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HFCL/SEC/2019-20
Date: April 2, 2019

The BSE Ltd. Phiroze Jeejeebhoy Towers 27th Floor Dalal Street Mumbai - 400001 **Security Code No.: 500183**	The National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, C-1, Block G Bandra – Kurla Complex, Bandra (E) Mumbai – 400051 **Security Code No.: HFCL**

RE: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations")

Subject: Settlement order issued by the Securities and Exchange Board of India ("SEBI") in respect of the Settlement Application no 3566 of 2018 filed by the Company

Dear Madam/Sir,

We would like to inform you that the Company and SEBI have arrived at a settlement documented in order dated March 29, 2019 in relation to certain alleged violations in connection with the issue of 67,99,945 global depository receipts as long back as in September 2002. We understand that the said settlement order has been placed by SEBI on its official website. We are yet to receive physical copy of said order from SEBI.

The settlement is without admission or establishment of guilt. A copy of the settlement order dated March 29, 2019 is attached herewith for your information and records. The Company has paid the settlement charges of Rs. 1.14 crores on March 27, 2019.

The Company does not believe that this order can be reasonably expected to have an impact on the financial position (other than on account payment of prescribed penalty) of the Company.

Thanking you.
Yours sincerely,
For **Himachal Futuristic Communications Limited**

(Manoj Baid)
Vice President (Corporate) &
Company Secretary

Encl: a/a

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

On Application No.**3566/2017**

filed by **Himachal Futuristic Communications Ltd. (PAN AAACH4041D)**

in the matter of GDR issue by Himachal Futuristic Communications Ltd.

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1. Himachal Futuristic Communications Ltd. (hereinafter referred to as 'applicant') filed a settlement application in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 which is repealed and replaced with SEBI (Settlement Proceedings) Regulations, 2018 with effect from January 01, 2019 (hereinafter referred to as 'Settlement Regulations'). The applicant, in its application, without admitting or denying the findings of fact and conclusions of law, proposed to settle, through a settlement order, the proceedings under Section 11B of the SEBI Act, 1992 which were initiated vide Show Cause Notice dated June 22, 2018 and adjudication proceedings which were initiated vide Show Cause Notice dated June 27, 2018. The proceedings under Section 11B of the SEBI Act, 1992 were initiated for the alleged violation of Regulations 3, 5(1) and 6(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 read with Regulation 13(2) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the adjudication proceedings were initiated for the alleged violation of Section 21 of the Securities Contracts Regulation Act, 1956 read with Clauses 36(7) and 50 of the Listing Agreement.
2. The applicant came out with a GDR issue of 67,99,945 GDRs (amounting approximately to US$ 50 million) with 5,43,99,560 underlying equity shares of ₹10/- each on September 04, 2002. Roker Securities Inc. (hereinafter referred to as 'Roker') was the only entity to have subscribed to the 67,99,945 GDRs (amounting to US$ 46.50 million) of the applicant and the subscription amount was paid by Roker by obtaining loan (i.e. through a credit agreement) from Banco Efisa, S.F.E., S.A. (hereinafter referred to as 'Banco'), a bank based in Lisbon. It is alleged the applicant had pledged GDR proceeds to the bank Banco against the loan given to Roker for subscription to GDR issue (as mentioned in Credit Agreement) and later GDR proceeds were repatriated to the applicant's Indian bank account on repayment of loan by ROKER. It is alleged that the applicant signed an account charge agreement with Banco which was an integral part of credit agreement entered into between ROKER and Banco. These agreements enabled ROKER to avail a loan from Banco for subscribing the GDRs issued by the applicant. It is alleged that the GDR issue

would not have been subscribed had the applicant not given any such security towards the loan taken by Roker. It is alleged that the applicant did not inform the stock exchange about the fraudulent account charge agreement entered into between itself and Banco. Moreover, it is also alleged that information regarding signing of account charge agreement was material information of contingent liability to the extent of GDR issue. It is alleged that the corporate announcements made by the applicant to NSE contained misleading information which might have influenced decision of investors.

3. Pursuant to the application, the authorized representatives of the applicant had a meeting with the Internal Committee of SEBI on December 14, 2018 wherein the settlement terms were deliberated. Thereafter, the applicant, vide letter dated December 14, 2018, proposed the revised settlement terms to settle the defaults mentioned above.

4. The High Powered Advisory Committee ('HPAC') in its meeting held on January 30, 2019 considered the settlement terms proposed and recommended the application for settlement upon payment ₹ 1,14,06,516/- (Rupees One Crore Fourteen Lakh Six Thousand Five Hundred and Sixteen only) as settlement amount. The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC on March 11, 2019 and the same was communicated to the applicant vide e-mail dated March 18, 2019.

5. The applicant vide Demand Draft No. 577394 dated March 27, 2019 drawn on ICICI Bank has remitted an amount of ₹ 1,14,06,516/- (Rupees One Crore Fourteen Lakh Six Thousand Five Hundred and Sixteen only) towards settlement charges.

6. In view of the above, in exercise of the powers conferred under Section 15JB of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 and 28 read with Regulation 34 of the Settlement Regulations, it is hereby ordered that:

   i. the proceedings under Sections 11(1), 11B and 11(4) of the SEBI Act, 1992 for the alleged default as discussed in paragraph 1 above, are settled *qua* the applicant as per the above terms,

   ii. SEBI shall not initiate any enforcement action against the applicant for the said default,

   iii. this order disposes of the said the proceedings under Sections 11(1), 11B and 11(4) of the SEBI Act, 1992 in respect of the applicant as mentioned above and;

   iv. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicant, if SEBI finds that:

      a. any representation made by the applicant in the present settlement proceedings is subsequently discovered to be untrue;

      b. the applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.

7. This settlement order is passed on this 29th day of March, 2019 and shall come into force with immediate effect.

8. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicant and shall also be published on the website of SEBI.

-Sd-

S.K. MOHANTY

WHOLE TIME MEMBER

-Sd-

ANANTA BARUA

WHOLE TIME MEMBER