

# HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

## NOTICE

Notice is hereby given that the 26th Annual General Meeting of Himachal Futuristic Communications Limited will be held on Monday, the 30<sup>th</sup> day of September, 2013 at 11:00 A.M. at the Mushroom Centre, Chambaghat, Solan-173213 (H.P.) to transact the following business:

### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the financial year ended 31st March, 2013 and the Reports of the Directors and of the Auditors thereon.
2. To appoint a Director in place of Shri Y L Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors for the financial year 2013-2014 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

M/s Khandelwal Jain & Company, Chartered Accountants, the retiring Auditors of the Company are eligible for re-appointment.

### AS SPECIAL BUSINESS

#### 4. Increase in Remuneration of Shri Mahendra Nahata, Managing Director

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) (including any statutory modification(s) or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the revision of salary and other perks of Shri Mahendra Nahata as the Managing Director of the Company w.e.f. 1<sup>st</sup> October, 2013 for the remaining period of his tenure i.e. up to 30<sup>th</sup> September, 2015 as per details given in the Explanatory Statement annexed hereto.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year during the currency of his tenure as the Managing Director, Shri Mahendra Nahata will be paid salary and perquisites and allowances within the limits laid down in Schedule XIII of the Companies Act, 1956.”

#### 5. To waive excess remuneration paid to Shri Mahendra Nahata, Managing Director

To consider and if thought fit, to pass with or without modification(s) the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to provisions of Section 309(5B) of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to waive the excess remuneration paid to Shri Mahendra Nahata,

Managing Director of the Company during the period 1<sup>st</sup> April, 2007 to 30<sup>th</sup> September, 2012.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

#### 6. To waive excess remuneration paid to Shri Arvind Kharabanda, Director (Finance)

To consider and if thought fit, to pass with or without modification(s) the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to provisions of Section 309(5B) of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to waive the excess remuneration paid to Shri Arvind Kharabanda, Director (Finance) of the Company during the period 1<sup>st</sup> April, 2007 to 31<sup>st</sup> May, 2012.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

#### 7. To waive excess remuneration paid to Dr. R M Kastia, Wholetime Director

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to provisions of Section 309(5B) of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to waive the excess remuneration paid to Dr. R M Kastia, Whole-time Director of the Company during the period 1<sup>st</sup> April, 2007 to 31<sup>st</sup> January, 2009.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

**Registered Office:**  
8, Electronics Complex  
Chambaghat  
Solan-173 213 (H.P.)

By order of the Board  
For **Himachal Futuristic  
Communications Ltd.**

(**Manoj Baid**)  
**Associate Vice-President  
(Corporate) &  
Company Secretary**

Place: New Delhi  
Date : 23<sup>rd</sup> August, 2013

**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 AND IF USED SHOULD BE RETURNED TO THE COMPANY DULY COMPLETED NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate Members intending to send their authorized representatives 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. The Register of Members and Share Transfer Books of the Company will remain closed from 16<sup>th</sup> September, 2013 to 20<sup>th</sup> September, 2013 (both days inclusive).
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 Accounts/Reports are requested to submit their queries addressed to the Company Secretary atleast ten days in advance of the Meeting so that the information called for can be made available at the Meeting.

7. Relevant documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Saturdays between 11:00 A.M. to 01:00 P.M. up to the date of the Annual General Meeting.
8. **The Ministry of Corporate Affairs ('Ministry') has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with the circulars bearing No. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, companies can now send various notices/documents including Annual Report to its shareholders through electronic mode, to the e-mail addresses of the shareholders registered with the Company/ Share Transfer Agent or with the concerned depository participant.**  
**Pursuant to above circulars, the Company will send Annual Report along with other documents through email to all members who have registered their email address with the Company/ Share Transfer Agent or concerned depository participant and physical copies will be dispatched to others. Members who have not registered their email addresses so far are requested to register their email address so that they can receive the Annual Report and other communications from the Company electronically.**  
**Please note that as a member of the Company you will be entitled to receive all such communication in physical form, upon request at free of cost.**  
The Annual Report of the Company is also available on the Company's website [www.hfcl.com](http://www.hfcl.com)
9. The copies of the Annual Reports will not be distributed at the Annual General Meeting (AGM). Members are requested to bring their copies to the meeting.

**DETAILS OF DIRECTOR RETIRING BY ROTATION AND PROPOSED TO BE RE- APPOINTED (PURSUANT TO CLAUSE 49 IV(G) OF THE LISTING AGREEMENT)**

**Item No. 2 of the Notice**

Name	Date of Birth	Qualifications	Expertise in specific functional areas	Directorship in other Public Companies	Chairmanship / Membership of Committees of the Board of Public Companies of which he is a Director	Date of Appointment	Shares held in the Company
Shri Y L Agarwal	20.09.1936	B.Sc., B.E. DFIETE	Shri Y L Agarwal has got more than 51 years of experience in the field of telecom and broadband services. He is Ex- Chairman and Managing Director of Telecommunications Consultants India Ltd. (TCIL).	1.Electronics Systems Punjab Ltd. 2. HFCL Kongsung Telecom Ltd. 3. HTL Ltd.	Himachal Futuristic Communications Ltd. Audit-Member Remuneration -Member	10.07.1995	Nil

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 4**

The Board considered that present remuneration being paid to Shri Mahendra Nahata, Managing Director of the Company is very less compared to the remuneration being drawn by his counterparts in the Industry, though he is entitled to receive remuneration at par with his counterparts in the Industry by virtue of his profile of the position and person. Shri Nahata is the visionary behind the Company's R&D technology partnership, business development and marketing initiative. He has got more than 30 years of rich experience in the field of telecommunication. It is Shri Nahata's sincere and substantial efforts which helped the Company to reach at this stage. The Remuneration Committee and Board of directors, therefore, in their meeting held on 19<sup>th</sup> August, 2013 & 23<sup>rd</sup> August, 2013 respectively approved the revision in remuneration of the Managing Director w.e.f. 1<sup>st</sup> October, 2013 for the remaining period of his tenure i.e. up to 30<sup>th</sup> September, 2015 subject to the approval of the Shareholders as per details given below:

- (a) **Salary: Rs.1.20 crore per annum**
- (b) **Perquisites and Allowances: Rs.0.80 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 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 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 Act.

- (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.

However in the event of loss or inadequacy of profits in any financial year, the Managing Director will be entitled

to remuneration by way of salary, perquisites and other allowances up to the limits prescribed under Schedule XIII of the Companies Act, 1956.

The details of remuneration as mentioned above may be treated as abstracts of the terms and conditions of revision of salary of Shri Mahendra Nahata, Managing Director under Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Shri Mahendra Nahata, Managing Director is concerned or interested in the aforesaid Resolution.

Your directors commends the resolution for your approval.

**Item No. 5**

The Board of Directors of the Company in its meeting held on 31<sup>st</sup> October, 2006, subject to the approval of Shareholders in the General Meeting had re-appointed Shri Mahendra Nahata, as the Managing Director of the Company for a period of three years w.e.f. 1<sup>st</sup> October, 2006 on the terms and conditions as specified in the resolution passed by the Remuneration Committee in its meeting held on 22<sup>nd</sup> January, 2007. In the AGM of the Company held on 27<sup>th</sup> December, 2007, the Shareholders have approved the aforesaid re-appointment.

At the time of re-appointment of Shri Mahendra Nahata, the Company had adequate profits. As such no application was made to Central Government for payment of remuneration. However, after the finalization of accounts for the financial year 2007-08 as approved by the Board at its meeting held on 30<sup>th</sup> June, 2008, the Company reported a loss of Rs.104.34 crore as computed under Section 198 of the Companies Act, 1956 and the Company had also defaulted in repayment of its debts for a continuous period of thirty days in preceding financial year before the date of re-appointment of Managing Director and for which Company failed to comply with sub-clause no. (ii) of clause (C) of 1 of section II of part II of Schedule XIII of the Companies Act, 1956 in connection with the re-appointment of Shri Mahendra Nahata. Accordingly Company filed an application with the Central Government in 2008 for re-appointment and payment of remuneration to Shri Nahata. Since the Company could not furnish the "No Objection Certificate" of lenders, Central Government approved his re-appointment with lesser remuneration than asked for in the application.

Subsequently the Board of directors of the Company in its meeting held on 31<sup>st</sup> August, 2009, subject to the approval of shareholders in the General Meeting had re-appointed Shri Mahendra Nahata, as the Managing Director of the Company for a period of three years w.e.f. 1<sup>st</sup> October, 2009 on the terms and conditions as specified in the resolution passed by the Remuneration Committee in its meeting held on 31<sup>st</sup> August, 2009. In the AGM of the Company held on 30<sup>th</sup> September, 2009 the Shareholders have approved the aforesaid re-appointment. At the time of re-appointment of Shri Nahata, the Company had incurred loss and the Company has also defaulted in repayment of its debts for a continuous period of thirty days in preceding financial year before the date of re-appointment of Shri Nahata and for which Company failed to comply with sub-clause no. (ii) & (iv) of clause (C) of 1 of section

II of part II of Schedule XIII of the Companies Act, 1956 in connection with the re-appointment of Shri Mahendra Nahata. Accordingly Company filed an application with the Central Government in 2009 for re-appointment and payment of remuneration to Shri Nahata. Since the Company could not furnish the “No Objection Certificate” of lenders, Central Government did not give its approval for payment of remuneration.

The Company has now received “No Objection Certificate” from lenders and therefore, the Board of Directors, at their meeting held on 23<sup>rd</sup> August, 2013 decided to file an application with the Central Government for waiver of remuneration paid to Shri Nahata in excess of limits prescribed under the Companies Act, 1956. However, pending approval from the Central Government, Shri Nahata has already refunded the excess remuneration paid to him.

The details of remuneration already paid to Shri Nahata are as under:

Period	Remuneration paid (Rs.)	Eligible Amount as per approval given by the Central Government (Rs.)	Excess Remuneration for which Waiver Application is being made (Rs.)
1 <sup>st</sup> April, 2007 to 30 <sup>th</sup> September, 2009	1,42,47,756/-	89,18,982/-	53,28,774/-
1 <sup>st</sup> October, 2009 to 30 <sup>th</sup> September, 2012	1,49,29,512/-	Due to non-submission of Lender’s No Objection Certificate (NoC), the Central Government did not approve the application for payment of remuneration. The Central Government allowed the Company to submit fresh application after fulfilling all the statutory criteria including submission of NoC from Lenders which the Company has now received.	1,49,29,512/-

The members are requested to accord their approval to the Special Resolution as set out at sr. no. 5 of the Notice. None of the Directors except Shri Mahendra Nahata is concerned or interested in the above Resolution.

#### Item No. 6

The Board of directors of the Company in its meeting held on 1<sup>st</sup> June, 2007, subject to the approval of Shareholders in the General Meeting had re-appointed Shri Arvind Kharabanda, as the Director (Finance) of the Company for a period of three years w.e.f. 1<sup>st</sup> June, 2007. The Remuneration Committee at its meeting held on 31<sup>st</sup> July, 2007 has fixed his remuneration and approved the terms and conditions of his re-appointment. In the AGM of the Company held on 27<sup>th</sup> December, 2007, the Shareholders have approved the aforesaid re-appointment.

At the time of re-appointment of Shri Arvind Kharabanda, the Company had adequate profits. As such no application was made to Central Government for payment of remuneration. However, after the finalization of accounts for the financial year 2007-08 as approved by the Board at its meeting held on 30<sup>th</sup> June, 2008, the Company reported a loss of Rs.104.34 crore as computed under Section 198 of the Companies Act, 1956 and the Company had also defaulted in repayment of its debts for a continuous period of thirty days in preceding financial year before the date of reappointment of Director (Finance) and for which Company failed to comply with sub-clause no. (ii) of clause (B) of 1 of section II of part II of Schedule XIII of the Companies Act, 1956 in connection with the re-appointment of Shri Arvind Kharabanda. Accordingly Company filed an application with the Central Government in 2008 for re-appointment and payment of remuneration to Shri Kharabanda. Since the Company could not furnish the “No Objection Certificate” of lenders, Central Government approved his re-appointment with lesser remuneration than asked for in the application.

Subsequently the Board of directors of the Company in its meeting held on 14<sup>th</sup> May, 2010, subject to the approval of Shareholders in the General Meeting had

re-appointed Shri Arvind Kharabanda, as the Director (Finance) of the Company w.e.f. 1<sup>st</sup> June, 2010 on the terms and conditions including payment of remuneration, minimum remuneration to be paid in inadequacy of profit or no profits and the tenure of Shri Kharabanda to be decided by the Remuneration Committee. Subsequently Remuneration Committee at its Meeting held on 15<sup>th</sup> November, 2010 has approved terms and conditions of his re-appointment including remuneration and tenure. In the AGM of the Company held on 30<sup>th</sup> March, 2011 the Shareholders have approved the aforesaid re-appointment. At the time of re-appointment of Shri Kharabanda, the Company had incurred loss and the Company has also defaulted in repayment of its debts for a continuous period of thirty days in preceding financial year before the date of re-appointment of Shri Kharabanda for which Company failed to comply with sub-clause no. (ii) of clause (C) of 1 of section II of part II of Schedule XIII of the Companies Act, 1956 in connection with the re-appointment of Shri Arvind Kharabanda. Accordingly Company filed an application with the Central Government in 2011 for re-appointment and payment of remuneration to Shri Kharabanda. Since the Company could not furnish the “No Objection Certificate” of lenders, Central Government did not give its approval for payment of remuneration.

The Company has now received “No Objection Certificate” from lenders and therefore, the Board of Directors, at their meeting held on 23<sup>rd</sup> August, 2013 decided to file an application with the Central Government for waiver of remuneration paid to Shri Kharabanda in excess of limits prescribed under the Companies Act, 1956. However, pending approval from the Central Government, Shri Kharabanda has already refunded the excess remuneration paid to him.

The details of remuneration already paid to Shri Kharabanda are as under:

Period	Remuneration paid (Rs.)	Eligible Amount as per approval given by the Central Government (Rs.)	Excess Remuneration for which Waiver Application is being made (Rs.)
1 <sup>st</sup> April, 2007 to 31 <sup>st</sup> May, 2010	1,38,05,495/-	82,80,833/-	55,24,662/-
1 <sup>st</sup> June, 2010 to 31 <sup>st</sup> May, 2012	1,13,02,372/-	Due to non-submission of Lender's No Objection Certificate (NoC), the Central Government did not approve the application for payment of remuneration. The Central Government allowed the Company to submit fresh application after fulfilling all the statutory criteria including submission of NoC from Lenders which the Company has now received.	1,13,02,372/-

The members are requested to accord their approval to the Special Resolution as set out at sr. no. 6 of the Notice. None of the Directors except Shri Arvind Kharabanda is concerned or interested in the above Resolution.

**Item No. 7**

The Board of directors of the Company in its meeting held on 31<sup>st</sup> October, 2006, subject to the approval of Shareholders in the General Meeting had re-appointed Dr. R M Kastia, as the Wholetime Director of the Company for a period of three years w.e.f. 1<sup>st</sup> October, 2006 on the terms and conditions as specified in the resolution passed by the remuneration committee in its meeting held on 22<sup>nd</sup> January, 2007. In the AGM of the Company held on 27<sup>th</sup> December, 2007, the Shareholders have approved the aforesaid re-appointment.

At the time of re-appointment of Dr. R M Kastia, the Company had adequate profits. As such no application was made to Central Government for payment of remuneration. However, after the finalization of accounts for the financial year 2007-08 as approved by the Board at its meeting held on 30<sup>th</sup> June, 2008, the Company reported a loss of Rs.104.34 crore as computed under Section 198 of the Companies Act, 1956 and the Company had also defaulted in repayment of its debts for a continuous period of thirty days in preceding

financial year before the date of reappointment of Whole time Director and for which Company failed to comply with sub-clause no. (ii) of clause (C) of 1 of section II of part II of Schedule XIII of the Companies Act, 1956 in connection with the re-appointment of Dr. R M Kastia. Accordingly Company filed an application with the Central Government in 2008 for re-appointment and payment of remuneration to Dr. Kastia. Since the Company could not furnish the "No Objection Certificate" of lenders, Central Government approved his re-appointment with lesser remuneration than asked for in the application. Subsequently Dr. Kastia resigned from the position of Wholetime Director w.e.f. 1<sup>st</sup> February, 2009.

The Company has now received "No Objection Certificate" from lenders and therefore, the Board of Directors, at their meeting held on 23<sup>rd</sup> August, 2013 decided to file an application with the Central Government for waiver of remuneration paid to Dr. R. M. Kastia in excess of limits prescribed under the Companies Act, 1956. However, pending approval from the Central Government, Dr. Kastia has already refunded the excess remuneration paid to him.

The details of remuneration already paid to Dr. Kastia are as under:

Period	Remuneration paid (Rs.)	Eligible Amount as per approval given by the Central Government (Rs.)	Excess Remuneration for which Waiver Application is being made (Rs.)
1 <sup>st</sup> April, 2007 to 31 <sup>st</sup> January, 2009	1,43,22,969/-	1,02,63,792/-	40,59,177/-

The members are requested to accord their approval to the Special Resolution as set out at sr. no. 7 of the Notice. None of the Directors except Dr. R M Kastia is concerned or interested in the above Resolution.

**Registered Office:**  
8, Electronics Complex  
Chambaghat  
Solan-173 213 (H.P.)

By order of the Board  
For Himachal Futuristic Communications Ltd.

Place: New Delhi  
Date : 23<sup>rd</sup> August, 2013

(Manoj Baid)  
Associate Vice-President (Corporate)  
& Company Secretary