

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Meeting of Independent Directors
14th February, 2024

By **HB PORTFOLIO LIMITED**

Plot No. 31, Echelon Institutional Area,
Sector – 32, Gurugram – 122001, Haryana

Ph. : 0124-4675500, Fax : 0124-4370985

Email : corporate@hbportfolio.com

CIN : L67120HR1994PLC034148

Website : www.hbportfolio.com

ABOUT THE COMPANY

- ◆ **HB Portfolio Limited** was initially incorporated under the name of HB Stockholdings Limited on 18th August 1994 with the main object of undertaking the Financial Services. The name of the Company was subsequently changed on 19th February 1997 to the present name of HB Portfolio Ltd.
- ◆ Pursuant to a Scheme of Arrangement sanctioned by the Delhi High Court the Merchant Banking Division of HB Portfolio Leasing Limited (now known as HB Stockholdings Limited) was transferred to and vested in the Company.
- ◆ The Company's equity shares are listed on BSE Limited (BSE).
- ◆ The Company's has following Subsidiaries:
 - (i) HB Securities Limited (Wos)
 - (ii) HB Corporate Services Limited
 - (iii) Taurus Asset Management Company Limited
 - (iv) Taurus Investment Trust Company Limited

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Statutory Auditors of the Company

N.C. Aggarwal & Co.

Chartered Accountants

102, Harsha House,

Karampura Commercial Complex,

New Delhi – 110015

Registrar & Share Transfer Agent

RCMC Share Registry Pvt. Ltd.,

B – 25/1, First Floor,

Okhla Industrial Area, Phase-II, New Delhi-110020

Phone : 011 – 26387320, 26387321

Fax : 011 – 26387322

E-mail: investor.services@rcmcdelhi.com

Website: www.rcmcdelhi.com



Business Model Of the Company

- ◆ The principal business activity of the Company is to undertake financial services and investing and dealing in various kinds of securities.
- ◆ The Company through its wholly owned subsidiary viz., HB Securities Ltd. has taken the membership of National Stock Exchange to carry out broking operations in normal securities segment and also in index, futures and options; besides, the said subsidiary is also a Depository Participant of National Securities Depository Ltd. (NSDL), the premier Depository to complement the broking operations and become an integrated retail player. Besides the above, the Company is also a sponsor of Taurus Mutual Fund having an excellent track record of out-performing bench mark indices.



Composition of Board of Directors

BOARD OF DIRECTORS

MR. LALIT BHASIN	CHAIRMAN
MR. ANIL GOYAL	MANAGING DIRECTOR
MR. R.K. BHARGAVA	INDEPENDENT DIRECTOR
MR. HARBANS LAL	INDEPENDENT DIRECTOR
MRS. ANITA JAIN	INDEPENDENT DIRECTOR

Key Managerial Personnel (KMP)

Name of Key Managerial Personnel	Designation
Mr. Anil Goyal	Managing Director
Mr. Ashok Kumar	Chief Financial Officer



SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015



Applicability: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable on listed entities who have listed their any of the following designated securities on recognised stock exchange:-

- (a) specified securities listed on main board or SME Exchange or institutional trading platform;
- (b) Non-convertible debt securities, non-convertible redeemable preference shares, perpetual debt instrument, perpetual non-cumulative preference shares;
- (c) Indian depository receipts;
- (d) securitised debt instruments;
- (da) security receipts;
- (e) Units issued by mutual funds;
- (f) Any other securities as may be specified by the Board.

Board Committees

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 2/3 rd of independent directors. Chairperson to be an Independent Director
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. Chairperson to be an Independent Director
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. Chairperson to be a Non-Executive Director

Shareholding Pattern

The category-wise distribution of Shareholding as on 31st Dec, 2023 is as follows:

Category	No. of Shares held	% of Shareholding
A. Promoters holding		
• Indian Promoters	66,14,245	61.45
• Foreign Promoters	0	0.00
B. Public Shareholding (Institutions)		
• Mutual funds	1393	0.01
• Banks/Financial Institutions	29	0.00
C. Central Govt./ State Govt./President of India	529	0.01
D. Public Shareholding (Non-Institutions)		
• Bodies Corporate	329726	3.06
• NRIs	36906	0.34
• Indian Public	2838777	26.37
• Clearing Member/Intermediary	533	0.01
• Trusts	28109	0.26
• NBFCs	45	0.00
• IEPF Account	913820	8.49
• LLP	67	0.00
• Unclaimed Suspense Account	51	0.00
Total	10764230	100.00

Share Market Price

The monthly High, Low price of Company's Share at BSE from April 2023 to December, 2023 is as under:-

Month	High Price	Low Price	Close Price	Volume
Apr, 2023	42.90	37.00	39.98	9,07,222
May, 2023	43.61	36.00	36.30	13,91,699
Jun, 2023	39.99	36.00	37.14	28,52,340
Jul, 2023	43.00	35.01	39.15	29,61,449
Aug, 2023	68.40	38.66	61.03	2,36,02,255
Sep, 2023	64.08	49.00	49.00	42,80,126
Oct, 2023	61.02	49.11	52.89	53,00,193
Nov, 2023	61.85	50.30	60.41	97,87,908
Dec, 2023	80.00	59.05	71.51	2,08,38,289



Financial Position of the Company

The summarized financial results of the Company are as under:-

In Lakhs

Financial figures for the last three years	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2021
Total Turnover	1193.88	161.96	647.58
Profit Before tax	274.09	(56.41)	(35.00)
Profit After tax	223.04	(55.11)	(28.50)
Dividend	0.00	0.00	0.00
Reserves	13315.75	13053.41	12105.92
No. of Equity Shares	10764230	10764230	10764230
Earning Per Share	2.07	(0.51)	(0.26)

INDEPENDENT DIRECTORS



Who are Independent Directors ?

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 three immediately preceding financial years or during the current financial year.
- (v) none of whose relatives -
 - (a) 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 of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;

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(b) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;

(c) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or

(d) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income;

Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher as may be specified from time to time, whichever is lower.

(vi) holds neither himself/herself, 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 he 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.

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- (c) holds together with his relatives two percent or more of the total voting power of the listed entity; or
- (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 or corpus 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 Committees or act as chairman of more than 5 Committees across all listed entities in which he is a director. For the purpose of determining the limit of committees, public limited companies may be included, whether listed or not, and all other companies including private limited companies, foreign companies [‘high value debt listed entities’] and companies under section 8 of the companies Act, 2013 shall be excluded.
- ✦ Every director shall inform the listed entity about the committee positions he or she 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, in any listed entity, 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(1A))
- ✦ 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, whether incorporated in India or not.(Reg. 24)
- ✦ The performance evaluation of independent director 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 managementProvided that in the above evaluation, the directors who are subject to evaluation shall not participate.

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 following class or classes of companies shall have at least two directors as an independent directors –
 - (i) the Public companies having paid up share capital of ten crore rupees or more; or
 - (ii) the Public companies having turnover of one hundred crore rupees or more; or
 - (iii) the Public companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees

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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.
- The 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 13 (Thirteen) 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 30 days from the date of expiry of period upto which the name of the individual was applied for inclusion in the data bank, failing which, the name of such individual shall stand removed from the data bank of the institute. No application shall be made filled by an individual who has paid life time fees for inclusion of his name in the data bank.
- 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 listed on any recognized stock exchange or in a country which is a member State of the Financial Action Task Force on money laundering and the regulator of the securities market in such member State is a member of International Organization of Securities Commissions; 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.

(2) The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of special resolution. The special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholder in favour of the resolution exceed the votes cast against the resolution then the appointment of such an independent director shall be deemed to have been made.

Provided that the independent director appointed above shall be removed only if the votes cast in favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.

(3) The Independent Directors shall hold at least one meeting in a financial 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.

(5) An Independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director not later than three months from the date of vacancy. Provided that where the listed entity fulfils the requirement of independent directors without filling the vacancy created by such resignation or removal, the requirement of replacement by new independent shall not apply.

◆ 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.



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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.*

Thank You