

# Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and all its interactions with the stakeholders including shareholders, employees, customers, government, suppliers and lenders and to build the confidence of the society in general. The Company believes in adopting the philosophy of professionalism, transparency and accountability in all areas and is committed to pursue growth by adhering to the highest national and international standards of Corporate Governance.

## 2. BOARD OF DIRECTORS

### (i) Composition

The Board has an appropriate composition of Executive, Non-Executive and Independent Directors. The Independent Directors on the Board are experienced, competent and reputed names in their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds value in the decision-making process of the Board of Directors. The details of composition of the Board, number of other Directorship, Chairmanship/Membership of Committee of each Director in other Companies, attendance of Directors at the Board Meetings and last Annual General Meeting are given below:

| Name of Director                  | Category of Directorship                              | No. of other Directorships* in public Ltd. Companies | Board Committees** in other Companies in which Member / Chairman | No. of Board Meetings attended | Whether Attended the last AGM Yes/No |     |
|-----------------------------------|---|--|--|--------------------------------|--------------------------------------|-----|
| Shri Ravi Jhunjunwala             | Chairman, Managing Director & CEO -Promoter Executive | 8  | 2  | 1                              | 4                                    | Yes |
| Shri Shekhar Agarwal              | Vice-Chairman-Promoter Non-Executive                  | 5  | 3  | 0                              | 3                                    | No  |
| Shri Dharmendar Nath Davar        | Non-Executive and Independent                         | 8  | 4  | 4                              | 4                                    | Yes |
| Dr. Kamal Gupta                   | Non-Executive and Independent                         | 6  | 3  | 5                              | 4                                    | No  |
| Shri Satyendra Nath Bhattacharya# | Non-Executive   | 1  | 0  | 0                              | 1                                    | No  |
| Dr. Om Parkash Bahl               | Non-Executive and Independent                         | 1  | 0  | 0                              | 4                                    | No  |
| Smt. Vinita Singhania             | Non-Executive and Independent                         | 3  | 0  | 0                              | 4                                    | No  |
| Shri Riju Jhunjunwala             | Director -Promoter – Non-Executive                    | 8  | 2  | 0                              | 4                                    | No  |
| Shri Lalit Mohan Lohani##         | Non-Executive   | 0  | 0  | 0                              | 1                                    | No  |

\*Excludes Directorships in Private Limited Companies, Foreign Companies and Section 8 Companies.

\*\* Only Audit Committee and Stakeholders Relationship Committee have been considered in terms of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

# Shri Satyendra Nath Bhattacharya was appointed on 22<sup>nd</sup> September, 2015 as a Director of the Company.

## Shri Lalit Mohan Lohani has resigned from the Directorship of the Company w.e.f. 25<sup>th</sup> May, 2015.

Note: 1. Shri Ravi Jhunjunwala and Shri Riju Jhunjunwala are relatives.

2. Smt. Vinita Singhania is the Woman Director on the Board.

### (ii) Shareholding of Non-Executive Directors

The number of Equity Shares of the Company held by Non-Executive Directors of the Company are as under:

| Name of Director           | No. of Equity Shares Held |
|----------------------------|---------------------------|
| Shri Dharmendar Nath Davar | 1,500                     |
| Dr. Kamal Gupta            | 200                       |
| Shri Riju Jhunjhunwala     | 2,33,290                  |

### (iii) Board Meetings

The Board meets at least once in every quarter to review quarterly results and other items on agenda. Additional meetings are held when necessary. Four Board Meetings were held during the financial year ended 31<sup>st</sup> March, 2016. These were held on 14<sup>th</sup> May, 2015, 29<sup>th</sup> July, 2015, 7<sup>th</sup> November, 2015 and 27<sup>th</sup> January, 2016. However, in case of a special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law which is noted and confirmed in the subsequent Board Meeting.

## 3. AUDIT COMMITTEE

### (i) Terms of Reference

1. The audit committee at its discretion shall invite the finance Director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committees;

Provided that occasionally the audit committee may meet without the presence of any executives of the Company.

2. The audit committee shall have the power to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it consider necessary;

3. The chairperson of the audit committee shall be an Independent Director and shall be present at Annual general meeting to answer shareholders queries;

4. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

5. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

6. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

7. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

a. Matters required to be included in the Director's

Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013

- b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Modified opinion(s) in the draft audit report.
8. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  9. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  10. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
  11. Approval or any subsequent modification of transaction of the Company with related party;
  12. Scrutiny of inter-corporate loans and investments;
  13. Valuation of undertakings or assets of the Company, wherever it is necessary;
- Where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities under the provision of this Act, it shall be valued by a person having such qualifications and experience and registered as a valuer in such manner, on such terms and conditions as may be prescribed and appointed by the audit committee or in its absence by the Board of Directors of the Company.
14. Evaluation of internal financial controls and risk management systems;
  15. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  16. Reviewing the adequacy of internal audit function, if

any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits.

17. Discussion with internal auditors of any significant findings and follow up there on;

18. Reviewing the findings of any internal investigations by the internal auditors into matter where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Boards;

19. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

21. To review the functioning of the Whistle Blower mechanism;

22. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate; and

23. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

24. The Audit Committee of the Company shall mandatorily review the following information:

- i. management discussion and analysis of financial condition and results of operations;
- ii. statement of significant related party transactions (as defined by the audit committee), submitted by management;
- iii. management letters/ letters of internal control weaknesses issued by the statutory auditors;
- iv. internal audit reports relating to internal control weaknesses; and
- v. the appointment removal and terms of remuneration of the chief internal auditors shall be subject to review by the audit committee.
- vi. statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
  - (b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of the Listing Regulations.

25. The internal auditors may report directly to the audit committee.

26. The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

27. All related party transactions shall require approval of the Audit committee and the Committee may make omnibus approval for related part transactions proposed to be entered into by the Company on yearly basis.

28. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval.

29. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

### (ii) Composition of the Committee

The composition of the Audit Committee is as under:

| Sl. No. | Name of Director           | Designation | Category                           |
|---------|----------------------------|-------------|------------------------------------|
| 1       | Shri Dharmendar Nath Davar | Chairman    | Non-Executive Independent Director |
| 2       | Shri Shekhar Agarwal       | Member      | Non-Executive Promoter Director    |
| 3       | Dr. Kamal Gupta            | Member      | Non-Executive Independent Director |
| 4       | Dr. Om Parkash Bahl        | Member      | Non-Executive Independent Director |

All these Directors possess knowledge of corporate finance, accounts and corporate laws. The Statutory Auditors, Internal Auditors and Senior Executives of the Company are invited to attend the meetings of the Committee, whenever necessary. The Company Secretary acts as the Secretary of the Committee.

### (iii) Meetings and Attendance

During the financial year ended 31<sup>st</sup> March, 2016, four meetings were held on 14<sup>th</sup> May, 2015, 29<sup>th</sup> July, 2015, 7<sup>th</sup> November, 2015 and 27<sup>th</sup> January, 2016.

The attendance at the above Meetings was as under:

| Sl. No. | Name of Director           | No. of Meetings Attended |
|---------|----------------------------|--------------------------|
| 1       | Shri Dharmendar Nath Davar | 4                        |
| 2       | Shri Shekhar Agarwal       | 3                        |
| 3       | Dr. Kamal Gupta            | 4                        |
| 4       | Dr. Om Parkash Bahl        | 4                        |

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### (i) The terms of reference of the Committee as per the Nomination and Remuneration Policy of the Company inter-alia includes the following:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- to recommend to the Board the appointment and removal of Director or KMP or Senior Management Personnel;
- to carry out evaluation of Director's performance;
- assessing the independence of Independent Directors;
- to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- making recommendations to the Board on the remuneration/ fee payable to the Directors/ KMPs/Senior Officials so appointed/re-appointed;
- ensure that level and composition of remuneration of Directors, KMP's and Senior Management is reasonable and sufficient. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- to devise a policy on Board diversity;
- to develop a succession plan for the Board and Senior Management and to regularly review the plan; and

- such other key issues/matters as may be referred by the Board or as may be necessary in view of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provision of the Companies Act, 2013 and Rules thereunder.

##### (ii) Composition of the Committee

The composition of the Nomination and Remuneration Committee is as under:

| Sl. No. | Name of Director           | Designation | Category                           |
|---------|----------------------------|-------------|------------------------------------|
| 1       | Shri Dharmendar Nath Davar | Chairman    | Non-Executive Independent Director |
| 2       | Dr. Kamal Gupta            | Member      | Non-Executive Independent Director |
| 3       | Dr. Om Parkash Bahl        | Member      | Non-Executive Independent Director |

The Company Secretary acts as the Secretary of the Committee.

##### (iii) Meeting and Attendance

During the financial year ended 31<sup>st</sup> March, 2016, two meetings were held on 29<sup>th</sup> July, 2015 and 27<sup>th</sup> January, 2016.

The attendance at the above Meetings was as under:

| Sl. No. | Name of Director           | No. of Meetings Attended |
|---------|----------------------------|--------------------------|
| 1       | Shri Dharmendar Nath Davar | 2                        |
| 2       | Dr. Kamal Gupta            | 2                        |
| 3       | Dr. Om Parkash Bahl        | 2                        |

##### (iv) Details of Remuneration to the Directors for the year ended 31<sup>st</sup> March, 2016

(Amount in ₹)

| Name of Director                   | Salary    | Benefits  | Commission | Sitting Fee | Total       |
|------------------------------------|-----------|-----------|------------|-------------|-------------|
| Shri Ravi Jhunjunwala*             | 62,14,000 | 10,05,540 | -          | -           | 72,19,540** |
| Shri Shekhar Agarwal               | -         | -         | -          | 4,70,000    | 4,70,000    |
| Shri Dharmendar Nath Davar         | -         | -         | -          | 10,85,000   | 10,85,000   |
| Dr. Kamal Gupta                    | -         | -         | -          | 11,25,000   | 11,25,000   |
| Shri Satyendra Nath Bhattacharya## | -         | -         | -          | 75,000      | 75,000      |
| Dr. Om Parkash Bahl                | -         | -         | -          | 10,65,000   | 10,65,000   |
| Smt. Vinita Singhania              | -         | -         | -          | 3,75,000    | 3,75,000    |
| Shri Riju Jhunjunwala              | -         | -         | -          | 4,00,000    | 4,00,000    |
| Shri Lalit Mohan Lohani^           | -         | -         | -          | 75,000      | 75,000      |

## Shri Satyendra Nath Bhattacharya was appointed on 22<sup>nd</sup> September, 2015 as a Director of the Company.

^ Shri Lalit Mohan Lohani has resigned from the Directorship of the Company w.e.f. 25<sup>th</sup> May, 2015.

\* An application to Central Government has been made for payment of his full remuneration as approved by the shareholders.

\*\* worked out as per Section II of Part II of Schedule V of the Companies Act, 2013.

The appointment of Executive Directors, Key Managerial Personnel and other Employees is by virtue of their employment with the Company therefore, their terms of employment vis-a-vis salary, variable pay, service contract, notice period and severance fee, if any, are governed by the applicable policies at the relevant point in time.

#### (v) Criteria of making payments to Non-Executive Directors

The criteria of making payments to Non- Executive Directors is appearing on the website of the Company and the web link of the same is as under:

[www.heg ltd.com/pdf/criteria\\_of\\_making\\_payments\\_to\\_Non\\_Executive\\_Directors.pdf](http://www.heg ltd.com/pdf/criteria_of_making_payments_to_Non_Executive_Directors.pdf)

### 5. PERFORMANCE EVALUATION CRITERIA OF INDEPENDENT DIRECTORS

Pursuant to the Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, evaluation of Independent Directors was carried out by entire Board. Only the Independent Director being evaluated did not participate in the said evaluation discussion.

The Evaluation criteria for Independent Directors forms part of Nomination and Remuneration Policy of the Company which is annexed in the Directors' Report.

### 6. FAMILIARISATION PROGRAMME

The Familiarisation Programmes imparted to Independent Directors of the Company has been disclosed on its website and a web link thereto is as under:

[http://www.heg ltd.com/pdf/Details\\_of\\_Familiarisation\\_Programmes\\_for\\_Independent\\_Directors.pdf](http://www.heg ltd.com/pdf/Details_of_Familiarisation_Programmes_for_Independent_Directors.pdf)

### 7. STAKEHOLDERS RELATIONSHIP COMMITTEE

#### (i) Broad Terms of Reference

The Stakeholders Relationship Committee shall consider and resolve the grievances of various security holders of the Company. It shall specifically look into the redressal of stakeholders/ investors complaints in a timely and proper manner.

#### (ii) Composition of the Committee

The composition of the Committee is as under:

| Sl. No. | Name of Director       | Designation | Category                           |
|---------|------------------------|-------------|------------------------------------|
| 1       | Shri Riju Jhunjhunwala | Chairman    | Non-Executive Promoter Director    |
| 2       | Shri Ravi Jhunjhunwala | Member      | Executive Promoter Director        |
| 3       | Dr. Kamal Gupta        | Member      | Non-Executive Independent Director |

Shri Ashish Sabharwal, Company Secretary is the Compliance Officer.

#### (iii) Meetings and Attendance

During the financial year ended 31<sup>st</sup> March, 2016, Four meetings were held on 14<sup>th</sup> May, 2015, 29<sup>th</sup> July, 2015, 7<sup>th</sup> November, 2015 and 27<sup>th</sup> January, 2016.

The attendance at the above Meetings was as under:

| Sl. No. | Name of Director       | No. of Meetings Attended |
|---------|------------------------|--------------------------|
| 1       | Shri Riju Jhunjhunwala | 4                        |
| 2       | Shri Ravi Jhunjhunwala | 4                        |
| 3       | Dr. Kamal Gupta        | 4                        |

The Company received 20 complaints during the year and all were resolved to the satisfaction of the shareholders. There was no valid request for transfer of shares pending as on 31.03.2016.

### 8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

#### (i) Broad Terms of Reference

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Recommend and monitor the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

#### (ii) Composition of the Committee

The composition of the Corporate Social Responsibility Committee is as under:

| Sl. No. | Name of Director           | Designation | Category                            |
|---------|----------------------------|-------------|-------------------------------------|
| 1       | Shri Ravi Jhunjhunwala     | Chairman    | Executive Promoter Director         |
| 2       | Shri Dharmendar Nath Davar | Member      | Non- Executive Independent Director |
| 3       | Smt. Vinita Singhania      | Member      | Non- Executive Independent Director |

#### (iii) Meetings and Attendance

During the financial year ended 31<sup>st</sup> March, 2016, Four meetings were held on 14<sup>th</sup> May, 2015, 29<sup>th</sup> July, 2015, 7<sup>th</sup> November, 2015 and 27<sup>th</sup> January, 2016.

The attendance at the above Meetings was as under:

| Sl. No. | Name of Director           | No. of Meetings Attended |
|---------|----------------------------|--------------------------|
| 1       | Shri Ravi Jhunjhunwala     | 4                        |
| 2       | Shri Dharmendar Nath Davar | 4                        |
| 3       | Smt. Vinita Singhania      | 4                        |

## 9. INDEPENDENT DIRECTORS' MEETING

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and also as per the Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 27<sup>th</sup> January, 2016 to review the performance of Non-independent Directors (including the

Chairman, Managing Director & CEO) and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

## 10. VIGIL MECHANISM /WHISTLE BLOWER POLICY

The Board on the recommendation of Audit Committee has adopted a Whistle Blower Policy. The details of the same is disclosed on the website of the Company and a weblink thereto is as under:

<http://www.heg ltd.com/pdf/whistle.pdf>

## 11. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as per detail below:

| Date of AGM                      | Relevant financial year | Venue/Location where held   | Time of Meeting | Whether any special resolution passed |
|----------------------------------|-------------------------|---|-----------------|---------------------------------------|
| 21 <sup>st</sup> September, 2013 | 2012-2013               | Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046 | 1.30 P.M.       | Yes                                   |
| 30 <sup>th</sup> August, 2014    | 2013-2014               | Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046 | 1.30 P.M.       | Yes                                   |
| 22 <sup>nd</sup> September, 2015 | 2014-2015               | Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046 | 11.30 A.M.      | No                                    |

There was no resolution passed by the shareholders through postal ballot in the financial year 2015-16.

No special resolution proposed to be passed by the Company through postal ballot at the ensuing Annual General Meeting.

## 12. DISCLOSURES

a) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS)-18 (Related Party Disclosures), has been made in the Annual Report.

A web link for policy on dealing with related party transactions is as under:

[http://www.heg ltd.com/pdf/Policy\\_on\\_Related\\_Party\\_Transactions\\_HEG\\_Limited.pdf](http://www.heg ltd.com/pdf/Policy_on_Related_Party_Transactions_HEG_Limited.pdf)

a) There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company that have a potential conflict with the interests of the Company.

b) No penalties or strictures have been imposed on

the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.

c) The Company has complied with the requirements of the Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

d) The Company has complied with the Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e) Disclosure of Commodity Price Risks and Commodity hedging activities: In the recent times sale and purchase of Graphite Electrodes have more or less Commoditised, with customers preferring price as a key driver. The key

raw material for the same is petroleum based by product. There is a clear relationship in the Price movement of both, though with a small lead and lag effect. Both sourcing and sale contracts are short term these days and therefore offer ample opportunities for matching the Price movement on either side.

- f) The Company has a Policy for Determining Material Subsidiaries and the same is available on the Company's website and a web link thereto is as under:

[http://www.hegltd.com/pdf/Policy\\_for\\_Determining\\_Material\\_Subsiary.pdf](http://www.hegltd.com/pdf/Policy_for_Determining_Material_Subsiary.pdf)

- g) No personnel have been denied any access to the Audit Committee of the Company.
- h) The Company has complied with all the applicable Accounting Standards.
- i) The Chairman, Managing Director & CEO and Chief Financial officer have certified to the Board, inter-alia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the year ended 31.03.2016. The annual Certificate given by the Chairman, Managing Director & CEO and the Chief Financial Officer is published in this report.
- j) The Internal Auditor directly reports to the Audit Committee.

### 13. CODE OF CONDUCT

There is a Code of Conduct for the Directors and Senior Management Personnel. This Code is a comprehensive code applicable to all Directors and members of the Senior Management. A copy of the Code has been put on the Company's website [www.hegltd.com](http://www.hegltd.com).

The Code has been circulated to all the Members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration signed by the Chairman & Managing Director & CEO in this regard is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with the Code of Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2015-16."

### 14. MEANS OF COMMUNICATION

The Company publishes its quarterly results in leading national newspapers as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These results are displayed on the website of the Company along with other news releases and presentations, if any, made to institutional investors or to analysts among others. All other vital information is also placed on the website of the Company.

### 15. DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

|  |  |  |
|--|--|--|
| Name of Director   | Shri Riju Jhunjunwala  | Shri Dantuluri Satyanarayana Ravindra Raju   |
| Date of Birth  | 13/01/1979   | 19/07/1961   |
| Date of Appointment  | 30/04/2009   | 27/05/2016   |
| Qualification  | Degree in Business Management studies.   | B. Tech (Chemical), MS (Chemicals-IIT Chennai), PGCBM-XLRI   |
| Expertise in specific functional areas                           | He is an Industrialist with diversified business experience. He is the Managing Director of RSWM Ltd and Bhilwara Energy Ltd   | 31 years of rich experience in Bulk Chemicals, Speciality Chemicals, Fertilisers, Gypsum Boards/Plasters, Sugar, Power and Alcohol Industries. |
| List of other Public Ltd. Companies in which directorships held. | 1. RSWM Ltd.<br>2. Bhilwara Infotechnology Limited<br>3. Bhilwara Green Energy Limited<br>4. LNJ Power Ventures Limited<br>5. Bhilwara Energy Limited<br>6. Bhilwara Technical Textiles Limited<br>7. NJC Hydro Power Limited<br>8. Chango Yangthang Hydro Power Limited | -  |



|   |   |   |
|---|---|---|
| Chairman/Member of the Committees of the Board of Directors of the Company. | Stakeholder Relationship Committee - Chairman | - |
| Chairman/Member of the Committee of Directors of other Companies.           |   |   |
| a) Audit Committee  | Bhilwara Technical Textiles Limited- Member   | - |
| b) Stakeholders Relationship Committee                                      | Bhilwara Technical Textiles Limited- Member   | - |
| No of Equity Shares held in the Company                                     | 2,33,290                                      | - |

## 16. SHAREHOLDERS INFORMATION

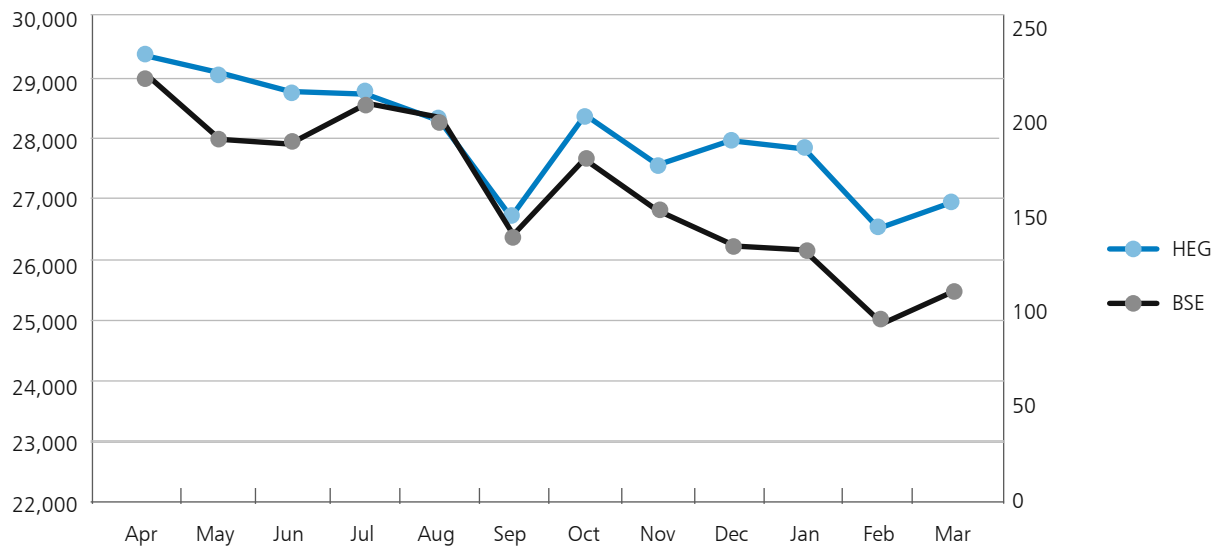
|  |  |
|--|--|
| a) Annual General Meeting:<br>Date & Time, Venue | 28 <sup>th</sup> September, 2016 at 11.30 A.M. at the registered office of the Company at Mandideep, Near Bhopal, Distt. Raisen, Madhya Pradesh – 462 046.   |
| b) Financial Calendar:                           | Financial Year: 1 <sup>st</sup> April, 2016 – 31 <sup>st</sup> March, 2017.<br>Reporting:  |
|  | a) First quarter results      Within 45 days of end of the 1 <sup>st</sup> Qtr   |
|  | b) Second Quarter              Within 45 days of end of the 2 <sup>nd</sup> Qtr<br>Results   |
|  | c) Third Quarter Results      Within 45 days of end of the 3 <sup>rd</sup> Qtr   |
|  | d) Results for Fourth          Within 60 days of end of the FY<br>Quarter & the FY   |
| c) Date of Book Closure                          | 22 <sup>nd</sup> September, 2016 to 28 <sup>th</sup> September, 2016 (both days inclusive)   |
| d) Dividend payment date:                        | N.A.   |
| e) Listing of Shares on Stock Exchanges          | 1. BSE Limited<br><b>BSE- Corporate Office</b><br>Phiroze Jeejeebhoy Towers<br>Dalal Street<br>Mumbai- 400001<br>Tel no : (022) 22721233/4, (022) 66545695 (Hunting)<br>Fax no : (022) 22721919<br><br>2. National Stock Exchange of India Limited<br><b>NSE – Corporate Office</b><br>Exchange Plaza, C-1, Block G,<br>Bandra Kurla Complex,<br>Bandra (E)<br>Mumbai – 400 051<br>Tel No: (022) 26598100 – 8114<br>Fax No: (022) 26598120 |
| f) Payment of Listing Fees                       | Listing fees as applicable have been duly paid   |
| g) Stock Code / ISIN No.                         | Equity Shares: BSE: 509631<br>NSE: HEG<br>ISIN No .: INE545A01016  |



h. i) Market Price Data: Monthly High Low values (in ₹) at NSE & BSE and comparison with BSE Sensex.

| Month           | NSE    |        | BSE    |        | BSE Sensex |           |
|-----------------|--------|--------|--------|--------|------------|-----------|
|                 | High   | Low    | High   | Low    | High       | Low       |
| April, 2015     | 231.40 | 210.00 | 230.90 | 210.90 | 29,094.61  | 26,897.54 |
| May, 2015       | 222.90 | 193.25 | 223.00 | 192.50 | 28,071.16  | 26,423.99 |
| June, 2015      | 209.50 | 180.05 | 209.50 | 180.00 | 27,968.75  | 26,307.07 |
| July, 2015      | 211.00 | 184.00 | 211.00 | 184.10 | 28,578.33  | 27,416.39 |
| August, 2015    | 199.00 | 140.00 | 198.00 | 142.00 | 28,417.59  | 25,298.42 |
| September, 2015 | 149.00 | 134.20 | 149.00 | 134.70 | 26,471.82  | 24,833.54 |
| October, 2015   | 199.00 | 138.20 | 198.60 | 138.80 | 27,618.14  | 26,168.71 |
| November, 2015  | 174.65 | 156.00 | 174.50 | 157.80 | 26,824.30  | 25,451.42 |
| December, 2015  | 186.60 | 163.00 | 186.40 | 164.00 | 26,256.42  | 24,867.73 |
| January, 2016   | 183.00 | 134.65 | 183.30 | 135.00 | 26,197.27  | 23,839.76 |
| February, 2016  | 143.00 | 115.00 | 142.30 | 116.10 | 25,002.32  | 22,494.61 |
| March, 2016     | 154.40 | 118.00 | 154.80 | 120.50 | 25,479.62  | 23,133.18 |

ii) Comparative chart of Company's share price movement vis-à-vis the movement of BSE Sensex during FY 2015-16:



i) Registrar and Transfer Agent

MCS Share Transfer Agent Limited  
 F-65, Okhla Industrial Area, Phase-I, New Delhi-110020  
 Phone : 011-41406149 – 52  
 Fax : 011-41709881  
 E-mail Id: helpdeskdelhi@mcsregistrars.com

j) Share Transfer System:

Share Transfers are attended and registered on fortnightly basis and the same are returned within 30 days from the date of receipt, if the documents are in order in all respects.

k) Distribution of shareholding as on 31<sup>st</sup> March, 2016.

| No. of Equity Shares held | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| 1-500                     | 29,537              | 94.52             | 31,97,803          | 8.00              |
| 501-1000                  | 937                 | 3.00              | 7,21,236           | 1.80              |
| 1001-2000                 | 396                 | 1.27              | 5,68,194           | 1.42              |
| 2001-3000                 | 136                 | 0.44              | 3,38,178           | 0.85              |
| 3001-4000                 | 61                  | 0.20              | 2,18,519           | 0.55              |
| 4001-5000                 | 30                  | 0.10              | 1,37,055           | 0.34              |
| 5001-10000                | 64                  | 0.20              | 4,64,204           | 1.16              |
| 10001 and above           | 88                  | 0.28              | 3,43,13,953        | 85.87             |
| <b>Total</b>              | <b>31,249</b>       | <b>100.00</b>     | <b>3,99,59,142</b> | <b>100.00</b>     |

## l) Category of Shareholders

| Category                        | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|---------------------------------|---------------------|-------------------|--------------------|-------------------|
| Promoters and Promoter Group    | 22                  | 0.07              | 2,34,92,750        | 58.79             |
| Mutual Funds / UTI              | 9                   | 0.03              | 22,234             | 0.06              |
| Financial Institutions / Banks  | 10                  | 0.03              | 3,55,490           | 0.89              |
| Insurance Companies             | 3                   | 0.01              | 38,86,797          | 9.73              |
| Foreign Institutional Investors | 21                  | 0.07              | 3,36,898           | 0.84              |
| Bodies Corporate                | 585                 | 1.87              | 31,27,960          | 7.83              |
| Individuals                     | 30,269              | 96.86             | 56,87,491          | 14.23             |
| <b>Others:</b>                  |                     |                   |                    |                   |
| I) Trusts                       | 3                   | 0.01              | 13,052             | 0.03              |
| II) Foreign Corporate Bodies    | 1                   | 0.00              | 28,93,888          | 7.24              |
| III) NRI Individuals            | 326                 | 1.04              | 1,42,582           | 0.36              |
| <b>Total</b>                    | <b>31,249</b>       | <b>100.00</b>     | <b>3,99,59,142</b> | <b>100.00</b>     |

|   |   |
|---|---|
| m) Dematerialisation of shares and liquidity.   | 3,89,55,119 shares were dematerialised till 31.03.2016 which was 97.49% of the total paid-up Equity Share Capital of the Company on that date. Trading in shares of the Company is permitted in dematerialised form only. |
| n) Commodity price risk or foreign exchange risk and hedging activities                                     | Please refer Point No.4 under the head Risk Management, which forms part of Management Discussion and Analysis.   |
| o) Outstanding GDRs/ADRs/warrants or any Convertible instruments, conversion date and likely impact equity. | There are no such instruments outstanding as on 31 <sup>st</sup> March, 2016.   |
| p) Plant locations  | a) Mandideep (Near Bhopal), Distt. Raisen- 462046, Madhya Pradesh.<br>b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad – 461001 Madhya Pradesh.   |
| q) Address for correspondence:  | HEG Limited<br>Secretarial Department<br>Bhilwara Towers, A-12, Sector –1, Noida - 201301<br>Phone:0120-4390300, 4390000 Fax:0120- 4277841<br>E-mail: heg.investor@Injbhilwara.com  |

# CEO/CFO Certificate

## Under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,  
The Board of Directors  
HEG Limited

- (a) We have reviewed financial statements and the cash flow statement for the Financial Year ended 31<sup>st</sup> March, 2016 and that to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting in the Company and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Ravi Jhunjunwala**  
*Chairman, Managing Director & CEO*

**Raju Rustogi**  
*Chief Financial Officer*

Noida (U.P.)  
27<sup>th</sup> May, 2016

# Compliance Certificate

To,  
The Members of  
HEG Limited

We have examined the compliance of conditions of Corporate Governance by HEG Limited ('the Company') for the financial year ended 31<sup>st</sup> March, 2016 as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Company's 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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 S. S. KOTHARI MEHTA & CO.  
*Chartered Accountants*  
Firm Regn. No. 000756N

For DOOGAR & ASSOCIATES  
*Chartered Accountants*  
Firm Regn. No.000561N

SUNIL WAHAL  
*PARTNER*  
Membership No. 087294

M.K. DOOGAR  
*PARTNER*  
Membership No. 080077

Place: Noida (U.P.)  
Date: 27<sup>th</sup> May, 2016