

HFCL LIMITED

Registered Office: 8, Electronics Complex, Chambaghat, Solan – 173213 (Himachal Pradesh)
Tel: +91-1792-230644; **Fax:** +91-1792-231902; **Website:** www.hfcl.com; **E-mail:** secretarial@hfcl.com
(Corporate Identity Number: L64200HP1987PLC007466)

POSTAL BALLOT NOTICE

E-VOTING STARTS ON FEBRUARY 07, 2025 (09:00 A.M. IST)	E-VOTING ENDS ON MARCH 08, 2025 (05:00 P.M. IST)
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Dear Member(s),

Notice is hereby given that the resolution set out below is proposed to be passed by the shareholders of HFCL Limited ("**Company**") by means of Postal Ballot through remote e-Voting only, pursuant to the provisions of Sections 108 and 110 and all other applicable provisions of the Companies Act, 2013 ("**Act**") read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 ("**Rules**") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs ("**MCA**"), *inter-alia*, for conducting Postal Ballot through remote e-Voting vide its General Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 08, 2021, 03/2022 dated May 05, 2022, 11/2022 dated December 28, 2022, 09/2023 dated September 25, 2023 and 09/2024 dated September 19, 2024 ("**MCA Circulars**"), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**"), Secretarial Standard - 2 on General Meetings, issued by the Institute of Company Secretaries of India and other applicable laws and regulations, if any.

The statement pursuant to Section 102(1) of the Act setting out all material facts relating to the resolution mentioned in this Postal Ballot Notice is annexed.

In compliance with the aforesaid provisions and the MCA Circulars, this Postal Ballot Notice ("**Notice**") is being sent only through electronic mode to all its shareholders whose email addresses are registered with the Company/ Registrar & Share Transfer Agent ("**RTA**") or Depositories as on January 31, 2025 ("**cut-off date**") and the communication to assent/dissent of the shareholders on the resolution proposed in this Notice will only take place through the remote e-Voting system. If your email address is not registered with the Company/ RTA /Depositories, please follow the process provided in the notes to this Notice.

Further, in compliance with the requirements of the MCA Circulars, physical copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business reply envelope will not be sent to the shareholders for this Postal Ballot.

The Board of Directors of the Company at its meeting held on February 03, 2025 has appointed Mr. Baldev Singh Kashtwal, Practicing Company Secretary having Membership No. FCS 3616, C.P. No. 3169 and Peer Review Certificate Number 1205/2021 as Scrutiniser for conducting the Postal Ballot process in a fair and transparent manner.

In compliance with the provisions of Sections 108 and 110 of the Act read with Rule 20 and Rule 22 of the Rules and Regulation 44 of the SEBI LODR Regulations and the MCA Circulars, the Company has engaged the services of National Securities Depository Limited ("**NSDL**") to provide remote e-Voting facility to all its shareholders.

Shareholders are requested to refer the instructions for remote e-Voting given in the notes to this Notice for the process and manner in which remote e-Voting is to be carried out.

Item No. 1 - Appointment of Mrs. Bela Banerjee (DIN: 07047271), as an Independent Director of the Company for first term

To appoint Mrs. Bela Banerjee (DIN: 07047271) as an Independent Director of the Company for a first term of three consecutive years and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and 160 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the "**Act**") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**SEBI LODR Regulations**") [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force] and any other applicable provisions if any, and on the recommendation of the Nomination, Remuneration and Compensation Committee and the Board of Directors of the Company, Mrs. Bela Banerjee (DIN: 07047271), who was appointed as an Additional Director (Independent) not liable to retire by rotation, by the Board of Directors, pursuant to Section 161(1) of the Act and who has submitted a declaration that she meets the criteria for

independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR Regulations and in respect of whom, the Company has received a notice in writing under Section 160(1) of the Act, from a member, signifying his intention to propose Mrs. Bela Banerjee's candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a first term of three consecutive years commencing from December 17, 2024 up to December 16, 2027 and will continue as an Independent Director of the Company for the said term of 3 years, even after attaining the age of 75 years during the aforesaid tenure.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee), be and are hereby authorised to do all such acts, deeds, matters, things and to take all such steps as may be considered necessary or expedient, including filing the requisite forms or submission of documents with any authority or accepting any modifications to the clauses as required by such authorities, for the purpose of giving effect to this resolution and for matters connected therewith, or incidental thereto."

Registered Office

8, Electronics Complex Chambaghat
Solan-173213 (H. P.)

By Order of the Board

Place: New Delhi

Date: February 03, 2025

(Manoj Baid)

President & Company Secretary

Membership No: FCS 5834

NOTES:

1. The relevant Statement pursuant to the provisions of Section 102 of the Act setting out the material facts and reasons is annexed herewith.
2. MCA vide its relevant circulars, have permitted companies to conduct the Postal Ballot by sending the Notice in electronic form only. Accordingly, physical copy of the Notice along with Postal Ballot Form and pre-paid business reply envelope will not be sent to the Members for this Postal Ballot. The communication of the assent or dissent of the Members shall take place through the process of remote e-Voting only.
3. Shareholders may note that this Postal Ballot Notice will also be available on the Company's website at www.hfcl.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of National Securities Depository Limited ("NSDL") at <https://www.evoting.nsdl.com>.
4. Members whose names appear on the Register of Members / List of Beneficial Owners as on **Friday, January 31, 2025 ("cut-off date")** will be considered for the purpose of reckoning the voting rights and sending the notice. A person who is not a Member of the Company as on the cut-off date, should treat this Notice for information purpose only. In this Notice, the term member(s) or shareholder(s) are used interchangeably.
5. Pursuant to Section 108 of the Act read with Rule 20 of the Rules and Regulation 44 of the SEBI LODR Regulations, the Company has engaged NSDL to provide remote e-Voting facility for its shareholders. The remote e-Voting facility is available at the link at www.evoting.nsdl.com. Members are requested to read carefully the related notes to this Postal Ballot Notice and instructions given thereunder.
6. The remote e-Voting period will commence on **Friday, February 07, 2025 at 09.00 A.M. (IST)** and ends on **Saturday, March 08, 2025 at 05.00 P.M. (IST)** (inclusive of both days). The remote e-Voting module shall be disabled by NSDL for voting thereafter.
7. The voting rights of the members shall be in proportion to their share in the paid-up equity share capital of the Company as on the **Cut-off date i.e. Friday, January 31, 2025**.
8. The Scrutiniser shall, immediately after the completion of the scrutiny of the remote e-Voting, within 2 (two) working days from the end of the remote e-Voting period, submit a Scrutiniser's Report of the total votes cast in favour and against the resolution(s) and whether the resolution(s) has/ have been carried or not, to the Managing Director/Chairman or a person authorised by him in writing.
9. The result declared along with the Scrutiniser's Report shall be placed on the Company's website www.hfcl.com and on the website of NSDL www.evoting.nsdl.com, immediately after the result is declared. The Company shall simultaneously forward the results to the BSE Limited and the National Stock Exchange of India Limited, where the securities of the Company are listed.
10. The resolution, if passed by the requisite votes, shall be deemed to have been passed as if the same has been passed at a general meeting of the shareholders convened in that behalf. The resolution, if approved by the requisite votes of shareholders by means of Postal Ballot (i.e., remote e-Voting), shall be deemed to have been passed on the last date specified by the Company for remote e-Voting, i.e. March 08, 2025.
11. All documents referred to in the Notice and Statement are available for inspection by the shareholders on all working days except Saturdays, Sundays and National Holidays between 10:00 A.M. (IST) and 12:00 Noon (IST) from the date of dispatch of the Notice up to the last date of remote e-Voting i.e. March 08, 2025. Any Member interested in inspection may write to secretarial@hfcl.com.
12. Shareholders who are holding shares in physical form and their e-mail addresses are not registered with the Company are requested to register their e-mail addresses at the earliest with the Company's Register and Share Transfer Agent ("**RTA**"). Shareholders holding shares in demat form can update their email address with their Depository Participants.
13. The relevant details of the Directors seeking appointment in respect of business under Item no. 1 as required under Regulation 36(3) of the SEBI LODR Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ("**Secretarial Standard-2**") are annexed hereto.
14. As required by Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 read with the MCA Circulars and the SEBI LODR Regulations, the details pertaining to this Postal Ballot will be published in one English national daily newspaper circulating throughout India (in English language) and one in vernacular language in that district in which registered office of the company is situated.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:

How do I vote electronically using NSDL e-Voting system?





The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned hereafter:

Step 1: Access to NSDL e-Voting system:

(A) Login method for e-Voting for Individual shareholders holding securities in demat mode:

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period. Shareholders/Members can also download NSDL Mobile App “NSDL Speed-e” facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.

Type of shareholders	Login Method
	<p>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.</p> <p>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login Type	Helpdesk Details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at toll free no.: 022 – 4886 7000.
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at: helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09 911.

(B) Login Method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “**Login**” which is available under ‘**Shareholder/Member**’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
(a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
(b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
(c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company. For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
 - (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the **'initial password'** which was communicated to you. Once you retrieve your **'initial password'**, you need to enter the **'initial password'** and the system will force you to change your password.
 - (c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your **'initial password'** is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - (a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - (b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - (c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to **"Terms and Conditions"** by selecting on the check box.
8. Now, you will have to click on **"Login"** button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Process to cast your vote electronically on NSDL e-Voting system?

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote to the Scrutinizer by e-mail to scrutinizer@hfcl.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/Authority Letter etc. by clicking on "Upload Board Resolution/Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **"Forgot User Details/ Password?"** or **"Physical User Reset Password?"** option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the **Frequently Asked Questions (FAQs)** for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on 022 – 4886 7000 or send a request to **Ms. Pallavi Mhatre, Manager** at evoting@nsdl.com.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolution set out in this Notice:

1. In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self- attested scanned copy of Aadhaar Card) by email to secretarial@hfcl.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to secretarial@hfcl.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **Step 1 (A) i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.**

3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-Voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat accounts in order to access e-Voting facility.

DETAILS OF DIRECTOR PROPOSED TO BE APPOINTED, PURSUANT TO REGULATION 36(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND THE SECRETARIAL STANDARD-2 ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA:

Name of the Director	Mrs. Bela Banerjee
DIN	07047271
Date of Birth (Age in years)	October 07, 1950 (74 Years)
Date of first appointment	December 17, 2024
Experience/Expertise in Specific Functional Areas/Brief Resume	<p>Mrs. Bela Banerjee has completed her Post Graduation in History from Banaras Hindu University and also holds a degree in Law from Delhi University.</p> <p>She has over 37 years of experience in the Government of India, having served in different positions both in Ministry of Railways as well as in the Ministry of Human Resource Development -Department of Education.</p> <p>After superannuating from Indian Railways in October, 2010 as a Principal Financial Advisor and Chief Accounts Officer – Additional Secretary, she joined as a Member (Technical) in the Railway Claims Tribunal.</p> <p>Mrs. Banerjee has extensive experience in works tendering, project management & financial management of construction projects. As an Executive Director-Finance (Expenditure) in the Railway Board, she was responsible for the financial appraisal of investment proposals for various projects like new lines, doubling, and bridges as well as handling various matters related to Railway PSUs, RITES, IRCON.</p> <p>She also held the position of Joint Secretary in the Ministry of HRD, Government of India where she was responsible for policy matters related to higher education.</p> <p>Mrs. Banerjee has also served as a government nominee director on the Board of Directors of the Container Corporation of India Limited.</p> <p>She is also a registered member of the Arbitration Council of India and has handled various arbitration cases at different levels in railways and PSUs.</p>
Qualification(s)	MA (History), LL.B
Directorship in other companies including listed companies	Adhunik Power & Natural Resources limited
Listed entities from which the person has resigned in the past three years	Media Matrix Worldwide Limited
Chairmanship/ Membership of Committees of other boards	Adhunik Power & Natural Resources limited: Audit Committee- Member Nomination & Remuneration Committee- Member Corporate Social Responsibility Committee - Member
Shareholding in the listed entity, including shareholders as a beneficial owner	Nil
Relationship with other Directors, Manager and other KMPs of the Company	Not Applicable
No. of Board Meetings held/ Attended	01/01 (Appointed w.e.f. December 17, 2024 and 01 board meeting was convened thereafter)
Details of Remuneration sought to be paid	Except, Sitting Fee for attending the Board and/or Committee meetings, no other remuneration is payable.

Last Remuneration drawn (per annum)	Rs.75,000 only (Rupees Seventy-Five Thousand only) (Towards Sitting fee for attending Board Meeting from December 17, 2024 till the date of this Notice)
Disclosure of relationships between directors inter-se	Nil
Terms and conditions of appointment and Remuneration	As mentioned in the Resolution and Statement. Shareholders may also refer Remuneration Policy which is available on the website of the Company i.e. www.hfcl.com .

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 THE COMPANIES ACT, 2013 ("ACT")

The following Statement given hereunder sets out all material facts relating to the Special Business mentioned at Item No. 1 in the accompanying Notice.

ITEM NO. 1

Pursuant to the provisions of Sections 149, 150, 152, 161 and other applicable provisions of the Companies Act, 2013 ("Act") and rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and the Nomination and Remuneration Policy of the Company, the Board of Directors ("Board") of the Company, on recommendation of the Nomination, Remuneration and Compensation Committee ("NRC") and subject to approval of the members of the Company, appointed Mrs. Bela Banerjee (DIN: 07047271) as an Additional Director in the category of Independent Director for a period of three consecutive years effective from December 17, 2024 to December 16, 2027 and who will not be liable to retire by rotation.

Pursuant to the provisions of Section 149(10) and other applicable provisions of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company, and shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in Board's report.

Pursuant to Regulation 25(2A) of the SEBI LODR Regulations, the appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution.

Regulation 17(1A) of the SEBI LODR Regulations provides that no company shall appoint a person or continue the directorship of any person as a Non-executive Director who has attained the age of seventy-five years unless a special resolution is passed to that effect.

During the tenure of Mrs. Bela Banerjee (from December 17, 2024 to December 16, 2027), her age will exceed 75 years. Thus, as per the above said provision of the SEBI LODR Regulations, approval of the members of the Company will be required by way of special resolution, so that she can continue as an Independent Director of the Company during her tenure even after attaining the age of seventy-five years.

In terms of Sections 149, 152 read with Schedule IV of the Act including the Rules and the SEBI LODR Regulations, on recommendation of the NRC and subject to approval of the members of the Company, the Board recommended appointment of Mrs. Bela Banerjee as an Independent Director of the Company for the above said period and her continuation to hold the office as an Independent Director of the Company, after attaining the age of 75 years during her tenure.

In the opinion of the Board of the Company, Mrs. Bela Banerjee fulfils the conditions specified in the Act and rules made thereunder read with the SEBI LODR Regulations for her appointment as an Independent Director of the Company and she is independent of the management.

Mrs. Bela Banerjee possesses appropriate skills, experience and knowledge required for discharge of her duties as an Independent Director. The Directors are of the view that the vast knowledge and varied experience of Mrs. Bela Banerjee will be of immense benefit to the Company and accordingly, it is desirable to avail her services as an Independent Director of the Company.

Mrs. Bela Banerjee has completed her Post Graduation in History from Banaras Hindu University and also holds a degree in Law from Delhi University.

She has over 37 years of experience in the Government of India, having served in different positions both in Ministry of Railways as well as in the Ministry of Human Resource Development -Department of Education.

After superannuating from Indian Railways in October, 2010 as a Principal Financial Advisor and Chief Accounts Officer – Additional Secretary, she joined as a Member (Technical) in the Railway Claims Tribunal.

Mrs. Banerjee has extensive experience in works tendering, project management & financial management of construction projects. As an Executive Director -Finance (Expenditure) in the Railway Board, she was responsible for the financial appraisal of investment proposals for various projects like new lines, doubling, and bridges as well as handling various matters related to Railway PSUs, RITES, IRCON.

She also held the position of Joint Secretary in the Ministry of HRD, Government of India where she was responsible for policy matters related to higher education.

Mrs. Banerjee has also served as a government nominee director on the Board of Directors of the Container Corporation of India Limited.

She is also a registered member of the Arbitration Council of India and has handled various arbitration cases at different levels in railways and PSUs.

Mrs. Bela Banerjee has given her consent in form DIR-2 to act as Director in terms of Section 152(5) of the Act and declaration in form DIR-8 that she is not disqualified from being appointed as a Director in terms of Section 164(2) of the Act.

Also, in compliance with the SEBI Order dated June 14, 2018 to the Stock Exchanges and further BSE Circular No. LIST/ COMP/14/2018-19 and NSE Circular No. NSE/CML/2018/24 both dated June 20, 2018, this is to confirm that Mrs. Bela Banerjee (DIN: 07047271) has not been debarred from holding the office of director by virtue of any SEBI order or any other such authority.

The Company has received a declaration from Mrs. Bela Banerjee stating that she meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR Regulations.

Mrs. Bela Banerjee also confirmed that she is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to the registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

Mrs. Bela Banerjee doesn't hold any equity share in the Company.

In terms of Section 160 of the Act, the Company has received a notice in writing from a member proposing the candidature of Mrs. Bela Banerjee to be appointed as an Independent Director of the Company.

A copy of the terms and conditions of appointment of independent directors are available for inspection by the Members in physical or electronic form at the Registered Office of the Company between 10.00 A.M. to 12.00 Noon, on all working days (except Saturdays, Sundays and Public Holidays), up to March 08, 2025 and are also available at the website of the Company at <https://www.hfcl.com/wp-content/uploads/2021/11/Terms-and-conditions-of-appointment-of-Independent-Directors-10.05.17.pdf>

A brief profile of Mrs. Bela Banerjee to be appointed as a Non-Executive Independent Director is given under the heading "*Details of Directors proposed to be appointed, pursuant to Regulation 36(3) of the SEBI LODR Regulations and the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India*" or elsewhere in the Notice.

This Statement may also be regarded as a disclosure under Regulation 36(3) of the SEBI LODR Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India.

Accordingly, the Board recommends the appointment of Mrs. Bela Banerjee as a Non-Executive Independent Director of the Company as set out in Item No. 1 of the Notice for the approval of members by way of a special resolution.

Mrs. Bela Banerjee is interested in the resolution set out at Item No. 1 of the Notice with regard to her appointment and remuneration payable as a Non-Executive Independent Director. The relatives of Mrs. Bela Banerjee may be deemed to be interested in the aforesaid resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 1 of the Notice.

Registered Office

8, Electronics Complex Chambaghat
Solana-173213 (H. P.)

Place: New Delhi

Date: February 03, 2025

By Order of the Board

(Manoj Baid)

President & Company Secretary

Membership No: FCS 5834