Act, 1992 initiated for the aforesaid alleged violations in connection with the issue of 67,99,945 Global Depository Receipts issued as long back as in September 2002.

Further, it may be noted that the settlement was without admission or establishment of guilt by the Company.

**7.3 Details of establishment of Vigil Mechanism and Whistle-Blower Policy of the Company**

The Board of Directors of the Company has adopted Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of the Listing Regulations.

The management of the Company, through this Policy envisages to encourage the employees of the Company to report to the higher authorities any unethical, improper, illegal or questionable acts, deeds and things which the management or any superior may indulge in.

The Policy on Vigil Mechanism/ Whistle blower policy may be accessed on the Company's website at the link: <http://www.hfcl.com/wp-content/uploads/2017/05/Whistle-Blower-Policy.pdf>

No employee of the Company is denied access to the Audit Committee.

**7.4 Web link where policy for determining 'material' subsidiaries is disclosed**

The Company has adopted a Policy for determining material subsidiaries, which has been uploaded on the Company's website and can be accessed at the following links: <http://www.hfcl.com/wp-content/uploads/2017/05/Policy-on-Material-Subsidiaries.pdf>.

**Subsidiary companies**

The Audit Committee reviews the consolidated financial statements of the Company, the investment made by its unlisted subsidiary companies and significant transactions of the unlisted subsidiary companies.

The minutes of the Board Meetings of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

The Company does not have any material non-listed Indian subsidiary companies as on 31st March, 2019.

**7.5 Web link where policy on dealing with related party transactions is disclosed**

The Company has adopted a Policy for Dealing with and Materiality of Related Party Transactions, which has been uploaded on the Company's website and can be accessed at the following link: <http://www.hfcl.com/wp-content/uploads/2019/06/Policy-on-Related-Party-Transactions-RPTs.pdf>.

**7.6 Dividend Distribution Policy**

The Board of Directors has adopted Dividend Distribution Policy under Regulation 43A of the Listing Regulations. The Policy has been uploaded on the Company's website and can be accessed through the following link: [http://www.hfcl.com/wp-content/uploads/2017/05/Dividend\\_Distribution\\_Policy.pdf](http://www.hfcl.com/wp-content/uploads/2017/05/Dividend_Distribution_Policy.pdf).

The extracts of the Dividend Distribution Policy have also been furnished as **Annexure – A** to the Directors' Report, which forms part of the Annual Report.

## 7.7 Code of conduct for Board Members and Senior Management Personnel

Pursuant to Regulation 17(5) of the Listing Regulations read with Schedule V to the Listing Regulations, the Company has adopted a Code of Conduct for Directors and a Code of Conduct for Senior Management Personnel and the same has been posted on the Company's website at www.hfcl.com.

Pursuant to Regulation 26(3) of the Listing Regulations, the Directors and the Senior Management Personnel affirm the Compliance of the Code annually.

All members of the Board and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct for the FY19.

A Certificate to this effect issued by the Managing Director is enclosed and forms part of the Annual Report.

## 7.8 Code of Conduct to Regulate, Monitor and Report Trading in Securities by Designated Persons

Your Company has adopted a "Code of Internal Procedure and Conduct for Regulating, Monitoring and Reporting of Trading in Securities by Designated Persons" (Insider Trading Code) as required under Regulation 9(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Company formulated a Code of Conduct to Regulate, Monitor, and Report trading by Insiders to deter the Insider trading in the securities of the Company based on the unpublished price sensitive information.

SEBI notified several amendments to SEBI Insider Trading Regulations pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which were effective from 1st April, 2019.

In accordance with the said amendments to the SEBI Insider Trading Regulations, it was, inter alia, required to amend/formulate the following:

- (a) Code of Conduct to Regulate, Monitor and Report Trading in Securities by Designated Persons
- (b) Formulate a Policy for determination of 'legitimate purposes' as a part of 'Code of Fair Disclosure and Conduct'

## 7.10 Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part

Details of Fee Paid to Statutory Auditors for FY19 are given below:

S. No.	Name of Entity	Relationship with HFCL	Name of Auditors' Firm	Details of Services	Amount (INR)
1	Himachal Futuristic Communications Limited (HFCL)	-	M/s S. Bhandari & Co., Chartered Accountants (FRN: 000560C)	Statutory Audit Fees	35,00,000
				Tax Audit & Certification Fees	4,95,000
			M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Travel & Boarding Expenses	4,17,262
				Statutory Audit Fees	35,00,000
2	Polixel Security System Private Limited	Subsidiary Company	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Tax Audit & Certification Fees	10,30,000
				Travel & Boarding Expenses	72,973
3	HFCL Advance Systems Private Limited	Subsidiary Company	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	5,00,000
				Statutory Audit Fees	23,600
<b>TOTAL</b>					<b>95,38,835</b>

(c) Policy for inquiry in case of leak of Unpublished Price Sensitive Information (UPSI)

(d) Whistle Blower Policy to enable reporting in case of leak of UPSI.

Your Company has approved formulation/amendments to the aforesaid Codes/ Policies.

The Insider Trading Code envisages procedures to be followed and disclosures to be made while dealing in the securities of the Company.

During the year under review, there has been due compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## 7.9 Details of preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of the Listing Regulations

The Audit Committee, has reviewed the actual utilization of funds received from the allotment of convertible Warrants/ Equity Shares upon conversion of convertible Warrants, made pursuant to the special resolution passed by the Shareholders of the Company at their Annual General Meeting ("AGM") held on 25th September, 2017.

The Company, in October, 2017, had allotted 4,50,00,000 (Four Crores Fifty Lakhs) convertible Warrants at a price of ₹16/- per Warrant, aggregating to ₹72 Crores, on preferential basis to Promoters/Promoter Group Companies and non-promoter person(s)/entity(s).

Till date, all the Warrants have been converted into equal number of equity shares and the Company has received the full proceeds of ₹72 crores under the preferential issue and the said proceeds have been fully utilized as on date of this Report.

There is no deviation in the utilization of proceeds from the Objects of Preferential Issue, as stated in the offer document or explanatory statement to the aforesaid AGM Notice.

Further, there is no variation between projected utilization of funds made in the aforesaid AGM Notice and the actual utilization of funds.

### 7.11 Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, Mr. Baldev Singh Kashtwal, Practicing Company Secretary, holding Membership No. FCS 3616 and C.P. No. 3169 was appointed as the Secretarial Auditor of the Company to carry out the secretarial audit for the FY19.

A Secretarial Audit Report given by the Secretarial Auditor in Form No. MR-3 is annexed as **Annexure–D** to Directors' Report which forms the part of this Annual Report.

There are no qualifications, reservations or adverse remarks made by Secretarial Auditor in his Report.

#### Secretarial Compliance Report

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder.

The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries in Form No. MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of every financial year.

Mr. Baldev Singh Kashtwal, Practicing Company Secretary, holding Membership No. FCS 3616 and C.P.No.3169, the Secretarial Auditor, has issued the Secretarial Compliance Report for the financial year ended 31st March, 2019 and the same has already been filed with BSE and NSE, stock exchanges, where the shares of the Company are listed.

### 7.12 Secretarial Certificates

- (i) Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates on half- yearly basis, have been issued by a Company Secretary in-Practice certifying that all certificates have been issued within the time prescribed under the Listing Regulations for lodgment for transfer, sub-division, consolidation, renewal and exchange etc.
- (ii) A Company Secretary in-Practice carries out a reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited ("Depositories") and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and total number of shares in dematerialized form held with Depositories.

**7.13 Compliance of the provisions of Regulation 26(6) of the Listing Regulations:** None of the Key Managerial Personnel, Director(s) and Promoter(s) of the Company has entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

### 7.14 Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Internal Complaints Committee ("ICC") has been set up to implement fair and impartial procedures for resolution settlement or prosecution of acts of sexual harassment. All employees are covered under this Policy.

The following is the summary of the complaints received and disposed-off during FY19

- a) No. of complaints filed during the financial year: Nil
- b) No. of complaints disposed-off during the financial year: Nil
- c) No. of complaints pending as on the end of financial year: Nil

### 7.15 Financial Calendar (tentative and subject to change) 2019-20

- Financial Reporting for the first quarter ending 30th June, 2019: **On or before Second week of July, 2019**
- Financial Reporting for the second quarter and half year ending 30th September, 2019: **On or before second week of November, 2019**
- Financial Reporting for the third quarter ending 31st December, 2019: **On or before second week of February, 2020**
- Audited Accounts for the year ending 31st March, 2020: **On or before last week of May, 2020**
- Annual General Meeting for the year ending 31st March, 2020: **On or before September, 2020**

### 7.16 Disclosure of Compliance of Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46:

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

**The status of adoption of the Discretionary Requirements as specified in Sub-Regulation 1 of Regulation 27 of the SEBI Listing Regulations, 2015 are as follows:**

#### a) The Board:

The Chairman of the Company is Non-Executive. He is entitled to maintain a Chairperson's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

#### b) Shareholder Rights:

Half-yearly and other Quarterly Financial Performance are published in newspapers, uploaded on Company's website [www.hfcl.com](http://www.hfcl.com) and submitted to the Stock Exchanges (BSE & NSE).

**c) Un-Modified opinion(s) in Audit Report:**

The Company already has a regime of Unqualified Financial Statements. Auditors have raised no qualification on the Financial Statements.

**d) Reporting of Internal Auditor:**

The Internal Auditor of the Company directly reports to the Audit Committee.

**7.17 Compliance Certificate**

In terms of Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have given Compliance Certificate to the Board on financial reporting and internal controls, as mentioned under Part B of Schedule II to the Listing Regulations.

**7.18 Compliance Certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance**

The certificate from the Practicing Company Secretary regarding compliance of conditions of corporate governance is annexed with the Corporate Governance Report and forms an integral part of the Annual Report.

**7.19 Nomination of Shares**

Section 72 of the Companies Act, 2013 extends nomination facility to individuals holding shares in physical form in companies.

Shareholders, in particular, those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Form SH-13.

**7.20 Green Initiative**

Pursuant to Section 101 and 136 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and the Companies (Accounts) Rules, 2014, the Company can send Notice of Annual General Meeting, Financial Statements and other communication in electronic forms.

Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Directors' Report along with their annexures etc. in the electronic mode to the shareholders who have registered their E-mail IDs with the Company and/or their respective Depository Participants (DPs).

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses, so that all communication with them can be made in electronic mode and we can make some contribution to protect the environment.

Those holding shares in demat form can register their e-mail addresses with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Company/RTA, by sending a letter, duly signed by the first/sole holder quoting details of Folio No.

## Declaration of Compliance of Code of Conduct

**[In terms of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

The Board of Directors of Himachal Futuristic Communications Limited, in compliance of Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has laid down the Code of Conduct for all Board Members and Senior Managerial Personnel of the Company, which has also been posted on the website of the Company viz. [www.hfcl.com](http://www.hfcl.com). Pursuant to the above, the Company has received 'Affirmation of Compliance' letters from the Board Members and Senior Managerial Personnel of the Company and accordingly, I make the following declaration:-

I, Mahendra Nahata, Managing Director of Himachal Futuristic Communications Limited, hereby declare that all Board Members and the Senior Management Personnel of the Company, have affirmed compliance of the Code of Conduct during the Financial Year 2018-19.

Place: New Delhi  
Date: May 07, 2019

**Mahendra Nahata**  
Managing Director

## Certificate on Corporate Governance

To,

**The Members**

**Himachal Futuristic Communications Limited**

CIN: L64200HP1987PLC007466  
8, Electronics Complex, Chambaghat  
Solan - 173 213 (H. P.)

I have examined the compliance of conditions of Corporate Governance by Himachal Futuristic Communications Limited ("the Company"), for the year ended on 31st March, 2019, as stipulated under Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of corporate governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: August 20, 2019  
Place: Delhi

**CS BALDEV SINGH KASHTWAL**  
**PRACTISING COMPANY SECRETARY**  
**FCS NO. 3616, C. P. NO. 3169**

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C sub-clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

**The Members of  
Himachal Futuristic Communications Limited**

8, Electronics Complex,  
Chambaghat, Solan – 173 213  
Himachal Pradesh

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Himachal Futuristic Communications Limited, having CIN: L64200HP1987PLC007466 and having registered office at 8, Electronics Complex, Chambaghat, Solan – 173 213 Himachal Pradesh (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Mahendra Pratap Shukla	00052977	14/06/2004
2.	Mr. Mahendra Nahata	00052898	11/05/1987
3.	Mr. Arvind Kharabanda	00052270	30/10/2004
4.	Dr. (Mr.) Ranjeet Mal Kastia	00053059	07/02/1996
5.	Mr. Ranjeet Anandkumar Soni	07977478	07/11/2017
6.	Mr. Surendra Singh Sirohi	07595264	27/08/2018
7.	Mr. Ved Kumar Jain	00485623	27/08/2018
8.	Dr. (Ms.) Tamali Sengupta	00358658	24/12/2018
9.	Ms. Bela Banerjee*	07047271	18/03/2015

\* Resigned w.e.f. 26th September, 2018.

Ensuring the eligibility for the appointment / continuity of every Director on the Board, is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: August 20, 2019  
Place: Delhi

**CS BALDEV SINGH KASHTWAL**  
**PRACTISING COMPANY SECRETARY**  
**FCS NO. 3616, C. P. NO. 3169**