

Corporate Governance Report

1. Company's Philosophy On Corporate Governance

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

2. Board Of Directors

(i) Composition

The Board has an appropriate composition of Executive, Non-Executive and Independent Directors. The Independent Directors on the Board are experienced, competent and reputed names in their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds value in the decision-making process of the Board of Directors. The Independent Directors constitute half of the total strength of Board as on 31st March, 2020, the details are as under:

| Category of Directors | No. of Directors | % of total Directors |
|---|------------------|----------------------|
| Independent Directors | 5 | 50 |
| Non Independent Non Executive Directors | 3 | 30 |
| Executive Directors | 2 | 20 |
| Total | 10 | 100 |

As on 31st March, 2020, the details of composition of the Board, number of other Directorship, Chairmanship/Membership of Committee of each Director in other Companies, attendance of Directors at the Board Meetings and last Annual General Meeting are given below:

| Name of Director | Category of Directorship | No. of other Directorships* in Public Ltd. Companies | Board Committees** in other Companies in which | | No. of Board Meetings attended | Whether attended the last AGM (Yes/No) |
|------------------------------------|---|--|--|----------|--------------------------------|--|
| | | | Member | Chairman | | |
| Shri Ravi Jhunjhunwala | Chairman, Managing Director & CEO -Promoter Executive | 8 | 5 | 2 | 5 | Yes |
| Shri Dharmendar Nath Davar*** | Independent | NA | NA | NA | NA | NA |
| Shri Shekhar Agarwal | Vice-Chairman-Promoter Non-executive | 4 | 3 | 0 | 5 | No |
| Dr. Kamal Gupta | Independent | 5 | 7 | 4 | 5 | No |
| Dr. Om Parkash Bahl | Independent | 0 | 0 | 0 | 5 | Yes |
| Shri Satish Chand Mehta | Independent | 1 | 0 | 0 | 5 | No |
| Smt. Ramni Nirula | Independent | 5 | 5 | 1 | 5 | No |
| Shri Jayant Davar# | Independent | 4 | 1 | 0 | 3 | No |
| Smt. Vinita Singhania | Non-Executive | 5 | 0 | 0 | 3 | No |
| Shri Riju Jhunjhunwala | Promoter Non-Executive | 6 | 2 | 0 | 4 | No |
| Shri Satyendra Nath Bhattacharya## | Non-Executive | NA | NA | NA | NA | No |
| Shri Manish Gulati### | Executive | 0 | 0 | 0 | 0 | NA |

Notes:

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

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

*** Shri Dharmendar Nath Davar was appointed as an Independent Director of the Company at the 42nd Annual General Meeting held on 30th August, 2014, for a period of five years w.e.f. 30th, August, 2014 upto 29th August, 2019. The Board of Directors at their meeting held on 20th May, 2019, subject to the approval of shareholders, approved the re-appointment of Shri Dharmendar Nath Davar, aged 84 years, for a second term of two years w.e.f. 30th August, 2019 upto 29th August, 2021. Shri Dharmendar Nath Davar, vide his letter dated 24th July, 2019, has resigned from the Directorship of the Company citing health reasons. He also confirmed that there was no other reason for resignation other than health issue. Since Shri Davar gave resignation after issuance of notice of Annual General Meeting (AGM), accordingly, the Company vide its addendum dated 27th July, 2019 to the notice of AGM, has withdrawn the matter of re-appointment of Shri Dharmendar Nath Davar for a second term from the Annual General Meeting held on 20th August, 2019.

Shri Jayant Davar Appointed as an Additional Independent Director by Board on 14th August, 2019 for first term of five consecutive years, subject to approval of Shareholders.

Shri Satyendra Nath Bhattacharya, (representative of LIC) resigned from the Directorship of the Company w.e.f. 23rd December, 2019.

Shri Manish Gulati, Chief Operating Officer and Chief Marketing Officer of the Company, was appointed upon the recommendation of Nomination and Remuneration Committee as an Additional Director, w.e.f. 1st March, 2020 by Board of Directors on 11th February, 2020, who will hold office upto the date of ensuing Annual General Meeting. He has also been appointed as whole time director, liable to retire by rotation, designated as Executive Director for a period of 5 years subject to approval of shareholders. Shri Manish Gulati, will continue to act as Key Managerial Personnel of the Company in terms of Section 2(51) of the Companies Act, 2013.

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

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

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

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

ii) Directorship in other listed entities including category of Directorship

| Name of Director | Category of Directorship | Listed Entities |
|-------------------------------------|--|---|
| Shri Ravi Jhunjhunwala | Chairman, Promoter - Non-Executive Non-Executive Independent Promoter Non-executive Independent | RSWM Limited Maral Overseas Limited India Glycols Limited BSL Limited JK Lakshmi Cement Limited |
| Shri Shekhar Agarwal | Non-Executive Managing Director & CEO Chairman, Managing Director & CEO – Promoter Executive Promoter Non-Executive | RSWM Limited Maral Overseas Limited Bhilwara Technical Textiles Limited BSL Limited |
| Shri Dharmendar Nath Davar* | NA | NA |
| Dr. Kamal Gupta | Independent Independent | Maral Overseas Limited RSWM Limited |
| Shri Satyendra Nath Bhattacharya ** | NA | NA |
| Dr. Om Parkash Bahl | - | - |

| Name of Director | Category of Directorship | Listed Entities |
|----------------------------------|---|--|
| Smt. Vinita Singhania | Vice Chairman, Managing Director Non-Executive Non-Executive Non-Executive | JK Lakshmi Cement Limited JK Paper Limited Bengal & Assam Company Limited Udaipur Cement Works Limited |
| Shri Riju Jhunjhunwala | Managing Director, Promoter Executive Promoter-Non-Executive | RSWM Limited Bhilwara Technical Textiles Limited |
| Shri Satish Chand Mehta | - | - |
| Smt. Ramni Nirula | Independent Non-Executive Independent Independent | PI Industries Limited DCM Shriram Limited CG Power and Industrial Solutions Limited Usha Martin Limited |
| Shri Jayant Davar [#] | Independent Managing Director | Jagran Prakashan Limited Sandhar Technologies Limited |
| Shri Manish Gulati ^{##} | - | - |

*Resigned on 24th July, 2019.

** Resigned w.e.f. 23rd December, 2019.

[#] Appointed as an Additional (Independent) Director with effect from 14th August, 2019.

^{##} Appointed as an Additional (Executive) Director with effect from 1st March, 2020.

iii) Matrix of Core Skills/ Expertise/ Competencies of Directors in context of business of the Company.

The Matrix setting out the skills, expertise and competencies of Directors as on 31st March 2020, in context of business of the Company is as under:

| S. No | Name of Directors | Skills/Expertise/Competence | | | | | |
|-------|-------------------------|---|--|---|---------------------------------|---|--|
| | | Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities, the industry in which the Company operates and advising on domestic market and overseas market. | Behavioral skills – Attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company | Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making | Financial and Management skills | Technical / Professional skills and specialized knowledge in relation to Company's business | Environment, Health and Safety and Sustainability- Knowledge of working on environment, health and safety and sustainability activities. |
| 1 | Shri Ravi Jhunjhunwala | √ | √ | √ | √ | √ | √ |
| 2 | Shri Riju Jhunjhunwala | √ | √ | √ | √ | √ | √ |
| 3 | Shri Shekhar Agarwal | √ | √ | √ | √ | | √ |
| 4 | Dr Kamal Gupta | √ | √ | √ | √ | | √ |
| 5 | Dr Om Parkash Bahl | √ | √ | | √ | √ | √ |
| 6 | Shri Satish Chand Mehta | √ | √ | √ | √ | | √ |
| 7 | Smt Ramni Nirula | √ | √ | | √ | | √ |
| 8 | Smt Vinita Singhania | √ | √ | √ | | | √ |
| 9 | Shri Jayant Davar | √ | √ | √ | √ | | √ |
| 10 | Shri Manish Gulati | √ | √ | √ | √ | √ | √ |

iv) Shareholding of Non-Executive Directors

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

| Name of Director | No. of Equity Shares held |
|------------------------|---------------------------|
| Dr. Kamal Gupta | 189 |
| Shri Riju Jhunjhunwala | 2,20,356 |

v) Board Meetings

The Board meets at least once in every quarter to review quarterly results and other items on the agenda. Additional meetings are held when necessary. Five Board Meetings were held during the financial year ended the 31st March, 2020. These were held on 2nd April, 2019, 20th May, 2019, 14th August, 2019, 14th November, 2019, and 11th February, 2020. However, in case of a special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law which is noted and confirmed in the subsequent Board Meeting. No resolution was passed by circulation in the Financial Year 2019-2020.

3. Audit Committee

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

(i) Terms of Reference

1. The Audit Committee at its discretion shall invite the Finance Director or Head of the Finance Function, Head of Internal Audit and a representative of the Statutory Auditor and any other such executives to be present at the meetings of the committee; Provided that occasionally the Audit Committee may meet without the presence of any of the executives of the Company.
2. The Audit Committee shall have the power to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if considered necessary;
3. The chairperson of the Audit Committee shall be an Independent Director and shall be present at Annual General Meeting to answer the shareholder's queries;
4. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
5. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
6. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
7. Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Modified opinion(s) in the draft Audit Report.

8. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
9. Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
10. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
11. Approval or any subsequent modification of transaction of the Company with related party;
12. Scrutiny of inter-corporate loans and investments;
13. Valuation of undertakings or assets of the Company, wherever it is necessary;
Where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a Company or its liabilities under the provision of the Companies Act, 2013, it shall be valued by a person having such a qualifications and experience and registered as a valuer in such a manner, on such terms and conditions as may be prescribed and appointed by the Audit Committee or in its absence by the Board of Directors of the Company.
14. Evaluation of internal financial controls and risk management systems;
15. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
16. Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits;
17. Discussion with Internal Auditors of any significant findings and follow up thereon;
18. Reviewing the findings of any internal investigations by the Internal Auditors into matter where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
19. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
21. To review the functioning of the Whistle Blower mechanism;
22. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate; and
23. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
24. The Audit Committee of the Company shall mandatorily review the following information:
 - i. Management Discussion and Analysis of financial condition and results of operations.
 - ii. Statement of Significant Related Party Transactions (as defined by the Audit Committee), submitted by management;
 - iii. Management Letters/ Letters of Internal Control Weaknesses issued by the Statutory Auditors;
 - iv. Internal Audit Reports relating to internal control weaknesses; and
 - v. The appointment, removal and terms of remuneration of the Chief Internal Auditors shall be subject to review by the Audit Committee.

vi. Statement of deviations:

- a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b. annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

25. The Internal Auditors may report directly to the Audit Committee.

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

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

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

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

ii) Composition of the Committee

The composition of the Audit Committee is as under:

| Sl. No. | Name of Director | Designation | Category |
|---------|-----------------------------|-------------|---------------------------------|
| 1 | Shri Dharmendar Nath Davar* | Chairman | Independent Director |
| 2 | Shri Shekhar Agarwal | Member | Non-Executive Promoter Director |
| 3 | Dr. Kamal Gupta | Member | Independent Director |
| 4 | Dr. Om Parkash Bahl | Member | Independent Director |
| 5 | Shri Satish Chand Mehta ** | Chairman | Independent Director |

* Shri Dharmendar Nath Davar Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

** Shri Satish Chand Mehta, member of the Committee, appointed as the Chairman of the Committee w.e.f. 14th August, 2019.

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

(iii) Meetings and Attendance

During the financial year ended the 31st March, 2020, Five meetings were held on 2nd April, 2019, 20th May, 2019, 14th August, 2019, 14th November, 2019, and 11th February, 2020. The attendance at the above Meetings was as under:

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

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

** Shri Satish Chand Mehta, Member of the Committee, appointed as the Chairman of the Committee w.e.f. 14th August, 2019.

4. Nomination And Remuneration Committee

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

(i) Terms of Reference

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

- a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- b) to recommend to the Board the appointment and removal of Director or KMP or Senior Management Personnel;
- c) to carry out evaluation of Director's performance;
- d) assessing the independence of Independent Directors;
- e) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- f) making recommendations to the Board on the remuneration/fee payable to the Directors/ KMPs/ Senior Officials so appointed/re-appointed and remuneration, in whatever form, payable to senior management.
- g) ensure that level and composition of remuneration of Directors, KMP's and Senior Management is reasonable and sufficient. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- h) to devise a policy on Board's diversity;
- i) to develop a succession plan for the Board and Senior Management and to regularly review the plan;
- j) Specify the manner of effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by Board, the Nomination and Remuneration Committee or by independent external agency and review its implementation and compliance.
- k) such other key issues/ matters as may be referred by the Board or as may be necessary in view of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provision of the Companies Act, 2013 and Rules thereunder.

(ii) Composition of the Committee

The composition of the Nomination and Remuneration Committee is as under

| Sl. No. | Name of Director | Designation | Category |
|---------|-----------------------------|-------------|----------------------|
| 1 | Shri Dharmendar Nath Davar* | Chairman | Independent Director |
| 2 | Dr. Kamal Gupta ** | Chairman | Independent Director |
| 3 | Dr. Om Parkash Bahl | Member | Independent Director |
| 4 | Smt. Ramni Nirula*** | Member | Independent Director |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

** Dr. Kamal Gupta, Member of the Committee, appointed as the Chairman of the Committee w.e.f. 14th August, 2019.

*** Smt. Ramni Nirula was appointed as the member of the Committee w.e.f. 14th August, 2019.

The Company Secretary acts as Secretary of the Committee.

(iii) Meeting and Attendance

During the financial year ended 31st March, 2020, Three meetings were held on 20th May, 2019, 14th August, 2019, and 11th February, 2020.

The attendance at the above Meetings was as under:

| Sl. No. | Name of Director | No. of meetings attended |
|---------|-----------------------------|--------------------------|
| 1 | Shri Dharmendar Nath Davar* | 1 |
| 2 | Dr. Kamal Gupta** | 3 |
| 3 | Dr. Om Parkash Bahl | 3 |
| 4 | Smt. Ramni Nirula*** | 1 |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

** Dr. Kamal Gupta, member of the Committee, appointed as the Chairman of the Committee w.e.f. 14th August, 2019.

*** Smt. Ramni Nirula was appointed as the member of the Committee w.e.f. 14th August, 2019.

5. Stakeholders Relationship Committee

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

(i) Broad Terms of Reference

- (1) Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants, annual reports, statutory notices by the shareholders of the Company.

(ii) Composition of the Committee

The composition of the Committee is as under:

| Sl. No. | Name of Director | Designation | Category |
|---------|------------------------|-------------|---------------------------------|
| 1 | Shri Riju Jhunjhunwala | Chairman | Non-Executive Promoter Director |
| 2 | Shri Ravi Jhunjhunwala | Member | Executive Promoter Director |
| 3 | Dr. Kamal Gupta | Member | Independent Director |
| 4 | Dr. Om Parkash Bahl* | Member | Independent Director |

* Appointed as a member of the Committee w.e.f. 20th May, 2019.

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

(iii) Meetings and Attendance

During the financial year ended 31st March, 2020, Four meetings were held on 20th May, 2019, 14th August, 2019, 14th November, 2019, and 11th February, 2020.

The attendance at the above Meetings was as under: -

| Sl. No. | Name of Director | No. of Meetings attended |
|---------|-----------------------|--------------------------|
| 1 | Shri Riju Jhunjunwala | 4 |
| 2 | Shri Ravi Jhunjunwala | 4 |
| 3 | Dr. Kamal Gupta | 4 |
| 4 | Dr. Om Parkash Bahl* | 3 |

* Appointed as a member of the Committee w.e.f. 20th May, 2019.

The Company received 37 complaints from Shareholders during the financial year 2019-20 and all were resolved to the satisfaction of the shareholders.

6. Corporate Social Responsibility Committee

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

(i) Broad Terms of Reference

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

(ii) Composition of the Committee

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

| Sl. No. | Name of Director | Designation | Category |
|---------|-----------------------------|-------------|-----------------------------|
| 1 | Shri Ravi Jhunjunwala | Chairman | Executive Promoter Director |
| 2 | Shri Dharmendar Nath Davar* | Member | Independent Director |
| 3 | Smt Vinita Singhania | Member | Independent Director |
| 4 | Shri Satish Chand Mehta | Member | Independent Director |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2020, Five meetings were held on 2nd April, 2019, 20th May, 2019, 14th August, 2019, 14th November, 2019, and 11th February, 2020.

The attendance at the above Meetings was as under: -

| Sl. No. | Name of Director | No. of meetings attended |
|---------|-----------------------------|--------------------------|
| 1 | Shri Ravi Jhunjunwala | 5 |
| 2 | Shri Dharmendar Nath Davar* | 2 |
| 3 | Smt. Vinita Singhania | 3 |
| 4 | Shri Satish Chand Mehta | 5 |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

7. Risk Management Committee

The Securities and Exchange Board of India as part of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has mandated the constitution of Risk Management Committee for top 500 listed entities based on the market capitalization, effective from 1st April, 2019. The Board has constituted Risk Management Committee in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on 31st October, 2018.

(i) Broad Terms of Reference

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

(ii) Composition of the Committee

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

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2020, Two meetings were held on 20th May, 2019 and 14th November, 2019.

The attendance at the above Meetings was as under: -

| Sl. No. | Name of Director | No. of meetings attended |
|---------|-----------------------------|--------------------------|
| 1 | Shri Ravi Jhunjunwala | 2 |
| 2 | Shri Dharmendar Nath Davar* | 1 |
| 3 | Dr. Kamal Gupta | 2 |
| 4 | Smt. Ramni Nirula | 2 |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

8. Independent Directors' Meeting

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and also as per the Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 11th February, 2020 to review the performance of Non-independent Directors (including the Chairman, Managing Director & CEO) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board & its Committees which is necessary to effectively and reasonably perform and discharge their duties.

9. Performance Evaluation Criteria Of Independent Directors

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

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

10. Familiarisation Programme

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

<http://hegltd.com/wp-content/uploads/2020/04/Details-of-Familiarisation-Programmes-imparted-to-Indep.-Directors-2019-2020.pdf>

11. Remuneration of Directors

(i) Details of Remuneration paid to the Directors for the financial year ended 31st March, 2020.

(₹ in Lakhs)

| Name of Director | Salary | Benefits | Commission [@] | Bonuses | Stock Option & Pension | Sitting Fee | Total |
|------------------------------------|--------|----------|-------------------------|---------|------------------------|-------------|--------|
| Shri Ravi Jhunjhunwala | 192.00 | 48.54 | - | - | - | - | 240.54 |
| Shri Shekhar Agarwal | - | - | 25.00 | - | - | 7.90 | 32.90 |
| Shri Dharmendar Nath Davar* | - | - | 25.00 | - | - | 4.75 | 29.75 |
| Dr. Kamal Gupta | - | - | 25.00 | - | - | 14.10 | 39.10 |
| Shri Satyendra Nath Bhattacharya** | - | - | 25.00 | - | - | 3.00 | 28.00 |
| Dr. Om Parkash Bahl | - | - | 25.00 | - | - | 12.70 | 37.70 |
| Smt. Vinita Singhania | - | - | 25.00 | - | - | 2.25 | 27.25 |
| Shri Riju Jhunjhunwala | - | - | 25.00 | - | - | 4.20 | 29.20 |
| Shri Satish Chand Mehta | - | - | 25.00 | - | - | 8.25 | 33.25 |
| Smt. Ramni Nirula | - | - | 25.00 | - | - | 5.65 | 30.65 |
| Shri Jayant Davar [#] | - | - | - | - | - | 3.00 | 3.00 |
| Shri Manish Gulati ^{##} | 95.09 | 7.93 | 25.00 | - | - | - | 128.02 |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

**Resigned from the Directorship of the Company w.e.f. 23rd December, 2019.

[#]Appointed as an Additional Independent Director by Board on 14th August, 2019 for first term of five consecutive years, subject to approval of Shareholders.

^{##}Shri Manish Gulati, Chief Operating Officer and Chief Marketing Officer of the Company, appointed as an Additional Director (Executive Director) w.e.f. 1st March, 2020, subject to approval of Shareholders. Shri Manish Gulati, will continue to act as Key Managerial Personnel of the Company in terms of Section 2(51) of the Companies Act, 2013.

[@]Nil commission paid for FY 2019-20.

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

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

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

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

ii) Criteria of making payments to Non-Executive/ Independent Director(s)

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

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

iii) Pecuniary Transactions

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

12. Code Of Conduct

The Company has a Code of Conduct for the Directors and Senior Management Personnel. This Code is a comprehensive code applicable to all Directors and members of the Senior Management. A copy of the Code has been put on the Company's website www.hegltd.com.

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

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with the Code of Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2019-20."

13. Vigil Mechanism/Whistle Blower Policy

The Company is committed to pursue its business objectives in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour and has put in place a mechanism for reporting unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct. The Company has a Vigil Mechanism and Whistle-blower policy under which the employees or any other person are free to report. The Whistle-blower policy is available on the Company's website and a weblink thereto is: <http://hegltd.com/wp-content/uploads/2018/07/Whistle-Blower-Policy-08.05.2018.pdf>

During the year, no personnel has been denied access to the audit committee and no complaints were received.

14. Prevention of sexual harassment of women at workplace

The protection against sexual harassment and right to work with dignity are universally recognized human rights. To provide safe working environment to women the LNJ Bhilwara Group has in place Policy on Prevention, Prohibition and Redressal against sexual harassment of Women Employees. The purpose of this policy is to communicate that LNJ Bhilwara Group has a "zero tolerance" approach towards sexual harassment to women at workplace. The disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, are as under:

- (a) Number of complaints filed during the Financial Year: NIL
- (b) Number of complaints disposed off during the Financial year : NA
- (c) Number of complaints pending as on end of the Financial Year: NA

15. Disclosures

- a) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. The transactions with related parties are in the ordinary course of business and on arm's length basis. Suitable disclosure as required by the applicable Accounting Standards, has been made in the Annual Report. A web link for policy on dealing with related party transactions is as under:
<http://hegltd.com/wp-content/uploads/2020/07/Related-Party-Transaction-Policy.pdf>
- b) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.
- c) The Company has complied with the requirements of the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d) The Company has complied with the Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e) **Commodity Price Risks and Commodity Hedging Activities:**

In the recent times, sale and purchase of Graphite Electrodes have more or less commoditised, with customers preferring price as a key driver. The key raw material for the same is a petroleum based By-product. There is a clear relationship in the price movement of both, though with a small lead and lag effect. Both sourcing and sale contracts are short term these days and therefore offer ample opportunities for matching the Price movement on either side.

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

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

Company usually has foreign exchange exposure in the form of export receivables and payables for import, foreign currency loans and certain expenditure. The foreign currency risk exposures usually gets balanced and the resultant net asset / liability is not material. The position of unhedged currency wise foreign exchange risk exposure as on 31st March, 2020 is incorporated in note no. 46 to the Standalone Financial Statements.

- f) The Company has a policy for determining Material Subsidiaries and the same is available on the Company's website and a weblink thereto is as under:
<http://hegltd.com/wp-content/uploads/2020/07/Material-subsidary.pdf>
At present the Company does not have any Subsidiary.
- g) The Company has complied with all the applicable Accounting Standards.
- h) The Chairman, Managing Director & CEO and Chief Financial Officer have certified to the Board, inter-alia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31st March, 2020. The Annual Certificate given by the Chairman, Managing Director & CEO and the Chief Financial Officer is published in this report.
- i) The Internal Auditor directly reports to the Audit Committee.
- j) The Audit Report contains unmodified audit opinion.
- k) Total fee paid to Statutory Auditor for all services rendered is ₹22,75,000.
- l) No funds have been raised through preferential allotment or qualified institutions placement.
- m) During the financial year 2019-20, the Board of Directors have accepted all the recommendations of its committees.
- n) The Company has obtained Directors & Officer insurance (D & O) policy for all the Directors including Independent Directors of the Company.

16. Certificates

1. Certificate from JAIN VINEY & ASSOCIATES, Practicing Company Secretaries has been obtained that none of the Directors on Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI or Ministry of Corporate Affairs or any such authority. The certificate is reproduced as under:

CERTIFICATE UNDER REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

We JAIN VINEY & ASSOCIATES, Practicing Company Secretaries, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HEG Limited (CIN: L23109MP1972PLC008290) having registered office at MANDIDEEP, NEAR BHOPAL, DIST RAISEN MADHYA PRADESH-462046 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| S. No. | Name of Directors | DIN | Date of Appointment |
|--------|--------------------|----------|---------------------|
| 1 | RAMNI NIRULA | 00015330 | 31/10/2018 |
| 2 | KAMAL GUPTA | 00038490 | 10/11/1994 |
| 3 | VINITA SINGHANIA | 00042983 | 31/10/2018 |
| 4 | RAVI JHUNJHUNWALA | 00060972 | 08/09/1979 |
| 5 | RIJU JHUNJHUNWALA | 00061060 | 30/04/2009 |
| 6 | SHEKHAR AGARWAL | 00066113 | 15/07/1996 |
| 7 | JAYANT DAVAR | 00100801 | 14/08/2019 |
| 8 | SATISH CHAND MEHTA | 02460558 | 23/06/2016 |
| 9 | OM PARKASH BAHL | 02643557 | 30/04/2009 |
| 10 | MANISH GULATI | 08697512 | 01/03/2020 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Note: The COVID-19 outbreak was declared as a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a series of lockdowns resulting in restriction in movements and opening of offices and availability of documents, to contain the spread of this virus. Due to COVID19 pandemic impact, the compliance documents were obtained through electronic mode and verified with requirements.

For Jain Viney & Associates

Company Secretaries

Viney Kumar Jain

Company Secretary In Practice

M.No.: F 5376

CP. No.: 4614

UDIN: F005376B000372457

Place: New Delhi

2. CEO/CFO Certificate Under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is reproduced as under:

CEO/CFO CERTIFICATE

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

To,
The Board of Directors
HEG Limited

- (a) We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March, 2020 and that to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting in the Company and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- i) Significant changes in internal control over financial reporting during the financial year;
 - ii) Significant changes in accounting policies during the financial year and the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ravi Jhunjunwala
Chairman, Managing Director & CEO
DIN: 00060972

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

Place : Noida (U.P.)
Date : 17th June, 2020

3. Statutory Auditor's Certificate in compliance with the conditions of Corporate Governance, is reproduced as under:

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
HEG Limited

We, SCV & Co LLP, Chartered Accountants, the Statutory Auditors of HEG Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Management's Responsibility

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

Auditor's Responsibility

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

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

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

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

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Ludhiana
Dated: 17th June, 2020

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

Sanjiv Mohan
Partner

Membership No.: 086066
UDIN:20086066AAAAFG2121

17. General Body Meetings

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

| Date of AGM | Relevant Financial Year | Venue/Location where held | Time of Meeting | Whether any special resolution was passed |
|----------------------|-------------------------|---|-----------------|---|
| 22nd September, 2017 | 2016-2017 | Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046 | 11.30 A.M. | Yes |
| 23rd July, 2018 | 2017-2018 | Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046 | 11.30 A.M. | Yes |
| 20th August, 2019 | 2018-2019 | Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046 | 3.00 P.M. | Yes |

No Extra-ordinary General Meeting took place during the financial year 2019-20.

There was no resolution passed by the shareholders through postal ballot, in the financial year 2019-20.

No special resolution requiring postal ballot is being proposed for the ensuing Annual General Meeting.

18. Means of Communication

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

These results are displayed on the website of the Company along with other news releases and presentations, if any, made to institutional investors or to analysts among others. All other vital information is also placed on the website of the Company. The results are not sent individually to shareholders.

19. Disclosures Regarding Re-Appointment/Appointment of Directors in the ensuing Annual General Meeting

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

- Smt. Vinita Singhania (DIN: 00042983), Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment.
- Shri Manish Gulati, Chief Operating Officer and Chief Marketing Officer (DIN: 08697512), has been appointed as an Additional Director (Executive Director) w.e.f. 1st March, 2020, liable to retire by rotation, in the Board Meeting held on 11th February, 2020, to hold office upto the date of ensuing Annual General Meeting.
- Shri Manish Gulati (DIN: 08697512), has been appointed as a Whole Time Director, designated as an Executive Director of the Company, liable to retire by rotation, in the Board Meeting held on 11th February, 2020 subject to approval of Shareholders, for a period of 5 years with effect from 1st March, 2020 upto 28th February, 2025.
- Shri Jayant Davar (DIN: 00100801) has been appointed as an Additional Independent Director by Board on 14th August, 2019 for first term of 5 consecutive years subject to approval of Shareholders. The Board recommends his appointment as an Independent Director of the Company for first term of 5 (five) consecutive years with effect from 14th August, 2019 upto 13th August, 2024 for shareholder approval in the ensuing Annual General Meeting.

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

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

The requisite disclosures in respect of the above are attached as an Annexure at page no 105 to 106 to this report:

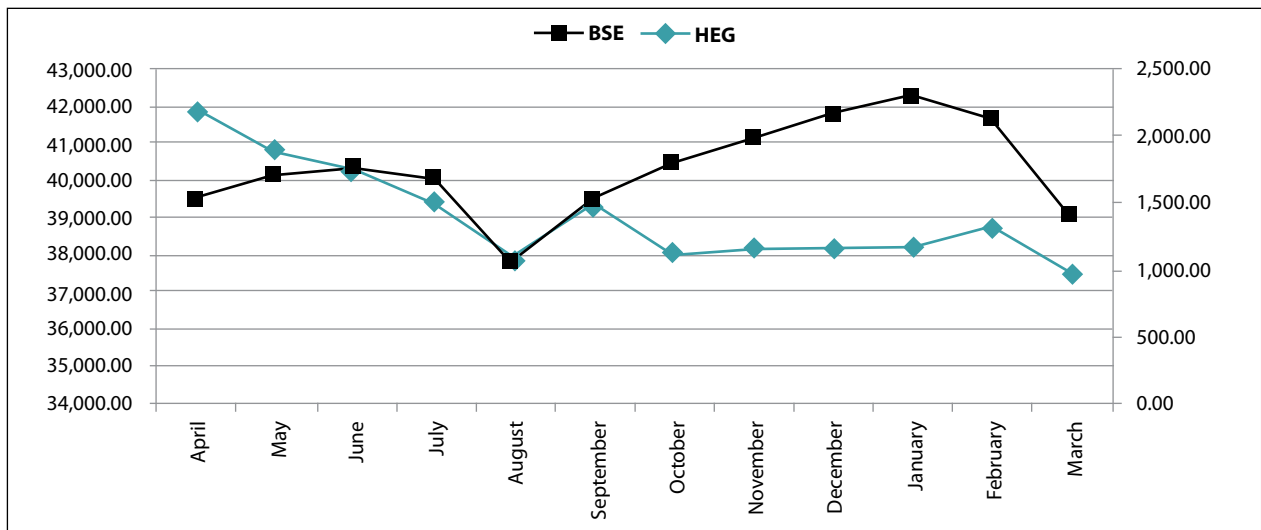
20. Shareholders' Information

| | |
|---|--|
| a) Annual General Meeting: Date, Time & Venue | Friday, 11th September, 2020 at 2.30 P.M. through Video Conferencing / Other Audio Visual Means facility (Deemed Venue for Meeting: Registered Office at Mandideep (Near Bhopal), Distt. Raissen – 462046, Madhya Pradesh). |
| b) Financial Year | Financial Year: 1st April, 2019 – 31st March, 2020. |
| c) Date of Book Closure | Saturday, 5th September, 2020 to Friday, 11th September, 2020 (both days inclusive). |
| d) Dividend payment date: | Interim dividend- 28th February, 2020. |
| e) Listing of Shares on Stock Exchanges | <p>1. BSE Limited BSE- Corporate Office Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Phones : (022) 22721233/4, (022) 66545695 (Hunting) Fax : (022) 22721919</p> <p>2. National Stock Exchange of India Limited NSE – Corporate Office Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Phones: (022) 26598100 – 8114 Fax No: (022) 26598120</p> |
| f) Payment of Listing Fees | Annual Listing fees as applicable have been duly paid. |
| g) Stock Code / ISIN | Equity Shares : BSE: 509631 NSE : HEG ISIN : INE545A01016 |
| h) Whether S&P BSE 500 Index | Yes |

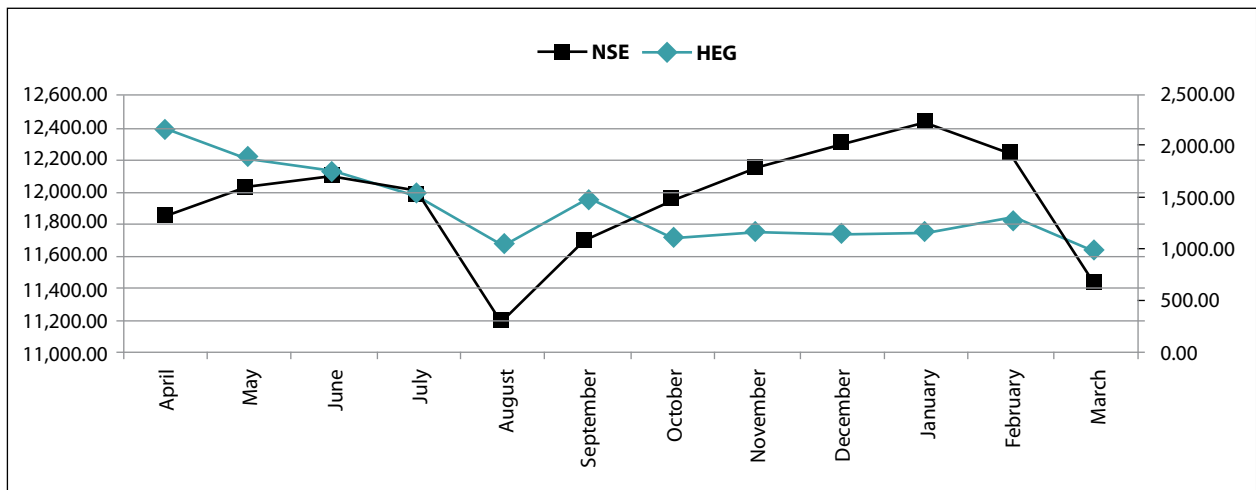
i) (i) Market Price Data: Monthly High-Low values (in ₹) at NSE & BSE and comparison with BSE Sensex and Nifty:

| Month | NSE | | BSE | | BSE SENSEX | | NIFTY | |
|-----------------|----------|----------|----------|----------|------------|-----------|-----------|-----------|
| | High | Low | High | Low | High | Low | High | Low |
| April, 2019 | 2,172.25 | 1,604.00 | 2,174.45 | 1,601.30 | 39,487.45 | 38,460.25 | 11,856.15 | 11,549.10 |
| May, 2019 | 1,897.00 | 1,541.70 | 1,898.00 | 1,542.00 | 40,124.96 | 36,956.10 | 12,041.15 | 11,108.30 |
| June, 2019 | 1,748.80 | 1218.00 | 1,760.00 | 1,221.95 | 40,312.07 | 38,870.96 | 12,103.05 | 11,625.10 |
| July, 2019 | 1,512.00 | 919.00 | 1,511.00 | 915.10 | 40,032.41 | 37,128.26 | 11,981.75 | 10,999.40 |
| August, 2019 | 1,063.95 | 876.40 | 1,063.00 | 873.35 | 37,807.55 | 36,102.35 | 11,181.45 | 10,637.15 |
| September, 2019 | 1,474.00 | 929.00 | 1,473.00 | 930.60 | 39,441.12 | 35,987.80 | 11,694.85 | 10,670.25 |
| October, 2019 | 1,118.00 | 831.25 | 1,117.50 | 833.75 | 40,392.22 | 37,415.83 | 11,945.00 | 11,090.15 |
| November, 2019 | 1,170.90 | 985.00 | 1,171.20 | 981.70 | 41,163.79 | 40,014.23 | 12,158.80 | 11,802.65 |
| December, 2019 | 1,161.00 | 1,018.45 | 1,160.00 | 1,018.00 | 41,809.96 | 40,135.37 | 12,293.90 | 11,832.30 |
| January, 2020 | 1,168.80 | 1,014.00 | 1,168.25 | 1,013.70 | 42,273.87 | 40,476.55 | 12,430.50 | 11,929.60 |
| February, 2020 | 1,299.95 | 870.05 | 1,299.80 | 870.05 | 41,709.30 | 38,219.97 | 12,246.70 | 11,175.05 |
| March, 2020 | 980.00 | 409.60 | 979.00 | 413.20 | 39,083.17 | 25,638.90 | 11,433.00 | 7,511.10 |

(ii) Comparative chart of Company's share price movement vis-a-vis the movement of BSE Sensex during FY 2019-2020:



(iii) Comparative chart of Company's share price movement vis-à-vis the movement of Nifty during FY 2019-2020:



j) Registrar and Transfer Agent

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

k) Share Transfer System:

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

l) Distribution of shareholding as on 31st March, 2020:

| No. of Equity Shares held | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| 1-500 | 1,53,052 | 98.94 | 49,94,835 | 12.94 |
| 501-1000 | 937 | 0.61 | 6,77,746 | 1.76 |
| 1001-2000 | 371 | 0.24 | 5,19,606 | 1.35 |
| 2001-3000 | 95 | 0.06 | 2,33,124 | 0.60 |
| 3001-4000 | 52 | 0.03 | 1,84,446 | 0.48 |
| 4001-5000 | 24 | 0.02 | 1,06,603 | 0.27 |
| 5001-10000 | 49 | 0.03 | 3,40,687 | 0.88 |
| 10001 & above | 113 | 0.07 | 3,15,38,459 | 81.72 |
| Total | 1,54,693 | 100.00 | 3,85,95,506 | 100.00 |

m) Category of Shareholders:

| Category | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|--|---------------------|-------------------|--------------------|-------------------|
| Promoters and Promoter Group | 23 | 0.02 | 2,30,10,031 | 59.62 |
| Mutual Funds / UTI | 13 | 0.01 | 16,081 | 0.04 |
| Financial Institutions/Banks/Central Govt./ State Govt. Institutions | 9 | 0.01 | 36,804 | 0.10 |
| Insurance Companies | 3 | 0.00 | 28,12,743 | 7.29 |
| Foreign Institutional Investors | 122 | 0.08 | 42,62,363 | 11.04 |
| Bodies Corporate | 1,206 | 0.78 | 16,18,686 | 4.19 |
| Individuals | 1,51,257 | 97.78 | 63,23,495 | 16.38 |
| Others: | | | | |
| I) Trusts | 7 | 0.00 | 68,520 | 0.18 |
| II) IEPF | 1 | 0.00 | 2,03,045 | 0.53 |
| III) NRI Individuals | 2,045 | 1.32 | 2,23,796 | 0.58 |
| IV) NBFC's Registered with RBI | 7 | 0.00 | 19,942 | 0.05 |
| Total | 1,54,693 | 100.00 | 3,85,95,506 | 100.00 |

| | |
|--|--|
| n) Dematerialization of shares and liquidity. | 3,81,29,112 equity shares were dematerialised till 31st March, 2020 which was 98.79% of the total paid-up Equity Share Capital of the Company on that date. Trading in shares of the Company is permitted in dematerialised form only. |
| o) Commodity price risk or foreign exchange risk and hedging activities. | Please refer Business De-risking under the head Risk Management, which forms part of Management Discussion and Analysis. |
| p) Outstanding GDRs/ADRs/warrants or any Convertible instruments, conversion date and likely impact on equity. | There are no such instruments outstanding as on 31st March, 2020. |
| q) Plant Locations | a) Mandideep (Near Bhopal), Distt. Raisen- 462046, Madhya Pradesh. b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad – 461001 Madhya Pradesh. |
| r) Address for correspondence | HEG Limited, Secretarial Department Bhilwara Towers, A-12, Sector –1, Noida - 201301 Phone: 0120-4390300, 4390000, Fax: 0120- 4277841 E-mail: heg.investor@lnjbhilwara.com |

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

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

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

Accordingly, the Company has transferred the equity shares in respect of which dividend upto 2011-12 has not been claimed or paid for a period of seven consecutive years or more to the IEPF.

The details are also available on website at www.heg ltd.com and website of IEPF Authority at www.iepf.gov.in. No claim shall lie against the Company in respect of unclaimed dividend amounts and the corresponding shares transferred to IEPF, pursuant to relevant Rules. Members should note that both the unclaimed dividend and the shares transferred to IEPF can be claimed back by them from the IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website of the IEPF Authority (www.iepf.gov.in) and sending a duly signed physical copy of the same alongwith requisite documents enumerated in the Form No. IEPF-5 duly completed in all respect, to the Company.

The Details of unclaimed dividend and shares transferred to IEPF during the financial year 2019-20 are given hereunder:

| Financial year | Amount of unclaimed dividend transferred (₹ in lakhs) | Number of shares transferred |
|----------------|---|------------------------------|
| 2011-12 | 22.97 | 14,475 |

Tentative schedule for transfer to IEPF is as under:

| Date of Declaration of Dividend | Financial Year | Tentative Schedule for transfer to IEPF |
|---------------------------------|-------------------|---|
| 21-09-2013 | 2012-13 | 22-10-2020 |
| 30-08-2014 | 2013-14 | 30-09-2021 |
| 22-09-2015 | 2014-15 | 23-10-2022 |
| 08-02-2018 | 2017-18 (Interim) | 12-03-2025 |
| 23-07-2018 | 2017-18 (Final) | 23-08-2025 |
| 31-10-2018 | 2018-19 (Interim) | 05-12-2025 |
| 20-08-2019 | 2018-19 (Final) | 24-09-2026 |
| 11-02-2020 | 2019-20 (Interim) | 18-03-2027 |

The details of unclaimed dividends & Shareholders whose shares are liable to be transferred to the IEPF Authority, are available on the website of the Company i.e. www.heg ltd.com

t) **Credit Rating**

India Ratings and Research (Ind-Ra) has affirmed HEG Limited's (HEG) Long-Term Issuer Rating as IND AA' on 24th June, 2019. All credit ratings obtained by the Company are disclosed on the website of the Company i.e. www.heg ltd.com. No credit rating has been obtained for any fixed deposit programme during the financial year 2019-20.

For and on behalf of the Board of Directors

Ravi Jhunjhunwala

Chairman, Managing Director & CEO

DIN 00060972

Place: Noida (U.P.)

Dated: 17th June, 2020

Annexure

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 | 31st October, 2018 | 14th August, 2019 | 1st 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 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. |

| Name of Director | Vinita Singhania | Jayant Davar* | Manish Gulati** |
|--|--|--|--|
| 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 |
| Chairman/Member of the Committee of Directors of other Companies.# | | | |
| 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. 14th August, 2019). | NA (Appointed as an Additional Director (Executive Director) w.e.f. 1st 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. 14th 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 14th August, 2019 upto 13th August, 2024

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