

Corporate Governance Report

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 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 Board composition is in compliance with the Clause 49 of the Listing Agreement as well as the Companies Act, 2013. As on 31st March, 2015, Company had 6 (six) Directors on the Board. More than fifty percent of the Board comprised of Non-Executive Directors. Out of 6 (six) Directors, 2 (two) are Non-Executive Independent Directors including 1 (one) Woman Director, 2 (two) Non-Executive Directors including 1 (one) Nominee Director and 2 (two) Wholtime Directors including one Promoter Managing Director as on 31st March, 2015. The Chairman of the Board is Non- Executive Independent 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.

2.1 Independent Directors

Your Company has at its Annual General Meeting (AGM) held on 30th September, 2014 has appointed Shri Mahendra Pratap Shukla as an Independent Director to hold office for 2 (two) consecutive years for a term up to the conclusion of 29th Annual General Meeting pursuant to Section 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules 2014 (including any statutory modifications or re-enactment thereof for the time being in force). The Board of Directors of the Company at

their meeting held on 18th March, 2015 has also appointed Smt. Bela Banerjee as an Independent Director subject to the approval of shareholders in the ensuing Annual General Meeting. Independent Directors have submitted the declaration that they meet the criteria of Independence as per the provisions of Companies Act, 2013 and the Listing Agreement. None of the Independent Directors is holding directorship in more than 7 listed Companies. Company has issued the formal letter of appointments to both the Independent Directors in the manner provided under the Companies Act, 2013 and clause 49 of the Listing Agreement.

2.2 Familiarisation Programme

The Clause 49(II B)7 of the Listing Agreement entered with the stock exchanges, mandates the Company to familiarize the Independent Directors with the Company, their roles, 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/ Wholtime 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 will 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, finance, 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 familiarisation 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 Familiarisation programme for Independent Directors in terms of clause 49 of the Listing Agreement is uploaded on the website of the Company and can be accessed through the following link:-

<http://www.hfcl.com/FAMILIARIZATION%20PROGRAM%20FOR%20INDEPENDENT%20DIRECTORS.pdf>

2.3 Board Meeting

During the financial year 31st March, 2015, 8 (eight) Board Meetings were held on 30.04.2014, 10.07.2014, 14.08.2014, 17.10.2014, 29.11.2014, 19.01.2015, 27.01.2015 and 18.03.2015 . The Last Annual General Meeting was held on 30th September, 2014.

The attendance of Directors at the Board Meetings held during the financial 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	Director Identification No.	Category	No. of other present Directorships held in public companies	No. of Board Meetings		Attended last AGM (30.09.2014)	Shareholdings in the Company
				Held	Attended		
Shri M P Shukla	00052977	NEID	1	8	7	Yes	Nil
Shri Mahendra Nahata	00052898	PD [MD]	4	8	8	No	73477
Shri Arvind Kharabanda	00052270	WD	-	8	8	Yes	Nil
Dr. R M Kastia	00053059	NED	3	8	7	No	Nil
Shri Y L Agarwal *	00024770	NEID	3	8	8	Yes	Nil
Shri S G Nadkarni** (IDBI Nominee)	03401830	NED	-	4	2	No	Nil
Shri Rajiv Sharma*** (IDBI Nominee)	01342224	NED	-	4	3	NA	Nil
Smt. Bela Banerjee****	07047271	NEID	2	1	1	NA	Nil

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

*Ceased to be a Director w.e.f. 19th March, 2015

** Ceased to be a Director w.e.f. 17th November, 2014

*** Appointed as a Nominee Director w.e.f. 17th November, 2014

**** appointed as a Director w.e.f. 18th March, 2015

None of the Non executive directors holds any share or convertible instrument of the Company.

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

Sr. No.	Name of Director	Directorships (Name of Companies)*	Committee Position(s)		
			Name of the Company	Committee(s)	Position
1.	Shri M P Shukla	1. HTL Ltd.	Himachal Futuristic Communications Ltd.	Audit	Chairman
			Himachal Futuristic Communications Ltd.	Stakeholders Relationship	Chairman
			Himachal Futuristic Communications Ltd.	Nomination & Remuneration	Member
			HTL Ltd.	Nomination & Remuneration	Member
			HTL Ltd.	Audit	Chairman
2.	Shri Mahendra Nahata	1. HTL Ltd. 2. Reliance Jio Infocomm Ltd. 3. HFCL Advance Systems (P) Ltd.** 4. DigiVive Services (P) Ltd.**	Reliance Jio Infocomm Ltd.	Audit	Member
3.	Shri Arvind Kharabanda	Nil	Himachal Futuristic Communications Ltd.	Audit	Member
			Himachal Futuristic Communications Ltd.	Stakeholders Relationship	Member
4.	Dr. R M Kastia	1. HTL Ltd. 2. Moneta Finance (P) Ltd.** 3. HFCL Advance Systems (P) Ltd.**	Himachal Futuristic Communications Ltd.	Stakeholders Relationship	Member
			Himachal Futuristic Communications Ltd.	Nomination & Remuneration	Member
			HTL Ltd.	Audit	Member
5.	Shri Rajiv Sharma	Nil	-	-	-
6.	Smt. Bela Banerjee	1. Media Matrix Worldwide Ltd. 2. Bharuch Dahej Railway Company Ltd.	Himachal Futuristic Communications Ltd.	Nomination & Remuneration	Chairperson
			Himachal Futuristic Communications Ltd.	Audit	Member
			Media Matrix Worldwide Limited	Nomination & Remuneration	Member

* The directorship held by directors as mentioned above does not include directorship of foreign companies, Section 8 companies and private limited companies, if any.

** Subsidiaries of Public Limited companies.

None of the Directors on the Board hold 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 companies in which they are directors.

2.5 Meeting of Independent Directors

The Independent Directors of the Company meet at least once in every financial year without the presence of Executive Directors or management personnels. All Independent Directors strive to be present at such meetings. During the Financial Year ended 31st March, 2015, one meeting was held on 31st March, 2015 .

2.6 Evaluation of Board / Independent Directors Effectiveness

In terms of provision of Companies Act, 2013 read with Rules issued thereunder and clause 49 of the listing agreement, the Board of Directors, on recommendation of Nomination & Remuneration Committee , have evaluated the effectiveness of the Board. Accordingly performance evaluation of the Board, each Director and Committees was carried out for the financial year ended 31st March, 2015. The evaluation of the Directors was based on various aspects which, inter-alia, included the level of participation in the Board Meeting, understanding their roles and responsibilities, business of the Company and also effectiveness of their contribution.

2.7 Information Placed before the Board

In addition to the matters which statutorily requires 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, Nomination & Remuneration Committee Meetings, Stakeholders Relationship Committee Meetings and other Committees of the Board.
- Matters related to accident, dangerous happenings, material effluent and pollution problems etc., if any.
- Details of Joint Venture / Collaboration agreements.
- Significant Labour problem.
- Quarterly/ Yearly financial results of the Company.
- Financial Statements, Audit Report and Board Report.
- Appointment, Remuneration and Resignation of Directors.
- Formation/ reconstitution of Board Committees.
- Disclosure of Directors' interest and their shareholdings.
- Declaration of Independent Directors at the time of appointment /annually.
- Appointment or removal of Key Managerial Personnels of the Company.
- Appointment of Internal Auditor and Secretarial Auditor.
- Secretarial Audit Report submitted by the Secretarial Auditor.
- Appointment and Fixing of remuneration of Auditor as recommended by the Audit Committee .
- Compliance Certificate certifying compliance with all laws as applicable to the Company.
- Declaration of Dividend.
- Issue of securities.

- Proposal for major investments, mergers, amalgamation and reconstructions.
- Reconciliation of Share Capital Audit under SEBI (Depositories and Participants) Regulations, 1996.
- Disclosure of material related party transactions, if any, with potential for conflict of interest.
- Quarterly details of Foreign Exchange exposures.
- Compliance with Regulatory and Statutory requirements including listing requirements 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.
- Statement of all significant transactions and arrangements entered into by the unlisted material subsidiary companies.

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

Nomination & Remuneration Committee

Stakeholders Relationship Committee

Corporate Social Responsibility Committee

Risk Management Committee

3.1 Audit Committee

The Composition of the Audit Committee is in line with the provision of Section 177 of the Companies Act, 2013 and clause 49 of the listing agreement. The members of the Audit Committee are financially literate and have requisite experience in financial management.

The followings are the members and their attendance at the Committee Meetings during the financial year ended 31st March, 2015:-

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri M P Shukla	Chairman	7	7
Shri Arvind Kharabanda	Member	7	7
Shri Y L Agarwal (up to 18 th March,2015)	Member	7	7
Shri S G Nadkarni (up to 16 th November, 2014)	Member	4	2
Smt. Bela Banerjee* (w.e.f .18 th March, 2015)	Member	0	0

During the financial year ended 31st March, 2015, the Audit Committee met 7 (seven) times on 30.04.2014, 10.07.2014, 14.08.2014, 17.10.2014, 19.01.2015, 18.02.2015 and 18.03.2015.

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 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 of the investments made by the unlisted subsidiary companies.
- 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.
- Recommend the appointment of Chief Financial Officer.
- 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.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Review and monitor auditors independence and performance and effectiveness of audit process.
- Scrutiny of inter corporate loans and investments.
- Discussion 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.

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

The Audit Committee during the year has approved the overall framework for Related Party Transactions (RPTs), the

Policy on dealing with the RPTs, the policy on materiality of RPTs and the criteria for granting omnibus approval in line with the policy of dealing with RPTs in accordance with provisions of the Companies Act, 2013 and Clause 49 of the listing agreement.

3.2 Nomination & Remuneration Committee

The Board of Directors of the Company has constituted a Nomination & Remuneration Committee which amongst others is responsible for determining the Company's policy on specific remuneration package for Executive Directors including any compensation payment. During the financial year ended 31st March, 2015, the Nomination & Remuneration Committee met 3 (three) times on 14.08.2014, 29.11.2014 and 18.03.2015. The following are members of the Committee and their attendance at the Committee Meeting held during the financial year ended 31st March, 2015.

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri M P Shukla	Member (Chairman from 1 st April, 2014 to 29 th April, 2014)	3	3
Shri Y L Agarwal (up to 18 th March, 2015)	Chairman (w.e.f. 30 th April, 2014 to 18 th March, 2015)	3	3
Dr. R M Kastia	Member	3	2
Smt. Bela Banerjee (w.e.f. 19 th March, 2015)	Chairman (w.e.f. 19 th March, 2015)	0	0

The terms of reference of this Committee amongst others includes the following:-

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualification, 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 carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors at their meeting held on 27th January, 2015 formulated the Nomination and Remuneration Policy and the policy on Board Diversity of the Company on the recommendation of Nomination & Remuneration Committee.

Nomination & Remuneration Policy of the Company

The Nomination & Remuneration Policy of Himachal Futuristic Communications Ltd. (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 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 details of remuneration paid to the Executive and Non-Executive Directors during the financial year 2014-15 are given below:-

(Amount in ₹)						
Name of Director	Salary	Allowances	Perks etc.	Contribution to PF	Sitting Fee	Total
Category A - Executive Directors						
Shri Mahendra Nahata Managing Director	1,20,00,000	58,06,050	21,98,686	14,40,000	-	2,14,44,736
Shri Arvind Kharabanda Director (Finance)	31,30,000	23,94,776	3,77,441	3,75,600	-	62,77,817
Category B - Nominee Director (Non-Executive Directors)						
Shri S G Nadkarni Nominee Director (ceased to be a Director w.e.f. 17.11.2014)	-	-	-	-	40,000	40,000
Shri Rajiv Sharma Director (Appointed as a Nominee Director w.e.f. 17.11.2014)	-	-	-	-	60,000	60,000
Category C - Non-Executive Independent Directors/ Non-Executive Directors						
Shri M P Shukla Chairman	-	-	-	-	3,00,000	3,00,000
Shri Y L Agarwal Director (ceased to be a Director w.e.f. 19.03.2015)	-	-	-	-	2,25,000	2,25,000
Dr. R M Kastia Director	-	-	-	-	1,65,000	1,65,000
Smt. Bela Banerjee (appointed as a Director w.e.f. 18.03.2015)	-	-	-	-	30,000	30,000

The non-executive directors were paid sitting fee of ₹10,000/- for every Board / Committee meeting attended by them up to 28.11.2014. The Board of Directors increased the payment of sitting fees from ₹10,000/- to ₹15,000/- (excluding service tax) w.e.f. 29.11.2014.

3.3 Details of pecuniary relationship/transactions of the Non- Wholetime Directors/ their Firms & Companies vis-a-vis the Company during the financial year 2014-2015

Nil

3.4 Stakeholders Relationship Committee

Pursuant to provisions of Section 178(5) of the Companies Act, 2013, the existing "Share Transfer & Investors Grievance Committee" was renamed as "Stakeholders' Relationship Committee" by the Board at their meeting held on 30th April, 2014. The scope of the Stakeholders' Relationship Committee shall remain the same as that of existing Share Transfer & Investors Grievance Committee.

The Committee consists of one Non-Executive Independent Director, one Non-Executive Director and one Wholetime Director 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, issue of shares on rematerialisation, consolidation and sub-division 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. During the financial year ended 31st March, 2015, the Stakeholders Relationship Committee met 4 (four) times on 16.06.2014, 29.11.2014,

11.12.2014 and 24.02.2015. The followings are the members and their attendance at the Committee Meeting:

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri M P Shukla	Chairman	4	4
Dr. R M Kastia	Member	4	2
Shri Arvind Kharabanda	Member	4	4

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

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

3.5 Corporate Social Responsibility (CSR) Committee

The Board of Directors of the Company at their meeting held on 30th April, 2014 has constituted a Corporate Social Responsibility (CSR) Committee as required under the Companies Act, 2013 and Listing Agreement.

The Board of Directors of the Company at their meeting held on 18th March, 2015 approved the CSR policy of the Company on the recommendations of CSR Committee. The details of the CSR initiatives of the Company have been given in the Directors' Report which forms part of the Annual Report. The CSR policy has been placed on the website of the Company and can be accessed through the following links: <http://www.hfcl.com/CSR%20Policy.pdf>

The composition of the Corporate Social Responsibility Committee as at 31st March, 2015 and the details of Members' participation at the Meetings of the Committee are as under:

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri Mahendra Nahata	Chairman	1	1
Shri M P Shukla	Member	1	1
Shri S G Nadkarni (up to 16.11.2014)	Member	0	0
Shri Rajiv Sharma (w.e.f. 29.11.2014)	Member	1	1

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

YEAR	AGM/EGM	SUBJECT MATTER OF SPECIAL RESOLUTIONS	Date	TIME
2013-2014	AGM	<ul style="list-style-type: none"> Authorizing the Board of Directors to borrow money form time to time under section 180 (1) (c) Authorizing the Board of Directors to provide security under section 180 (1) (a) 	30-09-2014	2:30 P.M.
2012-2013	AGM	<ul style="list-style-type: none"> Increase in remuneration of Shri Mahendra Nahata, Managing Director Waiver of excess remuneration paid to Shri Mahendra Nahata, Managing Director Waiver of excess remuneration paid to Shri Arvind Kharabanda, Director (Finance) Waiver of excess remuneration paid to Dr. R M Kastia 	30-09-2013	11:00 A.M.
2011-2012	AGM	<ul style="list-style-type: none"> Re-appointment of Shri Mahendra Nahata, Managing Director Re-appointment of Shri Arvind Kharabanda, Director (Finance) 	28-09-2012	11:00 A.M.

The composition of CSR Committee is in line with the provision of Section 135 of the Companies Act, 2013.

3.6 Risk Management Committee

The Company has formulated a Risk Management Committee at their Board Meeting held on 17th October, 2014 as required under clause 49 of the Listing Agreement. The Board has defined the roles and responsibilities of the Risk Management Committee in accordance with the provisions of the clause 49 of the Listing Agreement.

The composition of the Risk Management Committee are as under :

Name of Director	Status
Shri Mahendra Nahata	Chairman
Shri M P Shukla	Member
Shri Arvind Kharabanda	Member

Roles and Responsibilities of the Committee includes 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.
- Periodically 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.

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
2013-2014	AGM	Mushroom Centre, Solan	30-09-2014	2:30 P.M.
2012-2013	AGM	Mushroom Centre, Solan	30-09-2013	11:00 A.M.
2011-2012	AGM	Mushroom Centre, Solan	28-09-2012	11:00 A.M.

Postal Ballot

During the year under review, Company passed one special resolution through postal ballot for alteration of main object clause of the Memorandum of Association of the Company. The last date of the receipt of the postal ballot from the shareholders was 17th January, 2015. The Company has also offered e-Voting facility as an alternate mode of voting to its members. The voting period commenced at 10:00 AM on 19th December, 2014 and concluded at 10:00 AM on 17th January, 2015.

The Company has appointed Mr. Baldev Singh Kashtwal, Practising Company Secretary, holding Membership No FCS 3616 and Certificate of Practice No 3169 as the Scrutinizer for conducting the postal ballot in a fair and transparent manner. Mr. Baldev Singh Kashtwal had submitted his report on 20th January, 2015.

The result of the postal ballot was as under:

Sl. No.	Particulars	No. of Ballots	No. of votes	% of total valid votes cast
1	Total votes cast	1,939	547,906,990	--
2	Invalid votes	87	693,791	--
3	Valid votes cast	1,852	547,213,199	--
4	Votes in favour of the resolution	1,777	547,148,354	99.988
5	Votes against the resolution	75	64,845	0.012

In the light of the aforesaid voting, the Special Resolution, as contained in the Postal Ballot Notice dated 29th November, 2014, was declared 'Passed' with the requisite majority.

None of the business proposed to be transacted in the ensuing Annual General Meeting (AGM) require passing a Special Resolution through postal ballot.

5. Disclosures on materially significant related party transactions that 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. Attention of the members is drawn to the disclosures of transactions with related parties set out in note no. 43 of the Standalone Financial Statements forming part of the Annual Report.

6. Details of non-compliance by the Company, penalties, 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.

None.

7. Vigil Mechanism and Whistle-Blower Policy of the Company

The Board of Directors of the Company has adopted Whistle Blower Policy. 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. 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. Extent to which mandatory requirements have not been complied with

Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

9. Extent to which non mandatory requirements have been complied with

- Separate Post of Chairman and CEO: The Chairman of the Board is Non Executive Independent Director and his position is separate from that of Managing Director.
- Reporting of Internal Auditor: The Internal Auditor has direct access to Audit Committee.

10. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, M/s. Baldev Singh Kashtwal, Practising Company Secretary holding Membership no. FCS 3616 and CP no. 3169 was appointed as the Secretarial Auditor of the Company to carry out the secretarial audit for the year ending 31st March, 2015.

A Secretarial Audit Report given by the Secretarial Auditors in Form No. MR-3 is annexed to Director's Report as **ANNEXURE – B** which forms the part of Annual Report.

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

11. Secretarial Certificates

- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half- yearly basis, have been issued by a Company Secretary in-Practice for due compliance of share transfer etc. formalities by the Company.
- 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 dematerialised form held with Depositories.

12. CEO & CFO certification

The Managing Director, Director (Finance) and Chief Finance Officer (CFO) give annual certifications on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

13. 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. The Company's website www.hfcl.com contains Annual Reports, Financial Results, Shareholding Pattern, various policies etc. All periodical compliance filings like shareholding pattern, corporate governance report etc. are filed electronically on NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance and Listing Centre. Management Discussions and Analysis forms part of the Directors' Report, which is posted to the Shareholders of the Company.

14. 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.

15. Shares/Convertible Instruments held by Non- Executive Directors

Nil

Shareholders' Information

1. Date and venue of Annual General Meeting	30 th September, 2015 at 10:00 A.M. at Mushroom Centre, Chambaghat, Solan (H.P.)
2. Financial Year	1 st April, 2014 to 31 st March, 2015
3. Date of Book Closing	24 th September, 2015 to 29 th September, 2015 (both days inclusive)
4. Dividend Payment Date	Not Applicable
5. Listing on Stock Exchanges in India	BSE Ltd Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 Tel : +91-22-22721233 Fax : +91-22-22723121 National Stock Exchange of India Ltd. 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 financial year 2015-2016
6. Registered Office	8, Electronics Complex Chambaghat Solan - 173 213 (H.P.) Tel : +91-1792-230642/44 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. Plant Locations	Telecom Equipment Plant Electronics Complex Chambaghat Solan - 173 213 (H.P.) Tel : +91-1792-230642/44 Fax : +91-1792-231902 Optical Fibre Cable Plant L 35-37, Industrial Area, Phase - II Verna Electronic City, Salcete Goa - 403 722 Tel : +91-832-6697000 Fax : +91-832-2783444
9. CIN	L64200HP1987PLC007466
10. Website/Email	www.hfcl.com / secretarial@hfcl.com & investor@hfcl.com
11. Name of Newspapers in which results are generally published	Economic Times, Indian Express, Jansatta, Dainik Tribune
12. Depositories	National Securities Depository Ltd. 4th Floor, 'A' Wing, Trade World Kamla Mills Compound Senapati Bapat Marg, Lower Parel Mumbai - 400 013 Tel : +91-22-24994200 Fax : +91-22-24972993 Central Depository Services (India) Ltd. Phiroze Jeejeebhoy Towers 28th Floor, Dalal Street Mumbai - 400 023 Tel : +91-22-22723333 Fax : +91-22-22723199
13. ISIN	INE548A01028

14. Share Transfer in physical form and other communication regarding share certificates, dividends and change of address etc., to be sent to:

M/s. 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@mcsregistrar.com

15. 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 Stakeholders Relationship Committee meets as often as required.

The Total Number of shares transferred in physical form during the financial year 2014-2015:

Number of transfers	14
Number of Shares	2300

17. Distribution of shareholdings as on 31st March, 2015

No. of Equity held (₹)	No. of Shareholders	% of Shareholders	Shares Amount (₹)	% of Shareholdings
Up to 5000	238667	96.474	132069721	10.656
5001 – 10000	4376	1.769	33279539	2.685
10001 – 20000	1989	0.804	29084437	2.347
20001 – 30000	738	0.298	18565416	1.498
30001 – 40000	332	0.134	11664001	0.941
40001 – 50000	259	0.105	12147841	0.980
50001 – 100000	438	0.177	32714659	2.640
100001 & above	426	0.172	967464001	78.060
Clearing Members	165	0.067	2387579	0.193
TOTAL	247390	100.000	1239377194	100.000

18. Categories of Shareholding as on 31st March, 2015:

Sl. No.	Category	Shares	%
A	Promoters Holding		
1	Indian Promoters	482924214	38.96507
2	Foreign Promoters	-	-
	Sub Total (A)	482924214	38.96507
B	Public Shareholding		
1	Institutional Investors	-	-
a)	Mutual Funds & UTI	1203388	0.09710
b)	Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/Non-Government Institutions)	150185417	12.11781
c)	Foreign Institutional Investors	24803678	2.00130
	Sub Total (B1)	176192483	14.21621
2	Non Institutional Investors		
a)	Private Corporate Bodies	267343748	21.57081
b)	Indian Public	305878652	24.68003
c)	NRIs	4436783	0.35799
d)	Any Other		
i)	Foreign Banks	5305	0.00043
ii)	Trusts	162960	0.01315
iii)	OCBs	38250	0.00309
iv)	Foreign Nationals	7220	0.00058
v)	Clearing Members	2387579	0.19264
	Sub Total (B2)	580260497	46.81872
	Total Public Shareholding (B = B1+B2)	756452980	61.03493
C	Shares held by Custodian and against which depository receipts have been issued	-	-
	GRAND TOTAL (A+B+C)	1239377194	100.00000

16. Investors complaints received during the financial year 2014-2015:

Nature of Complaints	Received	Attended
Non receipt of Annual Reports	9	9
Non-receipt of dividend	6	6
Issue of Duplicate shares	3	3
Reduction of Share Capital	14	14
Others	8	8
Total	40	40

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 financial year 2014-2015 except in cases which are constrained by disputes and legal impediments. There were no investor grievances remaining unattended/pending as at 31st March, 2015. The Board in its meeting held on 31st October, 2006 has designated Shri Manoj Baid, Company Secretary as the Compliance Officer.

19. Top ten shareholders of the Company as on March 31, 2015:

Sl. No.	Name of Shareholders	No. of Shares held	%
1.	ANM Enginnering & Works Private Limited*	238390000	19.235
2.	NextWave Communications Private Limited	234765000	18.942
3.	IDBI Bank Limited	117534018	9.483
4.	Reliance Industrial Investments and Holdings Limited	48532764	3.916
5.	MKJ Enterprises Limited	20135461	1.625
6.	Oriental Bank of Commerce	16591021	1.339
7.	State Bank of India	13211382	1.066
8.	Maryada Barter Private Limited	12442478	1.004
9.	Infotel Telecom Infrastructure Private Limited	11068876	0.893
10.	MV SCIF Mauritius	7584877	0.612

* Merged with MN Ventures Private Limited w.e.f. 22nd June, 2015.

20. Dematerialisation of shares:

The Company's shares are compulsorily traded in dematerialised form as per SEBI Guidelines. As on 31st March, 2015, 99.96% of the equity shares have been dematerialised.

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

Outstanding GDRs as on 31st March, 2015 : NA

22. Stock Market Price Data on NSE and NIFTY Index:

(in ₹)

Month	NSE		NIFTY INDEX	
	Highest	Lowest	Highest	Lowest
April, 2014	9.85	8.10	6855.80	6725.15
May, 2014	16.40	8.55	7428.75	6688.40
June, 2014	19.10	14.65	7679.05	7368.60
July, 2014	19.70	13.75	7828.20	7478.45
August, 2014	15.60	12.75	7942.25	7592.45
September, 2014	24.30	13.80	8161.90	7990.65
October, 2014	21.75	17.05	8200.80	7819.20
November, 2014	23.40	18.25	8530.80	8350.60
December, 2014	21.50	16.40	8605.10	8082.00
January, 2015	20.45	16.40	8996.60	8151.20
February, 2015	18.00	15.25	8913.05	8605.55
March, 2015	17.55	13.20	9109.15	8413.20

23. Stock Codes:

BSE : 500183 & NSE : HFCL

24. Financial Calendar (tentative and subject to change) 2015-2016:

Financial Reporting for the first quarter ending 30th June, 2015: **Second week of August, 2015**

Financial Reporting for the second quarter and half year ending 30th September, 2015: **Second week of November, 2015**

Financial Reporting for the third quarter ending 31st December, 2015 : **Second week of February, 2016**

Audited Accounts for the year ending 31st March, 2016 : **Last week of May, 2016**

Annual General Meeting for the year ending 31st March, 2016: **September, 2016**

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 31st March, 2015.

sd/-

Place: New Delhi
Date : 17th August, 2015

(Mahendra Nahata)
Managing Director

Certificate on Corporate Governance

To The Members of

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Himachal Futuristic Communications Limited (“the Company”) for the period ended 31st March, 2015, 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 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, 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. 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.
Firm Registration No. 105049W
Chartered Accountants

(Manish Singhal)
Partner
Membership No.: 502570

Place: New Delhi
Date: 17th August, 2015