



PROUD TO BE INDIAN  
PRIVILEGED TO BE GLOBAL

**The Memorandum setting out the terms and conditions of the re-appointment of Shri Ravi Jhunjhunwala, Chairman, Managing Director and CEO under Section 190 of the Companies Act, 2013, are as under:**

Shri Ravi Jhunjhunwala, Chairman, Managing Director and CEO of the Company was re-appointed and terms of re-appointment including remuneration were approved by the members in the 47<sup>th</sup> Annual General Meeting (AGM) held on 20<sup>th</sup> August, 2019 for a period of five years w.e.f 13<sup>th</sup> February, 2019 to 12<sup>th</sup> February, 2024.

The Board of Directors upon the recommendation of Nomination and Remuneration Committee, at their respective meetings held on 10<sup>th</sup> August, 2020, have placed the matter of payment of remuneration to Shri Ravi Jhunjhunwala (DIN: 00060972), Chairman, Managing Director & CEO of the Company for shareholders approval in the ensuing AGM scheduled to be held on 11<sup>th</sup> September, 2020, as enumerated below, as minimum remuneration in case the Company has no profits or the profits of the Company are inadequate during period commencing from 1st April, 2020 to 31st March, 2022, on the terms of his appointment and remuneration already approved by the member by means of special resolution at the 47<sup>th</sup> AGM, notwithstanding that such remuneration may exceed the limits specified under Section 197 and Schedule V of the Act.

Basic Salary	Rs.10,00,000/- per month.
Commission	Not more than 2.5% of the net profits of the Company as computed in the manner laid down in Section 198 of the Companies Act, 2013.
Perquisites	In addition to the salary and commission, Shri Ravi Jhunjhunwala is entitled to the following perquisites:

**Category "A"**

**I) Housing**

(a)	The expenditure incurred by the Company on hiring unfurnished accommodation for him subject to a ceiling, namely (for residence in Delhi/outside Delhi), 60% of the basic salary or
(b)	In case the accommodation is owned by the Company, 10% of the basic salary shall be deducted by the Company, or
(c)	In case no accommodation is provided by the Company, a house rent allowance subject to a ceiling of 60% of the basic salary.



**Corporate Office :**  
Bhilwara Towers, A-12, Sector-1  
Noida - 201 301 (NCR-Delhi), India  
Tel.: +91-120-4390300 (EPABX)  
Fax: +91-120-4277841  
Website: www.lnjbhilwara.com

**Regd. Office :**  
Mandideep (Near Bhopal) Distt. Raissen - 462046  
(Madhya Pradesh), India  
Tel.: +91-7480-405500, 233524 to 233527  
Fax: +91-7480-233522  
Website: www.hegltd.com





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II)	Gas, Electricity and Water	The expenditure incurred by the Company on Gas, Electricity, Water and furnishing shall be valued as per Income-tax Rules, 1962 and will be subject to a ceiling of 10% of the basic salary.
III)	Medical Allowance	For self and family subject to a ceiling of one month's basic salary in a year subject to payment of applicable tax as per Income Tax Rules.
IV)	Leave Travel Concession	For self and family once in a year incurred in accordance with the Rules specified by the Company.
V)	Club Fees	Fees, subject to a maximum of two clubs will be allowed. This will not include admission and life membership fees.
VI)	Personal Accident Insurance	Of an amount, the annual premium of which shall not exceed Rs 10,000/-.  For the purpose of this category, "family" means the spouse, dependent children and dependent parents.

### Category "B"

I)	Provident Fund	Company's contribution to provident fund shall be as per the rules of the Company.
II)	Superannuation / Annuity Funds:	Company's contribution to superannuation/annuity fund shall be in accordance with the rules of the Company.
III)	Gratuity:	As per Rules of the Company, payable in accordance with the approved fund at the rate of half a month's basic salary for each completed year of service.

## HEG LIMITED



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Corporate Identification No.: L23109MP1972PLC008290



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Category 'C'

I)	Car:	Provision of car for use on company's business. A car for personal use would be provided by the Company and valuation of the perquisites of the same would be as per Income Tax Rules.
II)	Telephone:	Telephone at residence. Personal long distance calls shall be billed by the Company.

The same is also placed at Resolution no.6 of the notice of AGM read with its explanatory statement at item no.6 , which is attached herewith.

By order of the Board of Directors  
For HEG Limited

(Viyvek Chaudhary)  
Company Secretary  
ACS: 13263

**HEG LIMITED**



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Corporate Identification No.: L23109MP1972PLC008290



# HEG LIMITED

CIN L23109MP1972PLC008290

**Registered Office:** Mandideep (Near Bhopal), Distt. Raisen - 462 046, (M.P.),  
Phone: 07480-233524, 233525, Fax: 07480-233522

**Corporate Office:** Bhilwara Towers, A-12, Sector – 1, Noida – 201 301 (U.P.),  
Phone: 0120- 4390300 (EPABX), Fax: 0120-4277841

**E-mail:** heg.investor@lnjbhilwara.com; **Website:** www.hegltd.com

## NOTICE

**NOTICE** is hereby given that the 48<sup>th</sup> Annual General Meeting (AGM) of HEG LIMITED will be held on Friday, 11<sup>th</sup> September, 2020 at 2.30 P.M. through Video Conferencing/Other Audio Visual Means (“VC/OAVM”), without physical presence of members at the AGM venue to transact businesses as set out in this notice. The venue of the AGM shall be deemed to be the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462 046, Madhya Pradesh.

The following businesses will be transacted at the AGM:

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2020, the Reports of the Board of Directors and Auditors thereon and Audited Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2020 and the Report of Auditors thereon.
2. To confirm the payment of the Interim Dividend of ₹ 25 per Equity Share of face value of ₹ 10 each, for the financial year 2019-20.
3. To appoint a Director in place of Smt. Vinita Singhania (holding DIN: 00042983), who retires by rotation in terms of Section 152 (6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.

### Special Business:

4. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions, if any of the Companies Act, 2013 (the Act) and Schedule IV thereto and the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) or re-enactment thereof, for the time being in force), Shri Jayant Davar, (holding DIN: 00100801), who was appointed as an Additional Director (Independent) of the Company w.e.f. from 14<sup>th</sup> August, 2019 by the Board of Directors upon the recommendation of Nomination and Remuneration Committee of the Company and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and who is eligible for appointment and in respect of whom, the Company has received a notice in writing from a member under Section 160(1) of the Companies Act, 2013, proposing his candidature for the office of Director of the Company, be and is hereby appointed

as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, for a first term of five consecutive years with effect from 14<sup>th</sup> August, 2019 upto 13<sup>th</sup> August, 2024.

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

5. To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Schedule V thereto and the Rules made thereunder and (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force) and upon the recommendations of Nomination and Remuneration Committee and the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded to ratify and confirm the waiver of recovery of the remuneration amounting to ₹ 87.57 Lakhs being part of Minimum Remuneration paid to Shri Ravi Jhunjhunwala (DIN: 00060972), Chairman, Managing Director & CEO of the Company for the Financial Year 2019-20, which exceeded the limits specified under Section 197 read with Schedule V of the Act to the extent as aforesaid, due to inadequacy of profits in the said Financial Year; and to the consequential retention thereof by him.

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

6. To consider and if thought fit, to pass, the following as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Schedule V thereto and the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force) and in furtherance of the special resolution passed in the 47<sup>th</sup> Annual General Meeting held on 20<sup>th</sup> August, 2019 (“47<sup>th</sup> AGM”) and upon the recommendations of Nomination and Remuneration Committee and the Board of Directors of the Company, the fresh approval of the members of the Company be and is hereby accorded for payment of

remuneration to Shri Ravi Jhunjunwala (DIN: 00060972), Chairman, Managing Director & CEO of the Company, as enumerated below, as minimum remuneration in case the Company has no profits or the profits of the Company are inadequate during period commencing from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2022, on the terms of his appointment and remuneration already approved by the member by means of special resolution at the 47<sup>th</sup> AGM, notwithstanding that such remuneration may exceed the limits specified under Section 197 and Schedule V of the Act.

Basic Salary	₹ 10,00,000/- per month.
Commission	Not more than 2.5% of the net profits of the Company as computed in the manner laid down in Section 198 of the Companies Act, 2013.
Perquisites	In addition to the salary and commission, Shri Ravi Jhunjunwala is entitled to the following perquisites:

#### **Category "A"**

##### **I) Housing**

(a)	The expenditure incurred by the Company on hiring unfurnished accommodation for him subject to a ceiling, namely (for residence in Delhi/outside Delhi), 60% of the basic salary or
(b)	In case the accommodation is owned by the Company, 10% of the basic salary shall be deducted by the Company, or
(c)	In case no accommodation is provided by the Company, a house rent allowance subject to a ceiling of 60% of the basic salary.

II)	Gas, Electricity and Water	The expenditure incurred by the Company on Gas, Electricity, Water and furnishing shall be valued as per Income-tax Rules, 1962 and will be subject to a ceiling of 10% of the basic salary.
III)	Medical Allowance	For self and family subject to a ceiling of one month's basic salary in a year subject to payment of applicable tax as per Income Tax Rules.
IV)	Leave Travel Concession	For self and family once in a year incurred in accordance with the Rules specified by the Company.
V)	Club Fees	Fees, subject to a maximum of two clubs will be allowed. This will not include admission and life membership fees.
VI)	Personal Accident Insurance	Of an amount, the annual premium of which shall not exceed ₹ 10,000/-.  For the purpose of this category, "family" means the spouse, dependent children and dependent parents.

#### **Category "B"**

I)	Provident Fund	Company's contribution to provident fund shall be as per the rules of the Company.
II)	Superannuation/ Annuity Funds	Company's contribution to superannuation/annuity fund shall be in accordance with the rules of the Company.
III)	Gratuity	As per Rules of the Company, payable in accordance with the approved fund at the rate of half a month's basic salary for each completed year of service.

#### **Category 'C'**

I)	Car	Provision of car for use on company's business. A car for personal use would be provided by the Company and valuation of the perquisites of the same would be as per Income Tax Rules.
II)	Telephone	Telephone at residence. Personal long distance calls shall be billed by the Company.

**RESOLVED FURTHER THAT** all other existing terms and conditions of re-appointment of Shri Ravi Jhunjunwala approved by the shareholders at their 47<sup>th</sup> AGM held on 20<sup>th</sup> August, 2019 shall remain unchanged unless otherwise modified by the Board of directors of the Company upon recommendations of Nomination and Remuneration committee.

**RESOLVED FURTHER THAT** approval of members be and is hereby also accorded for payment of above remuneration in terms of Regulation 17(6)(e) of amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

7. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Shri Manish Gulati (holding DIN: 08697512), Chief Operating Officer and Chief Marketing Officer, who was appointed by the Board of Directors upon the recommendation of Nomination and Remuneration Committee of the Company as an Additional Director (Executive Director) w.e.f. 1<sup>st</sup> March, 2020, in terms of Section 152 and 161 of the Companies Act, 2013, and who hold office as such upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160(1) of the Companies Act, 2013, from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and rules thereto."

8. To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198, 2(51) and any other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules made thereunder, as amended from time to time, read with Schedule V to the Act, the consent of the Members of the Company be and is hereby accorded to appoint Shri Manish Gulati (holding DIN: 08697512), as a Whole Time Director, designated as an Executive Director of the Company, liable to retire by rotation, upon the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, for a period of 5 years with effect from 1<sup>st</sup> March, 2020 upto 28<sup>th</sup> February, 2025.

**RESOLVED FURTHER THAT** the remuneration payable to Shri Manish Gulati (holding DIN: 08697512) do hereby fixed for a period of three years w.e.f.1<sup>st</sup> March, 2020 upto 28<sup>th</sup> February, 2023 on the following terms and conditions:

Basic salary	₹ 2,94,028/- per month
Other Allowances	₹ 2,37,340/- per month
Perquisites	In addition to the salary, Shri Manish Gulati is entitled to the following perquisites:

**Category ‘A’**

**I) Housing:**

(a)	The expenditure incurred by the Company on hiring unfurnished accommodation for him subject to a ceiling, namely, 60% of the basic salary or
(b)	In case the accommodation is owned by the Company, 10% of the basic salary shall be deducted by the Company, or
(c)	In case no accommodation is provided by the Company, a house rent allowance subject to a ceiling of 60% of the basic salary.

II)	Gas, Electricity and Water	The expenditure incurred by the Company on Gas, Electricity and Water shall be valued as per Income-tax Rules, 1962 and will be subject to a ceiling of 10% of basic salary.
III)	Leave Travel Assistance	₹ 4,000/- per month
IV)	Club Fees	Fees, subject to a maximum of two clubs will be allowed. This will not include admission and life membership fees.
V)	Personal Accident Insurance	Of an amount, the annual premium of which shall not exceed ₹ 10,000/. For the purpose of this category, “family” means the spouse, dependent children and dependent parents.

**Category ‘B’**

I)	Provident Fund	Company’s contribution to provident fund shall be as per the rules of the Company.
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II)	Super-annuation	Company’s contribution to super-annuation fund shall be in accordance with the rules of the Company.
III)	Gratuity	As per Rules of the Company.

**Category ‘C’**

I)	Car	Provision of car for use on Company’s business. Use of car for private purpose shall be billed by the company.
II)	Telephone and Mobile	Reimbursement of Residential Telephone and Mobile usage expenses as per policy of the Company.
III)	Furnishing and other Loans	Furnishing and other Loans as per the policy of the Company.

**RESOLVED FURTHER THAT** in the event of any loss or inadequacy of the profits of the Company in any financial year during the period of 3 years from the date of appointment i.e. 1<sup>st</sup> March, 2020 to 28<sup>th</sup> February, 2023, the remuneration mentioned above shall be paid to Shri Manish Gulati as minimum remuneration.

**RESOLVED FURTHER THAT** Shri Manish Gulati shall be a Director subject to retirement by rotation during his tenure as an Executive Director; AND THAT if he is reappointed as Director immediately on retirement by rotation, he shall continue to hold office as an Executive Director and that the retirement by rotation and re-appointment shall not be deemed to constitute a break in his appointment as an Executive Director of the Company.

**RESOLVED FURTHER THAT** in terms of provisions of Section 2 (51) of the Companies Act, 2013, Shri Manish Gulati, Executive Director shall also continue to act as KMP (Key Managerial Personnel) of the Company.

**RESOLVED FURTHER THAT** the Board of Directors upon the recommendations of Nomination and Remuneration Committee of the Company be and is hereby authorized to vary and or/modify the terms and conditions including remuneration payable to Shri Manish Gulati with his concurrence and within the limits as prescribed under the Companies Act, 2013 read with Schedule V thereto including any amendment, modification, variation or re-enactment thereof.”

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

9. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. N.D. Birla & Co., Cost Accountants (Firm Registration Number 000028) who were appointed by the Board of Directors of the Company, to conduct the audit of the cost records for the financial year ending 31<sup>st</sup> March 2021, be paid the

remuneration of ₹ 2,00,000/- (Rupees Two Lakhs only) plus applicable taxes and out of pocket expenses that may be incurred by them during the course of audit.”

By order of the Board of Directors  
For **HEGLimited**

Sd/  
**(VivekChaudhary)**  
**Company Secretary**  
**ACS: 13263**

**Place: Noida (U.P.)**  
**Date : 10<sup>th</sup> August, 2020**

**Registered Office**

Mandideep (Near Bhopal)  
Distt.Raisen - 462046, (M.P.)  
CIN L23109MP1972PLC008290  
E-mail: [heg.investor@lnjbhilwara.com](mailto:heg.investor@lnjbhilwara.com)  
Website: [www.heg ltd.com](http://www.heg ltd.com)  
Phone: 07480-233524, 233525, Fax: 07480-233522

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) relating to the special business to be transacted at the Annual General Meeting (AGM) is annexed hereto. The Board of Directors have considered and decided to include the Item Nos. 4 to 9 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
2. In view of continuing COVID-19 pandemic, Ministry of Corporate Affairs (MCA) vide circular dated 5<sup>th</sup> May, 2020 read with circular dated 8<sup>th</sup> April, 2020 & 13<sup>th</sup> April, 2020 and Securities and Exchange Board of India (SEBI) vide its circular dated 12<sup>th</sup> May, 2020 (collectively referred to as Circulars) permitted holding of AGM without physical presence of the members at the venue. In compliance with these Circulars, the 48<sup>th</sup> AGM of the Company will be held through VC/OAVM only without physical presence of the members at the venue. The Members can attend and participate in the AGM through VC/OAVM only. Further, the Company will be availing remote e-voting/ e-voting system for casting vote during AGM from National Securities Depository Limited (NSDL).
3. Pursuant to the Circular No. 14/2020 dated April 08, 2020 read with Circular No. 20/2020 dated May 05, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the proxy form is not annexed to this notice. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting. Since, the Members are required to attend and participate in the AGM through VC/OAVM only, therefore attendance slip and route map are not annexed to this notice.
4. M/s SCV & Co LLP having (Firm Registration No. 000235N/ N500089), Chartered Accountants, the Statutory Auditors of the Company will hold office until the conclusion of the 50<sup>th</sup> Annual General Meeting of the Company to be held in the year 2022. Pursuant to the notification dated May 7, 2018, issued by Ministry of Corporate Affairs, the requirement

for ratification of appointment of Statutory Auditors by the shareholders at every Annual General Meeting has been done away with. In view of the above, ratification by the members for continuance of their appointment in the ensuing Annual General Meeting is not being sought.

5. Institutional/Corporate members are requested to send at [heg.investor@lnjbhilwara.com](mailto:heg.investor@lnjbhilwara.com) or upload on VC/ OAVM portal, a duly certified copy (PDF/JPEG format) of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting, pursuant to Section 113 of the Act.
6. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, 5<sup>th</sup> September, 2020 to Friday, 11<sup>th</sup> September, 2020** (both days inclusive) for the purpose of the AGM.
7. The Company's Registrar and Transfer Agent (RTA) for its Share Registry Work (Physical and Electronic) is MCS Share Transfer Agent Limited, having its office at F-65, First Floor, Okhla Industrial Area, Phase-I, New Delhi -110020.
8. Members are requested to note that under Section 124 of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (IEPF Rules), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government of India. The Company had, accordingly, transferred the unpaid and unclaimed final dividend amounting to ₹ 22.97 Lakhs for financial year 2011-12 to the IEPF within the stipulated time period.  
  
Information regarding unpaid and unclaimed dividend in respect of dividends declared up to the financial year 2018-19 reported/filed in Form No. IEPF-2 after the 47<sup>th</sup> AGM of the Company held on 20<sup>th</sup> August, 2019, has been uploaded on the Company's website: [www.heg ltd.com](http://www.heg ltd.com) under 'Investors' section. The said information is also available on the website of IEPF Authority i.e. [www.iepf.gov.in](http://www.iepf.gov.in). Further, the Company has also uploaded the details in respect of unpaid and unclaimed final dividend 2018-19 and interim dividend 2019-20 declared during the financial year 2019-20, on the website of the Company.  
  
The concerned members are requested to verify the details of their unclaimed amounts, if any, from the said websites and write to the Company's Secretarial department at Corporate Office / RTA before the same becoming due for transfer to the Investor Education and Protection Fund.
9. Members are requested to note that, pursuant to the provision of Section 124(6) of the Companies Act 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the demat account of the Investor Education and Protection Fund Authority ('IEPF Authority'). The Members / claimants whose shares, unclaimed dividend, etc. have been transferred to the IEPF Authority may claim the shares/unclaimed dividend or by making an application to IEPF Authority in Web Form No IEPF 5 (available on [iepf.gov.in](http://iepf.gov.in)) as per the procedure prescribed in the IEPF Rules.

10. Members are requested to intimate/update changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc. (along with duly cancelled cheque leaf stating the said details) to their Depository Participant in case the shares are held by them in electronic form or to the Company's RTA in case the shares are held by them in physical form, which will help the Company and the Company's RTA to provide efficient and better services. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or RTA for assistance in this regard. Further, members who hold shares in physical mode in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to RTA, for consolidation into a single folio.
11. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
12. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled to RTA at their office address mentioned in Note no. 7. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
13. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their Depository Participant in case the shares are held by them in electronic form and with Company's RTA in case the shares are held by them in physical form.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the Securities Market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding the shares in physical form can submit their PAN details to the Company/RTA.
15. Details under Regulation 36(3) and 26(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and in terms of Secretarial Standard-2 in respect of the Directors seeking appointment/re-appointment and fixation of remuneration at the 48<sup>th</sup> Annual General Meeting are annexed hereto as Annexure II to this Notice which forms part of the explanatory statement. Requisite declarations have been received from the Directors seeking appointment/re-appointment. The Independent Director of the Company has been appointed for a consecutive term of 5 years and is not eligible to retire by rotation.
16. Non-Resident Indian members are requested to inform RTA/ respective DP's, immediately of:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number, IFSC Code and address of the bank with pin code number, if not furnished earlier.
17. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, 1<sup>st</sup> April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.
18. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the **cut-off date i.e. Friday, 4<sup>th</sup> day of September, 2020**. Members are eligible to cast vote only if they are holding shares as on that date and a person who is not a member as on the cut off date should treat this notice for information purposes only.
19. Members of the Company who acquires shares after the sending of Notice by the Company and hold shares as on the cut-off date i.e. Friday, 4<sup>th</sup> day of September, 2020, shall follow the same procedure for e-Voting as mentioned at point no 27.
20. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories and Company's RTA as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through VC/OAVM.
21. In terms of Section 152 of the Act, Smt. Vinita Singhania, is liable to retire by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.
22. Shri Manish Gulati, Executive Director, has been appointed as per the provisions of the Companies Act, 2013 for a period of 5 years with effect from 1<sup>st</sup> March, 2020 upto 28<sup>th</sup> February, 2025, liable to retire by rotation.
23. **ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ELECTRONIC ANNUAL REPORT:**
  - (i) In accordance with, the General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
  - (ii) Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the RTA of Company at the address mentioned at point no. 7 or email at [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com) along with the copy of the signed request letter mentioning the name, folio number and address of the Member, self-attested copy of the PAN card, self-attested copy of Aadhar and copy of share certificate (front & end).



Members holding shares in dematerialized mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to the Company/RTA.

- (iii) The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at [www.heg ltd.com](http://www.heg ltd.com). on the website of Stock Exchanges, where shares of the Company are listed i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of NSDL at [www.evoting.nsd.com](http://www.evoting.nsd.com).

#### 24. PROCEDURE FOR INSPECTION OF DOCUMENTS:

- i. All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection on the website of the Company till the date of this Annual General Meeting.
- ii. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon login at NSDL e-voting system at <https://www.evoting.nsd.com>.

#### 25. PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

Members desiring any information/clarification on the accounts or any matter to be placed at the AGM are requested to write to the Company at [queries.agm48@lnjbhilwara.com](mailto:queries.agm48@lnjbhilwara.com) on or before Friday, 4<sup>th</sup> September, 2020, to enable the management to keep information ready at the AGM. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, demat account number/folio no., mobile number at [queries.agm48@lnjbhilwara.com](mailto:queries.agm48@lnjbhilwara.com) on or before Friday, 4<sup>th</sup> September, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The other members desiring to seek information/clarification during the AGM may ask through the chat box facility provided by NSDL. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.

The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

#### 26. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsd.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/

members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members who need assistance before or during the AGM with use of technology, can:

- Send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or use Toll free no.: 1800-222-990; or
- Contact Mr. Amit Vishal, Senior Manager, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [AmitV@nsdl.co.in](mailto:AmitV@nsdl.co.in) or at telephone number +91-22-24994360; or
- Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone number +91-22-24994545

3. Members are encouraged to join the Meeting through Laptops for better experience.

4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

7. The e-voting module shall be disabled by NSDL for voting after the conclusion of the meeting.

#### 27. PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, the Company is pleased to provide the members with a facility to exercise their right to vote by electronic means for the business to be transacted at the AGM.

2. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be

made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

3. The facility for voting through e-voting shall also be made available at the AGM through VC/ OAVM for members who have not already cast their vote prior to the meeting by remote e-voting. No voting by show of hands will be allowed at the Meeting.
  4. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM through VC/ OAVM but shall not be entitled to cast their vote again.
  5. Members who have casted their vote through remote e-voting and also at the AGM through VC/ OAVM, then vote casted at the meeting will be treated invalid.
  6. The remote e-voting period begins on **Monday, 7<sup>th</sup> September, 2020 at 9:00 A.M. and ends on Thursday, 10<sup>th</sup> September, 2020 at 5:00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter.
28. **THE INSTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM ARE AS UNDER:**

**A. INSTRUCTIONS FOR REMOTE E-VOTING PRIOR TO THE AGM**

**How do I vote electronically using NSDL Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company. For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “[Forgot User Details/Password?](#)” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) [Physical User Reset Password?](#)” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for Shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). In case of any grievance connected with facility for remote e-voting or e-voting, please contact to Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone number +91 22 24994545.

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [heg.investor@inibhilwara.com](mailto:heg.investor@inibhilwara.com) or [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com).
2. In case shares are held in demat mode, please contact your Depository Participant (DP) and register your e-mail address in your demat account, as per the process advised by your DP.

**B. INSTRUCTIONS FOR E-VOTING DURING THE AGM**

1. The procedure for e-voting during the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members / Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
3. The details of the person who may be contacted for any grievances connected with the facility for e-voting during the AGM shall be the same as mentioned above for remote e-voting.

**29. DECLARATION OF RESULTS:**

1. Mr. Saket Sharma, a Practicing Company Secretary (Membership No. FCS 4229), Partner, M/s. GSK & Associates has been appointed as the Scrutinizer to scrutinize the e-voting and remote e-voting process in a fair and transparent manner.

2. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The results shall be declared not later than forty-eight hours from conclusion of the meeting by posting the same on the website of the Company ([www.hegltd.com](http://www.hegltd.com)), website of NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) and by filing with BSE Ltd and National Stock Exchange of India Ltd. It shall also be displayed on the Notice Board at the Registered Office & Corporate Office of the Company.

Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of the Meeting i.e. 11<sup>th</sup> September, 2020.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

##### **ITEM NO. 4**

Members may note that the Board of Directors of the Company upon the recommendation of Nomination and Remuneration Committee, have appointed Shri Jayant Davar (holding DIN: 00100801) as an Additional Director (Independent) w.e.f. 14<sup>th</sup> August, 2019, for the first term of five consecutive year subject to the approval of Shareholders.

In terms of the provisions of Section 161(1) of the Companies Act, 2013 ('the Act'), Shri Jayant Davar hold office up to the date of this Annual General Meeting as an Additional Independent Director.

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

Shri Jayant Davar is not debarred from holding the office of Director, pursuant to any SEBI order or any other such authority.

The Company has received a declaration from Shri Jayant Davar that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and Regulation 16(1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Shri Jayant Davar fulfills the conditions for appointment as an Independent Director specified in the Act and rules made thereunder and Listing Regulations. Shri Jayant Davar is independent to the management.

The Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company under Section 160 of the Act.

Shri Jayant Davar is the Founder, Co-Chairman & Managing Director of Sandhar Technologies Limited (STL). STL operates out

of 4 countries and 36 manufacturing plants. From its inception in 1985, STL has grown to be a one of the leading component suppliers to most of the Automotive OEM's and Tier 1 suppliers.

Shri Davar is a Mechanical Engineer and also an alumni of Harvard Business School. He has been conferred with the distinguished alumnus award by his High School (Spring dales School, New Delhi) and his Engineering College (Thapar Institute of Engineering and Technology, Patiala). He was the Chairman of the Confederation of Indian Industries, Northern Region and has been the president of the Auto Component Manufacturers Association in the past. He has three decades of experience in the auto components sector.

His vast and varied experience in the business and corporate world justify his appointment as an Independent Director. Further his contribution towards deliberations in the Board/Committee Meeting will be in the best interest of the Company.

He has also been actively involved in several professional bodies. He is the member of Planning and Investment Committee of the Company. Shri Davar actively participated in the meetings and has been making very valuable contribution during discussions at the Board Meetings. He is very regular and always on time for the Meetings of the Board of Directors. He always asks insightful questions and raises thought revoking perspectives. He also do follow-up on matters on which he has expressed concern.

Shri Davar always expressed his own judgment & Voices/Opinion/View freely at the Board meetings.

The Board evaluated the performance of Shri Jayant Davar on the basis of criteria laid down in the Nomination and Remuneration Policy of the Company and expressed their satisfaction over his performance as an Independent Director of the Company.

The resolution seeks the approval of members for appointment of Shri Jayant Davar as an Independent Director pursuant to Section 149 and other applicable provisions of the Act and rules made thereunder to hold office for a first term of five consecutive years w.e.f. 14<sup>th</sup> August, 2019 upto 13<sup>th</sup> August, 2024.

The Board is of the opinion that it will be beneficial to the Company to avail his services as an Independent Director of the Company and the item no. 4 of his appointment, being a special business in this Notice is unavoidable and thus commends the Ordinary Resolution for approval by the members.

A copy of the draft letter for the appointment of Shri Jayant Davar as an independent director setting out the terms and conditions is available on the website of the Company for inspection till the date of AGM.

Details of Shri Jayant Davar are provided in the "Annexure II" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Shri Jayant Davar is concerned or interested in the resolution of the accompanying notice relating to his appointment and his relatives are concerned or interested to the extent their shareholding, if any, in the Company. None of the other Directors/ Key Managerial Personnel of the Company, and/or their relatives are, in any way, concerned or interested financially or otherwise, in the proposed Resolution. This statement may also be regard as an appropriate disclosure under the Listing Regulations.

## ITEM NO. 5 & 6

Members of the Company may note that Shri Ravi Jhunjunwala, Chairman, Managing Director and CEO of the Company was re-appointed and terms of re-appointment including remuneration were approved in the 47<sup>th</sup> Annual General Meeting (AGM) held on 20<sup>th</sup> August, 2019, for a period of five years w.e.f. 13<sup>th</sup> February, 2019 to 12<sup>th</sup> February, 2024.

The terms of his remuneration approved by the Members at the 47<sup>th</sup> AGM inter-alia provided that in the event of any loss, absence or inadequacy of the profits of the Company in any financial year during the term of office of Shri Ravi Jhunjunwala, the remuneration approved shall be paid to Shri Ravi Jhunjunwala as minimum remuneration and the same shall be subject to the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 (the Act).

Further, the Company is going through a set of unprecedented circumstances and recorded net sales of ₹ 2,101.89 Crores during the financial year 2019-20 as compared to ₹ 6,436.32 Crores in the previous financial year. The Net Profit during the financial year 2019-20 was at ₹ 53.37 Crores as compared to a net profit of ₹ 3,050.43 Crores in financial year 2018-19. Owing to the above factors, the financial performance of the Company in the financial year ended March 31, 2020 did not meet expectations.

Further for the financial year ended 31<sup>st</sup> March, 2020, the Company had net loss as computed in accordance with provisions of Section 198 of the Companies Act, 2013.

Members may further note that in accordance with Section 197 of the Companies Act, 2013, if in any financial year, a Company has no profits or its profits as per Section 198 of Companies Act, 2013 are inadequate, the Company shall not pay to its directors, by way of remuneration any sum exclusive of sitting fees except in accordance with the provisions of Schedule V.

There are two components of remuneration of Shri Ravi Jhunjunwala, Chairman, and Managing Director & CEO of the Company:

- Salary & Perquisites
- Commission: Not more than 2.5% of the net profits of the Company as computed in the manner laid down in Section 198 of the Companies Act, 2013.

On the basis of Salary & Perquisites components of remuneration of Shri Ravi Jhunjunwala, a sum of ₹ 2.25 Crores was paid (excluding Provident Fund, Superannuation to the extent exempted and Gratuity) for the financial year 2019-20. Members may note that no commission was paid or accrued for financial year 2019-20 to Shri Ravi Jhunjunwala.

As a result of the above, the remuneration paid to Shri Ravi Jhunjunwala for the financial year 2019- 20 exceeded the limits specified under Section 197 & 198 of the Companies Act, 2013 (the Act) read with Section II of Part II of Schedule V thereto.

Members may note that in accordance with the provisions of Section 197(10) of the Companies Act, 2013 & rules thereto, the excess remuneration paid shall be regularized by Shareholders through Special Resolution.

Further the Company is not in default in payment of dues to any bank or public financial institution or to any other secured creditor, and accordingly their prior approval is not required, for approval of the proposed special resolutions.

Thus pursuant to Section 197(10) of the Act, the members of the Company can waive the recovery of ₹ 87.57 Lakhs, being part of Minimum Remuneration paid during the financial year 2019-20, which exceeded the limits specified under Section 197 read with Schedule V of the Act to the extent as aforesaid, due to inadequacy of profits in the said Financial Year.

Members may also note in accordance with Section V of Part II of Schedule V a managerial person shall draw remuneration from one or both companies provided that the total remuneration drawn from the companies does not exceed the higher maximum limit admissible from any one of the companies of which he is a managerial person.

Since Shri Ravi Jhunjunwala, Chairman, Managing Director and CEO of the Company is also a Chairman and Managing Director of Malana Power Company Ltd, the remuneration drawn by Shri Ravi Jhunjunwala from both the Companies does not exceed, if the higher maximum limit admissible of Malana Power Company Ltd., is taken into account.

Members may also note that in accordance with the Section II of Part II of the Schedule V, where in any financial year during the currency of tenure of managerial person the Company has no profit or its profits are inadequate the remuneration can be paid for the period not exceeding three years within the limits specified in Para 1(A), subject to the approval of shareholders and requisite disclosures as prescribed under Section II of Part II of Schedule V. The details required under Section II of Part II of Schedule V are attached as Annexure-I.

Further, Members may note that Shri Ravi Jhunjunwala had taken a Voluntary cut of 50% in basic salary for the financial year 2020-21, which has been noted by the Nomination & Remuneration Committee and Board of Directors in their respective meetings held on 17<sup>th</sup> June, 2020.

Members may also note that based on the financial position of the Company as on 31<sup>st</sup> March, 2020 and the prevailing circumstances affecting the profitability of the Company, the Company may not have adequate profits to pay minimum remuneration to Shri Ravi Jhunjunwala, Chairman, Managing Director and CEO as approved by the Shareholders at the Annual General Meeting of the Company held on the 20<sup>th</sup> August, 2019.

Further the Board of Directors of the Company believes that the remuneration as previously approved by the members of the Company is justified in terms of their key role within the Company. Further there is no increase in remuneration of Shri Ravi Jhunjunwala as envisaged in terms of the resolutions set out at Item No 5 & 6 of this notice and the same is in line with the remuneration already approved by the member at the 47<sup>th</sup> AGM.

Thus Board of Directors upon recommendation of Nomination and Remuneration Committee at its meeting held on 10<sup>th</sup> August, 2020 approved the remuneration of Shri Ravi Jhunjunwala, subject to the approval of shareholders, as per following details:

Name of Director	Particulars	Approval sought from Shareholders in this AGM
Shri Ravi Jhunjunwala, Chairman, Managing Director & CEO	Remuneration for the period 01.04.2019 to 31.03.2020	Special Resolution for waiver/ratification of excess remuneration paid during the financial year ended 31 <sup>st</sup> March, 2020 in terms of provisions of Section 197(10) of the Companies Act, 2013 & rules thereto.
	Remuneration for the period 01.04.2020 to 31.03.2022	Special Resolution for payment of remuneration from 1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2022 in terms of Section II(A) of Part II of Schedule V to the Companies Act, 2013.

In view of the above, it is also proposed to obtain the approval of the Members by way of Special Resolutions as mentioned at item no 5 & 6 of the Notice to the terms of remuneration payable to Shri Ravi Jhunjunwala.

Members of the Company may note that their approval by way of Special Resolution is also required in terms of Regulation 17(6) (e) SEBI (LODR) Regulations, 2015, for paying remuneration to Shri Ravi Jhunjunwala for an amount exceeding ₹ 5 Crores per annum or 2.5 % of net profits of the Company, whichever is higher.

Accordingly Board is of opinion that the Item No 5 & 6 are being unavoidable and thus commends the resolutions for your approval as Special Resolution.

Details of Shri Ravi Jhunjunwala pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India is as under:

Name of Director	Shri Ravi Jhunjunwala
Category of Directorship	Chairman, Managing Director & CEO
Date of Birth	28.10.1955
Age	64
Date of Appointment on the Board	08.09.1979
Qualification	B.Com. (Hons). MBA
DIN	00060972
Experience	Shri Ravi Jhunjunwala, age 64 years, is the Chairman, Managing Director and CEO of HEG Limited, which is one of the entities of LNJ Bhilwara Group. LNJ Bhilwara Group is a diversified conglomerate with interests in Textiles, Graphite Electrodes, Power and IT enabled services. Shri Ravi Jhunjunwala holds a B.Com (Hons.) Degree (1976 batch) from Hindu College and Masters in Business Administration (Corp. Finance) from the Centre D'etudesIndustrielles (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 Jhunjunwala has been associated with the Company since 1979 when he was inducted in the Board of the Company. Shri Jhunjunwala 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.

No. of other Directorships in Public Limited Companies	8
Chairman/ Member of the Committees of the Board of Directors of the Company.#	Stakeholders Relationship Committee-Member
Chairman/ Member of the Committee of Directors of other Companies.#	
Audit Committee	AD Hydro Power Limited- Chairman India Glycols Limited-Member JK Lakshmi Cement Limited- Member
Stakeholder Relationship Committee	BSL Limited- Member
No of Equity Shares held in the Company	5,98,719 Equity Shares (including 2,02,806 Equity Shares of Ravi Jhunjunwala - HUF) as on 10 <sup>th</sup> August, 2020
Number of Board Meetings attended during the year	5
Terms and conditions of re-appointment	Available on the website of the Company.
Remuneration sought to be paid and the remuneration last drawn	Details of remuneration sought to be paid is mentioned in Resolution No. 6. Last Remuneration drawn ₹ 12127.48 Lakhs

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

A Copy of the Memorandum setting out the terms and conditions of the re-appointment of Shri Ravi Jhunjunwala under Section 190 of the Act is available on the website of the Company for inspection.

Shri Ravi Jhunjunwala, is concerned or interested in the item no 5 & 6 of the accompanying notice.

Shri Riju Jhunjunwala, Vice Chairman being relative of Shri Ravi Jhunjunwala, is also interested. Their relatives to the extent of their shareholding are concerned or interested in the said resolution.

Save and except the above, none of the other Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested financially or otherwise in the aforesaid Resolutions. This statement may also be regard as an appropriate disclosure under the Listing Regulations.

#### ITEM NO. 7

The Board of Directors at their meeting held on 11<sup>th</sup> February, 2020, had upon the recommendation of Nomination and Remuneration Committee, appointed Shri Manish Gulati (holding DIN: 08697512), Chief Operating Officer and Chief Marketing

Officer of the Company as an Additional Director (Executive Director) w.e.f. 1<sup>st</sup> March, 2020, subject to the approval of shareholders. He will hold office up to the date of ensuing Annual General Meeting as an Additional Director in terms of Section 161 of the Companies Act, 2013 (the Act).

Shri Manish Gulati, aged 51 years is a BSc (Statistics) Agra University, BE Electronics, Pune University and MBA (Marketing and Finance), FMS Delhi University, having professional experience of more than 28 years.

He has been associated with our Company (HEG Limited) for more than 27 years since May 1993 and started his career with sales and marketing in India. As the Company grew in capacity, he started developing business in export markets and expanded the Company's presence in more and more countries and became the Chief Marketing Officer in 2010. Meanwhile, he also started taking care of purchase of key raw materials, equipments, shipping and logistics etc.

By then, already having spent 27 years with the Company and having developed an in-depth understanding of the customers, Product application, Quality, Customer service, Production planning etc, he was promoted to be the Chief Operating Officer and Chief Marketing Officer in Feb 2019 with the overall responsibility of Plant operations, Sales, Logistics, Customer service besides Marketing responsibility.

With his extensive industry experience, he has brought lot of value and perspectives in all key management decisions. Over some past years, he has been spending more and more time at the plant and has accumulated tremendous knowledge of all the technical processes, purchases, HR activities etc besides his core strength of marketing and purchases etc.

The Board of Directors upon commendation of Nomination and Remuneration Committee and looking to his rich experience and keeping in mind the expansion and the growth of the Company, felt it in the best interest of the Company to appoint/co-opt him on the Board subject to shareholders' approval.

The Company has received a notice in writing from a member proposing his candidature for the office of the Director of the Company under Section 160 of the Act.

The Company has received consent in writing from Shri Manish Gulati to act as Director and intimation to the effect that he is not disqualified from being a Director under Section 164 of the Act,.

Shri Manish Gulati is liable to retire by rotation in terms of Section 152(6) of the Act and rules thereto.

Shri Manish Gulati is not debarred from holding the office of Director, pursuant to any SEBI order or any other such authority.

Details of Shri Manish Gulati are provided in the "Annexure II" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The Board is of the opinion that the item no. 7 of his appointment, being a Special Business in this Notice is unavoidable and thus commends the Ordinary Resolution for approval by the members.

Shri Manish Gulati is concerned or interested in the resolution of the accompanying notice relating to his appointment and his relatives are concerned or interested to the extent their shareholding, if

any, in the Company. None of the other Directors/ Key Managerial Personnel of the Company, and/or their relatives are, in any way, concerned or interested financially or otherwise, in the proposed Resolution. This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

#### **ITEM NO. 8**

The Board of Directors at their meeting held on 11<sup>th</sup> February, 2020, had upon the recommendation of Nomination and Remuneration Committee, approved the appointment and terms of appointment including remuneration of Shri Manish Gulati (holding DIN: 08697512), Chief Operating Officer and Chief Marketing Officer of the Company as Whole Time Director to be designated as an Executive Director of the Company, liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 (the Act), for a period of five years w.e.f. 1<sup>st</sup> March, 2020, subject to the approval of shareholders.

Shri Manish Gulati, will continue to act as a Key Managerial Personnel of the Company in terms of Section 2(51) of the Act and rules thereto.

The Board considered the feedback/views of Nomination and Remuneration Committee on the performance evaluation of Shri Manish Gulati, Chief Operating Officer and Chief Marketing Officer while approving his appointment for a period of five years, subject to the approval of shareholders of the Company.

Members may note that Shri Manish Gulati satisfies all the conditions set out in Section 196(3) of the Act read with Part-I of Schedule V to the Act for being eligible for appointment.

Members may also note that pursuant to the provisions of Section 196, 197 and 198 of the Companies Act, 2013 read with Schedule V, a company having inadequate / nil profits, may subject to certain conditions including the passing of a special resolution, pay such remuneration to its managerial personnel for the period of three years as may be decided by the Board of Directors upon the recommendation of Nomination and Remuneration Committee subject to the approval of shareholders.

Thus Board of Directors upon recommendation of Nomination and Remuneration Committee at its meeting held on 10<sup>th</sup> August, 2020 approved the remuneration of Shri Manish Gulati, subject to the approval of shareholders, as per following details:

<b>Name of Director</b>	<b>Particulars</b>	<b>Approval sought from Shareholders in this AGM</b>
Shri Manish Gulati, Executive Director	Remuneration for the period 01.03.2020 to 28.02.2023	Special Resolution for remuneration for the period from 1 <sup>st</sup> March, 2020 to 28 <sup>th</sup> February, 2023 in terms of Section II(A) of Part II of Schedule V to the Companies Act, 2013

Members may also note that proposed remuneration as set forth in the resolution is as per the Nomination and Remuneration Policy of the Company.

Further the Company is not in default in payment of dues to any bank or public financial institution or to any other secured creditor, and accordingly their prior approval is not required, for approval of the proposed special resolutions.

The details pursuant to the provisions of Section V of Part II of Schedule V of the Act are attached as an Annexure I.

Shri Manish Gulati is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Whole Time Director/Executive Director.

Shri Manish Gulati is not debarred from holding the office of Director, pursuant to any SEBI order or any other such authority.

Further the Board is of opinion that his association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Executive Director thus his appointment is unavoidable and thus commends the resolution at Item No. 8 for your approval as a Special Resolution.

Shri Manish Gulati, will be appointed as an Executive Director of the Company liable to retire by rotation. Shri Manish Gulati shall continue to hold his office of Executive Director and his re-appointment as director retiring by rotation shall not be deemed to constitute a break in his office of Executive Director.

Details of Shri Manish Gulati are provided in the "Annexure II" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Shri Manish Gulati, is concerned or interested in the resolution of the accompanying notice relating to his re-appointment and payment of remuneration.

Save and except the above, none of the other Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested financially or otherwise in the aforesaid Resolution. This statement may also be regard as an appropriate disclosure under the Listing Regulations.

The above may be treated as a written memorandum setting out the terms of appointment of Shri Manish Gulati under Section 190 of the Act.

#### ITEM NO. 9

Upon the recommendation of the Audit Committee, the Board of Directors at their meeting held on 17<sup>th</sup> June, 2020 has approved the appointment of M/s. N.D. Birla & Co., Cost Accountants (Firm Registration Number 000028) as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021, at a remuneration of ₹ 2,00,000/- (Rupees Two Lakhs only) plus applicable taxes and out of pocket expenses that may be incurred by them during the course of audit.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the remuneration payable to the Cost Auditor has to be ratified by the members.

The Board is of opinion that item no. 9 relating to ratification of remuneration of Cost Auditors, being a Special Business in this Notice is unavoidable and thus commends the resolution for your approval as an Ordinary Resolution.

None of the Directors & Key Managerial Personnel of the Company, and/or their relatives are, in any way, concerned or interested, financially or otherwise in the aforesaid Resolution.

By order of the Board of Directors  
For **HEG Limited**  
Sd/  
**(Vivek Chaudhary)**  
Company Secretary  
ACS: 13263

**Place: Noida (U.P.)**

**Date : 10<sup>th</sup> August, 2020**

#### Registered Office

Mandideep (Near Bhopal)

Distt. Raisen - 462046, (M.P.)

CIN L23109MP1972PLC008290

E-mail: [heg\\_investor@lnjbhilwara.com](mailto:heg_investor@lnjbhilwara.com)

Website: [www.hegltd.com](http://www.hegltd.com)

Phone: 07480-233524, 233525, Fax: 07480-233522



**ANNEXURE - I**

**(A) Disclosure(s) in terms of Sections 197 read with Schedule V to the Companies Act, 2013, applicable Rules thereunder.**

**I. General information:**

a.	Nature of Industry	The Company is in the business of manufacturing of Graphite Electrodes.			
b.	Date or expected date of commencement of Commercial Production	The Company commenced its business on 30 <sup>th</sup> June, 1973 (certificate of commencement)			
c.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable			
d.	<b>Financial performance based on given indicators:</b>				<b>(₹ in Crores)</b>
	<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
	Revenue from Operations (gross)	2,149.02	6,592.83	2,758.40	896.02
	Profit / (loss) Before Tax	29.29	4,677.08	1,604.71	(40.77)
	Profit / (loss) after Tax	53.37	3,050.43	1,081.34	(50.05)
	Paid-up Capital	38.60	38.60	39.96	39.96
	EPS (₹)	13.83	763.60	270.61	(12.52)
e.	<b>Foreign investments or collaborators, if any:</b>	At present, the Company has not made any foreign investments and has not entered into any foreign collaboration.			

**II. Information about the appointee to whom the remuneration is payable (s):**

<b>Name of Directors</b>	<b>Shri Ravi Jhunjunwala</b>	<b>Shri Manish Gulati</b>
Background details	Shri Ravi Jhunjunwala, age 64 years, is the Chairman, Managing Director and CEO of HEG Limited, which is one of the entities of LNJ Bhilwara Group. LNJ Bhilwara Group is a diversified conglomerate with interests in Textiles, Graphite Electrodes, Power and IT enabled services. Shri Ravi Jhunjunwala 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 Jhunjunwala has been associated with the Company since 1979 when he was inducted in the Board of the Company. Shri Ravi Jhunjunwala 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 Manish Gulati, age 51 years is a BSc (Statistics) Agra University, BE Electronics, Pune University and MBA (Marketing and Finance), FMS Delhi University, having professional experience of more than 28 years. He has been associated with our Company (HEG Limited) for more than 27 years. Starting his career from marketing, he developed an in-depth understanding of the customers, Product application, Quality, Customer service, Production planning etc.  Over some past years, he has been spending more and more time at the plant and has accumulated tremendous knowledge of all the technical processes, purchases, HR activities etc besides his core strength of marketing and purchases etc. Prior to elevation on Board, he was Chief Operating Officer and Chief Marketing Officer of the Company.
Past remuneration	₹ 12127.48 Lakhs	Not Applicable (He is appointed as an Executive Director w.e.f. 1 <sup>st</sup> March, 2020).
Recognition or awards	Shri Ravi Jhunjunwala is active on number of National Management/Industry Forums and is associated with various Trade/Industry bodies including CII and FICCI, where is part of its National Executive Committee.  He is also an active member of an exclusive club of worldwide entrepreneurs and CEOs called YPO.	Shri Manish Gulati is representing HEG with Industry bodies like CII, FICCI, FIEO, CAPEXIL etc. He is honorary member of advisory board of Amity International business school Amity University, Noida.

Name of Directors	Shri Ravi Jhunjunwala	Shri Manish Gulati
Job profile and his suitability	Shri Ravi Jhunjunwala is the Managing Director of the Company since 1989. As of now, he is the Chairman, Managing Director and CEO of the Company and has been entrusted with the responsibility to manage the affairs of the Company. He has been responsible for policy planning, vision and strategy and also involved in long term development activities of the Company, besides Corporate Governance and Board co-ordination.	Shri Manish Gulati has been associated with the company for more than 27 years since May, 1993 and started his career with sales and marketing in India. By then, already having spent 27 years with the company and having developed an indepth understanding of the customers, Product application, Quality, Customer service, Production planning etc, he was promoted to be the Chief Operating Officer and Chief Marketing Officer in Feb 2019 with the overall responsibility of Plant operations, Sales, Logistics, Customer service besides Marketing responsibility. He has also accumulated tremendous knowledge of all the technical processes, purchases, HR activities etc besides his core strength of marketing and purchases etc.
Remuneration proposed	As mentioned in Resolution No.6	As mentioned in Resolution No.8
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Remuneration of Shri Ravi Jhunjunwala commensurate with his qualifications and experience, and with the remuneration levels in the industry and the responsibilities placed on him as Chairman, Managing Director and CEO of the Company.  There is no change in the remuneration since FY 2014-15 onwards.	Taking into consideration the size of the Company, the responsibilities shouldered on him (including as an Occupier under Factory Act, 1948) and the industry benchmarks, the remuneration of Shri Manish Gulati commensurate with the remuneration packages paid to similar senior levels in other companies.  Shri Manish Gulati is drawing same remuneration which he was drawing earlier as Chief Operating Officer & Chief Marketing Officer before elevation as Executive Director except few perks which are conferred on the position of Executive Director.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Apart from receiving remuneration Shri Ravi Jhunjunwala does not has any other pecuniary relationship with the company.  Shri Ravi Jhunjunwala is Promoter of the Company. Shri Riju Jhunjunwala, Vice Chairman is relative to him.	Apart from receiving remuneration, Shri Manish Gulati does not has any other pecuniary relationship with the company.

### III Other Information:

#### 1. Reasons for loss or inadequate profits:

Due to rapid closure of inefficient steel and graphite electrodes capacities in China and replacement of steel capacities by EAF units in year 2017 which will continue in year 2018 also, the Company had seen unprecedented tightness in supply of Graphite electrodes which pushed the prices upwards like anything. Steel majors across the world stocked up inventories more than required to sustain operations and optimise their cost structures. This surge helped the company enjoy exceptional profits in FY 2017-18 and 2018-19.

A year later, the landscape changed, and the steel sector headed into the red. Electrodes could not retain the heat in 2019 and a slack in demand eased the prices sequentially. But the inventory overhang did not dissipate entirely; this dimmed our performance. Our sales volumes dropped, and so did realisations. A decline in revenues hung over our profits. Our profitability fell faster in the face of high-cost inventory of needle coke.

Further, the lead-lag effect of inventory is typical to our industry owing to long production process of electrodes which entails between 6/7 weeks for some of our easiest products(Non UHP grade ) to as long as over 24 weeks (UHP grade). It becomes even higher as for two thirds of our total production of electrodes (UHP grade), we import our raw material Needle , which easily adds another about 8 weeks between shipment and receipt. Therefore, at any given time we carry a fairly large amount of raw materials, WIP at different stages of production and finished products.

The resulting gains of this lead-lag effect was enjoyed at the time when prices were going up and we were sitting with low cost inventory a couple of years ago. And now the situation has reversed due to which we had to take NRV impact of ₹ 459 Crores in FY'20 which has drastically reduced the EBITDA margins for FY'20. Therefore during the year under review, as a result of significant fall in the prices of Graphite Electrodes (which resulted in a sharp compression in the spreads between GE prices and its raw material needle coke prices), coupled with a significant inventory valuation hit of ₹ 459 Crores (for the FY'20) and weak demand dynamics, EBITDA stood at ₹ 138 Crores as compared to ₹ 4,767 Crores in FY'19 & reported a net profit of ₹ 53 Crores in FY'20 as against ₹ 3,050 Crores in FY'19.

## 2. Steps taken or proposed to be taken for improvement:

The Company continued to strengthen relations with the existing customers. It has also worked on establishing its credentials among new buyers to widen its customer base. This should augur well for maintaining sales volumes in the prevailing ecosystem.

Firstly, continuous efforts have been made towards qualitative improvement and cost optimization across all operational and commercial areas which is expected to result in improvement in performance.

HEG stresses on people-to-people interactions to ensure the best working chemistry between the management and the workers. This has increased the operational productivity and engagement leading to a remarkable rise in effective man-hour utilisation and net scrap improvement. Also the Company has reviewed and realigned roles/responsibilities of its personnel to achieve cost efficiency.

Second, our liquidity war chest built prudently over the last two great years, powers us to tide over today's slump, even as we continue operating our plant at about 50% capacity. Additionally the Company is targeting to have free cash flows in FY'21 by reducing its inventory and receivables to further strengthen its position.

The Company's healthy cash position has been prudently deployed in liquidating debt and is parked in risk-free financial instruments. While the former has reduced interest costs significantly, the latter is providing buffer cash which can be deployed in business operations.

## 3. Expected increase in productivity and profits in measurable terms:

The slowdown in electrode demand caused a fall in needle coke prices bringing them to more realistic levels. Therefore the company's EBITDA margin will recover due to softer raw material prices and this would effectively support the gross margins.

Aligned to the 'slowbalisation' prevailing across the globe, our peers continue to operate at similar or lower capacity utilisation. The consequent reduction in supply should help reduce the inventory pile-up with global steel majors and rekindle demand and stabilize realisation.

Also, the pandemic has brought the spotlight on the benefits of EAF steelmaking because of its faster stoppage and inexpensive relighting as opposed to the blast furnace, which continued work even during the lockdown. This could veer new investments in steelmaking infrastructure towards EAF.

Further, the global supply of Graphite Electrodes will remain favourable as the GE capacity is likely to decline due to capacity closures in Europe. The capacity closures have been a function of unviable plant sizes, operations in high-labour cost geographies, unfavourable location of the plants within city premises and the sharp fall in GE prices, which render the plants uncompetitive.

HEG, being the largest single-location unit, provides significant economies of scale which helps optimise its cost structure which gives the company an edge over its competitors. Also the diversification in terms of markets and customers across geographies further makes the prospects brighter.

Further, the Company has negotiated a deal for low-cost power, which should reduce its operating costs. The Company has adopted the new tax regime which has optimised its tax outgo considerably. These factors have and will continue to have a positive impact on the Company's profitability.

Further, the Company has implemented stringent cost control measures across the organization to conserve cash.

## IV Disclosure:

The information and disclosures of the remuneration package of the managerial personnel have been mentioned under the heading Remuneration of Directors in the Corporate Governance Report forms part of the Annual Report for the year ended 31st March, 2020.

### (B) Other parameters under Section 200 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### 1) Financial and operating performance of the Company during the three preceding financial years:

Details provided in para A (I) (d) above.

#### 2) Remuneration or commission drawn by individual concerned in any other capacity from the Company:

No Managerial Personnel has drawn remuneration or commission in any other capacity from the Company

#### 3) Remuneration or Commission drawn by Managerial Personnel from any other company

Name of Managerial Personnel	Company	Designation	Remuneration for FY 2019-20
Shri Ravi Jhunjunwala	Malana Power Company Ltd.	Chairman and Managing Director	₹ 247.51 Lakhs
Shri Manish Gulati	Not applicable	Not applicable	Not applicable

#### 4) Professional qualification and experience

Details provided in para A (II) above.

#### 5) Relationship between remuneration and performance

The remuneration of Shri Ravi Jhunjunwala, Chairman, Managing Director & CEO of the Company has not changed from FY 2014-15 onwards. He has been entrusted with the responsibility to manage the affairs of the Company. The Company has made tremendous progress in the last 31 years. The Company has made major capacity expansions under his leadership. The Company has one of the largest integrated Graphite Electrode Plant in the World, processing sophisticated UHP (Ultra High Power) Electrodes. Further, for financial year 2020-21, Shri Ravi Jhunjunwala has taken voluntary 50% cut in his basic pay

In case of remuneration paid/payable to Shri Manish Gulati, the component of additional reward for performance (over and above the base remuneration), if any, is/was subject to business results in the previous financial year i.e. 2019-20. There is no increase in the remuneration of Shri Manish Gulati, as an Executive Director from his earlier position as Chief Operating Officer & Chief Marketing Officer except few perks which are conferred on the position of Executive Director. He devotes whole-time attention to the management of the affairs of the Company and exercises powers under the supervision of the Board of the Company.

**6) The principle of proportionality of remuneration within the company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receives remuneration and employees or executives of the company.**

The Company has a strong performance management culture. Every employee undergoes evaluation of his/her performance against the goals and objectives for the year, and increase in compensation and reward by way of variable bonus is linked to the evaluation of individual's performance. The Board carries out an annual evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees, in the manner as enumerated in the Nomination and Remuneration Policy, in accordance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The evaluation exercise covers various aspects of the Board's functioning such as composition of the Board & Committee(s), their functioning & effectiveness, contribution of all the Directors and the decision making process by the Board. The Independent Directors and Nomination & Remuneration Committee also evaluates on annual basis the performance of Directors. The Remuneration of Managing Director, Executive Director, Non-Executive Directors (Including Independent Directors), KMPs and Senior Management Personnel is governed by the Board-approved Nomination & Remuneration Policy. Additionally, industry benchmarks are also used to determine the appropriate level of remuneration, from time to time in respect of above.

**7) Whether remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference**

The Company has a clearly laid out Board-approved Nomination and Remuneration Policy for the following:

- I. Managing Director & Whole-time Director;
- II. Non-Executive Directors
- III. Independent Directors
- IV. Key Managerial Personnel
- V. Senior Management Personnel

The evaluation of performance of KMPs & Senior Management Personnel is done by Nomination & Remuneration Committee on annual basis. The detailed Nomination & Remuneration policy is attached as an Annexure - III to the Board's Report.

For other employees, the Company has robust appraisal system (which include mechanism of Bell curve) which goes beyond the Company and the Industry, especially in terms of benchmarks. The performance of employees is measured against KRAs or KPAs and the variable bonus is linked to the evaluation of individual's performance.

**8) Securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.**

- i. Shri Ravi Jhunjhunwala (including HUF) - 3,31,323 Equity Shares held as on 31<sup>st</sup> March, 2020
- ii. Shri Manish Gulati - Nil

By order of the Board of Directors  
For **HEG Limited**  
Sd/  
**(Vivek Chaudhary)**  
Company Secretary  
ACS: 13263

**Place: Noida (U.P.)**  
**Date : 10<sup>th</sup> August 2020**

**Registered Office**  
Mandideep (Near Bhopal)  
Distt. Raisen - 462046, (M.P.)  
CIN L23109MP1972PLC008290  
E-mail: [heg.investor@lnjbhilwara.com](mailto:heg.investor@lnjbhilwara.com)  
Website: [www.heg ltd.com](http://www.heg ltd.com)  
Phone: 07480-233524, 233525, Fax: 07480-233522

### ANNEXURE - II

**Details of Directors eligible for appointment/re-appointment pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2.**

Name of Director	Vinita Singhania	Jayant Davar*	Manish Gulati**
Category of Directorship	Non-Executive	Independent	Executive
DIN	00042983	00100801	08697512
Date of Birth	12.03.1952	18.10.1961	29.07.1969
Age	68 years	58 years	51 years
Date of Appointment on the Board	31 <sup>st</sup> October, 2018	14 <sup>th</sup> August, 2019	1 <sup>st</sup> March, 2020
Qualification	Graduate in Arts.	Bachelors' degree in mechanical engineering from the Punjab University, Patiala, and completed owner / president management programme from the Harvard Business School.	BSc (Statistics), BE (Electronics), and MBA (Marketing and Finance).
Experience	Smt. Vinitia Singhania is an Industrialist with diversified business experience. She is the Vice Chairman and Managing Director of JK Lakshmi Cement Ltd and has a very long experience of managing 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 Jayant Davar is the Founder, Co-Chairman & Managing Director of Sandhar Technologies Limited (STL). STL operates out of 4 countries and 36 manufacturing plants. From its inception in 1985, STL has grown to be a one of the leading component suppliers to most of the Automotive OEM's and Tier 1 suppliers. Shri Davar is a Mechanical Engineer and also an alumni of Harvard Business School. He has been conferred with the distinguished alumnus award by his High School (Springdales School, New Delhi) and his Engineering College (Thapar Institute of Engineering and Technology, Patiala). He was the Chairman of the Confederation of Indian Industries, Northern Region, and has been the president of the Auto Component Manufacturers Association in the past. He has three decades of experience in the auto components sector.	Shri Manish Gulati, age 51 years is a BSc (Statistics) Agra University, BE Electronics, Pune University and MBA (Marketing and Finance), FMS Delhi University having professional experience of more than 28 years. He has been associated with our Company (HEG Limited) for more than 27 years since May, 1993 and started his career with sales and marketing in India. As the Company grew in capacity, he started developing business in export markets and expanded the Company's presence in more and more countries and became the Chief Marketing Officer in 2010. Meanwhile, he also started taking care of purchase of key raw materials, equipments, shipping and logistics etc. By then, already having spent 27 years with the Company and having developed an indepth understanding of the customers, Product application, Quality, Customer service, Production planning etc, he was promoted to be the Chief Operating Officer and Chief Marketing Officer in Feb 2019 with the overall responsibility of Plant operations, Sales, Logistics, Customer service besides Marketing responsibility. With his extensive industry experience, he has brought lot of value and perspectives in all key management decisions.

Name of Director	Vinita Singhania	Jayant Davar*	Manish Gulati**
			Over some past years, he has been spending more and more time at the plant and has accumulated tremendous knowledge of all the technical processes, purchases, HR activities etc besides his core strength of marketing and purchases etc.
No. of other Directorships in public Ltd Companies	JK Paper Limited Udaipur Cement Works Limited Bengal & Assam Company Limited JK Lakshmi Cement Limited JKLC Employees' Welfare Association Limited	Jagran Prakashan Limited Sandhar Technologies Limited Sandhar Intelli-Glass Solutions Limited Sandhar Infosystems Limited	Nil
Chairman/Member of the Committees of the Board of Directors of the Company.#	Nil	Nil	Nil
Audit Committees	Nil	Member - Jagaran Prakashan Limited	Nil
Stakeholders Relationship Committee	Nil	Nil	Nil
No of Equity Shares held in the Company	Nil	Nil	Nil
Number of Board Meetings attended during the year	3/5	3/5 (Appointed on the Board of the Company w.e.f. 14 <sup>th</sup> August, 2019).	NA (Appointed as an Additional Director (Executive Director) w.e.f. 1 <sup>st</sup> March, 2020)
Terms and conditions of appointment/re-appointment	Non-Executive Director, liable to retire by rotation.	Terms and Conditions of appointment are mentioned in draft letter of appointment.	As per the resolution at item no. 8 of the Notice convening Annual General Meeting read with explanatory statement thereto.
Remuneration sought to be paid and the remuneration last drawn	See Note given below.	See Note given below.	Mentioned in the item no. 8 of the Notice of AGM and explanatory statement thereto.
Relationship with Other Directors, 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	NA	As per Explanatory Statement of Notice.	NA

#Audit Committee and Stakeholders Relationship Committee have been considered.

\*Shri Jayant Davar was appointed as an Additional Independent Director on the Board of the Company w.e.f. 14<sup>th</sup> August, 2019 for the first term of five consecutive years, subject to the approval of shareholders. He will be appointed as an Independent Director of the Company in the ensuing Annual General Meeting for first term of 5 (five) consecutive years with effect from 14<sup>th</sup> August, 2019 upto 13<sup>th</sup> August, 2024.



\*\*Shri Manish Gulati was appointed as an Additional Director (Executive Director) on the Board of the Company w.e.f. 1<sup>st</sup> March, 2020, for a period of five years, subject to the approval of shareholders.

Note: The Non-Executive Directors (including Independent Directors) are paid sitting fee for attending meetings of Board of Directors, Independent Directors and various Committee of Directors.

Shareholders at 46<sup>th</sup> 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.