

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

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

Tel +91 1792-230642/44, Fax +91 1792-231902

Website: www.hfcl.com; e-mail: secretarial@hfcl.com

(Corporate Identity Number: L64200HP1987PLC007466)

NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Members of Himachal Futuristic Communications Limited will be held on Wednesday, the 30th day of September, 2015 at 10:00 A.M. at the Mushroom Centre, Chambaghat, Solan-173 213, Himachal Pradesh to transact the following businesses:

Ordinary Business:

1. **To receive, consider and adopt:**

- (a) The audited financial statements of the Company for the financial year ended 31st March, 2015, the reports of the Board of Directors and Auditors thereon; and
- (b) The audited consolidated financial statements of the Company for the financial year ended 31st March, 2015.

2. To confirm dividends on Cumulative Redeemable Preference Shares.

3. To appoint a Director in place of Shri Arvind Kharabanda (DIN:00052270), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to provisions of Section 139, 142 and all other applicable provisions of Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W) be and is hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

Special Business:

5. To appoint Smt. Bela Banerjee (DIN:07047271) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and clause 49 of the Listing Agreement, Smt. Bela Banerjee (DIN:07047271), who was appointed as an additional director not liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 1 (one) year for a term up to the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2016."

6. To appoint Shri Rajiv Sharma (DIN:01342224) as a Nominee Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Shri Rajiv Sharma (DIN:01342224) who has been appointed as Nominee Director of IDBI Bank Limited, be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. To re-appoint Shri Mahendra Nahata (DIN:00052898) as a Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT in accordance with the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Mahendra Nahata (DIN:00052898) as a Managing Director, of the Company for a period of 3 (three years) with effect from 1st October, 2015 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Shri Mahendra Nahata subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

By order of the Board

Place: New Delhi
Date: 17th August, 2015

(Manoj Baid)
Associate Vice-President
(Corporate) & Company Secretary
Membership No. FCS 5834

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF THE PROXY IS ENCLOSED. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
2. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
3. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and share transfer books of the Company will remain closed from 24th September, 2015 to 29th September, 2015 (both days inclusive) for the purpose of Annual General Meeting (AGM).
4. Members are requested:
 - i) to kindly notify the change of address, if any, to the Company/their Depository Participant.
 - ii) to bring their attendance slip along with their copy of the Annual Report in the Meeting.
 - iii) to deposit the duly completed attendance slip at the Meeting.
5. Members may use the facility of nomination. A Nomination Form will be supplied to them on request.
6. Members desiring any information with regard to Annual Accounts/Report are requested to submit their queries addressed to the Company Secretary at least ten days in advance of the Meeting so that the information called for can be made available at the Meeting.
7. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
8. Relevant documents referred to in the accompanying Notice and Statement are open for inspection by the members at the Registered Office of the Company on all working days except Saturdays, Sundays and public holidays during business hours up to the date of the Annual General Meeting.
9. The Register of Directors and Key Managerial Personnels and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
10. The Register of Contracts or Arrangement in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
11. **Copies of Annual Report for financial year ended 31st March, 2015 including Notice of AGM, Attendance Slip, Proxy Form and instructions for e-Voting are being sent by electronic mode only to all the members whose email addresses are registered with the Company/ Depository Participant(s) unless any member has requested for a hard copy of the same. Members who have not registered their email addresses so far, are requested to register their email addresses so that they can receive the Annual Report and other communications from the Company electronically in future. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.**
12. The copies of the Annual Reports will not be distributed at the AGM. Members are requested to bring their copies to the meeting. The Annual Report of the Company is also available on the Company's website www.hfcl.com.
13. **Information and other instructions relating to remote e-Voting are as under:**
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-Voting") will be provided by National Securities Depository Limited (NSDL).
 - II. The facility for voting through Poll shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-Voting shall be able to exercise their right at the meeting through Poll paper.
 - III. The members who have cast their vote by remote e-Voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
 - IV. The remote e-Voting period commences on 27th September, 2015 (9:00 am) and ends on 29th September, 2015 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2015, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 - V. The process and manner for remote e-Voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
 - (i) Open email and open PDF file viz; "hfcl-e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-Voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-Voting opens. Click on remote e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of "Himachal Futuristic Communications Limited".
- (viii) Now you are ready for remote e-Voting as Cast Vote page opens.
- (ix) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cutoff date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- (x) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (xi) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xii) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xiii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to scrutinizer@hfcl.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided on the letter enclosed with the Annual Report.
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-Voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2015.
- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2015 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.
- However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- X. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting as well as voting at the AGM through Poll.
- XI. Shri Baldev Singh Kashtwal, Practicing Company Secretary having Membership No. 3616 and CP No. 3169 has been appointed for as the Scrutinizer to scrutinize the Poll and remote e-Voting process in a fair and transparent manner.
- XII. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-Voting facility.
- XIII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.hfcl.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).
- XV. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of Annual General Meeting i.e. 30th September, 2015.

DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED PURSUANT TO CLAUSE 49 VIII(E) OF THE LISTING AGREEMENT AND SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

Name of the Director	Shri Arvind Kharabanda	Smt. Bela Banerjee	Shri Rajiv Sharma	Shri Mahendra Nahata
DIN	00052270	07047271	01342224	00052898
Date of Birth	09.03.1947	07.10.1950	27.11.1962	19.05.1959
Date of first Appointment	30.10.2004	18.03.2015	17.11.2014	11.05.1987
Experience/Expertise in Specific Functional Areas	Shri Arvind Kharabanda has got over 40 years experience in managerial positions, projects implementation and finance.	Smt Bela Banerjee has more than 37 years experience in Government of India on different positions both in Ministry of Railways as well as in the Ministry of HRD, Department of Education..	Shri Sharma carries with him more than thirty years of rich experience. Prior to joining IDBI he has served in NABARD for almost six years where he was engaged in refinancing agricultural projects, district oriented monitoring of projects and financing of non farm sector. Shri Sharma has also worked with BST Limited and looked after marketing and exports activities.	Shri Mahendra Nahata has business experience of over 32 years. Shri Nahata is the promoter director of Himachal Futuristic Communications Ltd. Shri Nahata is the visionary behind the Company's R&D, technology partnership, business development and marketing initiatives.
Qualification(s)	C.A.	Post Graduation in History form Banaras Hindu University. She also holds a degree in Law from Delhi University.	Masters Degree in Accountancy and Business Statistics. MBA – Finance and also holds a post graduation diploma in international trade.	Commerce Graduate from Calcutta University
Directorship in other Companies	1. India Sign Private Ltd. 2. My Box Technologies Private Ltd.	1. Media Matrix Worldwide Ltd. 2. Bharuch Dahej Railway Company Ltd.	Nil	1. HTL Limited 2. Reliance Jio Infocomm Limited 3. DragonWave HFCL India Pvt. Ltd 4. DigiVive Services Private Ltd 5. Digivision Holdings Private Limited * 6. MN Ventures Private Limited 7. NextWave Ventures Private Limited 8. India Card Technology Private Ltd 9. HFCL Advance Systems Private Limited * Merged with MN Ventures Private Ltd. w.e.f. 22.06.2015
Chairmanship/ Membership of Committees (across all public Cos.)	Himachal Futuristic Communications Ltd. Audit Committee – Member Stakeholders Relationship – Member	Himachal Futuristic Communications Ltd. Nomination & Remuneration – Chairperson Audit Committee – Member Media Matrix Worldwide Ltd. Nomination & Remuneration – Member	Nil	Reliance Jio Infocomm Limited Audit Committee – Member
Shareholding in the Company	Nil	Nil	Nil	73,477
Relationship with other Directors and KMPs of the Company	No	No	No	No
No. of Board Meeting held/ Attended	8 / 8	1 / 1	4/3	8 / 8
Last Remuneration drawn (per annum)	₹62,77,817/-	₹30,000/- as Sitting fees	₹60,000/- as Sitting fees	₹2,14,44,736/-

The above information may be treated as part of Statement annexed under Section 102 of the Companies Act, 2013 for item no. 5, 6 and 7 of the AGM Notice. The Board of Directors recommends their appointments/re-appointment.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“the Act”)

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 5

As per the provisions of Section 149(1) of the Companies Act, 2013 and amended clause 49 of the Listing Agreement, the Company should have at least one woman director.

Section 149 of the Act inter-alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section, an independent director can hold office for a term up to five consecutive years on the Board of a company and he/she shall not be included in the total number of directors for retirement by rotation.

Keeping in view the above requirements, the Nomination &

Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 18th March, 2015 have appointed Smt. Bela Banerjee (DIN:07047271) as an Independent Director of the Company subject to the approval of Shareholders.

The Company has received necessary declaration from Smt. Bela Banerjee that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board of Directors, Smt. Bela Banerjee fulfills the conditions for appointment as an Independent Director as specified in the Act and the Listing Agreement.

Smt. Bela Banerjee is independent of the management.

Smt. Bela Banerjee is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director. She does not hold any equity shares in the Company.

The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Smt. Bela Banerjee for the office of the Director of the Company.

Copy of the draft letter of appointment of Smt. Bela Banerjee as an Independent Director, setting out the terms and conditions is available for inspection by members at the Registered office of the Company.

Smt. Bela Banerjee has completed her Post Graduation in History from Banaras Hindu University. She also holds a degree in Law from Delhi University. She has more than 37 years experience in Government of India on different positions both in Ministry of Railways as well as in the Ministry of HRD, Department of Education. After superannuating from Indian Railways in October, 2010, she joined as Member Technical in Railway Claims Tribunal. She has also represented as Director in the Board of Directors of Container Corporation of India as Govt. nominee. She has vast experience of works tender, project management & financial management of construction projects. As ED-Finance/ Exp. Railway Board, she was responsible for financial appraisal of investment proposals of various projects like New Lines, Doubling, Bridges etc. and dealt with various matters concerning Railway PSUs, RITES, IRCON. She is also registered member with Arbitration Council of India. She has handled various arbitration at different level in Railway and other PSUs.

Smt. Banerjee does not hold any share in the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

It is proposed to appoint Smt. Bela Banerjee as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for one year for a term up to the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2016.

Smt. Banerjee is interested in the Resolution set out at Item No. 5 of the Notice with regard to her appointment. The relatives of Smt. Banerjee may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board considers that association of Smt. Banerjee would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Shareholders.

Item No. 6

The Board of Directors of the Company vide its circular resolution passed on 17th November, 2014 has appointed Shri Rajiv Sharma as a Nominee Director of IDBI Bank Limited. Shri Rajiv Sharma, aged 52 years, holds a Masters Degree in Accountancy and Business Statistics. Shri Sharma is also a qualified MBA in finance. He holds a post graduation diploma in international trade. He joined IDBI Bank Ltd in 1993 and presently working as General Manager, Corporate Banking Group – I, New Delhi. Shri Sharma carries with him more than thirty years of rich experience. Prior to joining IDBI he has served in NABARD for almost six years where he was engaged in refinancing agricultural projects, district oriented monitoring of projects and financing of non farm sector. Shri Sharma has also worked with BST Limited and looked after marketing and exports activities.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the Shareholders.

Item No. 7

The Board of Directors of the Company (the "Board") at its meeting held on 17th August, 2015 has subject to the approval of members, re-appointed Shri Mahendra Nahata as Managing Director, for a period of 3 (Three) years from the expiry of his present term which will expire on 30th September, 2015, at the remuneration recommended by the Nomination & Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the members approval for re-appointment of and remuneration payable to Shri Mahendra Nahata as Managing Director in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Shri Mahendra Nahata are as under:

(a) **Salary: ₹ 3 crore per annum**

(b) **Perquisites and Allowances: ₹ 1.20 crore per annum**

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; medical insurance and such other perquisites and/or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof. In the absence of any such rules, perquisites, and allowances shall be evaluated at actual cost.

The Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or taken together are not taxable under the Income Tax law, gratuity payable and encashment of leave shall not be included for the purpose of computation of the overall ceiling of remuneration. The increment in salary and perquisites and allowances as may be determined by the Board and / or the Nomination & Remuneration Committee of the Board is not to be included for the purpose of computation of the aforesaid ceiling of remuneration provided that such payments shall be within the overall ceiling of remuneration permissible under the Companies Act, 2013.

(c) **Reimbursement of Expenses:** Reimbursement of expenses incurred for travelling, boarding and lodging including for his spouse and attendant(s) during business trips; provision of car for use on the Company's business; telephone expenses at residence and club membership shall be reimbursed and not considered as perquisites.

Notwithstanding anything to the contrary contained herein, where in a financial year, during the currency of the tenure of Shri Mahendra Nahata, the Company has no profit or its profits are inadequate, the Company shall subject to the approval of the Central Government wherever required and subject to the provision of Sections 196, 197 and 203 of the Companies Act, 2013 ("Act") and subject to the conditions and limits specified in Schedule V of the Act, pay to Shri Mahendra Nahata basic salary, perquisites and allowances as specified above as minimum remuneration.

(d) **General:**

(i) The Managing Director will perform the duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the

orders and directions given by the Board from time to time in all respect and confirm to and comply with all such directions and regulations as may from time to time be given and made by the Board.

- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The office of the Managing Director may be terminated by the Company or by the Managing Director by giving the other 6 (six) months' prior notice in writing.

Shri Mahendra Nahata satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Mahendra Nahata under Section 190 of the Act.

Shri Mahendra Nahata is a Commerce Graduate from Calcutta University and has business experience of over 32 years. Shri Nahata is the promoter director of Himachal Futuristic Communications Ltd. Shri Nahata is the visionary behind the Company's R&D, technology partnership, business development and marketing initiatives. Shri Nahata is one of the Pioneer in the new age telecom sector in India. Shri Nahata's contributions to the telecom sector are commendable and many milestones in the sector have been achieved over the years due to his initiatives and entrepreneurship. In recognition of his wide experience in the industry, he was elected president of Telecom Equipment Manufacturers Association of India for a period of two years. Shri Nahata was conferred with the "Telecom Man of the Millennium" award by Voice & Data Magazine in 2003.

Shri Nahata holds 73,477 equity shares of the Company.

Shri Mahendra Nahata is interested in the resolution as set out at Item No. 7 of the Notice which pertains to his re-appointment and remuneration payable to him. The relatives of Shri Mahendra Nahata may be deemed to be interested in this resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/ their relatives are in any way, concerned or interested, financially or otherwise, in this resolution.

It is proposed to seek the members approval for the re-appointment of and remuneration payable to Shri Mahendra Nahata as Managing Director, in terms of applicable provisions of the Act.

Your directors commends the Ordinary Resolution set out at Item no 7 of the Notice for your approval.

Item No. 8

The existing Articles of Association ("AoA") of the Company are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in existing AoA are no longer in conformity with the Companies Act, 2013 ("Act"). The Act is now largely in force. Most of the Sections of the Act have already been notified by the Ministry of Corporate Affairs ("MCA") barring those provisions which require sanction/confirmation of National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different class of shares (Section 48), reduction of share capital (Section 66), compromises, arrangement and

amalgamations, (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter-alia relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). With coming into force of the Act, several regulations of the existing AoA of the Company, require alteration or deletions in several articles. It is, therefore, considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of existing AoA are based on Table "F" of the Act which set out the model Articles of Association for a Company Limited by shares. Shareholder's attention is invited to certain salient provisions on the new draft AoA of the Company viz:

- i) Company's lien now extends to bonuses also declared from time to time in respect of shares over which lien exists;
- ii) the nominee(s) of a deceased sole member are recognised as having title to the deceased's interest in the shares;
- iii) new provisions regarding application of fund from reserve accounts when amounts in reserve accounts are to be capitalized;
- iv) new provisions relating to appointment of chief executive officer and chief financial officer in addition to manager and company secretary
- v) existing articles have been streamlined and aligned with the Act;
- vi) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provision which require a company to acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- vii) Provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication – their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft AoA is being uploaded on the Company's website www.hfcl.com for perusal by the Shareholders.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item No. 8 of the Notice except to the extent of their shareholding, if any, in the Company.

The Board commends the Resolution for approval of the members as Special Resolution.

Registered Office:
8, Electronics Complex
Chambaghat
Solani-173213 (H.P.)

By order of the Board

Place: New Delhi
Date: 17th August, 2015

(Manoj Baid)
Associate Vice-President
(Corporate) & Company Secretary
Membership No. FCS 5834