

## Corporate Governance

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.

The status of implementation of Clause 49 of the Listing Agreement with the Stock Exchanges on Corporate Governance in the Company is as under: -

### 1. HFCL Philosophy on Corporate Governance

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

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

HFCL Corporate Philosophy envisages complete transparency and adequate disclosure 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

During the year 2007-2008, the Company has got a broad based Board of Directors with one Promoter Managing Director, three Non-Executive Independent Directors (one Non-Executive Chairman, one Nominee Director of IDBI and

one Non-Executive Independent Director) and two Wholetime Directors including one Director (Finance).

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

During the financial year ended 31<sup>st</sup> March 2008, 6 Board Meetings were held on 30.04.2007, 01.06.2007, 31.07.2007, 31.10.2007, 30.11.2007 and 28.01.2008.

The last Annual General Meeting was held on 27<sup>th</sup> December, 2007.

The composition of the Board, attendance of Directors at the Board Meetings held during the year under review as well as in the last Annual General Meeting and the number of the other Directorships/Committee positions presently held by them are as under: -

Name	Category	No. of other present Directorships held	No. of Board Meetings		Attended last AGM (27/12/2007)
			Held	Attended	
Shri M P Shukla	NEID	3	6	6	YES
Shri Mahendra Nahata	PD(MD)	4	6	5	NO
Dr. R M Kastia	WD	2	6	5	NO
Shri Arvind Kharabanda	WD	1	6	6	YES
Shri Y L Agarwal	NEID	3	6	6	YES
Shri R K Bansal (IDBI Nominee)	NEID	2	6	5	NO

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

## Present Directorship in other Companies/Committee Position (including Himachal Futuristic Communications Ltd.)

S.No	Name of Director	Directorships (Name of Companies)*	Committee Position		
			Name of the Company	Committee	Position
1.	Shri M P Shukla	1. HFCL Infotel Ltd. 2. HFCL Satellite Communications Ltd. 3. HTL Ltd.	Himachal Futuristic Communications Ltd.	Remuneration	Chairman
			Himachal Futuristic Communications Ltd.	Audit	Chairman
			Himachal Futuristic Communications Ltd.	Share Transfer & Investors Grievance	Chairman
			HFCL Infotel Ltd.	Remuneration	Member
			HFCL Infotel Ltd.	Share Transfer & Investors Grievance	Member
			HFCL Infotel Ltd.	Audit	Member
			HFCL Satellite Communications Ltd.	Audit	Member
			HTL Ltd.	Audit	Member
2.	Shri Mahendra Nahata	1. Himachal Exicom Communications Ltd. (name changed to Exicom Tele-systems Ltd. w.e.f. 11.08.2008) 2. HFCL Infotel Ltd. 3. HTL Ltd. 4. Consolidated Futuristic Solutions Ltd. (in liquidation)	HFCL Infotel Ltd.	Audit	Member
3.	Dr. R M Kastia	1. HTL Ltd. 2. HFCL Infotel Ltd.	Himachal Futuristic Communications Ltd.	Share Transfer & Investors Grievance	Member
			HFCL Infotel Ltd.	Remuneration	Member
			HFCL Infotel Ltd.	Share Transfer & Investors Grievance	Member
4.	Shri Arvind Kharabanda	1. HFCL Satellite Communications Ltd.	Himachal Futuristic Communications Ltd.	Share Transfer & Investors Grievance	Member
			Himachal Futuristic Communications Ltd.	Audit	Member
			HFCL Satellite Communications Ltd.	Audit	Member
5.	Shri Y L Agarwal	1. Electronics Systems Punjab Ltd. 2. HFCL Kongsung Telecom Ltd. 3. Aksh Networks Ltd.	Himachal Futuristic Communications Ltd.	Remuneration	Member
			Himachal Futuristic Communications Ltd.	Audit (w.e.f. 31 <sup>st</sup> July, 2008)	Member
6.	Shri R K Bansal	1. HFCL Infotel Ltd. 2. Madhya Pradesh State Industrial Development Corporation Ltd.	Himachal Futuristic Communications Ltd.	Remuneration	Member
			Himachal Futuristic Communications Ltd.	Audit	Member
			HFCL Infotel Ltd.	Audit	Member
			Madhya Pradesh State Industrial Development Corporation Ltd.	Audit	Member

\* The Directorship held by Directors as mentioned above does not include Directorship of Foreign Companies, Section 25 Companies and Private Limited Companies, if any.

None of the Directors on the Board hold directorships in more than fifteen public companies and memberships in more than ten Committees and they do not act as Chairman of more than five Committees across all companies in which they are directors.

## 2.1 Information Placed before the Board

In addition to the matters which statutorily require Board's approval, the following matters as required under code on Corporate Governance are also regularly placed before the Board :-

- Minutes of Audit Committee Meetings, Remuneration Committee Meetings and Share Transfer & Investors Grievance Committee Meetings.
- Matters related to accident, dangerous happenings, material effluent and pollution problems etc., if any.
- Details of Joint Ventures / Collaboration agreements.
- Labour Relations.
- Disclosure of material related party transactions, if any, with potential for conflict of interest.
- Quarterly details of Foreign Exchange exposures and risk management strategies.
- Compliance with Regulatory and Statutory requirements including listing requirement and shareholders services.
- Details of show cause, demand, prosecution and penalty notices which are materially important.
- Any material default, in financial obligations to and by the Company or substantial non-payment of goods sold by the Company.
- Details of public or product liability, claims of substantial nature including any adverse judgments.
- Transactions involving substantial payments towards goodwill, brand equity or intellectual property.
- Sale of material nature of investments, subsidiaries and assets which are outside the normal course of business.
- Board minutes of the unlisted subsidiary companies and significant transactions and arrangements made by the material unlisted subsidiary company.

## 3. Committees of the Board

In terms of the SEBI code on the Corporate Governance the Board of the Company has constituted the following Committees: -

Audit Committee  
Remuneration Committee  
Share Transfer & Investors Grievance Committee

### 3.1 Audit Committee

The followings are the members and their attendance at the

Committee Meetings during the year 2007-08: -

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri M P Shukla	Chairman	5	5
Shri R K Bansal	Member	5	5
Shri Arvind Kharabanda	Member	5	5
Shri Y L Agarwal (w.e.f. 31 <sup>st</sup> July, 2008)	Member	0	0

During the period 01.04.2007 to 31.03.2008 the Audit Committee met five times on 30.04.2007, 31.07.2007, 31.10.2007, 30.11.2007 and 28.01.2008.

The broad terms of references of Audit Committee are as under: -

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment/re-appointment of external and internal auditors, tax 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 report.
- Review with management, performance of external and internal auditors, adequacy of internal control system.
- To do any internal investigations either departmentally or with the help of internal auditors or any other outside agency into matters where there is suspected fraud or irregularities.
- Discussions with external auditors before the audit commences about nature and scope of audit as well as have post audit discussions to ascertain any area of concern.
- Review the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders and creditors.
- Review of the use/application of money raised through Public/Rights/Preference Issue.

Shri Mahendra Pratap Shukla, Non-Executive Independent Director is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

### 3.2 Remuneration Committee

During the year under review, the Remuneration Committee met on 31.07.2007. The attendance of the members in the Remuneration Committee Meetings are as under:-

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri M P Shukla	Chairman	1	1
Shri Y L Agarwal	Member	1	1
Shri R K Bansal	Member	1	1

This Committee is responsible for determining the Company's policy on specific remuneration package for Executive Directors including any compensation payment.

The details of remuneration and perquisites paid to the Executive and Non-Executive Directors during the year 2007-08 are given below:-

Name of Director	Salary	Allowances	Perks	Sitting Fee	Total
Rs.					
<b>Category A - Executive Directors</b>					
Shri Mahendra Nahata Managing Director	50,40,000	7,35,000	4,17,876	-	61,92,876
Dr. R M Kastia Wholetime Director	37,80,000	22,68,000	9,17,229	-	69,65,229
Shri Arvind Kharabanda Director (Finance)	22,50,000	13,50,000	1,17,884	-	37,17,884
<b>Category B – Nominee Director (Independent Director)</b>					
Shri R K Bansal Director	-	-	-	55,000	55,000
<b>Category C – Non-Executive Independent Directors</b>					
Shri M P Shukla Chairman	-	-	-	1,00,000	1,00,000
Shri Y L Agarwal Director	-	-	-	35,000	35,000

The non-executive directors are paid sitting fee of Rs.5000/- for every Board / Committee meeting attended by them.

Since the Company has defaulted in repayment of its debts for a continuous period of 30 days in the preceding financial year before the date of re-appointment of its Managing Director, Wholetime Director and Director (Finance), necessary applications for managerial remuneration have been made to the Central Government pursuant to section 198, 269, 309 & 311 along with applications under section 637B(a) of the Companies Act, 1956.

### 3.3 Details of pecuniary relationship/transactions of the Non-Wholetime Directors / their Firms & Companies vis-a-vis the Company during the year 2007-2008

NIL

### 3.4 Share Transfer & Investors Grievance Committee

The Committee consists of one Non-Executive Independent Director and two Wholetime Directors and is chaired by the Non-Executive Independent Director. This Committee looks into transfer and transmission of shares / debentures / bonds etc., issue of duplicate share certificates, consolidation and subdivision of shares and investors' grievances. 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. The Committee met seven times during the year 2007-2008. The followings are the members and their attendance at the Committee Meetings: -

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri M P Shukla	Chairman	7	7
Dr. R M Kastia	Member	7	7
Shri Arvind Kharabanda	Member	7	7

More details on share transfers, investors' complaints etc. are given in the shareholder information section of this report.

The Board has delegated powers of share transfer to Shri Manoj Baid, Company Secretary to expedite the process of share transfer work.

## 4. General Body Meetings

Location and time where General Meetings held in the last 3 years is given below:

Year	AGM/ EGM	LOCATION	DATE	TIME
2007-2008	EGM	Mushroom Centre, Solan	25.02.2008	11:00 A.M.
2006-2007	AGM	Mushroom Centre, Solan	27.12.2007	11:00 A.M.
2005-2006	AGM	Mushroom Centre, Solan	28.09.2006	11:00 A.M.
2004-2005	AGM	Mushroom Centre, Solan	30.09.2005	11:00 A.M.
2005-2006	EGM	Mushroom Centre, Solan	09.09.2005	11:00 A.M.

The following resolutions were passed as Special Resolutions in previous three years AGMs /EGMs

Year	AGM/ EGM	SUBJECT MATTER OF SPECIAL RESOLUTIONS	DATE	TIME
2007-2008	EGM	1. Change of Name of the Company.	25.02.2008	11:00 A.M.
2005-2006	AGM	1. Re-appointment of M.D., WDs and Director (Finance). 2. Increase in FILs Investment limit.	28.09.2006	11:00 A.M.
2004-2005	AGM	1. Allotment of 0% Optionally Fully Convertible Debentures to Institutions/ Banks.	30.09.2005	11:00 A.M.
2005-2006	EGM	1. To offer, issue and allot on preferential basis upto 60000000 warrants convertible into equity shares to promoters etc. 2. International offering of Securities upto US\$ 75 Millions.	09.09.2005	11:00 A.M.

One special resolution was passed by postal ballot on 14.10.2005 regarding corporate guarantee provided by the Company to China Exim Bank on behalf of HFCL Infotel Ltd. There were 534 valid ballot papers comprising 10022173 valid votes. 485 shareholders holding 9986493 votes (99.64% of the valid votes) have casted in favour of the resolution as against 35680 votes (0.36% of the valid votes cast) against the resolution.

Mr. Satayendra Kumar, Practicing Company Secretary conducted the Postal Ballot for the above resolution.

**5. Disclosures on materially significant related party transactions with Promoters, Directors, Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large**

None of the materially significant transactions with any of the related parties were in conflict with the interest of the Company.

**6. Non-compliance by Company, penalties, strictures imposed on the Company by Stock Exchanges / Securities and Exchange Board of India (SEBI) etc. in the last 3 years**

None.

**7. Whistle Blower Policy**

The Board of Directors of the Company in its meeting held on 30<sup>th</sup> January, 2006 has adopted Whistle Blower Policy, a non mandatory requirement as a measure of good governance and also to ensure better transparency. This Policy has been circulated to employees of the Company and is also available on Company's Website. No employee of the Company is denied access to the Audit Committee.

**8. Means of Communications**

This is being done through quarterly / half yearly and annual results, which are being published in Premier English and Hindi daily newspapers. Press releases are also issued simultaneously. The Company's website [www.hfcl.com](http://www.hfcl.com) contains Annual Report, Financial Results etc. Annual Report, Shareholding Pattern & Un-Audited/Audited Financial Results

of the Company are posted on the SEBI EDIFAR website i.e. [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in). Management Discussions and Analysis forms part of the Directors' Report, which is posted to the shareholders of the Company.

**9. Code of conduct for Board Members and Senior Management Personnel**

The Company has adopted a Code of Conduct for Directors and Senior Management Personnel and the same has been posted on the Company's website. The Directors and the Senior Management Personnel affirm the Compliance of the Code annually. A certificate to this effect is attached to this Report duly signed by the Managing Director.

**10. Shares/Convertible Instruments held by Non-Executive Directors**

NIL

**11. Extent to which mandatory requirements have not been complied with:**

**Risk assessment and minimization procedure is being formulated.**

**12. Extent to which non mandatory requirements have been complied with:**

i) **Remuneration Committee has been formed as reported earlier in this report.**

ii) **The Company has formulated a Whistle Blower policy and the same has been brought to the notice of all the employees and posted on the Company's website.**

## Shareholders' Information

- 1. Dates of Book Closing** : 23/09/2008 to 29/09/2008 (both days inclusive)
- 2. Date and venue of Annual General Meeting** : 29/09/2008 at 03:00 P.M. at Mushroom Centre, Chambaghat, Solan (H.P.)
- 3. Listing on Stock Exchanges in India** :
- |   |  |
|---|--|
| <p>The Ludhiana Stock Exchange Ltd.<br/>Phiroze Gandhi Market<br/>Ludhiana - 141 008</p>  | <p>Tel : +91-161-4612317<br/>Fax : +91-161-2404748</p> |
| <p>The Bombay Stock Exchange Ltd.<br/>Phiroze Jeejeebhoy Towers, Dalal Street<br/>Mumbai - 400 001</p>  | <p>Tel : +91-22-22721233<br/>Fax : +91-22-22723121</p> |
| <p>National Stock Exchange of India Ltd.<br/>Exchange Plaza, 5<sup>th</sup> Floor, Plot No.C/1<br/>G Block, Bandra Kurla Complex<br/>Bandra (East)<br/>Mumbai - 400 051</p> | <p>Tel : +91-22-26598235<br/>Fax : +91-22-26598237</p> |
| <p>The Calcutta Stock Exchange Association Ltd.<br/>7, Lyons Range<br/>Calcutta - 700 001</p>   | <p>Tel : +91-33-22104470<br/>Fax : +91-33-22102223</p> |
| <p>Delhi Stock Exchange Ltd.<br/>DSE House, 3/1, Asaf Ali Road<br/>New Delhi - 110 002</p>  | <p>Tel : +91-11-23292417<br/>Fax : +91-11-23292181</p> |
| <p>Jaipur Stock Exchange Ltd.<br/>Stock Exchange Building<br/>Jawaharlal Nehru Marg<br/>Malviya Nagar<br/>Jaipur - 302 017</p>  | <p>Tel : +91-141-2729094<br/>Fax : +91-141-2729082</p> |
- 4. Status of Listing Fees** : Paid to The Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd. for 2008-2009
- 5. Listing on Stock Exchanges outside India** :
- |   |  |
|---|--|
| <p>The London Stock Exchange Plc<br/>10, Paternoster Square<br/>London EC 4 M7LS</p>  | <p>Tel : 0044-2077971000<br/>Fax : 0044-2075886057</p> |
| <p>Luxembourg Stock Exchange<br/>11, Avenue de la Porte-Neuve<br/>BP.165 L - 2011, Luxembourg<br/>Grand Duchy of Luxembourg</p> | <p>Tel : 00352-4779361<br/>Fax : 00352-477936204</p>   |
- 6. Registered office** : 8, Electronics Complex, Chambaghat Solan - 173 213 (H.P.)  
Tel : +91-1792-230643/44  
Fax : +91-1792-231902
- 7. Corporate Office** : 8, Commercial Complex, Masjid Moth Greater Kailash - II New Delhi - 110 048  
Tel : +91-11-30882624  
Fax : +91-11-30689013
- 8. Works** :
- |  |   |
|--|---|
| <p>Wireline/Wireless Division<br/>8, Electronics Complex<br/>Chambaghat<br/>Solan - 173 213 (H.P.)</p>                 | <p>Tel : +91-1792-230643/44<br/>Fax : +91-1792-231902</p> |
| <p>Cable Division<br/>L 35-37<br/>Industrial Area, Phase - II<br/>Verna Electronic City, Salcete<br/>Goa - 403 722</p> | <p>Tel : +91-832-6697000<br/>Fax : +91-832-2783444</p>    |
| <p>International Division<br/>8, Commercial Complex, Masjid Moth<br/>Greater Kailash - II<br/>New Delhi - 110 048</p>  | <p>Tel : +91-11-30882624<br/>Fax : +91-11-30689013</p>    |

9. **Website/Email** : www.hfcl.com / investor@hfcl.com
10. **Name of News Papers in which results are generally published** : Economic Times, Indian Express, Jansatta, Dainik Tribune
11. **Depositories** : National Securities Depository Ltd. Tel : +91-22-24994200  
4<sup>th</sup> Floor, 'A' Wing, Trade World Fax : +91-22-24972993  
Kamla Mills Compound  
Senapati Bapat Marg, Lower Parel  
Mumbai - 400 013  
  
Central Depository Services (India) Ltd. Tel : +91-22-22723333  
Phiroze Jeejeebhoy Towers Fax : +91-22-22723199  
28<sup>th</sup> Floor, Dalal Street  
Mumbai - 400 023
12. **Share Transfer in physical form and other communication regarding share certificates, dividends and change of address etc., to be sent to:**  
M/s. MCS Ltd. Tel : +91-11-41406149  
Shri Venkatesh Bhawan Fax : +91-11-41709881  
W - 40, Okhla Industrial Area, Phase - II Email: admin@mcsdel.com  
New Delhi - 110 020

13. **Share Transfer System:**

Shares sent for physical transfers are generally registered and returned within a period of 15 days from the date of receipt if the documents are clear in all respects. The Share Transfer & Investors Grievance Committee meets as often as required.

**The Total Number of shares transferred in physical form during the year 2007-2008:**

Number of transfer deeds	47
Number of Shares	506160

14. **Investors complaints received during the year 2007-2008 :**

Nature of Complaints	Received	Attended
Non Receipt of Shares (Transfers/Transmissions/Exchange)	7	7
Non receipt of Annual Reports	5	5
Dematerialisation	2	2
<b>Total</b>	<b>14</b>	<b>14</b>

The Company has attended to the investor's grievances/correspondence within a period of 15 days from the date of receipt of the same during the year 2007-2008 except in cases which are constrained by disputes and legal impediments. There were no investor grievances remaining unattended/pending as at 31<sup>st</sup> March, 2008. The Board in its meeting held on 31<sup>st</sup> October, 2006 has designated Shri Manoj Baid, Company Secretary as the Compliance Officer.

15. **Distribution of shareholdings as on 31<sup>st</sup> March, 2008 :**

No. of Equity held	No. of Shareholders	% of Shareholders	Shares Amount (Rs.)	% of Shareholdings
Upto 5000	258347	72.961	496398130	11.211
5001 – 10000	49063	13.856	396922730	8.964
10001 – 20000	23699	6.693	372741600	8.418
20001 – 30000	7743	2.187	200490650	4.528
30001 – 40000	3434	0.970	124572800	2.813
40001 – 50000	3585	1.012	172342980	3.892
50001 – 100000	4229	1.194	318216860	7.186
100001 & above	3539	1.000	2294584300	51.821
Shares in Transit	448	0.127	51666920	1.167
<b>TOTAL</b>	<b>354087</b>	<b>100.000</b>	<b>4427936970</b>	<b>100.000</b>

**16. Categories of Shareholding as on 31<sup>st</sup> March, 2008 :**

S. No.	Category	Shares	%
<b>A</b>	<b>Promoters Holding</b>		
1	Indian Promoters	9298999	2.10007
2	Foreign Promoters	-	-
	<b>Sub Total</b>	<b>9298999</b>	<b>2.10007</b>
<b>B</b>	<b>Public Shareholding</b>		
1	Institutional Investors		
a)	Mutual Funds & UTI	562309	0.12699
b)	Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	12760504	2.88182
c)	Foreign Institutional Investors	6588383	1.48791
	<b>Sub Total</b>	<b>19911196</b>	<b>4.49672</b>
<b>2</b>	<b>Non Institutional Investors</b>		
a)	Private Corporate Bodies	127854901	28.87460
b)	Indian Public	275753865	62.27592
c)	NRIs	3645989	0.82341
<b>d)</b>	<b>Any Other</b>		
i)	Foreign Banks	1705	0.00039
ii)	Trusts	755969	0.17073
iii)	OCBs	58201	0.01314
iv)	Shares in transit	5166692	1.16684
<b>C</b>	Shares held by Custodian and against which depository receipts have been issued	346180	0.07818
	<b>GRAND TOTAL(A+B+C)</b>	<b>442793697</b>	<b>100.00000</b>

**17. Dematerialisation of shares**

The Company's shares are compulsorily traded in dematerialised form as per SEBI Guidelines. As on 31<sup>st</sup> March 2008, 99.77% of the equity shares have been dematerialised.

**18. Outstanding GDRs / ADRs or any Convertible Instruments, conversion date and any likely impact on equity :**

Outstanding GDRs as on 31<sup>st</sup> March, 2008 represent 346180 Shares (0.08 %). The 31918000 Zero Coupon Premium Bonds are convertible at option of lender if the Company opts for non-payment of premium of 8.5% p.a.

**19. Stock Market Price Data on NSE and NIFTY Index**

Month	N S E		NIFTY INDEX	
	Highest	Lowest	Highest	Lowest
April, 2007	24.60	21.05	4217.90	3617.00
May, 2007	27.65	22.00	4306.75	3981.15
June, 2007	24.10	21.80	4362.95	4100.80
July, 2007	26.40	22.25	4647.95	4304.00
August, 2007	22.50	16.95	4532.90	4002.20
September, 2007	31.75	19.30	5055.80	4445.55
October, 2007	30.45	21.45	5976.00	5000.95
November, 2007	33.40	23.00	6011.95	5394.35
December, 2007	46.85	27.65	6185.40	5676.70
January, 2008	62.90	25.70	6357.10	4448.50
February, 2008	30.65	22.20	5545.20	4803.60
March, 2008	23.45	14.80	5222.80	4468.55



20. **Stock Codes:** BSE : **500183** , NSE : **HIMACHLFUT**, CSE : **10018008**, LSE : **HIMF**, JSE : **148**, DSE : **08015**

21. **Financial Calendar (tentative and subject to change) 2008-2009:**

Financial Reporting for the first quarter ending June 30, 2008 : **Last week of July, 2008.**

Financial Reporting for the second quarter and half year ending September 30, 2008 : **Last week of October, 2008.**

Financial Reporting for the third quarter ending December 31, 2008 : **Last week of January, 2009.**

Audited Accounts for the year ending March 31, 2009 : **Last week of June, 2009.**

Annual General Meeting for the year ending March 31, 2009 : **September, 2009.**

#### **DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT**

I, Mahendra Nahata, Managing Director of Himachal Futuristic Communications Ltd. hereby declare that all Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct as on 31<sup>st</sup> March, 2008.

**Dated : 11<sup>th</sup> August, 2008**

**sd/-  
(Mahendra Nahata)  
Managing Director**

## **CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
HIMACHAL FUTURISTIC COMMUNICATIONS LTD

1. We have examined the compliance of conditions of Corporate Governance by Himachal Futuristic Communications Ltd. (“the Company”) for the year ended 31<sup>st</sup> March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said with various Stock Exchanges (hereinafter referred to as “the agreement”).
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the 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.
3. In our opinion and based on our review and to the best of our information and according to the explanations given to us and subject to the item no. 11 of the Corporate Governance Report regarding pending Risk Assessment and Minimization Procedure, we certify that the conditions of the Corporate Governance as stipulated in the Clause 49 of the agreement have been complied with in all material aspects by the Company.
4. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Share Transfer and Investors Grievance Committee, there were no investor grievance remaining unattended / pending for more than 30 days as at 31<sup>st</sup> March, 2008 against the Company except in cases which are constrained by disputes and legal impediments.
5. We 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.

**For KHANDELWAL JAIN & CO.**  
CHARTERED ACCOUNTANTS

**(AKASH SHINGHAL)**  
Partner  
Membership No. : 103490

Place: New Delhi  
Date: 11<sup>th</sup> August, 2008