

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

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

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

(Corporate Identity Number: L64200HP1987PLC007466)

Notice

Notice is hereby given that the 27th Annual General Meeting of the Members of Himachal Futuristic Communications Limited will be held on Tuesday, the 30th day of September, 2014 at 2:30 P.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, 2014, 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, 2014
2. To declare a dividend on Cumulative Redeemable Preference Shares.
3. To appoint a Director in place of Dr. R M Kastia (DIN:00053059), who retires by rotation at this Annual General Meeting and being eligible has offered 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 M/s 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 Shri Mahendra Pratap Shukla (DIN:00052977) 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 thereof for the time being in force) and clause 49 of the Listing Agreement, Shri Mahendra Pratap Shukla (DIN:00052977), who was appointed as a Director 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 his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 2 (two) consecutive years for a term up to the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2016.”

6. To re-appoint Shri Arvind Kharabanda (DIN:00052270) as a Whole-time Director designated as Director (Finance) 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 Arvind Kharabanda (DIN:00052270) as a Whole-time Director, designated as Director (Finance) of the Company for a period of 2 (two) years with effect from 1st June, 2014 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 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.”

7. To authorize the Board of Directors of the Company to borrow money from time to time under Section 180(1)(c) of 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 Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or amendment(s) thereto for the time being in force) and in supersession of all earlier resolutions passed by the members at their General Meeting in this regard, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which expression shall include a Committee of Directors duly authorized in this behalf) to borrow and raise such sum or sums of money (ies), from any one or more of the combination of banks, financial institutions, firms, companies, bodies corporate, mutual funds, trusts, other organisations, institutions or any other persons etc. with or without security, from time to time as may be required for the purpose of business of the Company notwithstanding that the money (ies) to be borrowed by the Company together with the money (ies) already borrowed by the Company (apart from temporary

loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up share capital and free reserves of the Company, provided that the aggregate of such excess borrowing(s) shall not exceed ₹2500 crores at any point of time.

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 to execute such deeds, documents or writings as are necessary or expedient, on behalf of the Company for giving effect to the above resolution."

8. To authorize the Board of Directors of the Company to provide Security under Section 180(1)(a) of the Companies Act, 2013 in connection with the borrowings of the Company 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 Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or amendment(s) thereto for the time being in force) and in supersession of all earlier resolutions passed by the Members at their General Meeting in this regard, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall include a Committee of Directors duly authorized in this behalf) to create charges, hypothecations, mortgages or other encumbrances in addition to the existing charges, hypothecations, mortgages or to other encumbrances on such terms and conditions and at such time or times and in such form or manner as it may think fit, the whole or substantially the whole of the Company's any one or more of the undertaking or all the undertakings, including the present and/or future properties, whether movable or immovable comprised in any existing or new undertaking/undertakings of the Company, as the case may be in favour of any one or more of the combination of banks, financial institutions, firms, companies, bodies corporate, mutual funds, trusts, other organisations, institutions or any other persons etc. (hereinafter collectively referred to as the 'Lenders') on such terms and conditions as the Board may think fit in the best interest of the Company and as agreed between the Board and Lenders, in order to secure the loans advanced/to be advanced by such lenders to the Company together with interest at the agreed rates, compound/additional interest, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other money(ies) payable by the Company in respect of the said borrowings i.e. borrowings permitted under Section 180(1)(c) of the Companies Act, 2013.

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 to execute such deeds, documents or writings as are necessary or expedient, on behalf of the Company for giving effect to the above resolution."

Registered Office: By order of the Board
8, Electronics Complex
Chambaghat
Solan-173213 (H.P.)

Place: New Delhi Associate Vice-President
Date: 14th August, 2014 (Corporate) & Company Secretary

(Manoj Baid)

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 16th September, 2014 to 19th September, 2014 (both days inclusive) for the purpose of Annual General Meeting (AGM).

The Register of Preference Shareholders and related share transfer books of the Company will remain closed from 16th September, 2014 to 19th September, 2014 (both days inclusive) to determine the name of Shareholders eligible for dividend on Cumulative Redeemable Preference Shares (CRPS) of the Company. The dividend on CRPS, if declared, at the ensuing AGM will be paid within a period of thirty (30) days from the date of declaration to those Preference Shareholders whose name shall appear on the Company's Register of Preference Shareholders as on 15th September, 2014.

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 during business hours up to the date of the Annual General Meeting.
9. The Register of Directors and Key Managerial Personnel 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, 2014 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 address 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.

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

Item No. 3 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
Dr. R M Kastia	10.10.1941	Ph.D., FBIM (London)	Dr. Kastia has to his credit more than 50 years of business experience. Dr. Kastia has occupied various important positions in well known industries. He has in depth knowledge of manufacturing of telecom equipments.	HTL Ltd.	Himachal Futuristic Communications Ltd. Stakeholders Relationship Committee - Member Nomination & Remuneration Committee - Member HTL Ltd. Audit Committee - Member	07.02.1996	Nil

The Board of Directors commends his 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

Shri Mahendra Pratap Shukla is the Independent Director of the Company and has held the positions as such for more than five years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter-alia stipulating the conditions for the appointment of independent directors by a listed company.

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 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 14th August, 2014 have appointed Shri M P Shukla as an Independent Director of the Company subject to the approval of Shareholders.

The Company has received necessary declaration from Shri Mahendra Pratap Shukla that he 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, Shri Mahendra Pratap Shukla fulfils the conditions for appointment as an Independent Director as specified in the Act and the Listing Agreement.

Shri Mahendra Pratap Shukla is independent of the management.

Shri Mahendra Pratap Shukla is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

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 Shri Mahendra Pratap Shukla for the office of the Director of the Company.

Copy of the draft letter of appointment of Shri Mahendra Pratap Shukla as an Independent Director, setting out the terms and conditions is available for inspection by members at the Registered office of the Company.

Shri Mahendra Pratap Shukla aged about 82 years is an Electrical Engineer with specialization in communication engineering. He is a fellow member of the Institute of Electronics & Telecommunication Engineers (India) and is elected as the council member of the Governing Body of the Institute. During his career, Shri Shukla has occupied coveted positions like General Manager of Indian Telephone Industries (ITI), Naini, Allahabad, Chairman and Managing Director of Telecommunications Consultants India Ltd. (TCIL) and Chairman and Managing Director of Mahanagar Telephone Nigam Ltd. (MTNL).

It was under his stewardship that MTNL was established as a public sector company by bringing in new work culture and new work ethos. With his sheer business acumen and administrative capabilities he brought the services of MTNL to the international level.

As the CMD of TCIL, Shri Shukla achieved the unique distinction of having organized the telecom consultancy work in foreign countries.

Shri Shukla has been on the Board of the Company since 14th June, 2004.

He is on the Board of following other companies:

HTL Limited

HFCL Satellite Communications Limited

Shri Shukla is active on various committees as detailed below:

Name of the Company	Name of Committee	Committee position
Himachal Futuristic Communications Limited	Audit	Chairman
-do-	Stakeholders Relationship	Chairman
-do-	Nomination & Remuneration	Member
HTL Limited	Audit	Chairman
-do-	Nomination & Remuneration	Member
HFCL Satellite Communications Limited	Audit	Member

Shri Shukla 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 Shri Mahendra Pratap Shukla as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for two consecutive years for a term up to the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2016.

Shri Mahendra Pratap Shukla is interested in the Resolution set out at Item No. 5 of the Notice with regard to his appointment. The relatives of Shri Mahendra Pratap Shukla 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 continued association of Shri Mahendra Pratap Shukla would be of immense benefit to the Company and it is desirable to continue to avail his services as 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

Present tenure of Shri Arvind Kharabanda, as Director (Finance) has expired on 31st May, 2014. The Nomination and Remuneration Committee ("NRC") of the Company at its meeting held on 14th August, 2014 has recommended remuneration and terms and conditions of re-appointment of Shri Arvind Kharabanda as Whole-time Director designated as Director (Finance). On the recommendations of the NRC, the Board of Directors at its meeting held on 14th August, 2014 has subject to the approval of members, re-appointed him as Whole-time Director designated as Director (Finance) for a period of 2 (two) years w.e.f. 1st June, 2014.

Shri Arvind Kharabanda aged 67 years is a member of the Institute of Chartered Accountants of India and has got over 39 years of experience in managerial positions, project implementations and finance. He is on the Board of the Company since January, 1994 except for a brief period from 25th August, 2004 to 29th October, 2004 when he did not offer himself for re-appointment at the Annual General Meeting held on 25th August, 2004.

He is on the Board of the following companies:

Pals India Private Limited

My Box Technologies Private Limited

Shri Kharabanda is active on various committees as detailed below:

Name of the Company	Name of Committee	Committee position
Himachal Futuristic Communications Limited	Audit	Member
-do-	Stakeholders Relationship	Member

Shri Kharabanda does not hold any share in the Company.

The Board of Directors of your Company is confident that the Company will be immensely benefited with the association of Shri Kharabanda.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Shri Arvind Kharabanda as Whole-time Director, designated as Director (Finance) in terms of applicable provisions of the Act.

The broad particulars of the terms of re-appointment and remuneration payable to Shri Arvind Kharabanda are as under:

(a) Salary, Perquisites and Allowances per annum:

- i) Basic Salary: ₹ 31,80,000/-
- ii) Perquisites & Allowances: ₹ 25,80,000/-

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 utilisation of gas, electricity, water, furnishing and repairs and leave travel concession for self and family including dependents and such other perquisites and allowances under the Company's Rules. 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 total cost of the aforesaid perquisites, allowances and other benefits shall be restricted to ₹ 57,60,000/- (Rupees Fifty Seven Lacs Sixty Thousands only) per annum.

- (b) The following benefits shall not be included in the computation of ceiling on perquisites and allowances:
- (i) Contribution to provident fund, superannuation fund and annuity fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961.
 - (ii) Gratuity and encashment of leave shall be payable in accordance with the Rules of the Company.
 - (iii) Provision of car for use on Company's business.
 - (iv) Telephone expenses at residence

Notwithstanding anything to the contrary contained herein, where in a financial year, during the currency of the tenure of Shri Arvind Kharabanda, 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 Arvind Kharabanda basic salary, perquisites and allowances as specified above as minimum remuneration.

- (c) The appointment of Shri Arvind Kharabanda can be terminated with three months notice or on payment of three months basic salary in lieu thereof from either side.
- (d) Shri Arvind Kharabanda shall perform such duties as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board of Directors.

Shri Arvind Kharabanda satisfies all the conditions set out in Part 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 Arvind Kharabanda under Section 190 of the Act.

Shri Arvind Kharabanda is interested in the resolution as set out at Item No. 6 of the Notice which pertains to his re-appointment and remuneration payable to him. The relatives of Shri Kharabanda 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.

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

Item No. 7 & 8

The Members of the Company at their Annual General Meeting held on 30th September, 2009 has authorised the Board of Directors of the Company to borrow monies up to ₹ 2000 crore under Section 293(1)(d) of the Companies Act, 1956 and to secure the same by mortgage/charge on all the moveable and/or immovable properties under Section 293(1)(a) of the Companies Act, 1956 by passing the Ordinary Resolutions.

As per the provisions of Section 180 of the Companies Act, 2013 which was notified on 12th September, 2013 read with the clarification thereon issued by the Government of India, Ministry of Corporate Affairs vide General Circular no. 04/2014 dated 25th March, 2014, the resolution(s) passed under Section 293 of the Companies Act, 1956 prior to 12th September, 2013 with reference to borrowings (subject to the limits prescribed) and/or creation of security on assets of the company will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013 for a period of one year from the date of notification of the said section.

As per the provisions of the Companies Act, 1956, consent of the members was required by way of an ordinary resolution for both borrowing and creation of security. However, the provisions contained in Section 180 of the Companies Act, 2013 require the consent of members by way of a Special Resolution. Hence, in order to remain compliant with the relevant provisions on borrowings and creation of security under the Companies Act, 2013 beyond 12th September, 2014, consent of the members is being sought by way of Special Resolutions.

The Board of Directors of your Company has approved the borrowings limits and/or creation of security on the assets of the Company at their meeting held on 10th July, 2014 and recommends the Special Resolutions as set out at Item no. 7 & 8 of the Notice for the approval by the members of the Company.

None of the 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. 7 & 8 of the Notice except to the extent of their shareholding, if any, in the Company.

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

By order of the Board

Place: New Delhi
Date: 14th August, 2014

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