

# 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 Independent Directors constitute half of the total strength of Board as per the details hereunder:

Category of Directors	No. of Directors	% of total Directors
Independent Directors	5	50
Non Independent Non Executive Directors	4	40
Executive Directors	1	10
<b>Total</b>	<b>10</b>	<b>100</b>

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		No. of Board Meetings attended	Whether attended the last AGM (Yes/ No)
			Member	Chairman		
Shri Ravi Jhunjunwala***	Chairman, Managing Director & CEO -Promoter Executive	8	3	1	6	No
Shri Shekhar Agarwal	Vice-Chairman-Promoter Non-executive	4	3	0	7	No
Shri Dharmendar Nath Davar	Independent	7	4	2	7	No
Dr. Kamal Gupta	Independent	6	4	4	7	No
Shri Satyendra Nath Bhattacharya	Non-Executive	1	2	0	4	No
Dr. Om Parkash Bahl	Independent	0	0	0	7	Yes
Smt. Vinita Singhania #	Non-Executive	5	0	0	5	No
Shri Riju Jhunjunwala	Promoter Non-Executive	6	2	0	7	No
Shri Satish Chand Mehta	Independent	0	0	0	6	No
Smt. Ramni Nirula##	Independent	6	4	1	3	No

#### Notes:

\* 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 ("Listing Regulations").

\*\*\*Re-appointed in the Board Meeting held on 12<sup>th</sup> February, 2019 subject to approval of Shareholders for a period of 5 years i.e. 13<sup>th</sup> February, 2019 to 12<sup>th</sup> February, 2024.

#Resigned as an Independent Director w.e.f. 1<sup>st</sup> October, 2018 due to inter-locking provisions in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and appointed by Board of Directors on 31<sup>st</sup> October, 2018 as an Additional Non-Executive Director, liable to retire by rotation, subject to approval of shareholders in the ensuing Annual General Meeting.

##Appointed as an Additional Independent Women Director by Board on 31<sup>st</sup> October, 2018 for first term of five consecutive years, subject to approval of Shareholders in the ensuing Annual General Meeting.

All Directors are in compliance with the limit on Directorships as prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors are related to each other except Shri Ravi Jhunjunwala and Shri Riju Jhunjunwala, being relatives.

Independent Director means Director as mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Section 149(6) of the Companies Act, 2013. All the Independent Directors have given the declaration of their independence at the beginning of the financial year or at the time of their co-option on the Board.

None of the Directors is a member of more than 10 Board level committees and Chairman of 5 such committees across all the Public Companies in which he or she is a Director.

## ii) Directorship in other listed entities including category of Directorship

Name of Director	Category of Directorship	Listed Entities
Shri Ravi Jhunjunwala	Chairman, Promoter - Non-Executive Non-Executive Independent Promoter Non-executive Independent	RSWM Limited Maral Overseas Limited India Glycols Limited BSL Limited JK Lakshmi Cement Limited
Shri Shekhar Agarwal	Non-Executive Managing Director & CEO Chairman, Managing Director & CEO – Promoter Executive Promoter Non-Executive	RSWM Limited Maral Overseas Limited Bhilwara Technical Textiles Limited  BSL Limited
Shri Dharmendar Nath Davar	Chairman, Non-Executive Independent Independent Independent Non-Executive	Sandhar Technologies Limited Maral Overseas Limited RSWM Limited Titagarh Wagons Limited Dalmia Bharat Limited
Dr. Kamal Gupta	Independent Independent Independent	Maral Overseas Limited PNB Gilts Limited RSWM Limited
Shri Satyendra Nath Bhattacharya	Independent	Gloster Limited
Dr. Om Parkash Bahl	-	-
Smt. Vinita Singhania	Vice Chairman, Managing Director Non-Executive Non-Executive Non-Executive	JK Lakshmi Cement Limited JK Paper Limited Bengal & Assam Company Limited Udaipur Cement Works Limited
Shri Riju Jhunjunwala	Managing Director, Promoter Executive Promoter–Non-Executive	RSWM Limited Bhilwara Technical Textiles Limited
Shri Satish Chand Mehta	-	-
Smt. Ramni Nirula	Independent Independent Independent Non-Executive Independent	PI Industries Limited Eveready Industries India Limited Mcleod Russel India Limited DCM Shriram Limited CG Power and Industrial Solutions Limited

### iii) 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	189*
Shri Riju Jhunjunwala	2,20,356*

\*Under Buyback Offer of the Company (Tender Offer Route) through the Stock Exchange mechanism 11 shares of Dr. Kamal Gupta and 12,934 shares of Shri Riju Jhunjunwala have been accepted and payment @ ₹5,500 per share was made to them.

### iv) Board Meetings

The Board meets at least once in every quarter to review quarterly results and other items on the agenda. Additional meetings are held when necessary. Seven Board Meetings were held during the financial year ended the 31<sup>st</sup> March, 2019. These were held on 8<sup>th</sup> May, 2018, 31<sup>st</sup> May, 2018, 1<sup>st</sup> August, 2018, 31<sup>st</sup> October, 2018, 26<sup>th</sup> November, 2018, 30<sup>th</sup> January, 2019 and 12<sup>th</sup> February, 2019. 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. One resolution by circulation was passed by the Board of Directors on 29<sup>th</sup> March, 2019 in accordance with Section 175 of the Companies Act, 2013 and rules made thereunder.

## 3. Audit Committee

**The Audit Committee has been constituted by the Board in compliance with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.**

### (i) Terms of Reference

- 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 committee;

Provided that occasionally the Audit Committee may meet without the presence of any of the executives of the Company.

- 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 considered necessary;
- The chairperson of the Audit Committee shall be an Independent Director and shall be present at Annual General Meeting to answer the shareholder's queries;
- 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;

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - 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
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Modified opinion(s) in the draft Audit Report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 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;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transaction of the Company with related party;
- Scrutiny of inter-corporate loans and investments;
- 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 the Companies Act, 2013, it shall be valued by a person having such a qualifications and experience

and registered as a valuer in such a 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 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 thereon;
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 Board;
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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
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 party 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	Independent Director
2	Shri Shekhar Agarwal	Member	Non-Executive Promoter Director
3	Dr. Kamal Gupta	Member	Independent Director
4	Dr. Om Parkash Bahl	Member	Independent Director
5	Shri Satish Chand Mehta *	Member	Independent Director

\*Appointed on 1<sup>st</sup> August, 2018 as a member of the Committee

All these Directors possess knowledge of corporate finance, accounts and corporate laws. The Statutory Auditors, Cost 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 the 31<sup>st</sup> March, 2019, six meetings were held on 8<sup>th</sup> May, 2018, 1<sup>st</sup> August, 2018, 31<sup>st</sup> October, 2018, 26<sup>th</sup> November, 2018, 30<sup>th</sup> January, 2019 and 11<sup>th</sup> February, 2019. The attendance at the above Meetings was as under:

Sl. No.	Name of Director	No. of meetings attended
1	Shri Dharmendar Nath Davar	6
2	Shri Shekhar Agarwal	5
3	Dr. Kamal Gupta	6
4	Dr. Om Parkash Bahl	6
5	Shri Satish Chand Mehta *	3

\*Appointed on 1<sup>st</sup> August, 2018 as a member of the Committee

## 4. Nomination And Remuneration Committee

**The Nomination and Remuneration Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.**

### (i) Terms of Reference

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 and remuneration, in whatever form, payable to senior management.

- 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's diversity;
- to develop a succession plan for the Board and Senior Management and to regularly review the plan;
- Specify the manner of effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by Board, the Nomination and Remuneration Committee or by independent external agency and review its implementation and compliance.
- 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	Independent Director
2	Dr. Kamal Gupta	Member	Independent Director
3	Dr. Om Parkash Bahl	Member	Independent Director

The Company Secretary acts as Secretary of the Committee.

### (iii) Meeting and Attendance

During the financial year ended 31<sup>st</sup> March, 2019, six meetings were held on 8<sup>th</sup> May, 2018, 31<sup>st</sup> May, 2018, 1<sup>st</sup> August, 2018, 31<sup>st</sup> October, 2018, 4<sup>th</sup> February, 2019 and 11<sup>th</sup> February, 2019

The attendance at the above Meetings was as under:

Sl. No.	Name of Director	No. of meetings attended
1	Shri Dharmendar Nath Davar	6
2	Dr. Kamal Gupta	6
3	Dr. Om Parkash Bahl	6

#### (iv) Details of Remuneration paid to the Directors for the financial year ended 31<sup>st</sup> March, 2019.

(₹ in Lakhs)

Name of Director	Salary	Benefits	Commission	Sitting Fee	Total
Shri Ravi Jhunjunwala	192.00	54.48	11,881.00	-	12,127.48
Shri Shekhar Agarwal	-	-	25.00	9.00	34.00
Shri Dharmendar Nath Davar	-	-	25.00	18.40	43.40
Dr. Kamal Gupta	-	-	25.00	19.40	44.40
Shri Satyendra Nath Bhattacharya	-	-	25.00	3.00	28.00
Dr. Om Parkash Bahl	-	-	25.00	15.20	40.20
Smt. Vinita Singhania*	-	-	25.00	3.75	28.75
Shri Riju Jhunjunwala	-	-	25.00	6.65	31.65
Shri Satish Chand Mehta	-	-	25.00	7.50	32.50
Smt. Ramni Nirula #	-	-	-	3.00	3.00

\*Appointed as a Non-Executive Director w.e.f. 31<sup>st</sup> October, 2018

# Appointed on 31<sup>st</sup> October, 2018

During the financial year 2018-19, the tenure of Shri Ravi Jhunjunwala, Managing Director and Chief Executive Officer has expired on 12<sup>th</sup> February, 2019. The Board upon recommendation of Nomination and Remuneration Committee had re-appointed Shri Ravi Jhunjunwala as Managing Director for the period of five years w.e.f. 13<sup>th</sup> February, 2019 subject to the shareholders' approval. Shri Ravi Jhunjunwala will continue to act as Chairman and Chief Executive Officer of the Company in accordance with the Articles of Association and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Shareholders at the 46<sup>th</sup> Annual General Meeting of the Company approved the payment of commission to the Non Executive Directors (including Independent Directors) within the ceiling of 1% of net profits of the Company as computed under applicable provisions of Companies Act, 2013. The said commission is decided each year by the Board of Directors and distributed among them based on their attendance, responsibility as Chairman/Member of committee as well as time spent on operational matters.

In addition to above, the Company also pays sitting fees and reimburses out of pocket expenses incurred for attending the meeting of the Board to the Non-Executive Directors including Independent Directors of the Company.

Commission in respect of Shri Satyendra Nath Bhattacharya, representative of Life Insurance Corporation of India (LIC) was paid to LIC in accordance with the terms and conditions of the appointment.

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/ Independent Director(s)

The criteria of making payments to Non-Executive Director/ Independent Director(s) is appearing on the website of the Company and the weblink of the same is as under:

<http://hegltd.com/wp-content/uploads/2018/08/Criteria-of-making-payments-to-Non-Executive-Directors.pdf>

### 5. Performance Evaluation Criteria Of Independent Directors

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

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

### 6. Familiarisation Programme

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

<http://hegltd.com/wp-content/uploads/2019/04/Familiarisation-Programmes-for-independent-Directors-2018-2019.pdf>

### 7. Stakeholders Relationship Committee

**The Stakeholders' Relationship Committee has been constituted by the Board in compliance with the requirements of Section 178 (5) of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.**

#### (i) Broad Terms of Reference

(1) Resolving the grievances of the security holders

including complaints related to transfer/transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants, annual reports, statutory notices by the shareholders of the Company.

### (ii) Composition of the Committee

The composition of the Committee is as under:

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

Shri Vivek Chaudhary, Company Secretary is the Compliance Officer of the Company.

### (iii) Meetings and Attendance

During the financial year ended 31<sup>st</sup> March, 2019, Four meetings were held on 8<sup>th</sup> May, 2018, 1<sup>st</sup> August, 2018, 31<sup>st</sup> October, 2018 and 11<sup>th</sup> February, 2019.

The attendance at the above Meetings was as under: -

Sl. No.	Name of Director	No. of Meetings attended
1	Shri Riju Jhunjunwala	4
2	Shri Ravi Jhunjunwala	4
3	Dr. Kamal Gupta	4

The Company received 71 complaints from Shareholders during the financial year 2018-19. Out of which 69 were resolved to the satisfaction of the shareholders and 2 were pending at the end of the financial year 2018-19. The pending 2 shareholders' complaints were replied on 4<sup>th</sup> April, 2019 and 17<sup>th</sup> April, 2019 respectively.

## 8. Corporate Social Responsibility Committee

**The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Companies Act, 2013.**

### (i) Broad Terms of Reference

- a) 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;
- b) Recommend and monitor the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) 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 Jhunjunwala	Chairman	Executive Promoter Director
2	Shri Dharmendar Nath Davar	Member	Independent Director
3	Smt Vinita Singhania	Member	Independent Director
4	Shri Satish Chand Mehta*	Member	Independent Director

\*Appointed on 12<sup>th</sup> February, 2019, as a member of the Committee.

### (iii) Meetings and Attendance

During the financial year ended 31<sup>st</sup> March, 2019, Four meetings were held on 8<sup>th</sup> May, 2018, 1<sup>st</sup> August, 2018, 31<sup>st</sup> October, 2018, 11<sup>th</sup> February, 2019.

The attendance at the above Meetings was as under: -

Sl. No.	Name of Director	No. of meetings attended
1	Shri Ravi Jhunjunwala	4
2	Shri Dharmendar Nath Davar	4
3	Smt. Vinita Singhania	3
4	Shri Satish Chand Mehta	-

## 9. Risk Management Committee

The Securities and Exchange Board of India as part of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has mandated the constitution of Risk Management Committee for top 500 listed entities based on the market

capitalization, effective from 1<sup>st</sup> April, 2019. The Board has constituted Risk Management Committee in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on 31<sup>st</sup> October, 2018.

### (i) Broad Terms of Reference

- (i) To understand and assess various kinds of risks associated with the running of business;
- (ii) Suggesting/implementing ways & means for eliminating / minimizing risks to the business of the Company;
- (iii) Periodic review of the management control procedures/ tools used to mitigate such risks; and
- (iv) Revision/updation/implementation of SOP's related to cyber security.
- (v) Any other functions as may deem fit by the Risk Management Committee/ Board or as may be necessitated by any regulatory framework as amended from time to time in connection with the risk management of the Company.

### (ii) Composition of the Committee

Sl. No.	Name of Director	Designation	Category
1	Shri Ravi Jhunjhunwala	Chairman	Executive Promoter Director
2	Shri Dharmendar Nath Davar	Member	Independent Director
3	Dr. Kamal Gupta	Member	Independent Director
4	Smt. Ramni Nirula*	Member	Independent Director

\*Appointed as an Additional Independent Women Director by Board on 31<sup>st</sup> October, 2018 for first term of five consecutive years, subject to approval of Shareholders in the ensuing Annual General Meeting.

## 10. 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 12<sup>th</sup> February, 2019

## 13. 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 was passed
28 <sup>th</sup> September, 2016	2015-2016	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	11.30 A.M.	Yes
22 <sup>nd</sup> September, 2017	2016-2017	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	11.30 A.M.	Yes
23 <sup>rd</sup> July, 2018	2017-2018	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	11.30 A.M.	Yes

No Extra-ordinary General Meeting took place during the financial year 2018-19.

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

## 11. List of Core Skills/ Expertise/ Competencies of Directors in context of business of the Company

The following is the list of core skills / expertise /competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

- i) Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities, the industry in which the Company operates and advising on domestic market and overseas market.
- ii) Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company
- iii) Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making,
- iv) Financial and Management skills
- v) Technical / Professional skills and specialized knowledge in relation to Company's business
- vi) Environment, Health and Safety and Sustainability- Knowledge of working on environment, health and safety and sustainability activities.

## 12. 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://hegltd.com/wp-content/uploads/2018/07/Whistle-Blower-Policy-08.05.2018.pdf>



## 14. Postal Ballot

- (i) In compliance with Regulation 44 of the SEBI (LODR Regulations) and in compliance with the applicable provisions of the Companies Act, 2013 and the Companies (Management and Administration) Rules 2014, Members were provided with the facility to cast their vote electronically through the e-voting services provided by National Securities Depository Limited (NSDL), on all special resolutions set forth in the Postal Ballot Notice dated 26th November, 2018. Members were also given an option to vote by Physical Ballot.
  - (ii) The voting rights were reckoned as on the paid-up value of the shares registered in the names of the members as on December 14, 2018. The Physical Ballots were returnable by January 27, 2019.
  - (iii) Facility for voting through Postal Ballot and electronic means was available during the following period-  
Item No.-1
- Commencement of voting: 9:00 A.M. (IST) on Saturday, December 29, 2018.
  - End of voting 5:00 P.M. (IST) on Sunday, January 27, 2019.
  - (iv) The Company had appointed Mr. Saket Sharma (C .P. No. 2565), GSK & Associates, Practicing Company Secretaries as the Scrutiniser to conduct the postal ballot/ e-voting process in a fair and transparent manner.
  - (v) The Results of the Postal Ballot was declared on January 29, 2019 and resolutions were passed by requisite majority, deemed to be passed on the 27<sup>th</sup> January, 2019 i.e. last date specified for receipt of duly completed Postal Ballot forms and remote e-voting.
  - (vi) No special resolution requiring postal ballot is being proposed for the ensuing Annual General Meeting.
  - (vii) Consolidated summary of results of Postal Ballot is as under-

### Approval for Buyback of Equity shares of the Company.

Method of voting	Voted in favour of resolution	Voted against the resolution	Invalid	Percentage of total favourable votes cast (valid)
Remote E-Voting	30240933	34279	0	-
By Post	518394	575	1452	-
Total	30759327	34854	1452	99.89

Item No-2

### Approval for Investments/Loans/Guarantees/Securities.

Method of voting	Voted in favour of resolution	Voted against the resolution	Invalid	Percentage of total favourable votes cast (valid)
Remote E-Voting	27442317	2358421	-	-
By Post	514135	581	1452	-
Total	27956452	2359002	1452	92.22

## 15. 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. The transactions with related parties are in the ordinary course of business and on arm's length basis. Suitable disclosure as required by the applicable Accounting Standards, has been made in the Annual Report. A web link for policy on dealing with related party transactions is as under:  
<http://hegltd.com/wp-content/uploads/2018/12/Related-Party-Transaction-31-10-2018.pdf>
- b) There are no pecuniary relationships or transactions of Non-Executive Directors vis-a-vis Company that have a potential conflict with the interests of the Company.
- c) 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.
- d) The Company has complied with the requirements of the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- e) 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.

f) **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 a 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.

The Risk Management Framework includes inter-alia risk identification of raw material availability and cost, the markets for its products, foreign exchange etc. The functional heads / location heads are responsible for managing risk on various parameters and ensure implementation of appropriate and timely risk mitigation measures. Risks affecting the entire Company are discussed at Head Office. Risk perception and mitigation plan is presented to the Board on half yearly basis. With the constitution of the Risk Management Committee, the same would also be discussed at the committee level and then placed before the Board.

There is no hedging mechanism for Company's material inputs as well as finished products in terms of price. The suppliers of Calcined Petroleum Needle coke (which is the key input) usually resort to annual quantity contract which is subject to the pricing to be discussed and mutually agreed on quarterly / half yearly basis. Therefore, it is not practically possible to provide data in the format as prescribed by SEBI circular dated 15th November, 2018. The pricing of electrodes (which is the key finished product) is usually fixed at the time of procuring order and do not vary in normal circumstances. In any case, the market conditions for Calcined Petroleum Needle coke and for finished electrodes are similar, such that changes in the prices of Calcined Petroleum Needle coke tend to remain in tandem (except for short transitional periods) with the price of the relevant finished electrodes. Therefore, there are no hedging arrangements with regard to future prices of Calcined Petroleum Needle coke. In view of the above factors, the price risk exposure is not material.

Company usually has foreign exchange exposure in the form of export receivables and payables for import, foreign currency loans and certain expenditure. The foreign currency risk exposures usually gets balanced and the resultant net asset / liability is not material. The position of unhedged currency wise foreign exchange risk exposure as on 31st March, 2019 is incorporated in note no. 46 to the Standalone Financial Statements.

- g) The Company has a policy for determining Material Subsidiaries and the same is available on the Company's website and a weblink thereto is as under:

<http://hegltd.com/wp-content/uploads/2018/12/Material-subsidiary-31-10-2018.pdf>

At present the Company does not have any Subsidiary.

- h) No personnel have been denied any access to the Audit Committee of the Company.
- i) The Company has complied with all the applicable Accounting Standards.
- j) 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 financial year ended 31<sup>st</sup> March, 2019. The Annual Certificate given by the Chairman, Managing Director & CEO and the Chief Financial Officer is published in this report.
- k) The Internal Auditor directly reports to the Audit Committee.
- l) The Audit Report contains unmodified audit opinion.
- m) No sexual harassment complaint has been received during the financial year 2018-19.
- n) Total fee paid to Statutory Auditor for all services rendered is ₹29.50 Lakhs.
- o) No funds have been raised through preferential allotment or qualified institutions placement.
- p) During the financial year 2018-19, the Board of Directors have accepted all the recommendations of its committees.
- q) Certificate from GSK & Associates (CP No.: 2565) has been obtained that none of the Directors on Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI or Ministry of Corporate Affairs or any such authority. The certificate is reproduced as under:

**CERTIFICATE UNDER REGULATION 34(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We have checked the records of HEG Limited (CIN: L23109MP1972PLC008290), information available at the official website of Ministry of Corporate Affairs and the Securities and Exchange Board of India. On the basis of such checks, information provided, documents furnished and explanations given by the Company, we hereby certify that the none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by the Securities Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority as may be specified.

For GSK & Associates  
Company Secretaries

Saket Sharma  
(Partner)  
CP No: 2565  
Membership No: F4229  
Date: 09.05.2019  
Place: Kanpur

- r) The Company has obtained Directors & Officer insurance (D & O) policy for all the Directors including Independent Directors of the Company.

## 16. 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.heg ltd.com](http://www.heg ltd.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 2018-19."

## 17. Means Of Communication

The Company publishes its quarterly results in leading national newspapers such as Business Standard in English language (all editions) and Nav Bharat in Hindi (Bhopal edition).

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. The results are not sent individually to shareholders.

## 18. Disclosures Regarding Re-Appointment/Appointment Of Directors

Re-appointment/Appointment of the following Directors are placed for Shareholders approval in the ensuing Annual General Meeting of the Company.

- Shri Ravi Jhunjunwala (DIN: 00060972), Chairman, Managing Director & CEO of the Company was re-

appointed as the Managing Director, not liable to retire by rotation, in the Board Meeting held on 12<sup>th</sup> February, 2019 subject to approval of Shareholders, for a period of 5 years i.e. 13<sup>th</sup> February, 2019 to 12<sup>th</sup> February, 2024.

- Smt. Ramini Nirula (DIN: 00015330) has been appointed as an Additional Independent Women Director by Board on 31<sup>st</sup> October, 2018 and hold office upto the date of ensuing Annual General Meeting. The Board recommends her appointment as an Independent Director of the Company for first term of 5 (five) consecutive years with effect from 31<sup>st</sup> October, 2018 to 30<sup>th</sup> October, 2023.
- The first term of office of Dr. Kamal Gupta (DIN: 00038490), Dr. Om Parkash Bahl (DIN: 02643557) and Shri Dharmendar Nath Davar (DIN: 00002008), as Independent Directors, are expiring on 29<sup>th</sup> August, 2019. The Board has recommended the re-appointment of following Independent Directors upon the recommendation of Nomination and Remuneration Committee, for a second term, subject to approval of Shareholders at the ensuing Annual General Meeting:

Sl. No.	Name of Director	Tenure for second term
1	Shri Dharmendar Nath Davar (DIN: 00002008)	For a period of 2 years w.e.f. 30 <sup>th</sup> August, 2019 to 29 <sup>th</sup> August, 2021.
2	Dr. Om Parkash Bahl (DIN: 02643557)	For a period of 2 years w.e.f. 30 <sup>th</sup> August, 2019 to 29 <sup>th</sup> August, 2021.
3	Dr. Kamal Gupta (DIN: 00038490)	For a period of 5 years w.e.f. 30 <sup>th</sup> August, 2019 to 29 <sup>th</sup> August, 2024.

- Smt. Vinita Singhania (DIN: 00042983) has resigned w.e.f. 1<sup>st</sup> October, 2018 due to interlocking provisions of Listing Regulations.
- Smt. Vinita Singhania (DIN: 00042983) has been appointed as an Additional Non-Executive Director by Board on 31<sup>st</sup> October, 2018 subject to approval of shareholders.
- Shri Riju Jhunjunwala (DIN: 00061060) and Shri Shekhar Agarwal (DIN: 00066113), Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, has offered themselves for re-appointment.

All the above appointments/ reappointments have been recommended by Nomination and Remuneration Committee.

The Board hereby recommends all the above appointment/ re-appointment for approval of shareholders in the ensuing Annual General Meeting.

The requisite disclosures in respect of the above is attached as Annexure I to this report:

## Annexure-I

Name of Director	Ravi Jhunjhunwala	Riju Jhunjhunwala	Vinita Singhania*	Dharmendar Nath Davar	Kamal Gupta	Om Parkash Bahl	Ramni Nirula**	Shekhar Agarwal
Category of Directorship	Chairman, Managing Director & CEO	Promoter Non-Executive	Non-Executive	Independent	Independent	Independent	Independent	Promoter Non-Executive
Date of Birth	28.10.1955	13.01.1979	12.03.1952	08.08.1934	12.02.1946	5.10.1939	27.05.1952	09.10.1952
Age	63 Years	40 years	67 years	84 years	73 years	79 years	67 years	66 years
Date of Appointment on the Board	08.09.1979	30.04.2009	31.10.2018	10.11.1994	10.11.1994	30.04.2009	31.10.2018	15.07.1996
Qualification	B.Com. (Hons), MBA	Degree in Business Management studies	Graduate in Arts.	B.COM (Hons.), M.A. (Eco), CAIIB and Fellow of the Economic Development Institute of the World Bank.	FCA, FICWA, Ph.D. in Business Management.	M.Sc. and Ph.D.	B. Com(HI), MBA	B.Tech (Mech), IIT Kanpur, Master of Science Degree in Industrial & Systems Engineering from Illinois Institute of Technology, Chicago, USA
DIN	00060972	00061060	00042983	00002008	00038490	02643557	00015330	00066113

Name of Director	Ravi Jhunjhunwala	Riju Jhunjhunwala	Vinita Singhania*	Dharmendar Nath Davar	Kamal Gupta	Om Parkash Bahl	Ramni Nirula**	Shekhar Agarwal	
Experience	Shri Ravi Jhunjhunwala, age 63 years, is the Chairman, Managing Director and CEO of HEG Limited, which is one of the entities of LNJ Bhiwara Group. LNJ Bhiwara Group is a diversified conglomerate with interests in Textiles, Graphite Electrodes, Power and IT enabled services. Shri Ravi Jhunjhunwala holds a B.Com (Hons.) Degree (1976 batch) from Hindu College and Masters in Business Administration (Corp. Finance) from the Centre D etudes Industrielles (CEI), Geneva (1980-81). He is Director on Board of various Companies, mostly listed entities. He is also Independent Director on Board of two listed entities outside the group. Shri Ravi Jhunjhunwala has been associated with the Company since 1979 when he was inducted in the Board of the Company. Shri Jhunjhunwala became the Managing Director of the Company in 1989 and took over as Chairman of the Company in 1996. He has taken Company to greater heights since his association with the Company.	Shri Riju Jhunjhunwala is an Industrialist with diversified business experience. He is the Managing Director of RSWM Limited and Bhiwara Energy Ltd. He is also active in industry and social associations. He has been the past president of the Entrepreneur Organization (Delhi Chapter) among some others. He is an avid reader of history and biographies and has a keen interest in general affairs and politics.	Smt. Vinita Singhania is an Industrialist with diversified business experience. She is the Vice Chairman and Managing Director of JK Lakshmi Cement Limited and has a very long experience of managing Development Institute of the Cement business in particular. She was the First Woman President of Cement Manufacturers' Association (CMA) as well as National Council for Cement and Building Materials (NCBM).	Shri Davar, a distinguished professional development banker with innate expertise in corporate management, has the degree of B. Com (Hons.), M.A. (Economics), Certified Associate of the Indian Institute of Bankers, and is a Fellow of the Economic Development Institute of the World Bank. After serving the Punjab National Bank (PNB) in senior management position(s) upto 1968, he joined Industrial Finance Corporation of India (IFCI), a well known national level premier financial institution, and retired on completion of two terms spreading over eight years as its Executive Chairman in 1992. He had also been on the Boards and Executive Committees of IDBI and IRBI for nearly 8 years and also on the Board of LIC Housing Finance Co. He had been, for several years, a part time Consultant to the World Bank, UNIDO and KfW. Presently, he is on the Boards of several reputed companies, training institutions and Non-Governmental (Social) Organizations.	Dr. Kamal Gupta was earlier Technical Director of Institute of Chartered Accountants of India, and was instrumental in introducing Accounting and Auditing Standards in India. He has also represented India on various international professional bodies. He has expertise in the areas of Finance, Accounting and Corporate Laws and is at present a freelance consultant in these areas. He is also the renowned author of various books on Auditing and other subjects.	After finishing Post graduation and PhD (in the area of CARBON) from Gujarat in the year 1966, Dr. O.P. Bahl undertook Post Doctoral studies in the area of Carbon under a fellowship from Ministry of Aviation U.K, in North Wales. Dr. Bahl began his distinguished career from the National Physical Lab; New Delhi where he took up the challenge of developing Technologies required desperately by the Ministry of Defence in particular and the Society in general. Dr. Bahl's outstanding work in the development of Advanced/Strategic Carbon Products has been instrumental in making India self-reliant in the defence sector particularly. Superannuated as Director Grade Scientist from NPL in the year 1999 and thereafter worked as an EMIR-ATUS SCIENTIST of CSIR till 2004. In between, Dr. Bahl worked as U.N. Chief Technical Adviser [ for Carbon Fibre Project] in Brazil in addition to being UNIDO Consultant to Poland, Romania. Dr. Bahl is an established Carbon Expert in the country, having published more than 150 original/Research papers in International journals of repute in addition to 12 Patents, developed and transferred to Industry 10 Carbon related Technologies etc. Rightly, Dr. Bahl has been named as "CARBON MAN OF INDIA " by a leading national publication. Dr. Bahl has won numerous National as well as international Awards. Dr. Bahl, a passionate, innovative and forward thinking scientist in the area of Science and Technology of Carbon Materials, is a Fellow of the National Academy of Sciences and President of the Indian Carbon Society.	Dr. Bahl began his distinguished career from the National Physical Lab; New Delhi where he took up the challenge of developing Technologies required desperately by the Ministry of Defence in particular and the Society in general. Dr. Bahl's outstanding work in the development of Advanced/Strategic Carbon Products has been instrumental in making India self-reliant in the defence sector particularly. Superannuated as Director Grade Scientist from NPL in the year 1999 and thereafter worked as an EMIR-ATUS SCIENTIST of CSIR till 2004. In between, Dr. Bahl worked as U.N. Chief Technical Adviser [ for Carbon Fibre Project] in Brazil in addition to being UNIDO Consultant to Poland, Romania. Dr. Bahl is an established Carbon Expert in the country, having published more than 150 original/Research papers in International journals of repute in addition to 12 Patents, developed and transferred to Industry 10 Carbon related Technologies etc. Rightly, Dr. Bahl has been named as "CARBON MAN OF INDIA " by a leading national publication. Dr. Bahl has won numerous National as well as international Awards. Dr. Bahl, a passionate, innovative and forward thinking scientist in the area of Science and Technology of Carbon Materials, is a Fellow of the National Academy of Sciences and President of the Indian Carbon Society.	Smt Ramni Nirula, retired as Senior General Manager of ICI Bank Limited. She had more than 4 decades of experience in the financial services sector; beginning her career with the erstwhile ICI Limited in the project appraisal division. Since then she had held various leadership positions in the areas of Project Financing, Strategy, Planning & Resources and Corporate Banking.	Mr. Shekhar Agarwal is the Group Vice Chairman of the LNJ Bhiwara Group, industrial conglomerate with 70 per cent concentrated in textiles. The textiles operations are very diversified with spinning, weaving, knitting, processing and garments manufacturing in different fabrics. More than 50% of the manufactured goods are exported to more than 40 countries. He worked as a Senior Industrial & System Engineer with Rego Co., Chicago from 1976 to May 1980, having trained & practiced MOST, the Maynard Operations Sequencing Technique for manufacturing high quality valves & regulators for the LPG & Compressed gas industries. Formerly, he was the President of the Northern India Textile Mills Association. Presently he is on the National Committee on Textiles of the Confederation of Indian Industry (CII), and past Chairman of the Confederation of Indian Textile Industry (formerly ICMFI).
No. of other Directorships in Public Limited Companies	8	6	5	7	6	0	7	4	
Chairman/Member of the Committees of the Board of Directors of the Company.#	Stakeholders Relationship Committee-Member	Stakeholders Relationship Committee-Chairman	-	Audit Committee- Chairman	Audit Committee- Member	Audit Committee-Member	-	Audit Committee-Member	

Name of Director	Ravi Jhunjhunwala	Riju Jhunjhunwala	Vinita Singhania*	Dharmendar Nath Davar	Kamal Gupta	Om Parkash Bahl	Ramni Nirula**	Shekhar Agarwal
Chairman/ Member of the Committee of Directors of other Compa- nies.#								
Audit Commit- tees	AD Hydro Power Limit- ed- Chairman India Glycols Limited- Member Jk Lakshmi Cement Limited- Member	Bhilwara Technical Textiles Limited- Member	0	Hero Fincorp Limited- Chairman Titagarh Wagons Limited- Chairman Maral Overseas Limited- Member RSWM Limited- Member	Maral Over- seas Limited- Chairman RSWM Limit- ed- Chairman PNB Gills Limit- ed-Member Malana Power Company Limited- Member AD Hydro Power Limit- ed- Member Bhilwara En- ergy Limited- Member	0	Utkarsh Coreinvest Limited- Chairman DCM Shriram Limited- Member CG Power And Industrial Solutions Limited- Member Eveready Industries India Limited- Member PI Industries Limited- Member	BSL Limited- Member
Stakeholders Relationship Committee	BSL Limited- Member	Bhilwara Technical Textiles Limited- Member	0	Maral Overseas Limited- Member RSWM Limited- Member	Maral Over- seas Limited- Chairman RSWM Limit- ed- Chairman	0	0	RSWM Limited- Member Maral Overseas Limited- Member
No. of Equity Shares held in the Company	1,28,517	2,20,356	Nil	1,500	189	Nil	Nil	Nil
Number of Board Meetings attended during the year	6/7	7/7	5/7	7/7	7/7	7/7	3/7	7/7

Name of Director	Ravi Jhunjhunwala	Riju Jhunjhunwala	Vinita Singhania*	Dharmendar Nath Davar	Kamal Gupta	Om Parkash Bahl	Ramni Nirula**	Shekhar Agarwal
Terms and conditions of appointment/ re-appointment	Terms and Conditions of appointment are mentioned in notice	Non-Executive Director, liable to retire by rotation.	Non-Executive Director liable to retire by rotation.	Terms and Conditions of re-appointment are mentioned in draft letter of appointment.	Terms and Conditions of re-appointment are mentioned in draft letter of appointment	Terms and Conditions of re-appointment are mentioned in draft letter of appointment.	Terms and Conditions of appointment are mentioned in draft letter of appointment.	Non-Executive Director, liable to retire by rotation.
Remuneration sought to be paid and the remuneration last drawn	Mentioned in the item no- 5 of the Notice of AGM and explanatory statement therein.	See Note 1 below.	See Note 1 below.	See Note 1 below.	See Note 1 below.	See Note 1 below.	See Note 1 below.	See Note 1 below.
Relationship with Other Directors, Manager and Key Managerial Personnel	Shri Ravi Jhunjhunwala is relative of Shri Riju Jhunjhunwala.	Shri Riju Jhunjhunwala is relative of Shri Ravi Jhunjhunwala.	No relationship with other Director, Manager and Key Managerial Personnel.	No relationship with other Director, Manager and Key Managerial Personnel.	No relationship with other Director, Manager and Key Managerial Personnel.	No relationship with other Director, Manager and Key Managerial Personnel.	No relationship with other Director, Manager and Key Managerial Personnel.	No relationship with other Director, Manager and Key Managerial Personnel.
Justification for choosing the Independent Director	N.A.	N.A.	N.A.	As per Explanatory Statement of Notice of AGM.	As per Explanatory Statement of Notice of AGM.	As per Explanatory Statement of Notice of AGM.	As per Explanatory Statement of Notice of AGM.	N.A.

# Only Audit Committee and Stakeholders Relationship Committee have been considered.

\*Smt. Vinita Singhania was an Independent Director till 30th September, 2018 since her joining. She was appointed as an Additional Non-Executive Director, liable to retire by rotation on the Board of the Company w.e.f. 31st October, 2018, subject to the approval of Shareholders.

\*\*Smt. Ramni Nirula was appointed as an Additional Independent Director on the Board of the Company w.e.f. 31st October, 2018 for first term of consecutive five years, subject to the approval of Shareholders at the ensuing Annual General Meeting.

**Note:** Shareholders at 46th Annual General Meeting have given approval to pay commission to the Non-Executive Directors (including Independent Directors), collectively, not exceeding 1 per cent of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 and distributed among Non-Executive Directors (including Independent Directors) of the Company or some or any of them such amount or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payment may be made in respect of each year, for a period of five financial years starting from FY 2017-18, in addition to the sitting fee for attending the meeting of the Board of Directors/Committee thereof.

## 19. Shareholders' Information

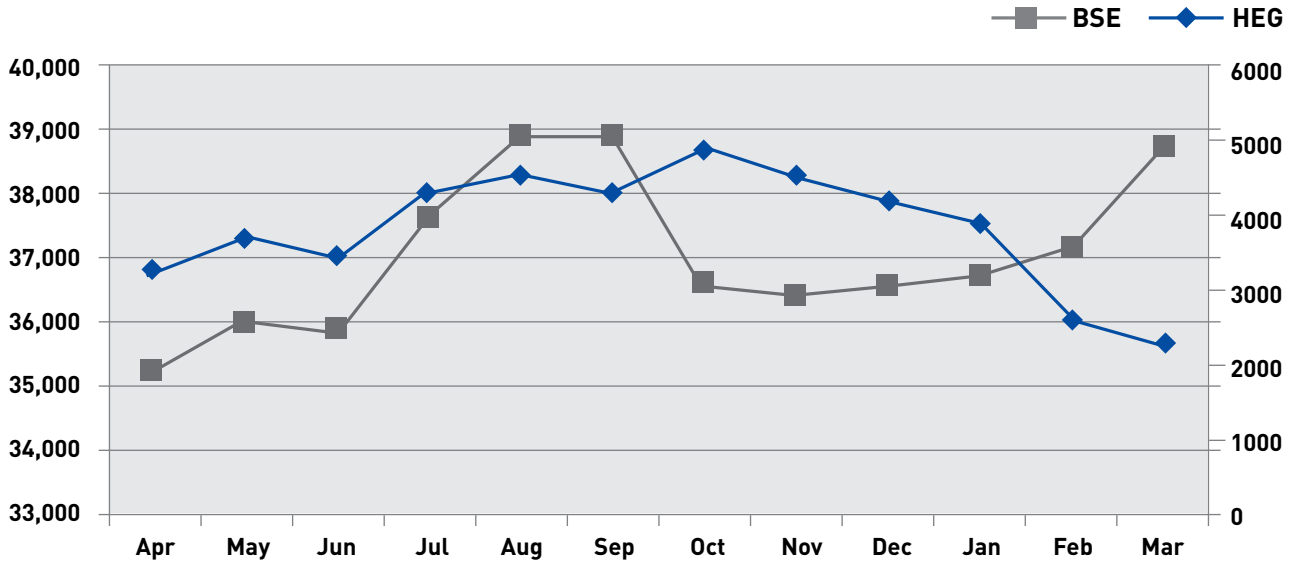
a) Annual General Meeting: Date, Time & Venue	20 <sup>th</sup> August, 2019 at 3:00 P.M. at the registered office of the Company at Mandideep, Near Bhopal, Distt. Raisen, Madhya Pradesh – 462046.
b) Financial Calendar:	Financial Year: 1 <sup>st</sup> April, 2019 – 31 <sup>st</sup> March, 2020. Reporting: a) First Quarter Results: Within 45 days of end of the 1 <sup>st</sup> Quarter b) Second Quarter Results: Within 45 days of end of the 2 <sup>nd</sup> Quarter c) Third Quarter Results: Within 45 days of end of the 3 <sup>rd</sup> Quarter d) Results for Fourth Quarter & the FY: Within 60 days of end of the FY
c) Date of Book Closure	14 <sup>th</sup> August, 2019 to 20 <sup>th</sup> August, 2019 (both days inclusive).
d) Dividend payment date:	Interim dividend- 16 <sup>th</sup> November, 2018. Final dividend- If declared, will be paid within 30 days from the date of AGM.
e) Listing of Shares on Stock Exchanges	1. BSE Limited BSE- Corporate Office Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001 Phones : (022) 22721233/4, (022) 66545695 (Hunting) Fax : (022) 22721919 2. National Stock Exchange of India Limited NSE – Corporate Office Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Phones: (022) 26598100 – 8114 Fax No: (022) 26598120
f) Payment of Listing Fees	Annual Listing fees as applicable have been duly paid.
g) Stock Code / ISIN	Equity Shares : BSE: 509631 NSE : HEG ISIN : INE545A01016
h) Whether S&P BSE 500 Index	Yes

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

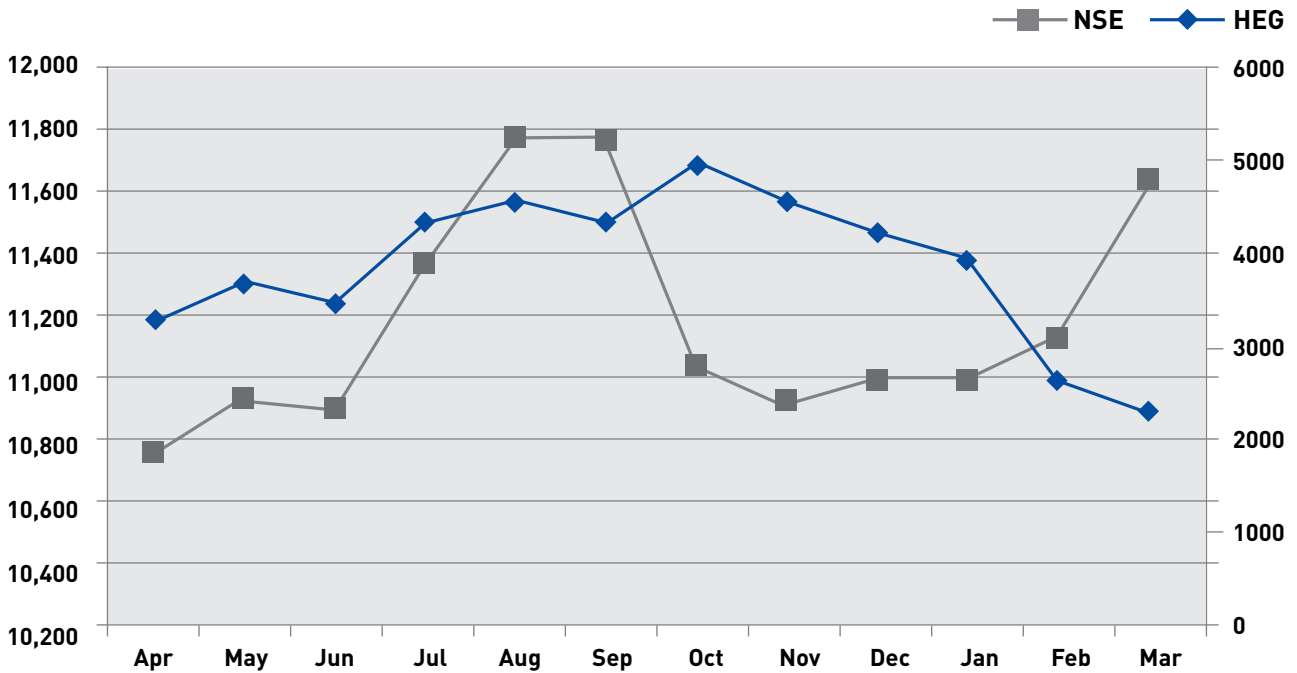
Month	NSE		BSE		BSE SENSEX		NIFTY	
	High	Low	High	Low	High	Low	High	Low
April, 2018	3,307.00	2,561.00	3,305.00	2,563.45	35,213.30	32,972.56	10,759.00	10,111.30
May, 2018	3,700.00	2,776.30	3,695.00	2,781.90	35,993.53	34,302.89	10,929.20	10,417.80
June, 2018	3,462.00	2,884.40	3,475.00	2,877.25	35,877.41	34,784.68	10,893.25	10,550.90
July, 2018	4,315.25	3,360.00	4,319.00	3,358.05	37,644.59	35,106.57	11,366.00	10,604.65
August, 2018	4,542.00	3,755.10	4,559.80	3,755.30	38,989.65	37,128.99	11,760.20	11,234.95
September, 2018	4,338.00	3,290.00	4,337.55	3,280.00	38,934.35	35,985.63	11,751.80	10,850.30
October, 2018	4,955.00	2,981.10	4,950.00	2,991.35	36,616.64	33,291.58	11,035.65	10,004.55
November, 2018	4,550.00	4,051.00	4,544.00	3,999.90	36,389.22	34,303.38	10,922.45	10,341.90
December, 2018	4,208.00	3,480.00	4,200.05	3,485.05	36,554.99	34,426.29	10,985.15	10,333.85
January, 2019	3,925.00	1,971.00	3,925.00	1,974.60	36,701.03	35,375.51	10,987.45	10,583.65
February, 2019	2,632.35	2,007.00	2,627.00	2,016.15	37,172.18	35,287.16	11,118.10	10,585.65
March, 2019	2,299.00	1,972.10	2,302.20	1,970.00	38,748.54	35,926.94	11,630.35	10,817.00



i) (ii) Comparative chart of Company's share price movement vis-a-vis the movement of BSE Sensex during FY 2018-19:



i) (iii) Comparative chart of Company's share price movement vis-à-vis the movement of Nifty during FY 2018-19:



j) Registrar and Transfer Agent	M/s. 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
k) Share Transfer System:	Share Transfers are attended and registered within the prescribed time limit. The Company obtains from practicing Company Secretary a half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of same to stock exchanges.

l) Distribution of shareholding as on 31<sup>st</sup> March, 2019 :

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	1,74,345	99.05	46,68,035	12.09
501-1000	885	0.50	6,41,321	1.66
1001-2000	387	0.22	5,46,714	1.42
2001-3000	124	0.07	3,05,618	0.79
3001-4000	57	0.03	1,98,087	0.51
4001-5000	38	0.02	1,70,592	0.45
5001-10000	76	0.04	5,57,780	1.45
10001 & above	114	0.07	3,15,07,359	81.63
<b>Total</b>	<b>1,76,026</b>	<b>100.00</b>	<b>3,85,95,506</b>	<b>100.00</b>

m) Category of Shareholders :

Category	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Promoters and Promoter Group	26	0.01	2,36,35,822	61.24
Mutual Funds / UTI	14	0.01	58,871	0.15
Financial Institutions / Banks	9	0.01	5,966	0.02
Insurance Companies	3	0.00	36,19,075	9.38
Foreign Institutional Investors	130	0.07	22,19,074	5.75
Bodies Corporate	1,851	1.05	24,30,861	6.30
Individuals	1,71,990	97.71	62,12,999	16.10
Others:				
I) Trusts	6	0.01	643	0.00
II) Cooperative Societies	1	0.00	130	0.00
III) IEPF	1	0.00	1,93,657	0.50
IV) NRI Individuals	1,989	1.13	1,99,511	0.51
V) NBFC's Registered with RBI	6	0.01	18,897	0.05
<b>Total</b>	<b>1,76,026</b>	<b>100.00</b>	<b>3,85,95,506</b>	<b>100.00</b>

n) Dematerialisation of shares and liquidity.	3,80,51,017 shares were dematerialised till 31 <sup>st</sup> March, 2019 which was 98.59% 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.
o) Commodity price risk or foreign exchange risk and hedging activities	Please refer corporate apprehensions under the head Risk Management, which forms part of Management Discussion and Analysis
p) Outstanding GDRs/ADRs/warrants or any Convertible instruments, conversion date and likely impact on equity.	There are no such instruments outstanding as on 31 <sup>st</sup> March, 2019.
q) Plant Locations	a) Mandideep (Near Bhopal), Distt. Raisen- 462046, Madhya Pradesh. b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad – 461001 Madhya Pradesh.
r) Address for correspondence	HEG Limited, Secretarial Department Bhilwara Towers, A-12, Sector -1, Noida - 201301 Phone: 0120-4390300, 4390000 Fax: 0120- 4277841 E-mail: heg.investor@lnjbhilwara.com

s) Transfer of Shares to the Investor Education and Protection Fund (IEPF)

Attention to the members is drawn to the provisions of Section 124(6) of the Companies Act, 2013 ('the Act'), read with relevant Rules, the Company is required to transfer the shares for which dividend has not been paid or claimed for 7 consecutive years or more to Investor Education and Protection Fund (IEPF).

The Company had sent individual communication to Members whose shares were liable to be transferred under the Rules at their registered address informing them of the above and for taking appropriate action.

Accordingly, the Company has transferred the equity shares in respect of which dividend upto 2010-11 has not been claimed or paid for a period of seven consecutive years or more to the IEPF.

The details are also available on our website at [www.hegltd.com](http://www.hegltd.com) and [www.iepf.gov.in](http://www.iepf.gov.in). No claim shall lie against the Company in respect of unclaimed dividend amounts and the corresponding shares transferred to IEPF, pursuant to relevant Rules. Members should note that both the unclaimed dividend and the shares transferred to IEPF can be claimed back by them from IEPF.

**Tentative schedule for transfer to IEPF is as under:**

<b>Date of Declaration of Dividend</b>	<b>Financial Year</b>	<b>Tentative Schedule for transfer to IEPF</b>
21-09-2012	2011-12	27-10-2019
21-09-2013	2012-13	22-10-2020
30-08-2014	2013-14	30-09-2021
22-09-2015	2014-15	23-10-2022
08-02-2018	2017-18 (Interim)	12-03-2025
23-07-2018	2017-18 (Final)	23-08-2025
31-10-2018	2018-19 (Interim)	05-12-2025

t) Credit Rating

India Ratings and Research has upgraded HEG Limited's (HEG) Long-Term Issuer Rating to 'IND AA' from 'IND A+' on 20<sup>th</sup> April, 2018. All credit ratings obtained by the Company are disclosed on the website of the Company i.e. [www.hegltd.com](http://www.hegltd.com). No credit rating has been obtained for any fixed deposit programme during the financial year 2018-19.

# 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 31st March, 2019 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 financial 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 financial year;
  - ii) Significant changes in accounting policies during the financial 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 Jhunjhunwala**  
*Chairman, Managing Director & CEO*  
DIN: 00060972

**Gulshan Kumar Sakhuja**  
*Chief Financial Officer*

Place : Noida (U.P.)  
Date : 20<sup>th</sup> May, 2019

# INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
HEG Limited

We, SCV & Co. LLP, Chartered Accountants, the Statutory Auditors of HEG Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2019, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

## Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

## Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2019.

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 **SCV & Co. LLP**  
Chartered Accountants  
Firm Reg. No: 000235N/N500089

**Sanjiv Mohan**  
Partner  
Membership No.: 086066

Place: Noida  
Dated: 20.05.2019