



FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

**Meeting of Independent Directors
08thth February, 2024**

By HB LEASING AND FINANCE COMPANY LIMITED

CIN L65910HR1982PLC034071

Plot No. 31, Echelon Institutional Area,

Sector – 32, Gurugram – 122 001, Haryana

Phone : 0124-4675500, Fax : 0124-4370985

E mail : corporate@hbleasing.com

Website : www.hbleasing.com

About the Company

- ◆ HB Leasing and Finance Company Limited was incorporated on 13th March, 1982 and carrying on the activity of proprietary investment in stocks and securities and is a registered Non Banking Financial Company (NBFC) with the Reserve Bank of India.
- ◆ Equity Shares of the Company are presently listed at BSE Limited (BSE).
- ◆ The Registered Office of the Company is presently situated at Gurugram, in the State of Haryana



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Statutory Auditor of the Company (FRN 003273N)

N.C. Agarwal & Co.

Chartered Accountants

102, Harsha house, Karampura Commercial Complex,

New Delhi –110 015

Phone: 011 25920555-6

E-mail ID: nc.aggarwal@gmail.com

Internal Auditor of the Company (FRN 011436N)

MARV & Associates, LLP

Chartered Accountants

401, Padma Tower II,

22, Rajendra Place

New Delhi 110 008

Telefax : 011 25818208 E Mail ID: atul@atulagg.com

Secretarial Auditor of the Company

DIKSHANT MALHOTRA

Company **Secretaries (F11008, C.P. No.: 14622)**

7C, TOWER B-4, SPAZE I TECH PARK,

SOHNA ROAD, SECTOR 49, GURUGRAM,

HARYANA -122001

Phone: 11- 41100386

E-mail ID: csdikshant@dmassociates.in



Registrar & Share Transfer Agent

SEBI REG No: INR 00000429 CATEGORY I

RCMC Share Registry Pvt Ltd.,
B- 25/1, First Floor,
Okhla Industrial Area Phase-II,
New Delhi-110 020

Phone : 011 – 26387320, 26387321,
26387323

Fax : 011 – 26387322

E-mail: shares@rcmcdelhi.com

Web site: www.rcmcdelhi.com

Business Model of the Company

- ◆ The Company carries out its business activities in the financial services industry and investment in securities market and is Registered with Reserve Bank of India, New Delhi as a Non Banking Finance Company (NBFC). The Company been granted a Certificate of Registration No: 14.00081 dated 26/02/1998
- ◆ The Company is not a Systemically important Non Deposit taking NBFC
- ◆ The Company is not accepting / holding any Public Deposits as on date as defined in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007

Nature of Industry in which the Company Operates

- ◆ The Company carries out business activities in the financial services sector.
- ◆ The Company is primarily engaged in the business of investment in Shares and other Securities, lending of money for short and long term business purposes.
- ◆ The Company is a member of all Four Credit Information Companies (CIC) viz. TransUnion CIBIL Limited, Experian Credit Information Company of India Pvt. Ltd, Equifax Credit Information Services Pvt. Ltd and CRIF High Mark Credit Information Services Pvt. Ltd

Composition of Board of Directors

BOARD OF DIRECTORS	
Mr. Lalit Bhasin	Chairman
Mr. Anil Goyal	Managing Director
Mr. Vinay Shukla	Independent Director
Mrs. Sapna Khandelwal	Independent Director

Key Managerial Personnel (KMP)

Key Managerial Personnel(s)	Designation
Mr. Chhatra Pal Singh	Chief Financial Officer(CFO)
Ms. Sonali Sharma	Company Secretary (CS)



Board Committee's

Name of Committee	Provisions applicable	Structure of Committee
Audit Committee	Section 177 of Companies Act, 2013 read with rule 6 & 7 of Companies (Meetings of Board & its Powers) Rules, 2014 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 deals with the Audit Committee.	Audit Committee shall consist of a minimum of three directors with at least 2/3rd of independent directors.
Nomination and Remuneration Committee	Section 178 (2), (3) & (4) of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 deals with the Nomination and Remuneration Committee.	Nomination and Remuneration Committee shall consist of at least three non executive directors out of which at least 2/3 rd shall be Independent directors.
Stakeholders Relationship Committee	Section 178 (5), (6) & (7) of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 deals with the Stakeholders Relationship Committee.	Stakeholders Relationship Committee shall consist at least three directors, with at least one being an independent director.
Risk Management Committee	Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 deals with the Risk Management Committee.	Committee shall consist minimum three members with majority of them being members of the board of directors, including at least One Independent Director

Composition of Board Committee's

Audit Committee (AC)

1. Mr. Lalit Bhasin, Chairman
2. Mr. Vinay Shukla, Member
3. Mrs. Sapna Khandelwal, Member

Nomination And Remuneration Committee (NRC)

1. Mr. Vinay Shukla, Chairman
2. Mr. Lalit Bhasin, Member
3. Mrs. Sapna Khandelwal, Member

Stakeholders Relationship Committee (SRC)

1. Mr. Lalit Bhasin, Chairman
2. Mr. Anil Goyal, Member
3. Mrs. Sapna Khandelwal, Member

Risk Management Committee (RMC)

1. Mr. Lalit Bhasin, Chairman
2. Mr. Anil Goyal, Member
3. Mrs. Sapna Khandelwal, Member

Company's Shareholding Pattern

Distribution of Shareholdings as on 31st Dec, 2023 is as follows:

Category	No. of Share(s) held	No. of Shareholders	% of Shareholding(s)
A. <u>Promoters holding</u>	4218663	04	38.13
• Indian Promoters	0	0	0
• Foreign Promoters			
B. <u>Public Shareholding (Institutions)</u>			
• Mutual funds and UTI	1570	03	0.01
• Banks/Financial Institutions	610	06	0.01
• Foreign Institutional Investors	0	0	0
C. <u>Public Shareholding (Non-Institutions)</u>			
• Director	150	1	0.01
• Bodies Corporate	554129	99	5.01
• Clearing Member / Intermediary	250	2	0.06
• NRIs	133537	363	1.21
• Indian Public	6100722	35181	55.15
• Trust	0	0	0.00
• NBFC	53100	04	0.48
Total	11062731	35664	100.00

Market Price of Share

Monthly price of Company's Share at BSE from January to December 2023 (High, Low , Close and Volume) is as under:-

Month(s)	High Price	Low Price	Close Price	Volume (Shares)
Jan- 23	5.27	3.81	4.98	82,269
Feb -23	5.26	3.88	4.26	1,19,725
Mar-23	4.47	3.41	3.48	79,585
Apr-23	4.09	3.31	3.75	48,611
May-23	4.05	3.29	3.56	47,561
June-23	3.86	3.35	3.45	81,672
July-23	4.35	3.25	4.35	75,624
Aug-23	9.04	4.35	8.03	2,81,060
Sep-23	7.87	5.65	5.65	99,860
Oct-23	7.54	5.38	6.65	1,61,331
Nov-23	8.62	6.44	8.61	1,25,474
Dec-23	9.32	8.15	8.63	1,02,378

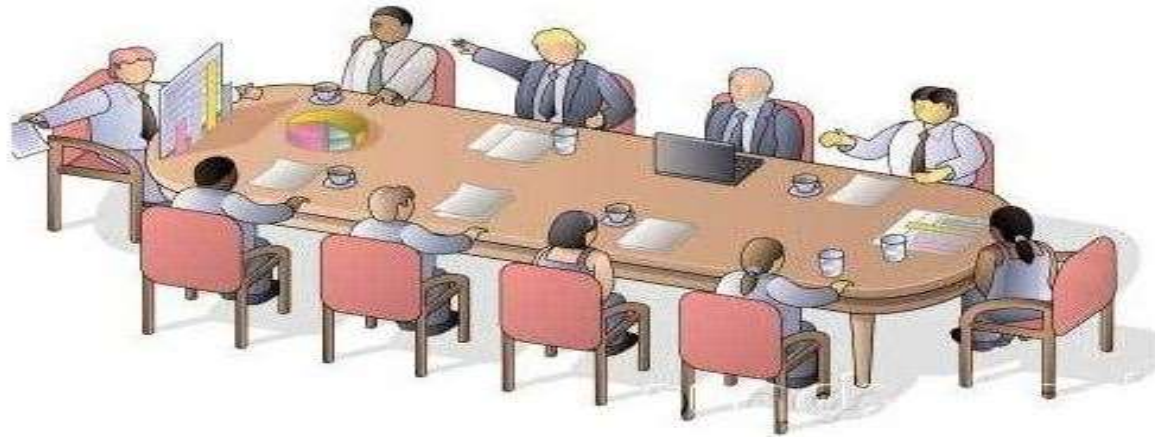
Financial Position of the Company

Audited Financial Results of the Company is as under:-

(Rupees in Lakhs)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2021
Total Turnover	52.88	54.82	30.00
Profit Before tax	20.82	19.83	(4.42)
Profit After tax	21.08	19.87	(4.20)
Dividend (per Share)	00	00	00
Equity Share Capital	1100.41	1100.41	1100.41
Reserves	(851.88)	(872.01)	(892.31)
Earning Per Share	(0.19)	(0.18)	(0.04)

Independent Directors



Independent Director... Definition

As per Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an 'Independent Director' shall mean a non-executive director, other than a nominee director of the listed entity who-

- (i) in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.
- (ii) is or was not a promoter of the listed entity or its holding, subsidiary or associate Company; or member of the promoter group of the listed entity.
- (iii) is not related to promoters or directors in the listed entity, its holding, subsidiary or associate Company.
- (iv) apart from receiving director's remuneration, has or had no material pecuniary relationships with the listed entity, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
- (v) none of whose relatives holding securities of or interest in the listed entity, its holding, subsidiary or associate Company, during the three immediately preceding financial years or during the current financial year, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year.

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(vi) holds neither himself, nor whose relative(s)-

(a) Holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate Company (or any promoter group Company) in any of the three financial years immediately preceding the financial year in which is proposed to be appointed. .(in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment)

(b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –

(1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate Company; or

(2) Any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate Company amounting to ten percent or more of the gross turnover of such firm.

(c) holds together with his relatives two percent or more of the total voting power of the listed entity.

(d) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty –five percent or more of its receipts from the listed entity, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two percent or more of the total voting power of the listed entity.

(e) is a material supplier, service provider or customer or a lessor or lessee of the listed entity.

(vii) Who is not less than 21 years of age.

(viii) Who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director

Independent Directors under SEBI (LODR) Regulations, 2015 & the Companies Act, 2013

As per Chapter IV, Regulation 17 of the SEBI (LODR) Regulations, 2015:

- ◆ Not less than 50% of the board shall comprise of Non-Executive Directors with at least one Woman Director.
- ◆ Independent Directors —

Where the Chairperson of the board is non-executive Director:

At least 1/3rd of board shall comprise of Independent Directors.

Where there is no regular non-executive chairperson on the board:

At least 1/2 of board shall comprise of Independent Directors.

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- ◆ Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying positions at the level of the Board of Director or one level below the board of directors, at least half of the Board of Directors shall consist of Independent Directors.
- ◆ A director shall not be a member in more than 10 Committee or act as chairman of more than 5 Committees across all listed entities in which he is a director. Furthermore, every director shall inform the listed entity about the Committee positions he occupies in other listed entities and notify changes as and when they take place.
- ◆ No Director shall be appointed or continue the directorship as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.(Reg. 17(IA))
- ◆ At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary incorporated in India.(Reg. 24)
- ◆ The performance evaluation shall be done by the entire board of directors which shall include-
 - (i) performance of the directors
 - (ii) fulfillment of the independence criteria as specified in these regulations and their independence from the management

As per section 149 (4) of the Companies Act, 2013:

- ◆ Every listed Public Company shall have at least 1/3rd of the total number of directors as independent directors.
- ◆ The Central Government may prescribe the minimum number of independent directors in case of any class or classes of public companies.

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- **As per section 150(1) of the Companies Act, 2013,** Independent director may be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by any body, institute or association, as may be notified by the Central Government, having expertise in creation and maintenance of such data bank and put on their website for the use by the company making the appointment of such directors: Provided that responsibility of exercising due diligence before selecting a person from the data bank referred to above, as an independent director shall lie with the company making such appointment.
- Central Government has notified the Indian Institute of Corporate Affairs at Manesar (Haryana), as an institute to create and maintain a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, for the use of the company making the appointment of such directors.

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◆ COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS), RULES, 2014.

- The provisions of the amended rules shall be applicable to all individuals who intend to be appointed as an Independent Directors and shall also cover all existing independent directors to comply with the same within 3 months of commencement of the provisions.
- An online application is required to be made to IICA for the inclusion of name in the data bank for a period of 1 year or 5 yrs or lifetime and renewal applications are also required to be made within a period of 13 Months from such commencement (i.e. upto 31st December 2020).
- Every individual whose name is included in the databank is required to qualify online Proficiency Test covering company law, securities law, basic accountancy etc. within a period of 2 year.

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- ◆ **COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS), RULES, 2014.**
- ◆ MCA has granted an exemption to the Directors or KMP's, not be required to pass the online proficiency self-assessment test when he has served for a total period of not less than three years as on the date of inclusion of his name in the data bank
 - (A) as a director or KMP, in one or more of the following namely:-
 - (a) listed public company; or
 - (b) unlisted public company having a paid-up share capital of rupees ten crore or more; or
 - (c) body corporate; or
 - (d) bodies corporate incorporated outside India having a paid-up share capital of US\$ 2 million or more; or
 - (e) statutory corporations set up under an Act of Parliament or any State Legislature carrying on commercial activities; or
 - (B) in the pay scale of Director or equivalent or above in any Ministry or Department, of the Central Government or any State Government, and having experience in handling prescribed matters.

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◆ COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS), RULES, 2014.

- (C) In the pay scale of Chief General Manager or above in the SEBI or the RBI or the Insurance Regulatory and Exchange Board or the RBI or the IRDA or the Pension Fund Regulatory and Development Authority and having experience in handling the matters relating to corporate laws or securities laws or economic laws
- Provided also that the following individuals, who are or have been, for at least ten years :—
 - (I) an advocate of a court; or
 - (II) in practice as a chartered accountant; or
 - (III) in practice as a cost accountant; or
 - (IV) in practice as a company secretary,
 - Further, an individual has to score a minimum of 50% marks in the proficiency test as may be conducted by the IICA to pass the test. There is no limit on number of attempts to qualify the same within 1 year.

Tenure and obligations of Independent Directors

◆ As per Regulation 25 of Listing Regulations:

- (1) No person shall be appointed or continue as an alternate director for an independent director of a listed entity.
 - (2) Maximum tenure of Independent Directors shall be in accordance with the Companies Act, 2013 and rules made there under, from time to time.
 - (3) The Independent Directors shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management.
 - (4) The independent directors shall, inter-alia, review the performance of non-independent directors & chairperson of the listed entity, assess the quality, quantity and timeliness of flow of information between the management and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties of the listed entity.
- ◆ As per section 149(10) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of special resolution by the Company.
 - ◆ As per section 149(11), no director shall hold more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent directors.

Need of Independent Directors

- ◆ Independent directors broadly fit into overall structure of Corporate governance and are necessary to ensure effective balanced boards.
- ◆ The board is the most significant instrument of corporate governance .
- ◆ Effectiveness of the board as the oversight body to oversee what the management does.
- ◆ Independent of Directors are important, in view of :-
 - Recent Scandals of disclosures & duties.
 - Size and scope of present day enterprise.
 - Complexity of operations.

Code For Independent Directors

Schedule IV of the Companies Act, 2013 provides guidelines of Professional conduct for an Independent director.

An Independent director of the Company shall:

- ◆ Uphold ethical standards of integrity and probity.
- ◆ Act objectively and constructively while exercising his duties.
- ◆ Exercise his responsibilities in a bona fide manner in the interest of the Company.
- ◆ Devote sufficient time and attention to his professional obligations for informed and balanced decision making.
- ◆ Not allow any extraneous considerations that will vitiate his exercise of objective Independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
- ◆ Not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person.
- ◆ Refrain from any action that would lead to loss of his independence.
- ◆ Where circumstances arise which make an independent Director lose his independence, the independent director must immediately inform the Board accordingly.
- ◆ Assist the Company in implementing the best corporate governance practices.

Roles & Responsibilities



Directors
DIPLOMA

Role & Functions of Independent Directors

The Independent Directors shall:

- ◆ Help in bringing an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standard of conduct.
- ◆ Bring an objective view in the evaluation of the performance of board and management.
- ◆ Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- ◆ Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
- ◆ Safeguard the interests of all stakeholders, particularly the minority shareholders.
- ◆ Balance the conflicting interest of the stakeholders.
- ◆ Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
- ◆ Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management shareholder's interest.

Duties & Responsibilities of Independent Directors

- ◆ Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company.
- ◆ Seek appropriate clarification or amplification of information and, where necessary, if required take and follow appropriate professional advice and experts at the expense of the Company.
- ◆ Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member.
- ◆ Participate constructively and actively in the committees of the Board in which they are chairpersons or members.
- ◆ Strive to attend the general meetings of the Company.
- ◆ Where they have concerns about the running of the company or proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concern are recorded in the minutes of the Board meeting.
- ◆ Keep themselves well informed about the Company and the external environment in which it operates.

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- ◆ Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
- ◆ Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves same are in interest of the Company.
- ◆ Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
- ◆ Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
- ◆ Acting within his authority, assist in protecting the legitimate interest of the Company, shareholders and its employees.
- ◆ Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Rights of Independent Directors

- ◆ Right to attend and vote in every board meeting.
- ◆ Right to be appointed in various committees.
- ◆ Right to demand information on every business matter.
- ◆ Right to seek clarifications / justifications.
- ◆ Right to dissent.

POLICIES APPLICABLE TO INDEPENDENT DIRECTORS

- ◆ *Code for Independent Directors as per the Companies Act, 2013- Schedule IV of the Companies Act, 2013.*
- ◆ *Company's Code of Business conduct.*
- ◆ *Company's Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as per SEBI (Prohibition of Insider Trading) Regulations, 2015.*

