HFCL GROUP

JAS-ANZ

ISO 9001

ISO 14001

An Environment conscious company certified to ISO 14001 Standard

HIMACHAL FUTURISTIC COMMUNICATIONS LTD.
8, Commercial Complex, Masjid Moth,
Greater Kailash - II, New Delhi - 110048, India
Tel : (+91 11) 3088 2624, 3088 2626
Fax : (+91 11) 3068 9013
Web : www.hfcl.com
Email : secretarial@hfcl.com

HFCL/SEC/19-20

June 10, 2019

The BSE Ltd.	**The National Stock Exchange of India Ltd.**
1st Floor, New Trading Wing, Rotunda Building	Exchange Plaza, 5th Floor, C – 1, Block G
Phiroze Jeejeebhoy Towers, Dalal Street, Fort	Bandra – Kurla Complex, Bandra (E)
Mumbai – 400001	Mumbai – 400051
corp.relations@bseindia.com	cmlist@nse.co.in
Security Code No.: 500183	**Security Code No.: HFCL**

RE: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Subject: Latest Investors' Presentation.

Dear Sir(s)/ Madam,

In terms of Regulation 30 read with Para A of Part A of Schedule III to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the latest Investors' Presentation on the business and operations of the Company.

This aforesaid Presentation is also available on the Company's website.

You are requested to take the same on records and disseminate on your respective websites.

Thanking you,
Yours faithfully,
For **Himachal Futuristic Communications Ltd.**

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

Himachal Futuristic Communications Ltd.

Encl: Investors' Presentation.

HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

INVESTOR PRESENTATION

JUNE 2019

Company Overview

- Himachal Futuristic Communications Ltd. (HFCL) is an established leader offering fully integrated communication network solutions.
- Manufactures optical fiber cables (OFC) and high end transmission and access equipment.
- Specialized in providing turnkey solution to telecom service providers, railways, defence, smart city & surveillance projects.
- Deployed more than 25,000 cell site and have laid over 1,00,000 km of OFC network.

Consolidated Financial Highlights (FY19)

Consistent Growth YoY

Total Income	EBITDA	PAT
INR 47,848 Mn	INR 4,582 Mn	INR 2,323 Mn
(46% YoY)	(49% YoY)	(35% YoY)

State-of-the-art Manufacturing Facilities

- OFC manufacturing at Verna, Goa & through subsidiary at Chennai, Tamil Nadu
- Telecom Equipment manufacturing at Solan, Himachal Pradesh
- FRP Rod manufacturing at Hosur, Tamil Nadu through subsidiary at Chennai, Tamil Nadu

Backward Integration at Telangana and Expansion at Chennai

- A greenfield Optical Fiber manufacturing facility is being set up with a capacity of 6.4m fkm which will strengthen the Supply Chain and enhance Operating Margins .
- Expansion of OFC manufacturing capacity at subsidiary HTL Ltd. from 7m fkm to 10.5m fkm
- Post expansion, consolidated OFC capacity shall reach at 18.5m fkm

New Initiatives

- Developing new telecom and defence products like HCRR, WIFI Net work Products, UBR, Backhaul radios, Security and surveillance products, Electronic Fuses, Night vision Devices, Mini Unmanned Ariel Vehicles

- Acquired controlling stake with 90% Equity in RADDEF PRIVATE LTD, an innovation focused company specialized in Radio Frequency and Microwave Systems with a wide bouquet of components and sub-systems for the applications in defence, aerospace and communication

Board Of Directors

Mahendra Pratap Shukla - *(Non-Executive Chairman)*
- An Electrical Engineer with vast experience in Telecom Industry
- Ex-Chairman & MD of TCIL & MTNL
- Awarded *Telecom Man of the Year* award in 1992 for his commendable contribution to the Telecom Industry

Mahendra Nahata (Promoter & *Managing Director)*
- The pioneer of new age telecom sector in India
- Has been on the Board of Governors of IIT Mumbai and Madras and IIIT, Allahabad
- Ex- Member of CSIR, Govt. of India
- Served as President of TEMA
- Serced as Co-chairman of Telecom Committee of FICCI
- Awarded with Telecom Man of the Millennium award by Voice & Data

Arvind Kharabanda *(Non-Executive Director)*
- A member of ICAI with vast experience across industries like Telecom, Broadcasting, IT, Electronics, Consumer Durable and White Goods
- Expert in Marketing, Manufacturing, Project Appraisal, Finance, Planning and Corporate Strategy

Dr. R. M. Kastia *(Non-Executive Director)*
- Holds Doctorate degree in Chemistry. Fellow of British Institute of Management (London)
- Held Senior Executive positions with various national and multi-national companies across Industries

Ranjeet Anand Kumar Soni (*Non-Executive Director -(Nominee – IDBI)*
- Masters In Mathematics & JAIIB Certification From Indian Institute of Banking & Finance
- Over 18 Years of Experience in Corporate & MSME Segments With Banking Industry

Ved Kumar Jain (*Independent Director)*
- A Fellow Member of ICAI
- Former President of ICAI
- More than four decades of experience on advising Corporates on finance and taxation matters
- Founder Board Member of Indian Institute of Corporate Affairs, Government of India

Surendra Singh Sirohi *(Independent Director)*
- Alumnus – IIT Kanpur and Ex-Officio Secretary to GOI in Ministry of Communication & IT
- Has been Member - Technology in Telecom Commission
- Vast experience in telecom industry particularly in the areas of National Policy, sectorial regulations, planning & development, R&D, telecom service operations etc.
- Instrumental in formulating several regulatory and strategic initiatives for inclusive growth in the telecom sector

Dr. Tamali Sen Gupta (*Independent Woman Director)*
- Doctorate in Legal
- Masters in Law from Stanford Law School
- Legal professional with vast experience in international JVs, collaboration and licensing agreements, M&As
- Advised Ministry of Railways on installing Fiber optic link

Leadership Team

Board of Directors

Managing Director

Mahendra Nahata

SBU Heads	Business & Technology Heads	Functional Heads
Jitendra Chaudhary Telecom	**Ashwani Gupta** Executive Director	**V. R. Jain** Finance
Col. B. B. Singh Defence Comm. Services	**S. K. Garg** **Shiv Kumar Singh** Technology	**Vibhas Joshi** Supply Chain Management
Sunil Kulshrestha OFC Turnkey	**Vibhor Dewan** Sales	**Gaurav Sharma** PMO
Sunand Sharma Railways	**Tejveer Verma** CRM	**Manoj Baid** Company Secretary
Harshvardhan Pagay OFC Manufacturing	**Lt. Gen. (Retd) A. K. Choudhary** **Maj. Gen. (Retd) S. K. Dhawan** Defence- Manufacturing	**Anurag Mehrotra** HR
S. K. Wadhwa 4G		**Ajay Srivastava** IT
M.A.Johar Safe & Smart Cities		

Key Milestones

1987
Company Incorporated

Wireline Manufacturing Facility
Set up at Solan, Himachal Pradesh

Initial Listing

1989
OFC Manufacturing Facility
Set up at Goa with capacity of 0.45m fkm

Also, set up Wireless Manufacturing Facility at Solan, Himachal Pradesh

1996
Setup Turnkey Division
Forayed into providing fully integrated network solutions for Telecom Operators

1997
Acquired 74 % stake in HTL Ltd. under divestment program of Govt of India

2001
Capacity of Goa manufacturing facility expanded to 1.5m fkm

2008
New Strategic Partnership
With Reliance Jio for creation of 4G Network Infrastructure

Restructured Debt & Equity

Merger of high net-worth company, Sunvision Engineering Company Pvt. Ltd.

2011
Capacity of Goa manufacturing facility expanded to 2.6m fkm

2012
Capacity of Goa manufacturing facility expanded to 4.9m fkm

2014
Set up :
-Railways Communication, Smart City, Defence communication as new business verticals.

-Defence equipment business vertical with award of seven manufacturing licenses from GoI

2015
Capacity of Goa manufacturing facility expanded to 7m fkm

Commencement of OFC manufacturing plant at Chennai, Tamil Nadu with capacity of 4m fkm

2016
Exit from CDR

2017
Capacity of Goa manufacturing facility expanded to 8m fkm

2018

Manufacturing Facilities

OFC Manufacturing
Verna, Goa

Capacity: 8m fkm

Telecom Equipment Manufacturing
Solan, Himachal Pradesh

OFC Manufacturing
Chennai, Tamil Nadu

Capacity: 7m fkm
Planned expansion : 3.5m fkm

FRP Rods, IFGR, ARP Manufacturing
Hosur, Tamil Nadu

Capacity: FRP Thermal - UV 7,66,800 kms /IGFR - 22.50 MT/ARP 1,80,000 kms

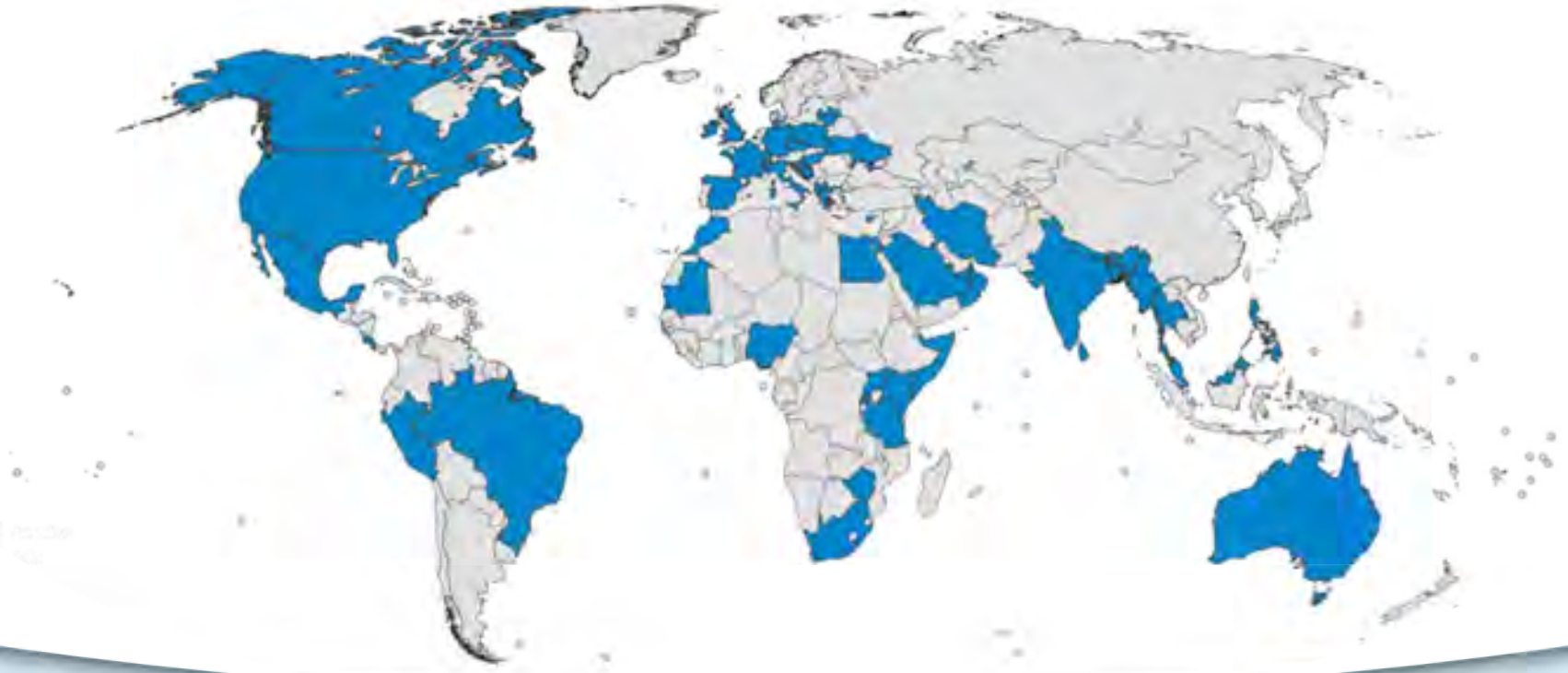
Optical Fiber Manufacturing*
Hyderabad, Telangana

Planned Capacity: Optical fiber - 6.4m fkm

** Greenfield facility - work in progress*

Key Customers Globally

Customer Presence



EUROPE
- Ireland
- Bosnia and Herzegovina
- Latvia
- Lithuania
- Croatia
- Czech Republic
- Macedonia
- France
- Germany
- Hungary
- Poland
- UK
- Italy
- Slovenia
- Spain
- Switzerland
- Albania
- Greece

AMERICAS
- Brazil
- Canada
- Mexico
- Peru
- Georgia
- Costa Rica
- United States

AUSTRALIA

ASIA
- Bangladesh
- Bhutan
- Burma (Myanmar) Malaysia
- Nepal
- Thailand
- Philippines
- Ukraine
- Singapore
- Sri Lanka
- Iran
- Kuwait
- Cyprus
- Mauritania
- Morocco
- Egypt
- Oman
- Qatar
- UAE
- Saudi Arabia
- Somalia

AFRICA
- Kenya
- Nigeria
- South Africa
- Rwanda
- Tanzania
- Uganda
- Zimbabwe

Certifications

Technical Specification Evaluation Certificate

RDSO - Type Approval Certificate

Product Certificate

CPR (EU regulation) Certificate - Consistency of Performance of Construction Product

CE Certification in Compliance with ROHS regulation by TUV Nord

HFCL is the first OFC manufacturer in India to get Optical fiber Cable listed with UL for OFCG rating

Surveillance Products

Wi-Fi Products

Quality Management System

- TL9000 R6.1 / ISO 9001:2015

Environmental Management System

- ISO 14001:2015

Health Safety Management System

- ISO 45001:2018

Customer Services

- ISO 10002:2014

Information Security Management System

- ISO 27001

PRODUCTS AND SOLUTIONS PORTFOLIO

An Agile Portfolio of Products & Solutions

OPTICAL FIBER CABLE, OPTIC- FIBER & OFC ACCESSORIES

- Aerial Cables
- Armoured / Unarmoured Cables
- FTTx Cables
- Micro Ducts
- ADSS Cables
- Ribbon Cables
- Premises Distribution Cables
- CPRI Cables
- Patch Cords, Pigtails, Patch Panels, Splitter Modules, FDMS, HFTB

- Optical fiber*

TELECOM PRODUCTS

- GSM BSS Equipment
- Microwave Radios
- Telecom Power Systems
- High Capacity Radio Relay *
- Backhaul radios*
- Wi-Fi Network Products*
- Cloud-based Management Platform*

SURVEILLANCE PRODUCTS

- Video Management System
- Video Analytics
- Automatic Number Plate Recognition
- Red Light Violation Detection System
- Challan Management System
- Highway Traffic Management System*
- Parking Management System

DEFENCE PRODUCTS

- Unmanned Aerial Vehicles(UAV)*
- Electronic Artillery Fuses for ammunition*
- Night Vision devices*

COMMUNICATION NETWORK SOLUTIONS

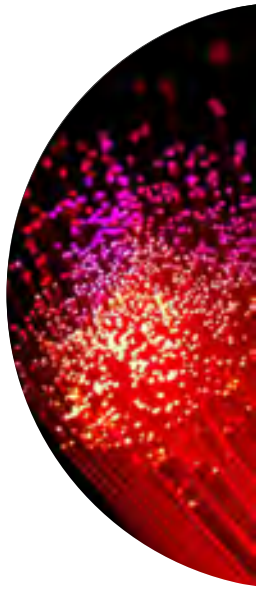
- Telecom Network Solutions
  - OFC Network
  - FTTx Network
  - Mobile Network
  - *Broadband Access & Wi-Fi Network*
  - Radio backhaul Network
- Defence Network Solutions
  - Optical Transport Network (DWDM)
  - Fiber Monitoring & Management
  - Microwave Network
  - IPMPLS Network (Routing & Switching)
  - Border Management
  - Perimeter Security
- Railway Communication Network
  - Metro Rail & Main Line
- Smart City & Surveillance Network

PRODUCTS

SOLUTIONS

** Products under development*

PRODUCTS



Optical Fiber Cables

Conventional cables

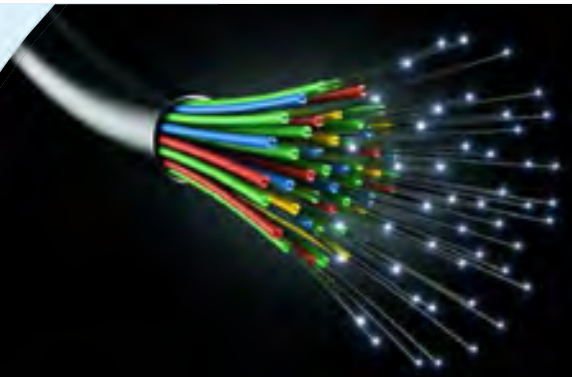
- Armoured Cable
- Aerial Cables- ADSS and Figure-8
- Ribbon Cables

FTTH Cable

- Indoor/Outdoor cables
- Micro-duct / Mini-cables / Air Blown Cables
- FTTH Cables
- In-Premises Cables

Specialty Cables

- Tactical Cables
- Intrusion-Free Cables
- Wire Armoured Cables
- Fire Survival Cables
- Easy peel cables



Applications

Long Distance Network
Intra-city Network
FTTH Network
In-house Distribution

Manufacturing Process

Backward Integration – Fiber Manufacturing

Preform Feeding

Induction Furnace

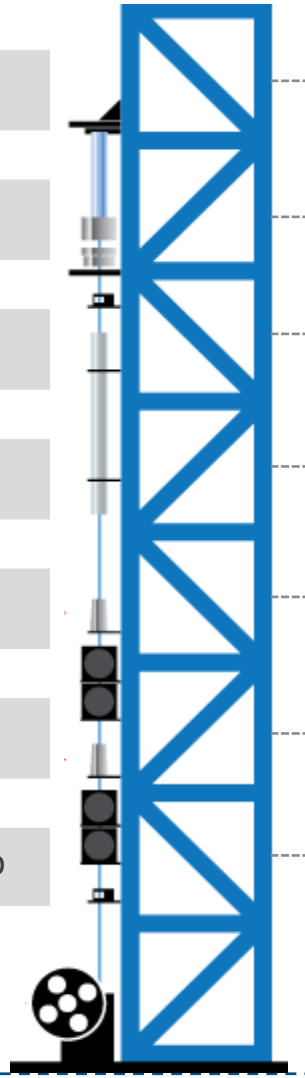
Cooling Tube

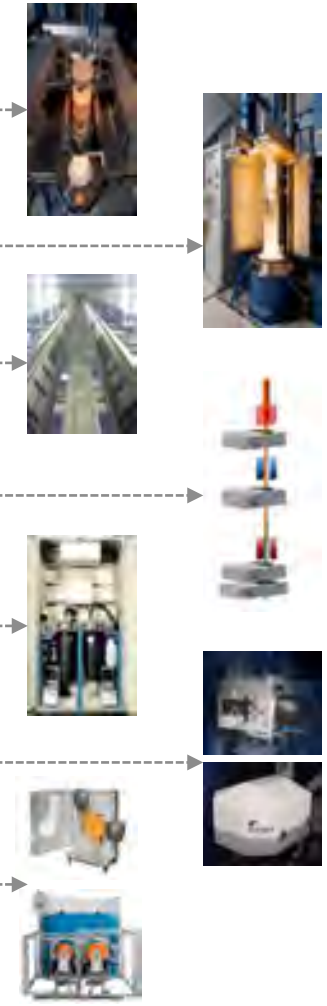
Control and Measure

WOW Coating Unit

UV-lamps fiber S U

fiber Capstan Take-up





Optical Fiber Cable Manufacturing

Colouring of Optical fibers for ease of identification during installation and operation

Ribbon individual fibers aligned in a single row in the most compact cable package

Secondary Coating A loose tube is shaped on one or more primary coated optical / ribbon fiber and gap in the tube is filled with suitable filling gel

Stranding Loose tube are stuck around the central strength

Sheathing HDPE or Nylon casing is shaped over the stranded unit / loose tube

Telecom Products

Microwave Radio Equipment

Integrated high bandwidth radio unit with centralized network management

GSM BSS Equipment

Small Size GSM Radio Sub System for GSM Coverage in rural area. Cost effective solution for villages still uncovered.

Unlicensed Band Radio

Provide high speed point-to-point and point-to multi-point connectivity solution in unlicensed ISM bands.

Power Solution Equipment

Bridgeless, dynamic and digitally controlled ultra-high efficiency rectifier power equipment

Wi-Fi Access Point

The products are IEEE standard 802.11ac Wave 2 certified access points (APs) for indoor / outdoor Wi-Fi deployments.

Surveillance Products

VMS
Video Management System

PMS
Parking Management System

VA
Video Analytics

HTMS
Highway Traffic Management System

ANPR
Automatic Number Plate Recognition

CMS
Challan Management System

RLVD
Red Light Violation Detection System

- Focused on Smart City Solutions, City Surveillance, Traffic Enforcement, Critical Infrastructure Protection, Industrial & Government Projects
- Company believes in developing Innovative Solution which are best in class yet customized and modified to suit geographical needs/demands
- In-house Software Development & R&D

Defence Products

Electro Optical Devices (Night Vision Devices)

HFCL has participated in a few tenders for these devices

Unmanned Aerial Vehicles (UAVs)

Successful in Technical evaluation and field trials are in process

Electronic Fuses for all types of ammunition

HFCL has participated in a bid for supply of 5 Mn fuses over 10 years which is under Technical evaluation.

The nascent steps that HFCL started taking in Defence manufacturing a couple of years ago, under the 'Make in India' initiative, have been growing steadily in stature.

SOLUTIONS

Telecom Network Solutions

OFC Network

- OFC Survey & Network Design
- fiber Deployment
- Site and Infrastructure Built-up
- Installation & commissioning
- Operations & Maintenance

FTTx Network

- Planning & Design
- Equipment Supply
- Installation & Commissioning
- Operations & Maintenance

Mobile Network

- Cell Site Infrastructure
- Supply , Installation & Commissioning
- BSS Equipment manufacturing & Supply
- Centralised NMS
- Operations & Management

WIFI : Providing complete eco system for WIFI services

- Design and Implementation of WIFI solutions
- Offering entire range of WIFI AP's, WLC's, Portal (Cloud/Appliance) and Management SW
- Front haul and Backhaul integration and services roll out

Specialized Services

- Network optimization
- Managed Services
- RF network Optimization

Defence Network Solutions

Fiber Network

Rollout of dedicated optical fiber network for armed forces

Optical Transport Network

Rollout of exclusive and dedicated Nationwide DWDM based Optical Transmission backbone network for Armed Forces

Fiber Monitoring & Management (GOFNMS)

Implementing a Pan India Optical Fiber Network for providing optical gigabit access network connectivity to defence forces

Microwave Network

Rollout of Hybrid Microwave Broadband Radio Links for pan India defence network

IPMPLS Network (Routing & Switching)

Converged Nationwide IP/MPLS Backbone Network with 219 Access Network Locations and Integrated IMS based Communication Solution on Turnkey Basis for Defence Network

Border Management Solutions

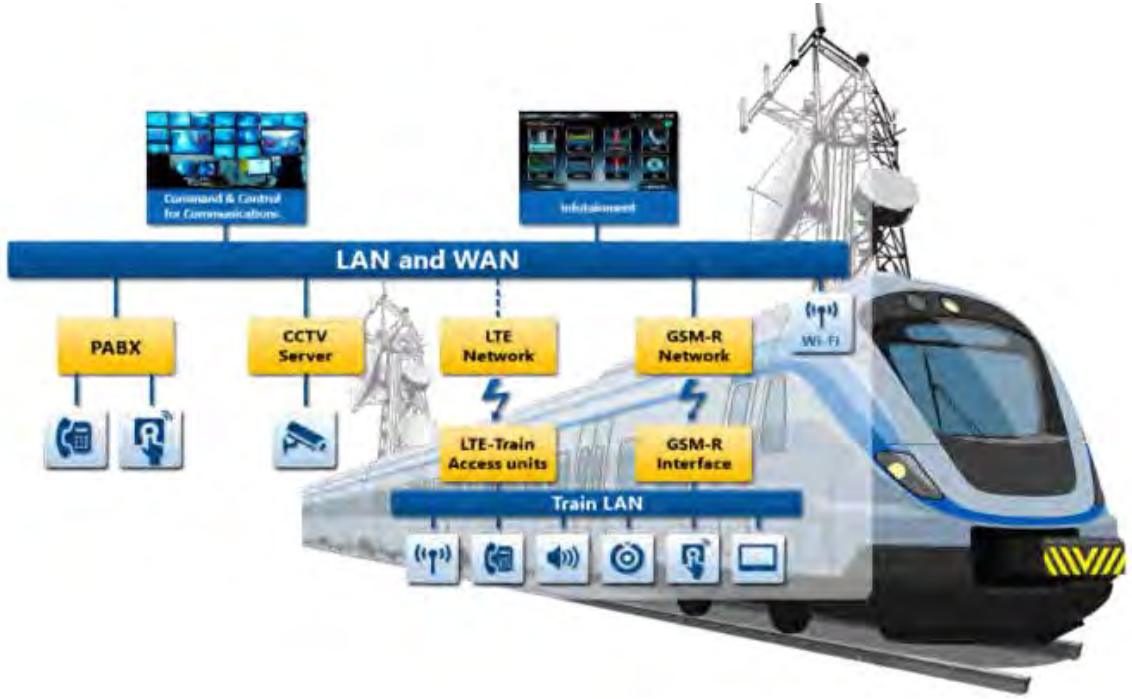
An integration of a number of new gadgets and technologies to ensure electronic surveillance of India's international borders

Perimeter Security of Strategic installations

Ensure reliable, long-term solutions for the perimeter protection challenges of security sensitive infrastructure and locations.

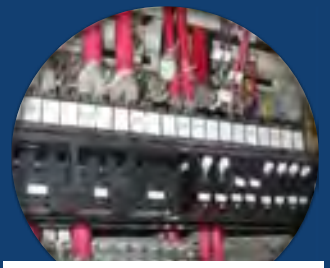
Railway Communication Network Solutions

- In order to leverage its telecom product and EPC capabilities in adjacent space, Company has ventured into railways business
- HFCL offers integrated solutions crafting a combination of its own products and those others from leading manufacturing OEM partners from India and abroad.
- The Company is currently implementing telecom networks for three greenfield domestic railway freight corridor projects received from marquee customers like L&T, Alstom & China Rail
- HFCL has also been awarded two overseas contracts to execute the Telecommunication Systems projects for Mauritius Metro Express Project and Dhaka Metro Mass Rapid Transit System

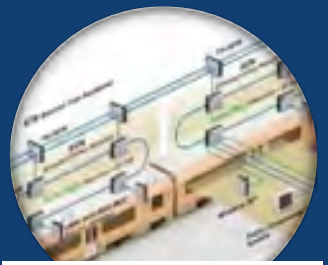


Network Design

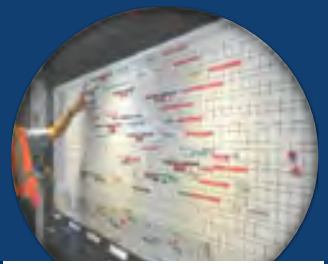
Equipment Design



Installation & Commissioning



Network Integration



Post Deployment Services

Smart City & Surveillance Solutions

HFCL's offerings in the Safe & Smart city domain include key core solutions like Communication / IT / Telecom infrastructure, data centre, disaster recovery and management, security, surveillance, traffic management and citizen / mobile applications. *

Safe City Solutions

- Video Management System
- Red Light Violation Detection
- Number Plate Recognition
- Parking Management
- Vehicle movement detection
- Incident Management
- Unidentified Object detection
- Vehicle Color detection

Intelligent Traffic Management Solutions

- Highway Traffic Management System
- Vehicle Category Detection
- Motion/Intrusion/wrong direction detection
- Variable Message Sign
- Tress-passing detection
- Over-crowding detection
- Vandalism & tamper detection
- Challan Management System

Video Surveillance

- Administrative Work-station
- Detection & Tracking services
- IP Video wall
- Video Management System
- Video Analytics System
- Live Image Analytics
- Fire Detection
- Person/Animal detection
- Loitering, Left baggage detection

Smart City Projects executed by HFCL

Ludhiana Safe City

- 1,450 cameras at 159 Locations with 30 days storage at Police lines Data Centre.
- Applications Portfolio: VMS, VA, ANPR, RLVD, NMS, Antivirus and Backup Software.

JDA Smart City

- 100 Wi-Fi Access Points and 170 Surveillance Cameras in the City Area.
- 2,000 Smart Street Lights with 1600 Smart Poles.

Other Projects

- Noida Expressway Surveillance & Traffic
- Gurgaon Safe City & Traffic Management
- UIDAI - Aadhar (Data Centers)
- Tihar Jail, New Delhi through partner
- IOCL: Panipat & Barauni
- NTPC: Mauda, Rihand, Vindhyachal

** Includes offering by its wholly owned subsidiary Polixel Security Systems Pvt. Limited*

FINANCIAL OVERVIEW

Key Highlights – Consolidated Financials

Completely Transformed on Growth Trajectory

EBITDA CAGR of **46%** from FY17 to FY19

EBITDA at **INR 4,582 Mn**

PAT up from INR 1,237 Mn in FY17 to **INR 2,323 Mn** in FY19

37% CAGR

Credit rating has significantly improved from D in 2012 to A- with stable outlook

Revenue up from INR 22,243 Mn in FY17 to **INR 47,848 Mn** in FY19

47% CAGR

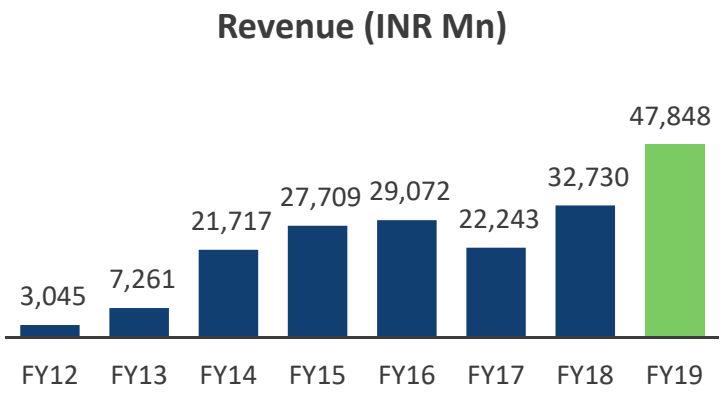
Debt /Equity is now comfortable at **0.41x**

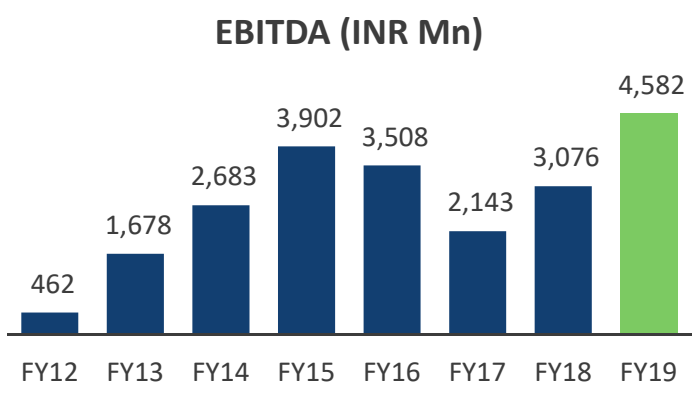
Debt is largely Working Capital

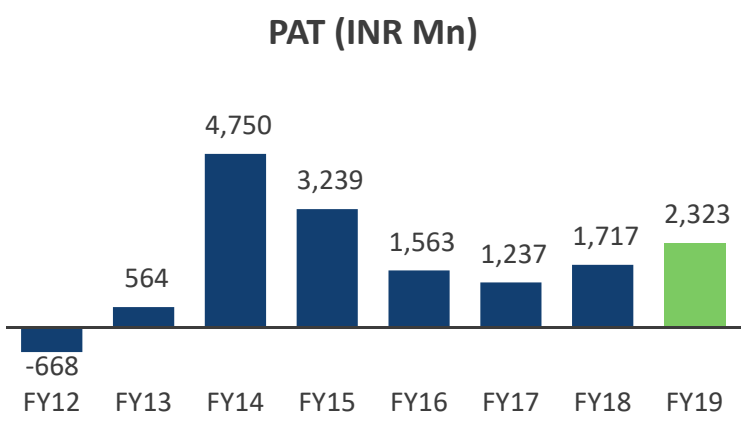
Strong Order Book of INR ~11,350 Cr (~2.5x FY19 revenue) provides earning visibility

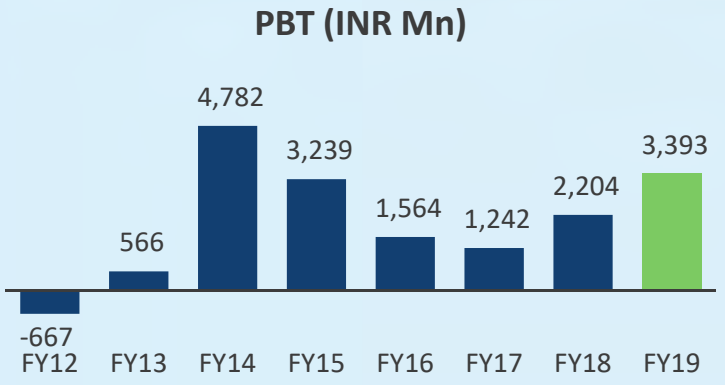
Recommended Dividend of 10% **Dividend Payout of INR 15.03 Cr**

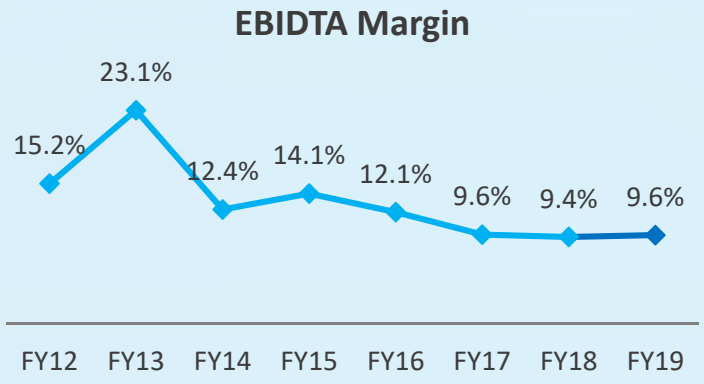
Performance Metrics

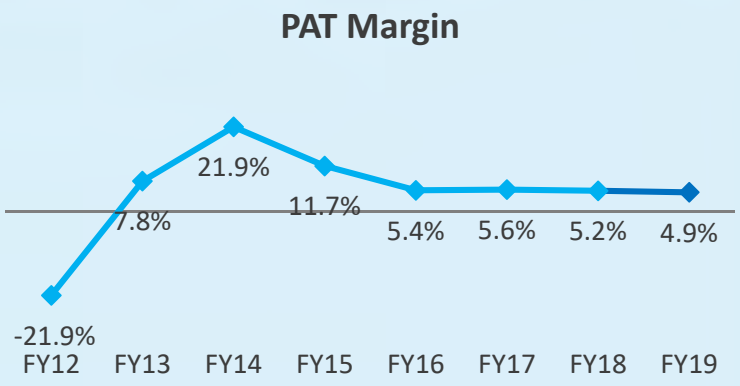






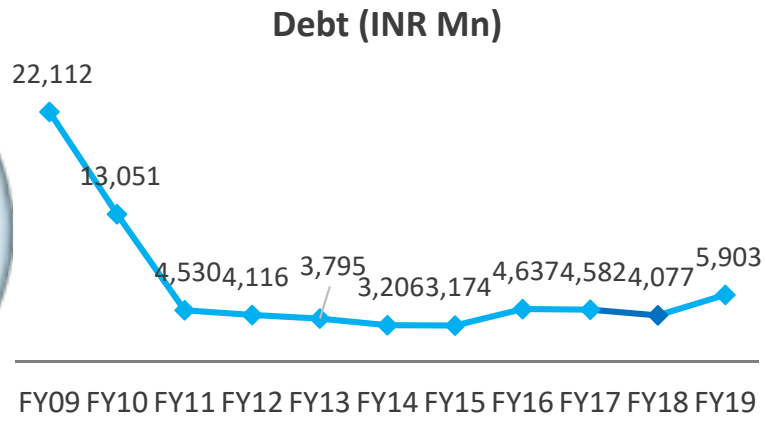




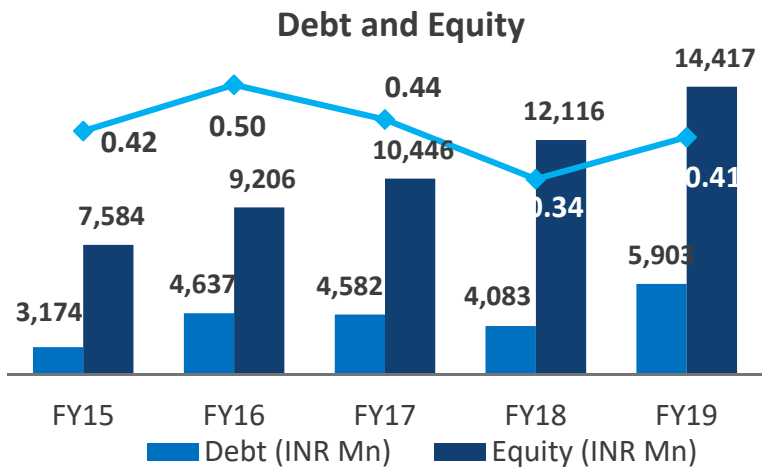


Debt Equity & Shareholders Return

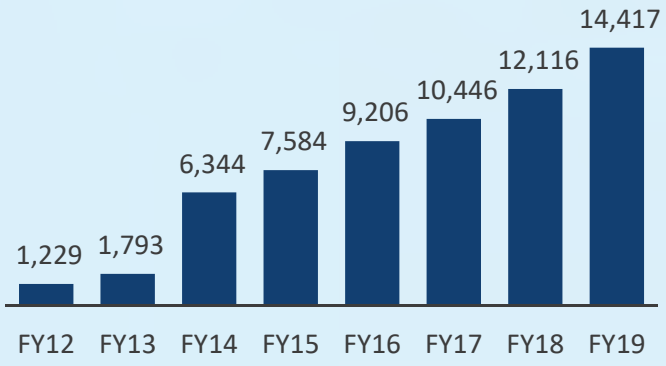
Debt down 73%
From INR 2,211 Cr in FY09 to INR 590 Cr by FY19

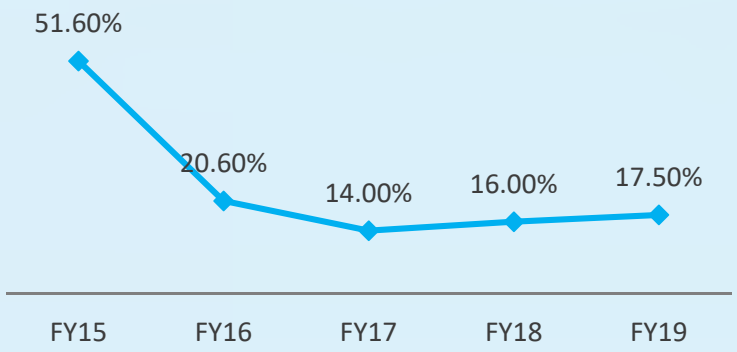


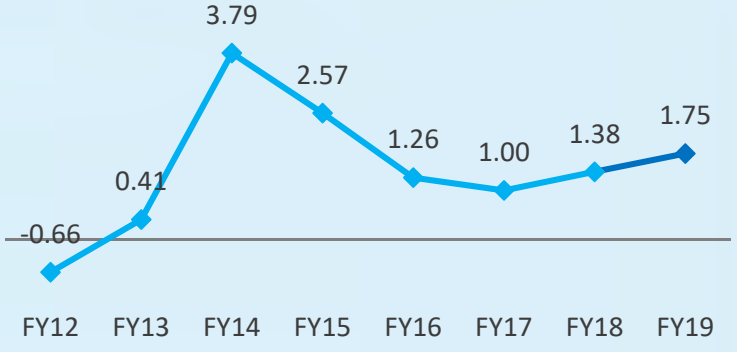
Debt to Equity is comfortable 0.41x
Largely Working Capital Debt



Credit rating has significantly improved from D in FY12 to A- with stable outlook in FY19







** Standalone*

Consolidated Income Statement

PARTICULARS (INR Mn)	FY17	FY18	FY19
Revenue from Operations	22,029	32,485	47,378
Other Income	214	264	470
Total Income	**22,243**	**32,730**	**47,848**
Total Expenses	20,100	29,654	43,266
EBITDA	**2,143**	**3,076**	**4,582**
EBITDA Margin	***9.63%***	***9.40%***	***9.58%***
Depreciation	218	232	270
Finance Cost	624	636	919
Share of net profits of JV's accounted using equity method	(59)	14	-
Exceptional Items	-	(18)	-
PBT	**1,242**	**2,204**	**3,393**
PBT Margin	***5.58%***	***6.73%***	***7.09%***
Tax	5	487	1,070
Profit after Tax	**1,237**	**1,717**	**2,323**
PAT Margin	**5.56%**	**5.25%**	***4.85%***
Other Comprehensive Income	18	12	45
Total Comprehensive Income	**1,255**	**1,729**	**2,368**
EPS (Diluted)	1.00	1.35	1.75

Consolidated Balance Sheet

EQUITIES & LIABILITIES (INR Mn)	FY17	FY18	FY19
(A) Share Capital	1,239	1,239	1,274
(B) Other Equity	8,402	10,548	13,142
Non Controlling Interest	15	(221)	(100)
Total -Shareholder Funds	**9,656**	**11,566**	**14,316**
Non Current Liabilities			
(A) Financial Liabilities			
(i) Borrowings	2,676	1,413	1,344
(ii) Financial guarantee Obligations	2	4	22
(B) Provisions	186	231	248
Total - Non – Current Liabilities	**2,864**	**1,648**	**1,614**
Current Liabilities			
Financial Liabilities			
(i) Borrowings	1,801	2,011	4,187
(ii) Trade Payables	4,572	5,626	8,645
(iii) Other Financial Liabilities	3,505	4,372	2,398
(B) Current Tax Liabilities	-	-	101
(C) Other Current Liabilities	331	636	1,212
(D) Contract Liabilities	-	-	495
(E) Provisions	25	27	74
Total – Current Liabilities	**10,234**	**12,672**	**17,112**
GRAND TOTAL - EQUITIES & LIABILITES	**22,754**	**25,886**	**33,042**

ASSETS (INR Mn)	FY17	FY18	FY19
(A) Property plant & Equipment	1,582	1,657	2,022
(B) Capital Work in Progress	17	17	640
(C) Goodwill	258	259	259
(D) Other Intangible Assets	43	44	103
(E) Intangible Assets under development	-	82	215
(F) Investment in Associates/ JV	42	56	55
(G) Financial Assets			
(i) Investment	445	461	517
(ii) Trade receivables	-	518	905
(iii) Others	74	133	360
(H) Deferred Tax (Net)	1,226	1,187	799
(I) Other Non Current Assets	9	22	405
Total - Non – Current Assets	**3,696**	**4,436**	**6,280**
Current Assets			
(A) Inventories	2,454	2,136	2,645
(B) Financial Assets			
(i) Investment	17	36	24
(ii) Trade Receivables	11,794	11,823	14,724
(iii) Cash & Cash Equivalents	59	666	175
(iv) Bank balances other than above	916	655	1,418
(v)Loans	67	98	140
(vi)Others-Advances	2,634	4,393	5,281
(C) Current Tax Assets (Net)	592	964	696
(D) Contract Assets			33
(E) Other Current Assets	525	679	1,626
Total – Current Assets	**19,058**	**21,450**	**26,762**
GRAND TOTAL – ASSETS	**22,754**	**25,886**	**33,042**

Standalone Income Statement

PARTICULARS (INR Mn)	FY17	FY18	FY19
Revenue from Operations	20,668	30,802	43,662
Other Income	186	183	480
Total Income	**20,854**	**30,985**	**44,142**
Total Expenses	18,860	28,159	40,281
EBITDA	**1,994**	**2,826**	**3,861**
EBITDA Margin	***9.56%***	***9.12%***	***8.75%***
Depreciation	157	163	175
Finance Cost	599	609	779
Share of net profits of JV's accounted using equity method	-	-	-
Exceptional Items	-	(18)	-
PBT	**1,237**	**2,036**	**2,907**
PBT Margin	**5.93%**	**6.57%**	**6.59%**
Tax	-	486	1,067
Profit after Tax	**1,237**	**1,550**	**1,840**
PAT Margin	**5.93%**	**5.00%**	***4.17%***
Other Comprehensive Income	19	(5)	52
Total Comprehensive Income	**1,256**	**1,545**	**1,892**
EPS (Diluted)	1.01	1.24	1.46

Standalone Balance Sheet

EQUITIES & LIABILITIES (INR Mn)	FY17	FY18	FY19
(A) Share Capital	1,239	1,239	1,274
(B) Other Equity	9,196	10,921	13,162
Total -Shareholder Funds	**10,435**	**12,160**	**14,436**
Non Current Liabilities			
(A) Financial Liabilities			
(i) Borrowings	2,376	1,113	1,039
(ii) Financial guarantee Obligations	6	4	22
(B) Provisions	164	205	215
Total - Non – Current Liabilities	**2,546**	**1,322**	**1,276**
Current Liabilities			
Financial Liabilities			
(i) Borrowings	1,653	1,868	4,104
(ii) Trade Payables	3,924	5,158	7,410
(iii)Other Financial Liabilities	3,474	4,314	2,354
(B) Current Tax Liabilities (Net)	-	-	101
(C) Other Current Liabilities	215	611	1,191
(D) Contract Liabilities	-	-	495
(D) Provisions	22	25	71
Total – Current Liabilities	**9,288**	**11,976**	**15,726**
GRAND TOTAL - EQUITIES & LIABILITES	**22,269**	**25,458**	**31,438**

ASSETS (INR Mn)	FY17	FY18	FY19
(A) Property plant & Equipment	1,068	1,074	1,076
(B) Capital Work in Progress	14	14	622
(C) Other Intangible Assets	41	30	93
(D) Intangible Assets under development	-	82	215
(E) Investment in Associates/ JV	186	186	188
(F) Financial Assets			
(i) Investment	444	440	497
(ii) Trade receivables	-	511	905
(iii) Loans	-	245	245
(iv) Others	915	796	1,027
(G) Deferred Tax (Net)	1,224	1,187	798
(H) Other Non Current Assets	1	19	396
Total - Non – Current Assets	**3,893**	**4,584**	**6,062**
Current Assets			
(A) Inventories	2,176	1,787	1,916
(B) Financial Assets			
(i) Investment	17	36	24
(ii) Trade Receivables	11,472	11,830	14,352
(iii) Cash & Cash Equivalents	24	492	68
(iv) Bank balances other than above	775	592	1,287
(v) Loans	144	68	68
(vi) Others	2,668	4,484	5,341
(C) Current Tax Assets (Net)	574	951	679
(D) Contract Assets	-	-	33
(E) Other Current Assets	526	634	1,608
Total – Current Assets	**18,376**	**20,874**	**25,376**
GRAND TOTAL – ASSETS	**22,269**	**25,458**	**31,438**

Strong Order Book of ~INR 11,350 Cr provides visibility

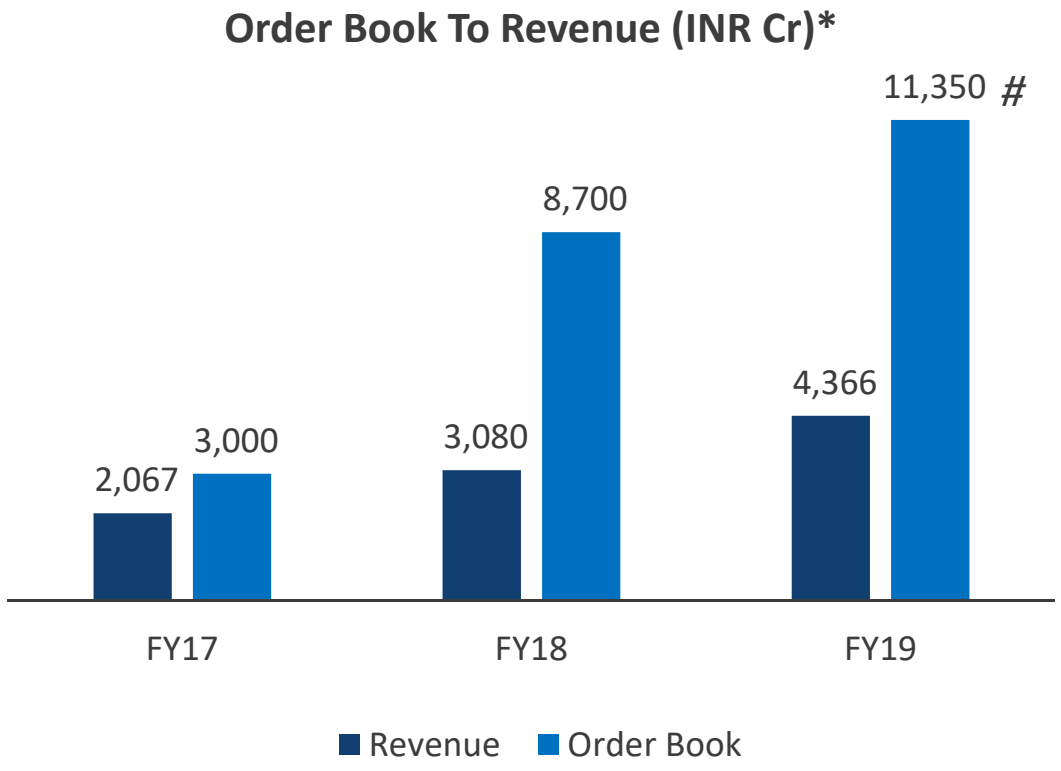
Total Order book of ~INR 11,350 Cr

- Prestigious orders spread across all business verticals- telecom, defence, railways, OFC Turnkey & manufacturing, Smart Cities and private operators
- Break through in overseas orders for Railway Systems

~2.5 times
FY19 revenue

Strong Earning Visibility

O&M Contracts worth ~INR 1,650 Cr Ensuring high margin revenues YoY



** Standalone # Current Order Book*

INDUSTRY OVERVIEW

Telecom - Mature Eco-system Is Driving Pan India Growth

Government Initiatives

Encouraging investment in high-capacity networks and accelerate public access to Internet

Digital India, Bharatnet, defence Communication, Wi-Fi, Railways, Smart Cities etc.

National Digital Communication Policy, 2018 sets aggressive targets

Growing Internet Community

Internet Subscribers grew at CAGR of 25% (2013-18) 604 Mn in Dec 2018

Broadband Subscribers stand at 525 Mn in Dec 2018 at CAGR of 85% (2013-18)

Consumption Pattern

Total Data usage per month grew ~40 times in last three years from 128 PB to 4,867 PB

usage / user pm grew 12 times in three years from 0.8GB to 9.41 GB

Usage grew 109% YoY in 2018

Video contributed to 70%-80% share of mobile data traffic 2018

Demand has shifted from call and VAS to a data-linked play

Affordable Tariffs

Entry of Jio altered the face completely

Tariff declined to INR 11 / Gb from INR 287 in 2014

4G, 5G, Fiberisation

4G is the key driver behind increasing users' appetite towards data consumption. Aggressive 4G expansion capturing 92% share of total data traffic

Only 20-25 per cent of sites in India are fiberized, a number that needs to go up to 80-85 per cent by 2022 to support 5G and its enabling technologies IoT, M2M

FTTH

Play of FTTH is limited to just 0.5% penetration which shall become dominant for broadband dream. Fixed broadband to rise to 113.5 Mn household connections, at a CAGR of 40.7% during 2017-22

Device Ecosystem

Aggressive evolution of device ecosystem

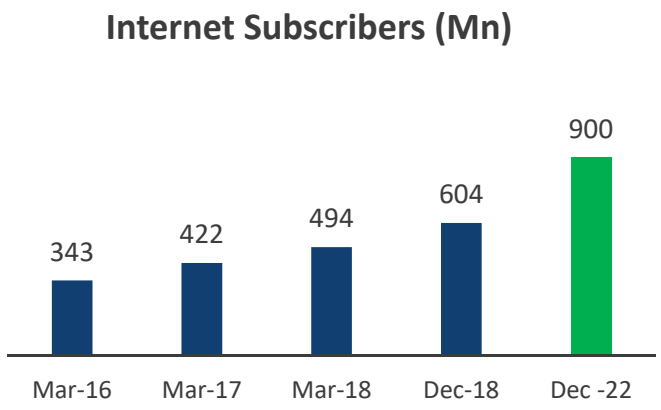
Sharp decline in handset prices

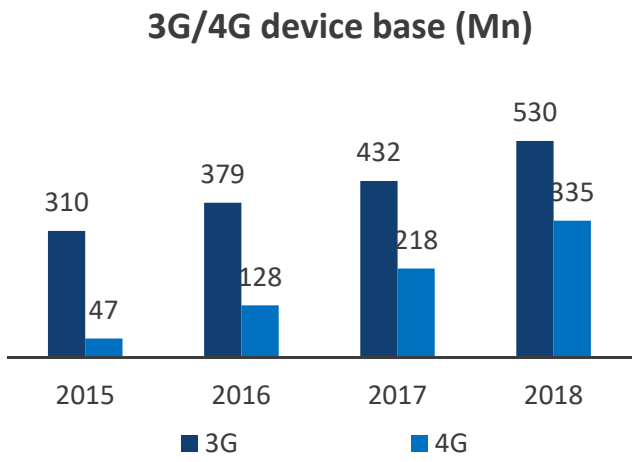
Substantial additions to LTE device base reaching 277m

LTE device ecosystem continues to develop across LTE bands in India

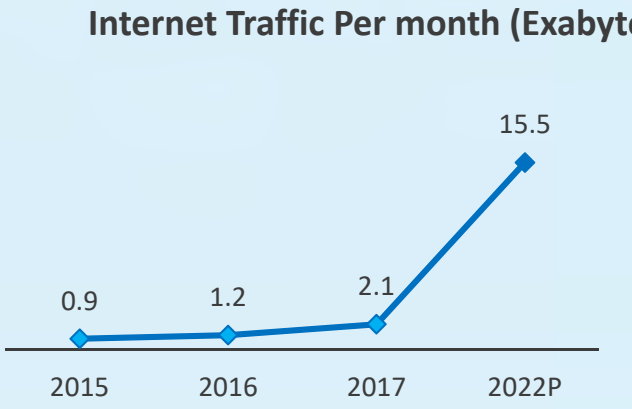
Source : TRAI, Nokia MBiT, Cisco VNI

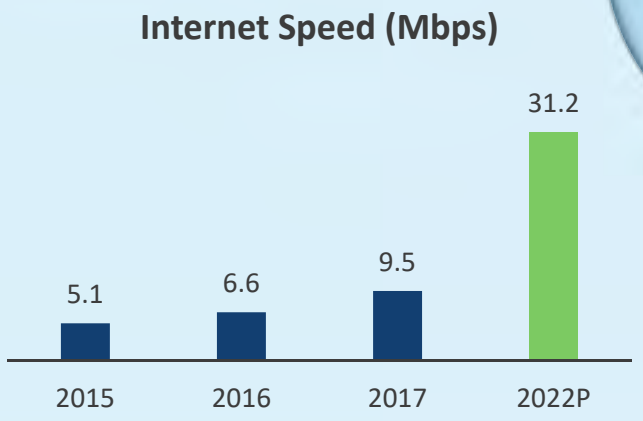
Industry Growth





Multifold Growth Shall continue unabated

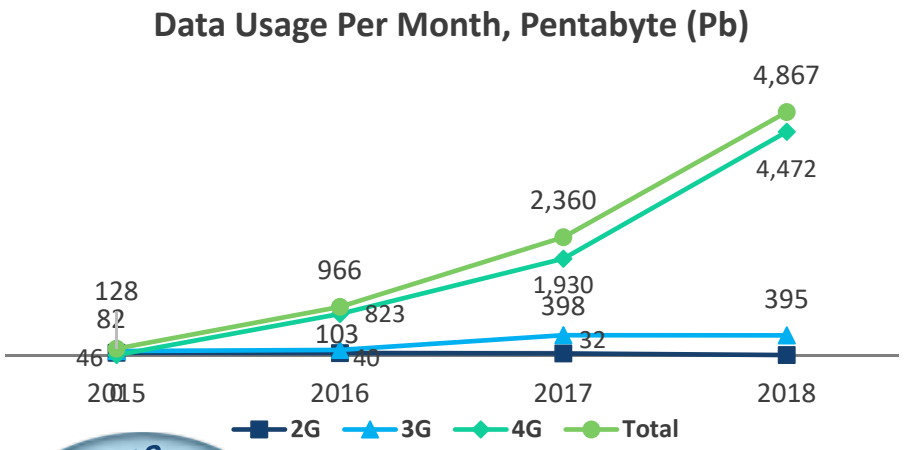


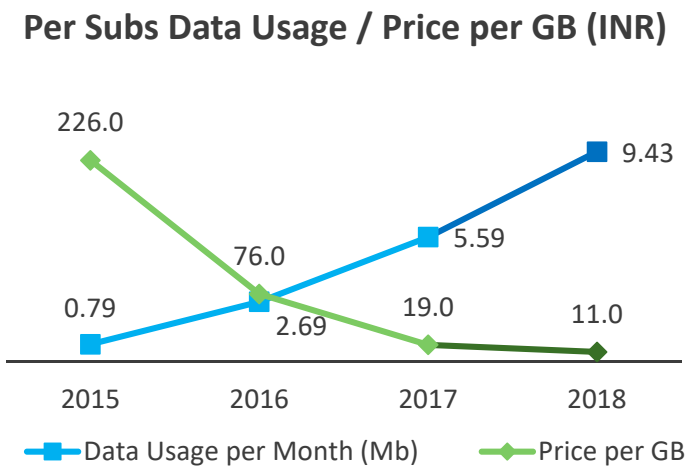


Internet Growth 2017-22:
Subscribers: 2x
Traffic: 7x
Speed: 3.3x

Source : TRAI, Nokia MBiT, Cisco VNI,Co Estimate

Data Consumption To Leap Frog – Doubling YoY

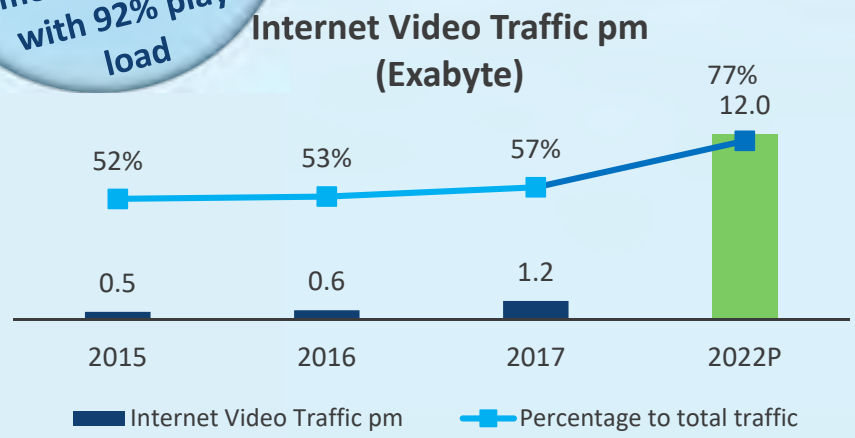


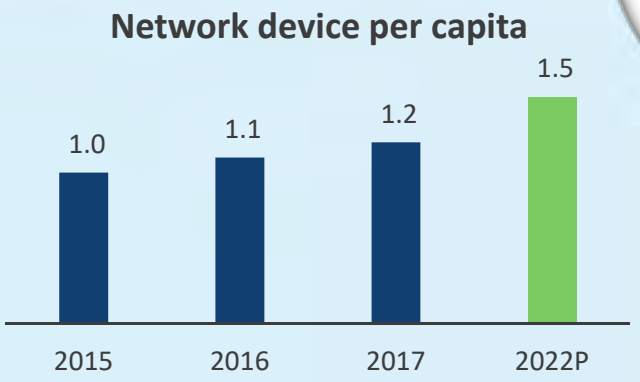


2015-18
38x rise in total data usage pm. 4G brings in a complete new Dimension in usage with 92% play load

Increased devices and Video Traffic

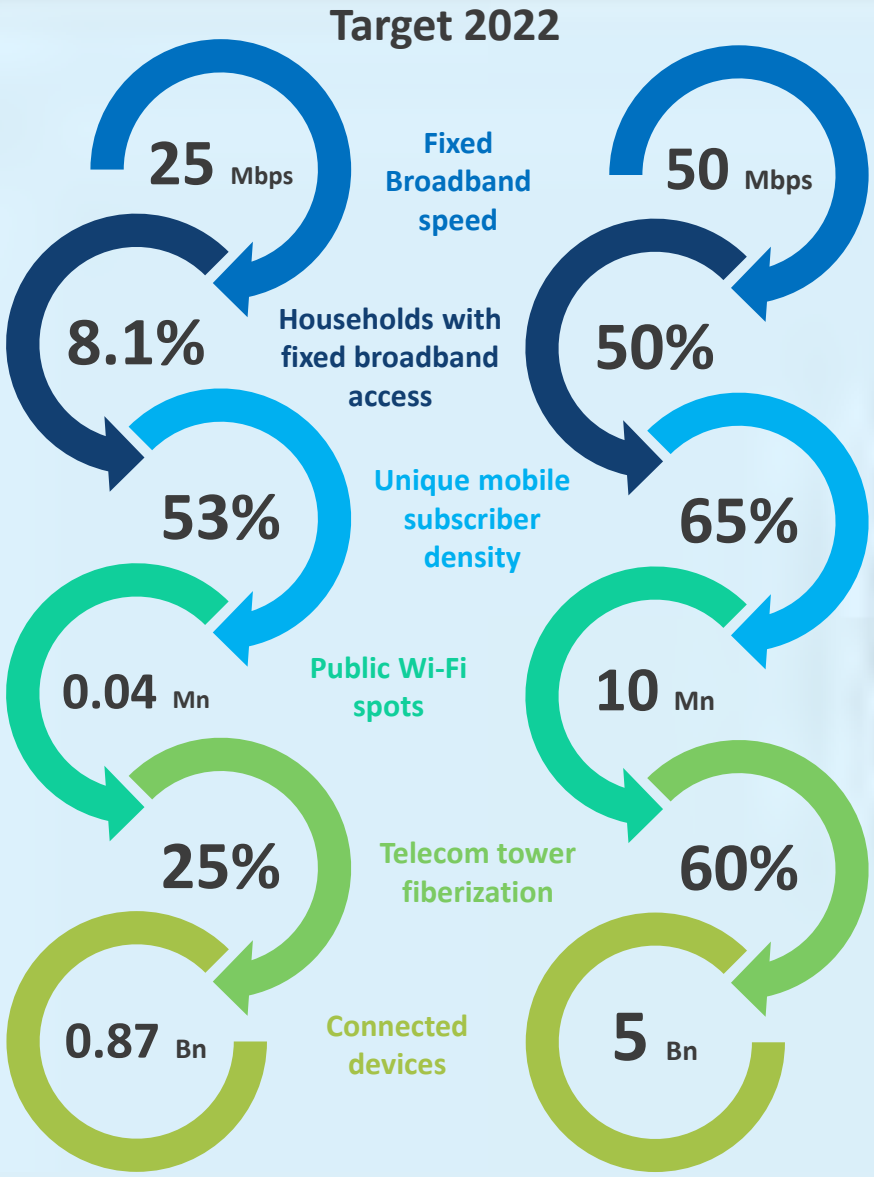
2015-18
12x rise in data Usage per Subscriber while tariff Falls 95%





Source : TRAI, Nokia MBiT, Cisco VNI

National Digital Communications Policy, 2018



Source : NDCP, 2018, EY Broadband 2022

Connect India:
By Creating a Robust Digital Communication Infrastructure

- Provide Universal broadband connectivity at 50 Mbps to every citizen
- Provide 1 Gbps connectivity to all Gram Panchayats of India by 2020 and 10 Gbps by 2022
- Enable 100 Mbps broadband on demand to all key development institutions including all educational
- Enable fixed line broadband access to 50% of households
- Achieve 'unique mobile subscriber density' of 55 by 2020 and 65 by 2022
- Deployment of public Wi-Fi Hotspots -5 Mn by 2020 and 10 Mn by 2022
- Ensure connectivity to all uncovered areas

Propel India:
By enabling next-gen technologies & services through investments, innovation, local manufacturing & IPR generation

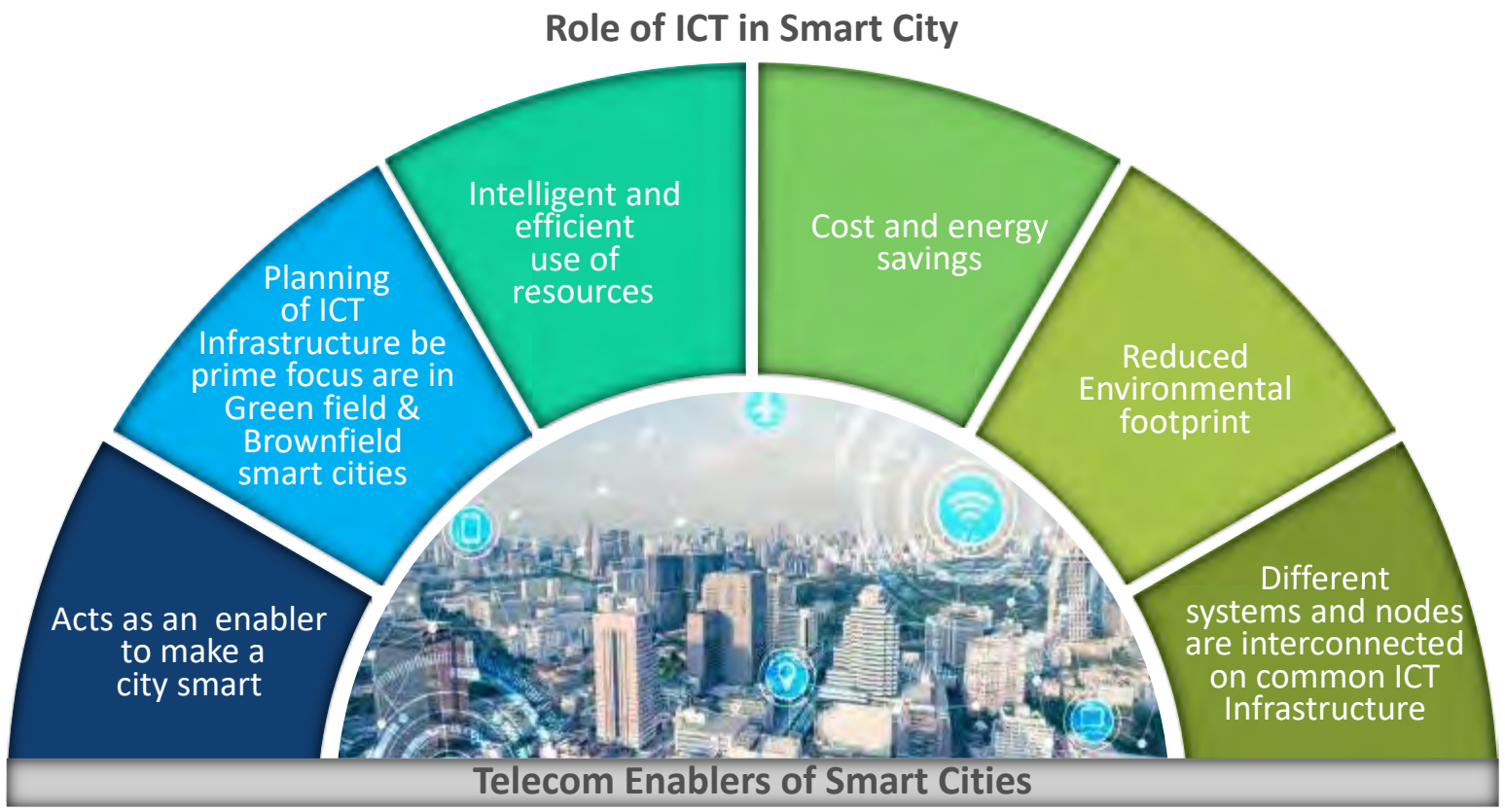
- Attract investments of USD 100 Bn in the digital communications sector
- Expand IoT ecosystem to 5 Bn connected devices
- Accelerate transition to Industry 4.0
- Increase India's contribution to global value chains
- Creation of globally recognized IPRs and innovation led Start-ups in Digital Communications
- Train / re-skill 1 Mn manpower for building new age skills

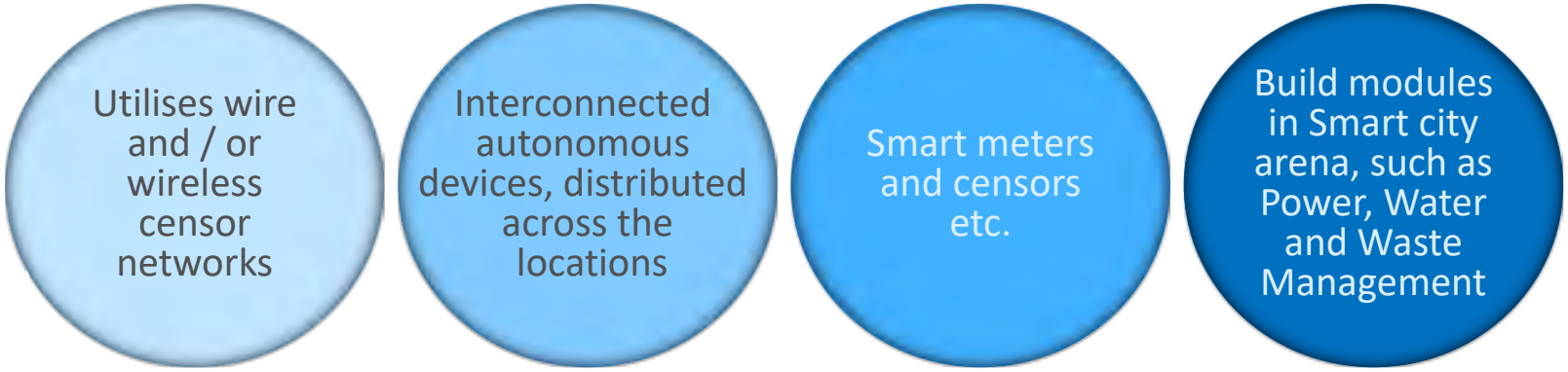
Secure India:
By ensure digital sovereignty, safety and security of digital ecosystem

- Establish a comprehensive data protection regime for digital communications
- Develop and deploy robust digital communication network security frameworks
- Address security issues relating to encryption and security clearances

Smart Cities & Surveillance

- Ninety-nine cities have been selected under Smart Cities Project at an outlay of INR 2.04 lakh Cr
- High speed Communication technology shall play a key role to build better communities and digitally empower citizens where Citizen centric services shall be optimized like smart roads, solar roof, intelligent transport system, etc.
- Cities will leverage on connectivity, open data and end-to-end security where Telecom backbone forms an essential part of Smart Cities for communication and automatic response among citizens
- OFC Connectivity being the most efficient way of networking provides Immense potential for telecom infra developers to develop and/or redevelop communication infra





Source : EY Broadband 2022, smartcities.gov, PwC

Defence

- India is the largest importer of defence equipment in the world where the imports account for nearly 65% of the country's military requirement.
- India has spent USD 100 Bn in last one decade to buy 65 per cent of its defence equipment therefore, the government has set a goal to reverse this trend and reduce the import percentage to under 30% in next couple of years through Make in India initiative.
- The Defence Procurement Procedure has been amended to encourage participation by domestic players which will reduce the procurement cycle of critical equipment and achieve cost reduction
- Policy measures will lead indigenous manufacturing of Electronic Fuses, Electro Optical Devices, UAVs, Radars, Electronic Warfare and Communication equipment etc.
- The draft policy on Defence projects the export of INR 35,000 crores in military equipment and services by 2025
- India has inked defence pact worth INR 2.40 lakh Cr with foreign and domestic firms for military equipment in last four years.

Railways

- India is one of the largest rail networks in the world and is expanding like never before with FY18 revenues at USD 27.71 Bn (CAGR of ~10% during FY07-FY18)
- Legacy Signaling and Telecom Systems are integral parts of Railways and need an overhaul and upgradation to strengthen speed and safety
- Government has recognized the need to renew legacy infrastructure as well as construction of new rail lines that will deploy next generation telecom and signaling systems
- Indian Railways would spend about 850 Bn over the next six years to overhaul the signaling system on its entire rail network and promote make in India
- The Government of India has focused on FDI in railways to improve infrastructure for freight and high-speed trains. At present, several domestic and foreign companies are also looking to invest in Indian rail projects

- **Growing Demand :** Increasing urbanisation in both rural and urban segment are driving the growth for the sector
- **Railway Infrastructure :** Expected to Increase from USD 58.96 Bn in 2017 to 124.13 Bn by 2022
- **Policy Support :** Government has increased scope of PPP in providing maintenance

Massive US$ 100 Bn+ Industry Opportunities

Huge Infrastructure expenditure is underway in India

Strengthening backhaul and FTTx for a fiber rich diet

Need for High Speed Broadband

Fiberizing 70% of the towers will require an estimated 600,000 fkm, at an **investment of INR 560 Bn**

5G deployments are likely to entail massive investments of around INR 4,200 bn In next 5-6 years

FTTH shall play a significant role in broadband vision.

Fixed broadband to rise to 113.5m household connections, at a CAGR of 40.7% during 2017-22

Government and Private Operators Shall continue investing substantial capital in upgrading telecom infrastructure

GoI's push in fast-tracking its Smart City mission is yielding results with SPVs getting formed in most cities

Outlay of INR 2,040 Bn has been approved for 99 cities

Nearly **70% of India's towers need to be fiberized** by 2020

OFC installations to become critical for network expansions

Networks to become denser and deeper – making **fiberization an imperative**

R&D efforts towards innovative, indigenous WiFi network solutions shall be ready for deployment in 2019

Make In India push for Defence Products provide an opportunity of INR 500 Bn in HFCL's addressable market

Railways would overhaul the signaling system by spending about INR 850 bn over next 5-6 years

Value Proposition

Agile Portfolio of Products and Solutions

Agile portfolio of products and solutions backed by excellent manufacturing facilities

Leadership

Established leader in providing fully integrated solutions in building Communication Networks for Telecom, Defence, Railways and other sectors

Strong Order Pipeline

Strong earning visibility with ~INR 11,350 Cr Order Book. Significant Orders spread across verticals. Comprises of INR 1,650 Cr high margin O&M Contracts

IPR Ownership

Owns IPRs & Copyrights for various products

Comfortable Debt Equity

Free Cash Positive with comfortable D/E of 0.41x
Credit rating has significantly improved from D in FY12 to A- with stable outlook since July,2018

Diverse Customer Base

Diverse Customer Base across all verticals of operations

Backward Integration & Expansion

Backward Integration into Optical fiber Manufacturing shall strengthen supply chain and enhance operating margins. Expansion of OFC Capacity in HTL is in progress.

Capitalising on Infra Wave

Proven expertise in optical fiber network roll out helps in capitalizing on Telecom Infrastructure wave. Government and Private players shall continue to make significant investment

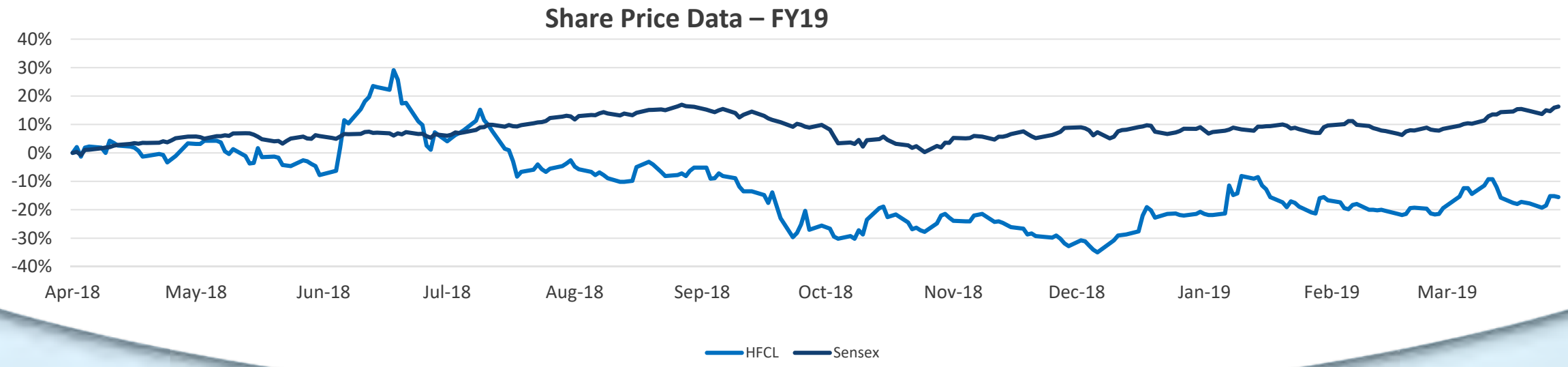
New Business Initiatives

Developing new products for Telecom and Defence. Promising opportunities in Railways, Smart Cities & Surveillance.

Strategic Partnerships

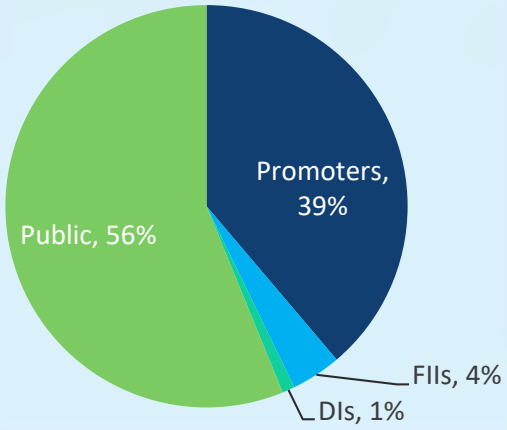
Long standing association with marquee customers

Capital Market Information



PRICE DATA (AS ON 31st March, 2019)	
Face value (INR)	1.00
Market Price (INR)	22.55 (NSE)
52 Week H/L (INR)	35.25/17.00
Market Cap (INR Mn)	28,117
Equity Shares Outstanding (Mn)	1,274.38
1 Year Avg. Daily trading volume ('000)	5,830.00

Shareholding - (As on 31st March, 2019)



Glossary

ADSS	:	All-Dielectric Self-Supporting
ANPR	:	Automatic Number Plate Recognition
ARP	:	Aramid Reinforcement Plastic
CCTV	:	Closed Circuit Television
CMS	:	Challan management System
CPRI	:	Common Public radio Interface
DWDM	:	Dense Wave Digital Multiplexing
EBIDTA	:	Earing before Depreciation, Tax, Amortisation
FDMS	:	Fiber Distribution management System
FRP	:	Fiberglass Reinforced Plastic
FTTx	:	Signifies reach of Fiber to the Home, Curb, Office, Desk - FTTH, FTTC, FTTP, FTTD etc
GOFNMS	:	Optical Fiber Cable Network Management System
HCRR	:	High Capacity Relay Radio
HFTB	:	Fiber Termination box
HTMS	:	Highway Traffic Management System
IGFR	:	Impregnated Glass Fiber Reinforcement
IP MPLS	:	Internet Protocol - Multi-protocol Label Switching
LTE	:	Longterm Evolution
NMS	:	Network management System
OFC	:	Optical Fiber Cable
PABX	:	Private Automatic Branch Exchange
PAT	:	Profit after Tax
PMS	:	Parking Management System
RFP	:	Request for Proposal
RLVD	:	Red Light Violation System
SDR	:	Software Defined Radio
UBR	:	Unlicensed Band Radio
VA	:	Video Analytics
VMS	:	Vehicle Management System
WAP	:	Wireless Access Points
WiFI	:	Wireless Fidelity
WLC	:	Wireless Lan Controller

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