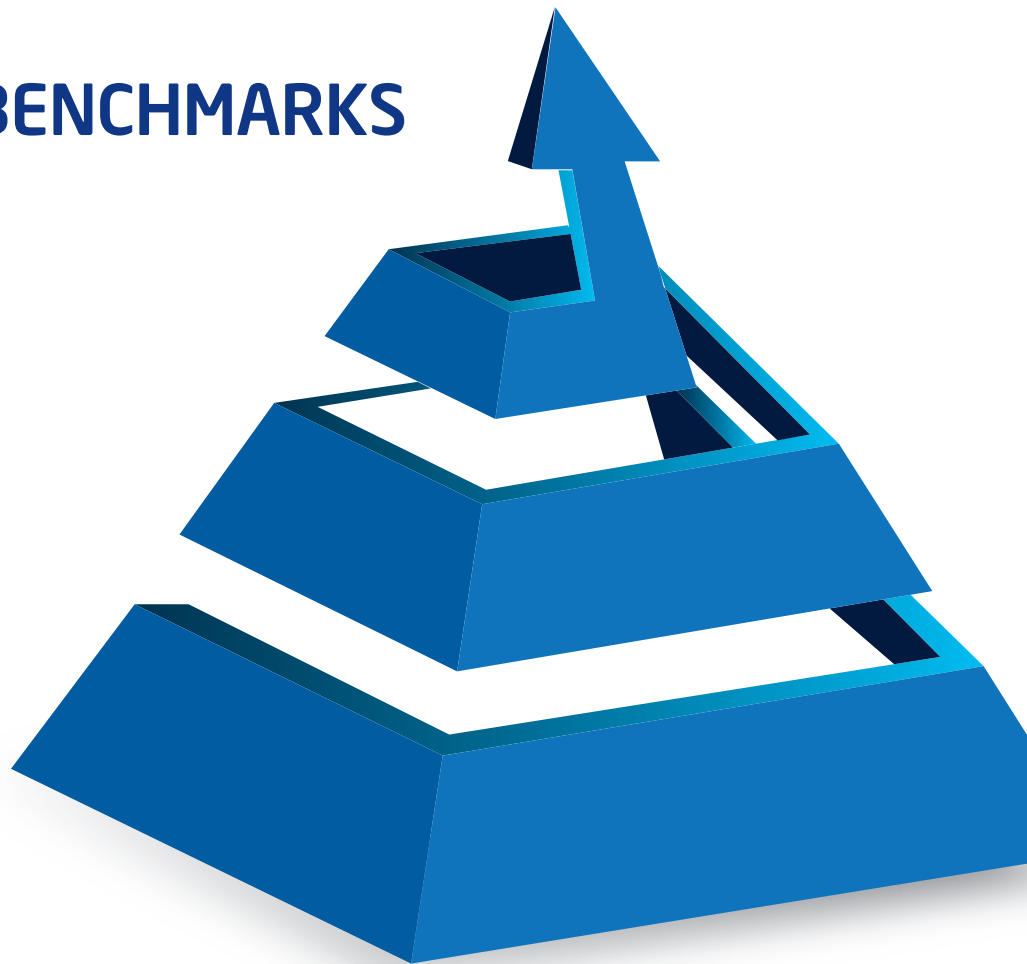




# CREATING GROWTH BENCHMARKS



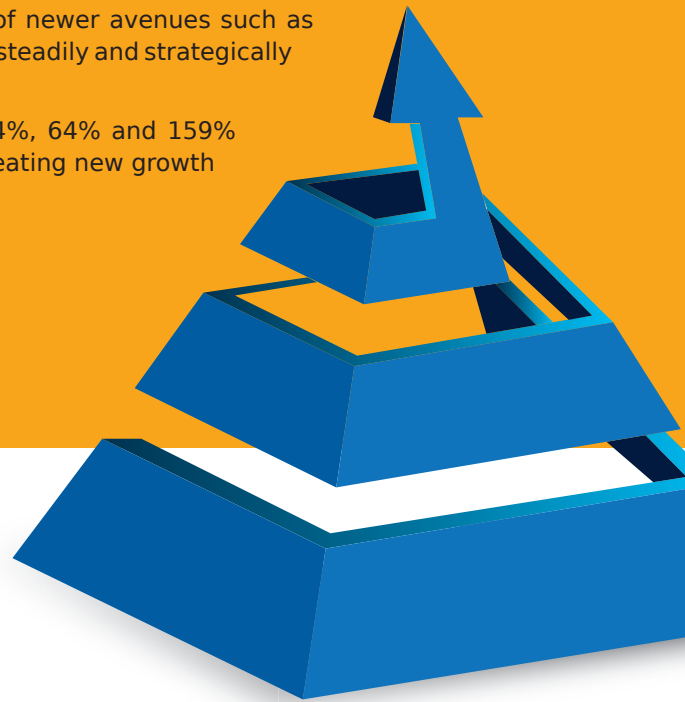


# Creating Growth Benchmarks

Amid prevalent macro-economic challenges confronting the global and Indian economy, we have delivered our fourth successive growth performance in the fiscal year 2014-15 (FY15). In stark contrast with prevailing performance trends, our growth story is scripted around an all-round strengthening of the core fundamentals that drive growth.

From holistic strengthening of our manufacturing capabilities involving the process and the product to delivering telecom infrastructure services involving large and complex networks on turnkey basis to raising competence and competitiveness in order to win the confidence of leading telecom and institutional customers to exploration of newer avenues such as defence, railways and newer territories in exports; we have been steadily and strategically enriching our internal growth enablers.

Growing our revenue, EBIDTA and net profit at a CAGR of 114%, 64% and 159% respectively between FY12 and FY15, we have steadily been creating new growth benchmarks.







# The World of HFCL

Established in 1987, Himachal Futuristic Communications Limited (HFCL) is a leading telecom infrastructure developer, system integrator and the manufacturer of high-end telecom equipment and optical fibre cables (OFC). As an integrated telecom infrastructure provider, it delivers innovative, customized and competitively priced end-to-end telecom solutions. Its technologically advanced solutions cover all aspects of value chain - from manufacturing of leading-edge telecom products to providing specialist services and infrastructure to its customers.

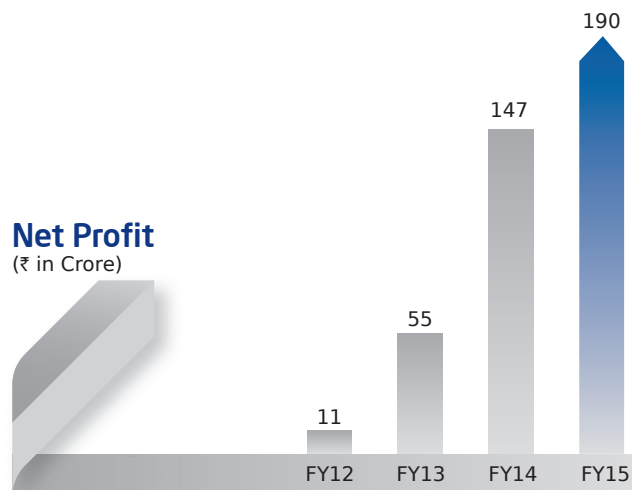
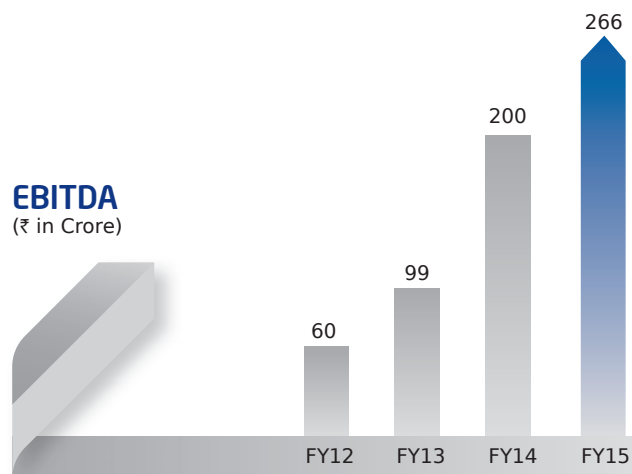
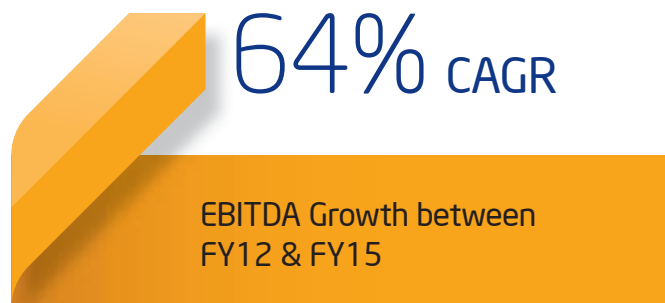
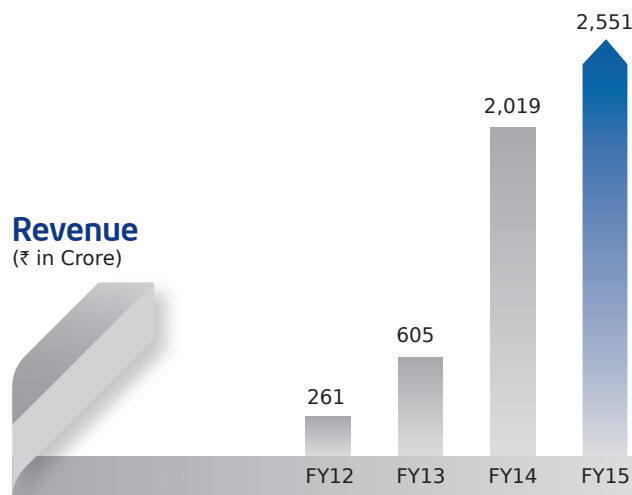
## VISION

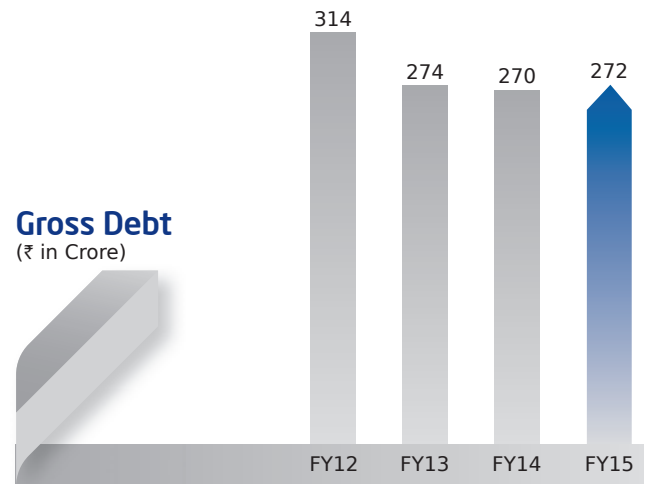
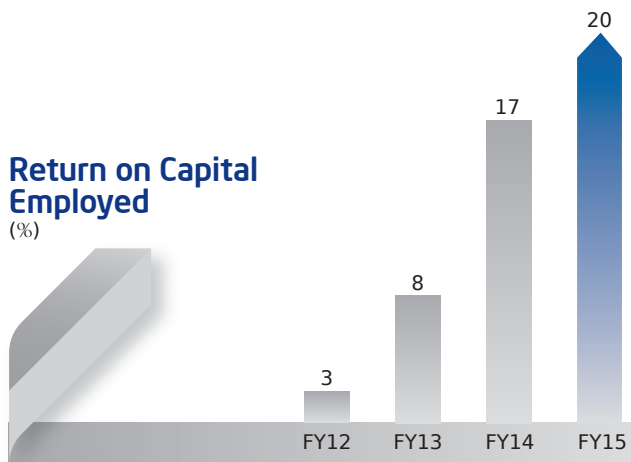
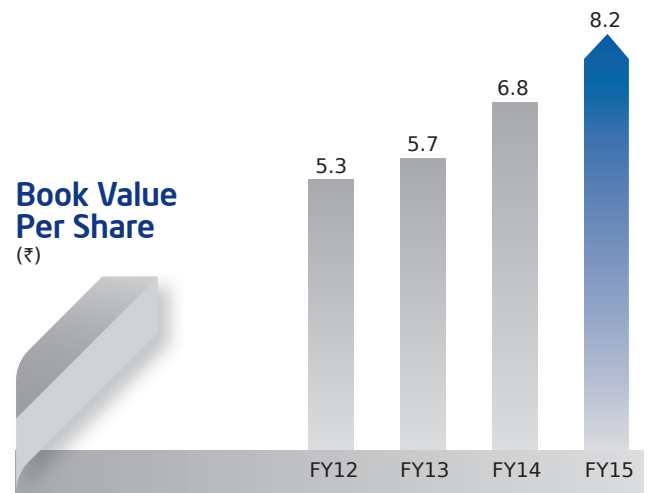
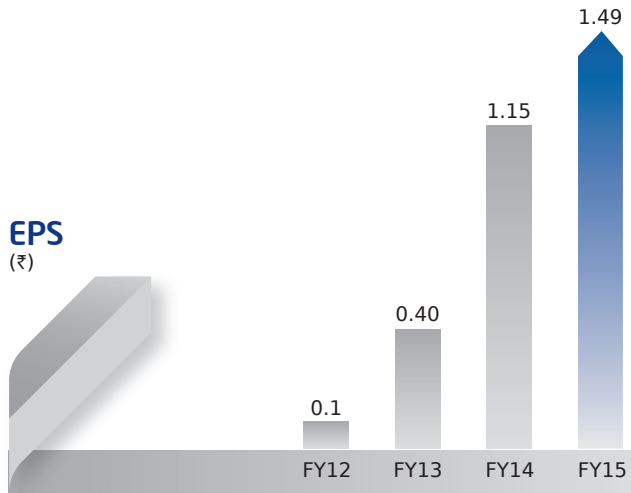
HFCL's vision is to provide cost effective futuristic end-to-end telecom solutions with focus on developing state-of-art technologies to maintain sustained long-term growth and create value for all Stakeholders.

## MISSION

HFCL's mission is to tap opportunities in the broadband revolution with focus on new range of IP based products for manufacturing and to provide related turnkey services.

# Financial Highlights







## Managing Director's Message

### **Dear Shareholders,**


Fiscal year 2014-15 proved to be a year of consolidation for the Indian economy and enterprises. While the macro-economic indicators witnessed moderate improvements, your Company delivered another stellar performance on the back of solid growth foundation developed over the years.

The digital revolution in India is gaining deeper roots. Telecommunication technology and infrastructure would continue to upgrade in order to meet the emerging needs of retail, enterprise and sovereign customers. Modernization of railways, defence, citizen services, smart cities and other aspects of Digital India augur well for your Company's growth prospects in coming times. Make in India campaign and opening up of the defence sector would also help in improving our growth prospects.

In this backdrop, your Company continues to surge on the growth path with a continuous strengthening of its manufacturing and project capabilities. During the year, we addressed some large opportunities in existing areas of operations while also establishing some new business verticals. With our key business focus remaining on manufacturing of Optical Fibre Cables (OFC) & Telecom Equipment and execution of Turnkey Projects, our recent expansion of OFC manufacturing capacity and increased inflow of turnkey contracts have been the key drivers of performance.

In OFC, the Company recorded highest ever revenue and profits together with significant export breakthroughs which now stands open to more than 20 countries. Our decision to expand OFC manufacturing capacity has yielded good results with Goa facility already operating at full capacity. We are deliberating to add further capacity in view of the growing demand of OFC. In Telecom Equipment segment, the Company started manufacturing of GSM equipment during the year. We also bagged some large orders in Turnkey segment and closed the year with combined order book of ₹3,000 Crore.





*Modernization of railways, defence, citizen services, smart cities and other aspects of Digital India augur well for your Company's growth prospects in coming times.*

Overall, your Company again achieved highest ever Revenue of ₹2,551 Crore in the current year as against ₹2019 Crore in the previous year, a rise of 26%. The net profit also increased to ₹190 Crore from ₹147 Crore in the previous year. Our return ratios continued to improve with EPS recording a y-o-y growth of 30% and RoE and RoCE improving further to 18% and 20% respectively.

Data, instead of voice, is fueling the growth of the telecom sector as is evident from current trends. Telecom sector, in order to leverage this emerging trend, continues to make significant capex in advanced infrastructure for broadband services on wireless and wireline.

To pursue niche telecom opportunities in emerging domains of Defence, Railways and Smart Cities in a structured manner, we have created dedicated business verticals. The same shall contribute additional impetus to our growth momentum in coming years.

At HFCL, the trust and confidence of our stakeholders including you, dear shareholder, continue to fuel our drive to surge ahead. Thank you for your continued patronage! Let's usher together into an even exciting and fulfilling future.

With best wishes,

**Mahendra Nahata**  
Managing Director

Business Overview

# Steady on current deliverables

With the focus shifting from voice to data, the telecom revolution has entered its next phase in India. Though 3G network started in 2008, it was the 3G/BWA spectrum auction in 2010 and the subsequent aggressive entry of private telecom operators that has led the foundation for a digital India. With the sector geared up for nationwide rollout of 4G services, significant increase in investment in the telecom sector is opening new growth chapters.

Leveraging on these emerging opportunities, we have bid and won many telecom projects for supply of equipment & OFCs as well as EPC services. Our proven track record of project completion within stipulated cost and time framework has led to inflow of repeat orders. With best-in-class telecom products and EPC services capabilities, we have become a preferred vendor for many telecom and broadband services providers. Our customer-focused approach has enabled us to grow multifold in revenue and profitability over the last five years. In the year gone by, we recorded our highest ever net sales of ₹2,551 Crore. Record profits and one of the best return ratios in the industry has further added to our FY15 performance. A strong order book of more than ₹3,000 Crore is giving steady revenue visibility, going forward.

To further enhance our reach and telecom offering, we have formed a JV company, DragonWave HFCL India Pvt. Ltd. (DHIPL) with DragonWave Inc., Canada, a leading global supplier of packet microwave radio systems for mobile and access networks. In a significant development, DHIPL together with DragonWave Inc. won a large order to provide 7,000 radio links to a telecom operator for their upcoming 4G services in India. Another milestone for DHIPL was to achieve break even within a short span of just 4 years from incorporation.

Our steady growth of recent past is further gaining momentum with rapid digitalization of India. Government's thrust on manufacturing sector with a stated aim of increasing its share in India's GDP and also on indigenous sourcing would further aid our growth momentum.





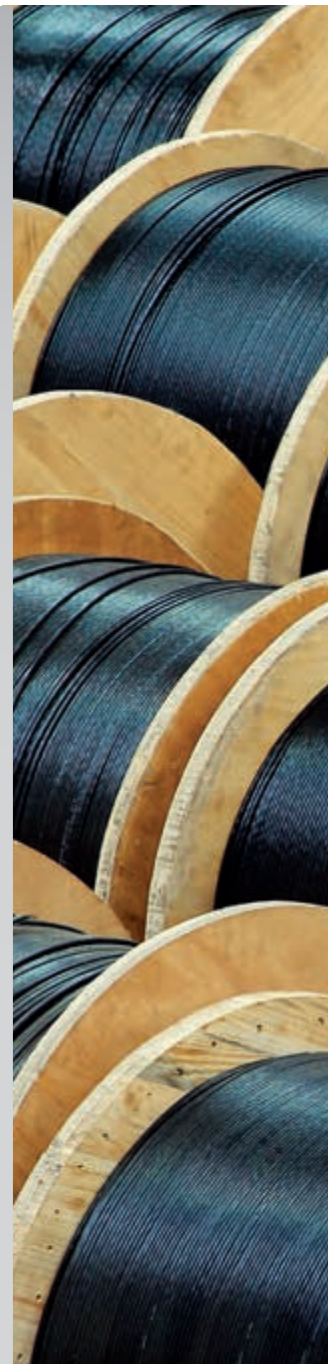


## Consistent on strengthening capabilities

Developing competitive strengths is imperative for sustained growth. Adding to our manufacturing strengths in telecom equipment and OFCs has been our increasing exposure to turnkey EPC projects in telecom infrastructure over the last couple of years. We have been executing many larger and even complex EPC projects for many telecom and broadband operators and the diverse exposure has significantly added to our execution capabilities. Today, we stand tall as a one-stop solution provider for telecom projects – from concept to commissioning – offering system installation and integration services for network implementation. We provide end-to-end services in deployment of radio & optic fiber networks, access networks, wireless networks and broadband networks.

With the rising opportunity for high speed internet, there has been a steady rise in demand for optical fibre cables in India. To tap this opportunity, we have increased our OFC manufacturing capacity to 5.4 Million fiber KM per annum in FY14. We further augmented our capacity for FTTH cables with introduction of new exclusive lines for drop cables and premise cables. Witnessing a robust demand for the product, we are operating at full capacity. To further leverage the rising demand, we have planned to increase manufacturing capacity at Chennai unit of our subsidiary, HTL Limited. Once executed in FY16, our total OFC capacity would reach about 9 million fiber KM.

Continuing to strengthen our equipment manufacturing capabilities, we have steadily been widening our product bouquet. During the year, we started to manufacture GSM equipment for a large order of setting up GSM sites for an esteemed client. Further adding synergistic business, we have ventured into an emerging high growth segment of Surveillance Systems. Under this segment, we are providing total integrated security and surveillance system, based on latest technologies in line with contemporary trends.









Business Overview

# Steadfast on exploring new avenues

Continued exploration of newer growth avenues while maximizing on the existing strengths has been an important tenet of our growth journey. Realizing the global competitiveness of our OFC capabilities in terms of quality and cost, we have intensified our focus on export markets during the year. We are witnessing a steady demand for our high quality OFC in the export markets spanning more than 20 countries. We are well on course to raise the product export revenue to about ₹100 Crore in FY16.

Another avenue exploration aspect of the Company is expanding the end user segment of our product as well as EPC prospects. With the government's increased impetus to enhance indigenous procurement for the defence segment and also modernize the Indian Railways, there is a vast opportunity in these two segments. Strategically, we have chosen to venture and entrench into these two segments. Having firmed up our road map to make aggressive entry on the back of our existing capabilities, we are forming a dedicated team of experienced professionals with in-depth technical know-how for these two segments.

Another dedicated team has been formed to focus on opportunities arising out of the government's missions namely Digital India and Smart Cities (for creation of 100 smart cities). We would leverage our existing manufacturing and marketing capabilities to make strong inroads in these sunrise segments in order to further strengthen to our growth foundation.





## Management Discussions & Analysis



### Indian Economic Scenario

As per the World Economic Outlook update July 2015 report, Global economic growth after remaining stable at 3.4% in 2014, is projected to remain marginally lower at 3.3% in 2015. Decline in global economic growth was also impacted due to expected slowdown in Emerging and Developing economies from 4.6% in 2014 to 4.2% in 2015.

In contrast to overall slowdown in Emerging and Developing economies, Indian economy has witnessed significant economic growth in the recent past, growing by 7.3% in FY15 as against 6.9% in FY14 (as per CSO's estimate & on revised Base 2011-12). India's consumer confidence continues to remain highest globally on positive economic environment and lower inflation. Owing to increased investor confidence, net Foreign Direct Investment (FDI) inflows touched a record high of USD 34.9 Billion in FY15 as compared to USD 21.6 Billion in the previous fiscal year, according to Reserve Bank of India, May 2015 Bulletin. Net FDI inflows reached to 1.7 percent of the GDP in FY15 from 1.1 percent in the previous fiscal year.

M&A activity increased in 2014 with deals worth USD 38.1 Billion being concluded, compared to USD 28.2

Billion in 2013. Index of Industrial Production (IIP) grew by 2.1% in FY15 as against negative growth in FY14. Per Capita Net National Income at current prices grew to ₹88,533 in 2015 from ₹80,388 in 2014. Currently, the manufacturing sector in India contributes over 15% of the GDP which is expected to be taken up at 25% with the government's new initiatives such as Make in India. Other key initiative, Digital India focuses on creation of digital infrastructure, delivering services digitally and to increase the digital literacy. The Government of India has also launched an initiative to create 100 smart cities as well as Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for 500 cities with an outlay of ₹48,000 Crore (USD 7.47 Billion) and ₹50,000 Crore (USD 7.78 Billion) Crore respectively.

India is set to emerge as one of the world's fastest-growing major economy by 2015 ahead of China, as per IMF's World Economic Outlook Update July 2015. Economic fundamentals have strengthened with the combined impact of strong government reforms and RBI's inflation focus. According to IMF Report, India ranks seventh globally in terms of GDP at current prices and is expected to grow at 7.5% in 2016.



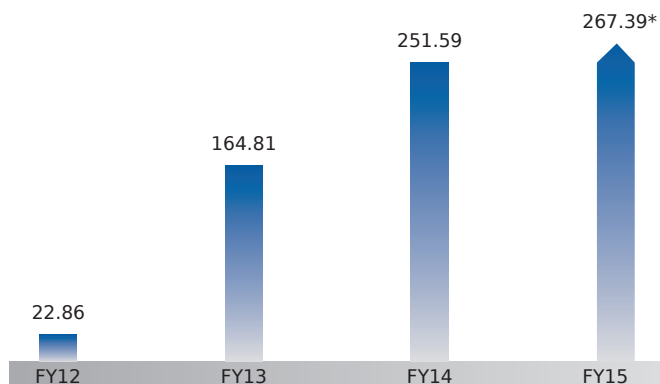
## Indian Telecom, Biggest Success Story

The one-billion-subscriber telecom industry has been the flag-bearer of the Indian liberalization / reforms process driving connectivity from a meager 0.8 per hundred persons in 1994 to over 77 per hundred persons today. Significant growth of the telecom sector is resultant of factors like continued government policies and regulatory framework, subscribers' needs and available technologies, evolution and development, operator's capabilities and available capital. All these factors are working 360 degree even now for the better and the appetite still remains.

Telecom has been the biggest success story which makes India, the second - largest telecommunication market. With annual service revenue of about ₹2,338 Billion in FY14 which grew at around 10 percent YoY recently, this socio-economic catalyst shall continue to grow with evolution of vibrant ecosystem imbibing a broad range of products, technologies and services. Mobile economy is growing rapidly and now Voice is no more a single need where the subscribers demand Triple Play with high speed and quality. Data contributes to the Revenue upside of the Operators. The Indian mobile economy is growing rapidly and will contribute approximately USD 400 Billion to India's gross domestic product (GDP), according to a report. Reduction in Tariff coupled with availability of smart phones at affordable prices has helped the segment to gain in scale. Mobile segment is playing significant role to increase tele-density in the rural areas. It is rather mobile density then tele-density now.

### Internet Subscribers - India

(Million Nos.)

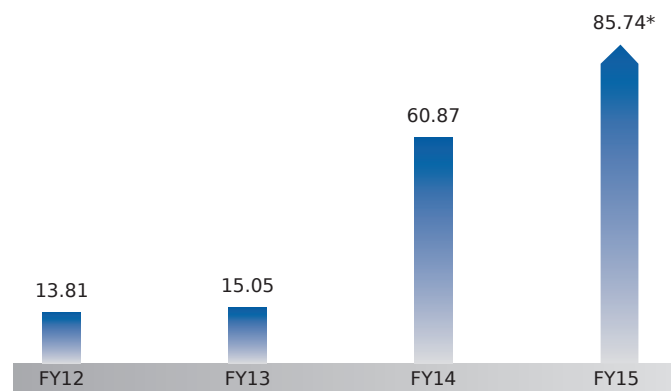


Source: TRAI \*Upto December 2014

The industry after having focused and succeeded to garner significant voice subscribers in last decade is seriously working towards addressing the subscribers' need of quality data at high speed. Socio-economic changes in the society have broadened the need of subscribers which is now not limited to simple voice but is unlimited and therefore, demand of Data at present. The ongoing evolution of the mobile ecosystem coupled with demand for high-bandwidth applications is keeping the industry on toes for delivery and quality of broadband connectivity. This is evident from the rapid growth of internet and broadband subscribers. Internet and broadband subscriber base witness significant growth. Internet subscribers grew from 22.86 Million in March, 2012 to 267.39 Million in December, 2014, significant jump of almost 11 times. During the same period, the Broadband Subscribers grew from a mere 13.81 Million to 85.74 Million, a rise of almost seven times.

### Broadband Subscribers - India

(Million Nos.)



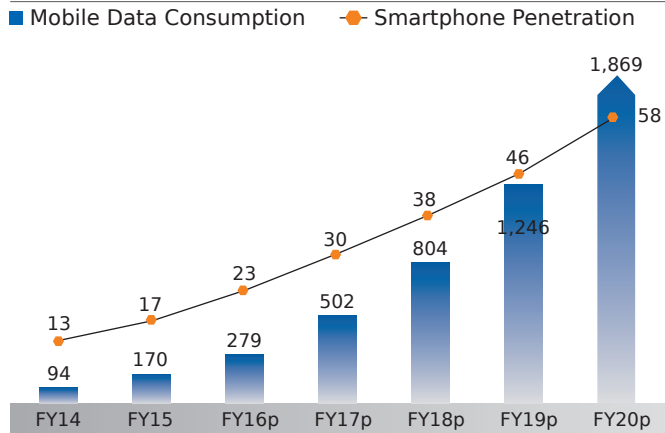
Source: TRAI \*Upto December 2014

Affordable pricing has anyway come into being with the variety of operators in market ready to garner their piece of subscribers with competitive offers. It would therefore, be appropriate to mention that a new wave has fallen into place in last couple of years with the baton now passed over to data. There has been a surge in data consumption across the country. Overall data grew at 72% in 2014, catalysed by 3G growth. 3G data usage is expected to grow further as operators continue to invest in expanding and strengthening 3G networks, coupled with a surge in the availability of smartphones at affordable prices. The 3G ecosystem showcases strong growth across parameters.



With increased Internet user base, IP traffic is also projected to grow 4 fold at 33% CAGR from 2014 to 2019. As per the estimates of the 10<sup>th</sup> annual Cisco Visual Networking Index (VNI) IP traffic shall reach 4.0 Exabytes per month in 2019 compare to 967 Petabytes per month in 2014.

**Mobile data Consumption (Pb per month) & Smartphone Penetration (% of Population)**

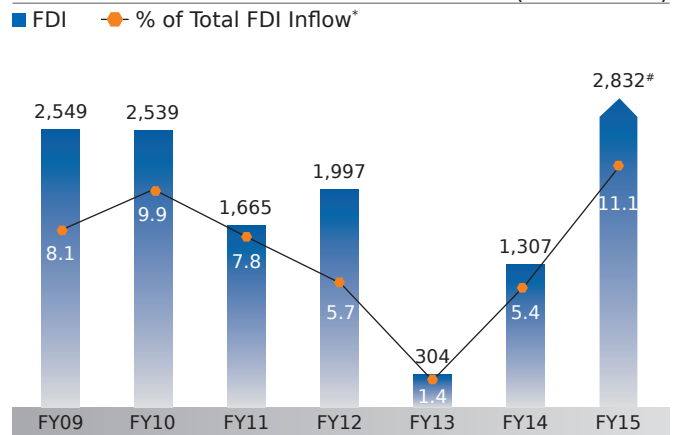


Source: Deloitte analysis

It needs to be mentioned that Government policies and regulatory framework have been instrumental in bringing the telecom revolution leading to transparency among operators and deliver quality services at affordable prices to subscribers. Foreign Direct Investments upto 100% made the Sector attractive destination for Investors which is considered to be among top five generator of employment. With daily increasing subscriber base, there have been a lot of investments and developments in the sector. The industry has attracted FDI worth

USD 16,994.68 Million during the period April 2000 to January 2015, according to the data released by Department of Industrial Policy and Promotion (DIPP).

**FDI in Telecom Sector (USD Million)**



Source: RBI

#April 2014- January 2015 \*Equity through FIPB / RBI automated route / Acquisition route

Overall, the sector promises quality to subscribers and volumes of business to the operators. Intense competition leads to prompt service to subscribers whereas low tariffs and rural penetration level pose opportunity of demand for operators. Subscribers have a choice of plans whereas operators can bargain on the niche product they develop. Therefore, there is a win-win for both, the subscribers and the operators. Nevertheless, Government stands to gain from progress of any.

Further, despite the substantial increase in the reach of telecom services, around 30% of the Indian population, mainly in far flung rural and tribal areas, are still deprived of basic mobile services. Geographically, 15% of the country's area remains to be covered by the telecom service providers. Furthermore, broadband coverage is still low in the country. This shall need investments to be made in telecom infrastructure.

**Policy framework- Growth Engine**

Government Policies and Regulatory framework have been the major backbone that contributed for remarkable growth of telecom sector. Government has been protective to transform India as a global telecom hub. All of this started in 1991 when the process of liberalization in the country began in the right earnest with the announcement of the New Economic Policy in July 1991 where the industry was opened up for all. In 1994, the National Telecom Policy was announced which defined certain important objectives, including availability of

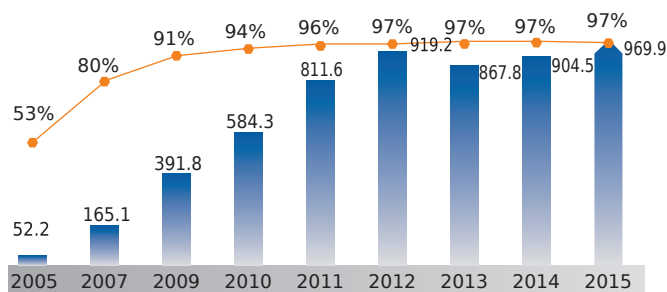


telephone on demand, provision of world class services at reasonable prices, improving India's competitiveness in global market and promoting exports, attractive FDI and stimulating domestic investment etc.

The entry of private service providers brought with it the inevitable need for independent regulation. The Telecom Regulatory Authority of India (TRAI) was, thus, established with effect from 20<sup>th</sup> February 1997. Internet service was opened for private participation in 1998 with a view to encourage growth of Internet and increase its penetration.

However, the most important milestone and instrument of telecom reforms in India was the New Telecom Policy 1999 (NTP-99). NTP-99 that laid down a clear roadmap for future reforms, contemplating the opening up of all the segments of the telecom sector for private sector participation. It clearly recognized the need for strengthening the regulatory regime as well as restructuring the departmental telecom services. It also recognized the need for resolving the prevailing problems faced by the operators so as to restore their confidence and improve the investment climate. Initiatives were taken in the direction of opening National Long Distance for private participation, setting up of Universal Service Obligation Fund, introduction of Unified access license regime. The launch of wireless services was an important landmark and one of the most important drivers of overall industry growth during the past two decades.

**Wireless Subscribers** (Million Nos.)  
 ■ Subscribers — % of Total Subscribers



Source: TRAI

Year 2004 saw the announcement of much needed Broadband Policy in October 2004 which emphasised on creation of infrastructure through various technologies that can contribute to the growth of broadband services. Later, operators were allowed dual technologies that is CDMA and GSM. DoT also allowed single licence to Internet Service Providers (ISP) but restriction was put in VoIP.

The Government of India recognized the importance of wireless broadband and the 3G/BWA auction in 2010 was a significant step for the Indian telecom sector. Further for attracting foreign investments, the sectoral cap was raised to 74% and now at 100%. Regulations have also been made for tariff balancing and mobile number portability (MNP) has been introduced.

Latest National Telecom Policy, 2012 was another serious attempt by the Government with bouquet of targets to strengthen the sector and making it indigenous and independent. It has introduced Unified Licensing Regime and emphasises on manufacturing in India.

## Spectrum of Reforms and Issues

The government has fast-tracked reforms in the telecom sector and plans to clear the proposal allowing spectrum trading and sharing ahead of the year-end deadline as it wants to lift the business sentiment for the forthcoming airwave auction.

Having said above, there are certain areas that need to be addressed where for, the government has to seriously think over. Creation of an investor friendly environment, provision of adequate spectrum, rationalization of taxes and levies and arrangement for financial needs are also essential to stimulate development in the sector.

Measures like Inclusion of telecom towers in the harmonized infrastructure list and ensuring timely right of way (RoW) are positive, however, benefits of these decisions must reach to the industry at implementation



level. Handset segment has revolutionised the sector and therefore, NTP 2012 has provided an impetus with launch of various schemes. There is an emergent need to foster handset manufacturing ecosystem in India.

Wave of internet and social media demand security, privacy and governance which should be strategically formulated in the global context while protecting industry and subscribers. Moreover, cloud and machine-to-machine are throwing lots of opportunities and given the nascent stage thereof, sound regulatory framework in the beginning shall play vital role for these services to prosper.

## Smart Digital India

So much so that, the present government is leading towards making the fundamentals better for the people and industry. This phase of Digital Kranti dictates guidance for evolution and development, transformation of networks towards SMAC. Industry heads towards another phase of breakthroughs in respect of products and technologies.

The government embarks on the most ambitious ₹1,130 Billion program, "Digital India" with the objective of connecting and imparting knowledge to each one in the Society for addressing their needs. The program visions to transform India into a digitally empowered society and knowledge economy. This program is an initiative to provide digital access to one and all by spreading internet coverage to 250,000 villages and leveraging the network infrastructure to deliver e-services anywhere anytime. This program therefore, provides the much needed thrust to its pillars viz. Broadband, Mobile Connectivity and Public Internet access along with others.

₹480 Billion Smart Cities project is another significant leap by the government to improve the quality of life in 100 cities to start with. Having garnered the fame at world level, this project has drawn interest from investors and collaborators.

All such initiatives are catalyst to digitally empower the people with internet and culminate into socio-economic development of the country. Telecom therefore shall play vital role in setting the stage whereon, all other sectors be it health or education shall perform and grow for the benefit of the people and the country.

Overall, collective effort from all quarters be it government, operators or subscribers is essential for making Dream of Digital India a reality.

## Broadbanding the Future

It seems that all factors are working towards making bigger than the biggest success story. Government's ambitious programs and favourable policies, evolution of new technologies like M2M, environment of SMAC along with 4G services hitting the market will surely fuel the rapid growth of Telecom in coming years.

Next phase of Telecom boom lies in Broadband and rural connectivity. Telecom shall Broadband the future with Broadband infrastructure and rural connectivity which shall play critical role in upliftment of the socio-economic standard of the country. Broadband connects consumers, businesses, governments, facilitates social interaction and presents attractive opportunities for education, governance and entrepreneurship. Internet traffic in India is expected to reach 2.5 exabytes per month in 2017 from 393 petabytes per month in 2012. In addition, the wireless connectivity in India is expected to grow at about 40% traffic by 2017, up from 38% in 2012. According to the World Bank's estimates, a 10% increase in broadband penetration accelerates economic growth by 1.38% in low and middle income countries as compared to an increase of 1.21% in high-income countries.

Having understood the importance of broadband, the government had auctioned the 3G/BWA licenses in 2010 itself. Internet and Broadband are the basic



needs to achieve the goals of ambitious programs like Digital India and Smart Cities. Wireless broadband shall be massively implemented for its relatively low capex, affordable customer premise equipment and reduced time for roll-out. There shall be encouraging investments in the broadband infrastructure as the NTP 2012 envisages 600 Million broadband subscribers by 2020. It will also require the substantial growth of fixed infrastructure for backhaul of wireless access and high speeds in dense urban areas through fiber (fiber to the x (FTTx)) and cable broadband. The government therefore, has been releasing additional spectrum for making the digital dream a successful one.

Long-Term Evolution (LTE) services shall become mainstream in India when in 2015, the sector will witness multiple players launching 4G on a more efficient 1800 MHz spectrum. Subscribers will adopt 4G to address their needs for mobile data. 4G LTE subscribers shall begin to rise by competitive pricing, superior network experience and affordable smartphones. Auction of more spectrum, will also boost availability of 4G services in the market. Those service providers who would be able to provide affordable services with relevant local content shall generate a significant pull. There shall be a significant spurt in wi-fi hotspots driven by both the government 'smart cities' and 'digital India' as well as private sector initiatives.

As per MbiT Indix, it is time for faster Rollout of High Speed Data Network.

### Key Highpoints

- India has ~130 Million 3G capable devices and only 69.9 Million active 3G subscribers. A significant opportunity for further 3G penetration.
- India already has 5.5 Million to 6.0 Million 4G capable devices and only about 85,000 active.
- LTE subscribers – opportunity for selective rollout of 4G network and services.
- Devices Ecosystem is moving faster than network maturity, pushing high potential to Data Traffic Growth.
- Data traffic growth is reflecting fast in mobile data revenue growth for telecom operators – a sign of healthy growth in Indian telecom industry.

Huge potential for the sector definitely exists keeping in view the demographics of the country with its young and increasingly urban population base. Furthermore, growing usage of smartphones is driving usage of mobile internet. India will emerge as a leading player in the virtual world by having 700 Million internet users of



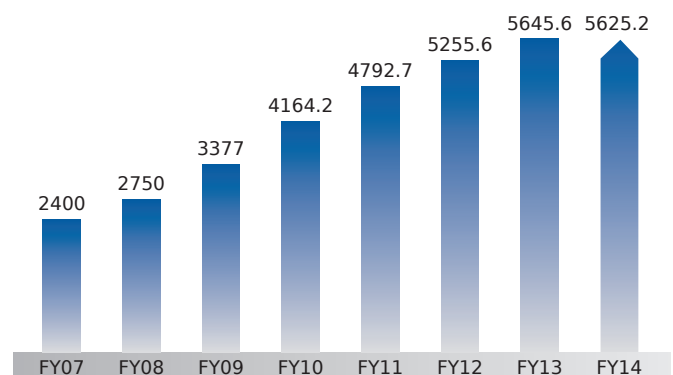
the 4.7 Billion global users by 2025, as per a Microsoft report.

Telecom infrastructure comprising of fiber/cell sites like towers acts as a backbone for the development of telecom services. Operators have been spending on capex around ₹5,600 Billion every year. It is estimated that more than 150,000 towers will be required on a pan-India level which provide the foundation to achieve the Digital India objectives of broadband highway covering both rural and urban areas, universal access to mobile connectivity, public internet access, e-governance, e-Kranti and to develop smart cities in the country.

### Capital Investment (gross block)

(₹ Billion)

■ CAGR 13%



Source: TRAI



As part of the focus on overall Digital India, the Indian Government is seeking to overhaul the national broadband project program that was launched as NOFN in 2011 and renaming it BharatNet. A committee report analyzing the project expects that retail broadband services should be available at prices below ₹150 a month in poorer states and approximately ₹250 per month in more economically advanced states, with speeds ranging between 2Mbps and 20Mbps for all households. It further recommends on demand capacity to all institutions. BharatNet is expected to subsume all the ongoing and proposed broadband network projects taking the project outlay to around ₹720 Billion.

Mobile handset market is another area of big opportunity as there is still untapped market. Increased data demand will definitely fuel the demand for smart devices. Indian handset market is valued at approx. ₹1,000 Billion with volume of approx. 305 Million devices.

In spite of India's handset market growing at a robust rate, almost 83% of the demand is met via imports, while domestic production and manufacturing continues to lag. The Government has recognized the need to bolster telecom equipment manufacturing in the country, and subsequent National Telecom Policies have also acknowledged telecom manufacturing as critical to the overall economic growth. Furthermore, electronic systems or the electronics system design and manufacturing (ESDM) industry has been identified as one of the focus sectors under the Make in India program. Mobile handset industry, which accounts for the largest share of electronic products sold in the country is expected to benefit due to policies instituted for the ESDM industry. DeitY has established a joint task force of industry representatives and government officials with an aim to achieve production



of 500 Million handsets by 2019. The task force aims to rejuvenate the mobile handset and component manufacturing ecosystem in the country and targets to create additional employment opportunities for 1.5 Million people.

Consumers' addiction to connectivity and speed poses a big opportunity as well as challenge to the industry. Operators, therefore, will continue to pursue technological advancements to handle demand. At the same time continued backhaul improvements are likely to be a key focus to assure continued mobile broadband momentum. Consumers' ongoing obsession with their devices will further drive telecom sector growth with the rising popularity of streaming audio and video among smartphone users, which is contributing to their consumption of more than a gigabyte of data per month.

The telecom sector is expected to create four Million direct and indirect jobs over the next 5 years on the back of the government's efforts to increase penetration in rural areas along with the growth in the smartphone numbers and internet usage.

## Outlook

The year FY16 is very promising for the business growth in the existing areas of operation and new business verticals, setup during year FY15. The Company has sound order book of over ₹3,000 Crore. The manufacturing of OFC will be greatly supplemented with expansion as shall be required to address the growing demand. Exports of OFC are expected to increase three fold this year and new lines set up in Goa factory for FTTH cables, will address new opportunities in Fiber to the home (FTTH) networks. Further, Company's subsidiary i.e. HTL Limited is also planning to setup a facility for manufacturing of OFC in Chennai which shall lead your Company having combined OFC Capacity of approx 9 Million fibre KMs per annum.

In telecom equipment manufacturing, the Company will start manufacturing equipment for broadband services to address the requirements of broadband networks under Digital India programme and also address requirements of CATV operators and ISPs. The Company is also in discussions with renowned technology provider, for acquiring technologies for manufacturing of routers & switches, needed for data networks. These products also have export potential.

Total telecom solution for railway networks is another big opportunity started during the previous year. Various city metro rail projects, planned by the government under Smart City initiative present large market for the



Company. The Company, therefore, expects turnkey contracts for railway networks in future.

The Company also has participated in large tenders floated by BSNL for setting up of countrywide Telecom network and is hopeful in winning some of the large opportunities addressed. Under the Make in India programme, the government is encouraging manufacturing of civil and defence equipment in India which has attracted best of the companies from US, Europe to do business in India and HFCL is actively engaged with many top defence companies for possible tieups.

In summary, the Company will see growth in business, acquisition of new technologies, new EPC contracts from railways and business opportunities in defence sector.

In Telecom manufacturing, NTP 2012 and the recent Make in India initiative of the Government shall open up more opportunities for us. It goes without saying that there lies immense potential for equipment manufacturing which is evident from research that the sector imports electronic goods worth over USD 40-50 Billion which may reach a humongous USD 300 Billion by 2020 if initiatives are not taken to support domestic manufacturing. Domestic products contribute to merely 15% of all equipment used in the sector. We believe the emphasis laid by the Government on domestic products shall yield good results in enhancing the equipment manufacturing.

High Speed Data consumption and broadband subscribers shall continue to grow in coming years. Missions like Digital India and Smart Cities shall fuel the fibre optic networks all over the Country. NOFN of 7.5 lakh kilometres in 2.5 lakh villages is being speeded up. WiFi hotspots and high speed data shall be in demand and therefore, operators shall keep on spending for improvement of their network services. We shall also see aggressive roll out of 4G networks.

Tower industry provides another big opportunity for the Company. Operators look at increasing market penetration with limited capital expenditure through leased towers from tower companies. It also enables telecom operators to rollout services in record times. There are close to 400,000 telecom towers in India at present and are estimated to reach around 500,000 by FY20. Exploding data traffic is leading to in-building solutions and smaller cell sites which is expected to drive growth of tower industry. For the Company, therefore, lies a huge business opportunity in this industry.

The defence industry is of strategic importance for India. India has the 3rd largest armed forces in the world and it spends a significant amount of resources on its national defence. Finance minister raised the defence budget for FY16 to ₹2.46 Trillion from ₹2.29 Trillion in FY15. In the next 7-8 years, India would be



investing more than USD 130 Billion in modernization of its armed forces and with the present policy of Make in India, the onus is now on the industry to make best use of this opportunity. The new government projects India as an exporter of defence equipment in the next decade. Government is creating investor friendly environment for this sector.

All these initiatives shall also create sufficient business opportunity for the Company.

## Operational Review

The Company during the year accelerated its performance in both of its manufacturing and turnkey business segments. In manufacturing of OFC, the Company achieved record revenue and profits coupled with full capacity utilisation of the facility in Goa. Nevertheless, exports of OFC was another breakthrough during FY15. Equipment manufacturing saw production of GSM products. The Broadband Era with growing smartphones, 4G rollouts, internet driven applications will require expansion of OFC network throughout the country and therefore, the Company may explore further expansion of OFC capacity.

In turnkey projects execution, the Company has successfully completed high capacity optical transport network for Railtel by deploying 80 channel DWDM system at over 60 sites, along two connecting routes between Delhi – Mumbai. The project is under annual maintenance contract and based on excellent execution, the customer has gone ahead with 75% expansion order on the Company. Another success was the winning of a turnkey contract for laying OFC network in one of the largest states of the country from BSNL. Further, the Company was awarded large project for setting up of GSM network at extremely remote standalone sites and connecting each site to the national network. In addition to these new projects, won in severe competitive environment, the Company has continued with the rollout of nationwide OFC network for various service providers.

Keeping in view the Company's strengths and existing business, it has ventured in synergised business verticals of Defence, Railways and Smart & Safe cities. It has already participated in several prestigious large telecom RFPs and tenders and has also offered complete telecom network solutions to Railways for greenfield railway freight corridor networks. It has a strong team in place to deliver on the said business opportunities.

## Financial review

### Revenue from Operations

The net sales during the year under review stood at ₹2,551 Crore, higher than ₹2,019 Crore recorded in 2013-14. The significant boost in net sales was from both products as well as services division. The net revenue from the Turnkey Contracts and Services division FY15 was ₹1,985 Crore up from ₹1,671 Crore in the previous year. The net sales from Telecom Products division for FY15 stood at ₹566 Crore, up from ₹347 Crore in the previous year.

### Operating expenses

The total operating expenses for the FY15 stood at ₹2,285 Crore up from ₹1,818 Crore in the previous year.

### EBITDA

The EBITDA during the year under review stood at ₹266 Crore as against ₹200 Crore in FY14.

### Profit after tax

The profit after tax for the year under review came in at ₹190 Crore, a jump from ₹147 Crore recorded for the year FY14. The Net Profit Margin for the year under review was 7.44% up from 7.30% in FY14. The earnings per share for FY15 stood at ₹1.49 per share up from ₹1.15 in the previous year.



## Net worth

With better profitability, the net worth of the Company has increased during the year under review to ₹1,013 Crore from ₹839 Crore in the previous year. The book value per share for the FY15 stood at ₹8.17 as against ₹6.77 in FY14.

## Gross debt

The total gross debt at the end of the FY15 has marginally increased to ₹294 Crore from ₹284 Crore in the previous year FY14.

## Gross block

The total gross fixed asset for the FY15 stood at ₹411 Crore, down from ₹493 Crore in the previous year due to adjustment in depreciate value of impairment assets.

## Capital structure

During FY15 the paid up capital of the Company stood at ₹204.44 Crore.

## Risk Management

With rapidly evolving technology and increasing globalization, risk management becomes even more critical for enterprises. As a leading telecom services and products Company, HFCL's business risks are similar to most of its peers.

During the year, your Directors have constituted a Risk Management Committee to oversee the risk management efforts in the Company under the Chairmanship of Shri Mahendra Nahata, Managing Director as required under Clause 49 of the Listing Agreement. Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. The Company periodically assesses risks in the internal and external environment. There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out below:-

**Economic Risk:** The economic slowdown and adverse movement of key macroeconomic indicators can impact Company's business operations.

Mitigation: The overall economic slowdown would have some bearing on Company's operations including deferment of roll out plans by customers. The Company, however, has a wide bouquet of products and services offering coupled with a strong balance sheet to face such slow down.



**Competition Risk:** Company has to compete with various organized and un-organized peers, particularly when the business is being awarded through Tenders.

Mitigation: The Company is a single window end-to-end solution provider that keeps it ahead of its peers. With its integrated capabilities, proven track record along with long standing relationships, the Company shall always remain a preferred supplier.

**Risk of Delay in Completion of Orders:** There is a risk that delay in completion of orders may invoke penalties.

Mitigation: The Company has well-defined operational policies driven by well experienced pool of executives who have capabilities to complete the orders in time.

**Foreign Exchange Risk:** The Company imports various raw materials and volatility in exchange rates may impact Company's business adversely.

Mitigation: HFCL protects its business interest with a well-defined currency hedging initiatives under professional consultants.



**Technology Risk:** Foreign companies may license their technology to other manufacturers or may set up their own establishment in India.

**Mitigation:** The Company gives priority to enhance its technology strengths by way of in-house R&D and technical tie-ups. It has set high standard of HR Policies to attract the best of technology talent in this direction.

**Government Policy Risk:** Telecom is a policy driven sector and any adverse policy may have an impact on the Company.

**Mitigation:** Government Policies actually wrote the success story for Telecom in last decade. Further, with a strong new Government in place, the Company believes that, Government policies shall not make any adverse impact.

## Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. The Company has adopted accounting policies which are in line with Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts), Rules, 2014 and relevant provisions of Companies Act, 1956 to the extent applicable. These are in accordance with generally accepted accounting principles in India.

The Company has implemented Project Management Tool for better control of various ongoing/upcoming projects. The Company has also implemented SAP ERP system for EPC contracts. SAP has helped to minimize human errors and plugging the loopholes. The Company also has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly. HFCL has adequate and effective internal audit system, covering on a continuous basis, the entire gamut of operations and services spanning all locations, business and functions. The Audit Committee monitors the Internal Audit System on regular intervals and directs necessary steps to further improve the Internal Control System.

## Human Resource Development

HFCL has a team of experienced and competent professionals. In the ever changing telecom scenario, the Company recognizes the need for training and retaining the talent pool of the Company. Employees have undergone technical trainings to further enhance their skills. Performance reviews of employees are conducted on regular basis to motivate and reward the performers. The total on roll employee strength of the Company as on 31<sup>st</sup> March, 2015 was 2370.

# Directors' Report

## To the Members,

The Directors have pleasure in presenting the Annual Report and Audited Accounts for the financial year ended 31<sup>st</sup> March, 2015.

## FINANCIAL RESULTS

Particulars	₹ in Crore)	
	2014-2015	2013-2014
Gross Sales and Services	2611.26	2057.27
Other Income	20.05	13.69
Profit/(Loss) before depreciation, finance charges and taxation	266.56	200.50
Less: Depreciation & Amortisation	33.93	19.85
Finance charges	42.70	33.14
Profit/(Loss) before taxes	189.93	147.51
Provision for taxation	26.74	32.45
MAT credit entitlement	(26.72)	(32.42)
Profit/(Loss) for the year	189.91	147.48
Add: Balance brought forward from previous years	234.04	106.44
<b>Sub Total</b>	<b>423.95</b>	<b>253.92</b>
Less: Appropriations		
First Interim dividend paid on Preference Shares	2.62	-
Tax paid on first Interim Dividend on Preference Shares	0.44	-
Proposed second Interim Dividend on Preference Shares	2.62	-
Tax on proposed second Interim Dividend on Preference Shares	0.44	-
Proposed Dividend on Preference Shares	-	16.99
Tax on proposed Dividend on Preference Shares	-	2.89
Adjustment relating to fixed assets	9.51	-
<b>Closing Balance</b>	<b>408.32</b>	<b>234.04</b>

## DIVIDEND

During the year under review, the Board of Directors at its meeting held on 27<sup>th</sup> January, 2015 has declared and paid first Interim Dividend of ₹3.25 per share on 80,50,000, 6.5% Cumulative Redeemable Preference Shares (CRPS) of ₹100/- each. The Board of Directors at its meeting held on 18<sup>th</sup> May, 2015 also declared second Interim Dividend of ₹3.25 per shares on above CRPS for financial year ended 31<sup>st</sup> March, 2015. The Company has made the payment of ₹6.12 Crore towards interim dividend on CRPS for financial year 2014-15.

## MANAGEMENT DISCUSSIONS & ANALYSIS (MDA)

Management Discussions and Analysis (MDA) Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 and Accounting Standard (AS) -21 on Consolidated Financial Statements read with AS-23 on Accounting for Investments in Associates and AS -27 on Financial Reporting of Interests in Joint Ventures, the audited consolidated financial statement is provided in the Annual Report.

The Board of Directors of the Company at its meeting held on 18<sup>th</sup> May, 2015 has approved Consolidated Financial Statements of the Company and its subsidiaries, associates etc. However due to non availability of financial statements of one of the Associates, the same could not be consolidated at that point of time. The financial statements of said Associate were made available subsequently and accordingly the Board of Directors of the Company at its meeting held on 17<sup>th</sup> August, 2015 has approved the revised Consolidated Financial Results after incorporating the financial statements of said Associates in accordance with Accounting Standard-23 on Accounting for Investments in Associates in Consolidated Financial Statements. The Auditors have therefore issued revised Auditors' Report on the revised Consolidated Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2015 in supersession to their original Consolidated Auditors' Report dated 18<sup>th</sup> May, 2015, which hereby stands withdrawn for this purpose.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

M/s HTL Limited and M/s Moneta Finance Private Limited, continue to be the subsidiaries of your Company. During the year under review, M/s HFCL Advance Systems Private Limited became the wholly owned subsidiary of the Company w.e.f. 23<sup>rd</sup> February, 2015.

A separate statement containing the salient features of financial statements of all subsidiaries of your Company forms part of consolidated financial statements in compliance with Section 129 and other applicable provisions, if any, of the Companies Act, 2013. The financial statements of the subsidiary companies and related information are available for inspection by the members at the Registered Office of your Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of the Annual General Meeting (AGM) as required under Section 136 of the Companies Act, 2013. Any shareholder desirous of obtaining the Annual Accounts and related information of the above subsidiary companies may write to the Company Secretary at M/s Himachal Futuristic Communications Ltd. 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi – 110048 and the same shall be sent by post. The financial statements including the consolidated financial statements, financial statements of subsidiaries and all other documents required to be attached to this report have been uploaded on the website of the Company i.e. [www.hfcl.com](http://www.hfcl.com).

A report on the performance and financial position of each of subsidiaries, associates and joint venture companies as per the Companies Act, 2013 is provided as "Annexure - A" to the consolidated financial statement and hence not repeated here for sake of brevity. The policy for determining material subsidiaries as approved by the Board of Directors may be accessed on the Company's website at the link: <http://www.hfcl.com/Policy%20for%20determining%20material%20subsidiaries.pdf>



## FIXED DEPOSITS

During the financial year 2014-15, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

## DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNELS AND PARTICULARS OF EMPLOYEES

In accordance with Section 178 and other applicable provisions if any, of the Companies Act, 2013 read with the Rules issued thereunder and Clause 49 of the Listing Agreement, the Board of Directors of the Company at their meeting held on 27<sup>th</sup> January, 2015, formulated the Remuneration Policy on the recommendations of the Nomination and Remuneration Committee. The salient features covered in the Remuneration Policy have been outlined in the Corporate Governance Report which forms part of this Report.

The Managing Director of your Company does not receive remuneration from any of the subsidiaries of the Company.

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/employees of the Company is set out in “Annexure - A” to this Report and is available on the website of the Company.

## DIRECTORS & KEY MANAGERIAL PERSONNELS

### APPOINTMENTS/RE-APPOINTMENTS

In compliance with the provisions of Section 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, Shri M P Shukla was appointed as an Independent Director of your Company at 27<sup>th</sup> Annual General Meeting (AGM) held on 30<sup>th</sup> September, 2014 to hold office up to 2 (Two) consecutive years for a term up to the conclusion of the 29<sup>th</sup> AGM of the Company to be held in the calendar year 2016. At the aforementioned AGM, Shri Arvind Kharabanda, Director (Finance) was re-appointed for 2 (Two) years commencing from 1<sup>st</sup> June, 2014 to 31<sup>st</sup> May, 2016.

During the financial year 2014-15, the Board of Directors appointed Shri Rajiv Sharma as Nominee Director of IDBI Bank Limited w.e.f. 17<sup>th</sup> November, 2014. Shri Rajiv Sharma is proposed to be appointed as Non-Executive Director liable to retire by rotation at the ensuing Annual General Meeting.

Further, during the year under review the Board of Directors appointed Smt. Bela Banerjee as Additional/Non-Executive Independent Director w.e.f. 18<sup>th</sup> March, 2015 subject to the approval of shareholder at the ensuing AGM. Your directors recommend their appointments.

Shri Arvind Kharabanda, Director (Finance) retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

### RESIGNATIONS

During the year under review, the IDBI Bank Limited vide its letter No. CBG-SSCB.53/270/Nom.8 dated October 29, 2014 withdrew the nomination of Shri S G Nadkarni from the Board of the Company and accordingly he ceased to be a director of the Company w.e.f. 17<sup>th</sup> November, 2014. During the year under review, Shri Y L Agarwal resigned from the Board w.e.f. 19<sup>th</sup> March, 2015. The Board places on record its appreciation

for their valuable contributions during their association with the Company.

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company and related matters are put up on the website of the Company at the link <http://www.hfcl.com/FAMILIARIZATION%20PROGRAM%20FOR%20INDEPENDENT%20DIRECTORS.pdf>.

## ANNUAL EVALUATION OF BOARD PERFORMANCE

In terms of the provisions of the Companies Act, 2013 read with Rules issued thereunder and Clause 49 of the Listing Agreement, the Board of Directors on recommendation of Nominations & Remuneration Committee have evaluated the effectiveness of the Board/Director(s) for financial year 2014-15.

## KEY MANAGERIAL PERSONNELS

Shri Mahendra Nahata, Managing Director, Shri Arvind Kharabanda, Director (Finance), Shri V R Jain CFO and Shri Manoj Baid, Associate Vice-President (Corporate) & Company Secretary are the Key Managerial Personnel in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder.

## PARTICULARS OF EMPLOYEES' AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in said rules are given in “Annexure - A” annexed herewith.

## NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE

The details of the number of Board and Audit Committee meetings of the Company are set out in the Corporate Governance Report which forms part of this Report.

## DECLARATION OF INDEPENDENCE

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Clause 49 of the Listing Agreement.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- (a) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2015, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2015 and of the profit of the Company for the financial year ended 31<sup>st</sup> March, 2015;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- (d) the Directors have prepared the annual accounts on a 'going concern' basis;
- (e) the Directors have laid down proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### AUDITORS AND AUDITORS' REPORT

At the 27<sup>th</sup> Annual General Meeting (AGM) of the Company, Khandelwal Jain & Company, Chartered Accountants (Firm Registration No. 105049W) was appointed as the Statutory Auditors to hold office till the conclusion of the 28<sup>th</sup> AGM of the Company. Khandelwal Jain & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and having confirmed their eligibility, offer themselves for re-appointment. The Company has received necessary letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment. The Audit Committee and the Board of Directors, therefore, recommended re-appointment of Khandelwal Jain & Co., Chartered Accountants as Auditors of the Company for the financial year 2015-16 till the conclusion of next AGM, for the approval of the Shareholders.

The observations in the Standalone Auditors' Report are self explanatory and do not call for any further comments. The Statutory Auditors in the Annexure to the Auditors' Report has mentioned about a slight delay in deposit of statutory dues in few cases. In future, management will make all efforts to deposit the same within time.

#### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Mr. Baldev Singh Kashtwal, Practising Company Secretary having Membership No. F3616 to conduct the Secretarial Audit of your Company. The Secretarial Audit Report is annexed herewith as **"Annexure - B"** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### EXTRACT OF ANNUAL RETURN

The details forming part of the extracts of the Annual Return in Form MGT - 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 are set out herewith as **"Annexure - C"** to this Report.

#### RELATED PARTY TRANSACTIONS

During the financial year 2014-15, Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, which were in the ordinary course of business and on arms' length basis and in accordance with the provisions of the Companies Act, 2013, Rules issued thereunder and Clause 49 of the Listing Agreement. During the year under review, the Company has sold old fixed assets worth ₹27 lacs to its Subsidiary M/s HTL Limited, a related Party under Section 2(76) of the Companies Act, 2013 with the requisite approval of Audit Committee and Board of Directors. During the financial year 2014-15, there were no transactions with related parties which qualify as material transactions under the Listing Agreement.

The details of the related party transactions as required under Accounting Standard - 18 are set out in Note - 43 to the standalone financial statements forming part of this Annual Report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link <http://www.hfcl.com/HFCL-Related%20party%20transactions%20policy.pdf>

#### LOANS, GUARANTEES AND INVESTMENTS

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

Amounts outstanding as at 31<sup>st</sup> March, 2015

Particulars	₹ in Crore)	
		Amount
Loans given		Nil
Guarantees given		20.16
Investments made		296.02

Loans, Guarantees and Investments made during the financial year 2014-15

Name of entity	Relation	Amount (₹ In Crore)	Particulars of Loans, Guarantees and Investments	Purpose for which the Loans, Guarantees and Investments are proposed to be utilized
HFCL Advance Systems Pvt. Ltd.	Wholly owned Subsidiary	0.01	Investment	Business Purpose

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors of the Company at its meeting held on 18<sup>th</sup> March, 2015 approved the Corporate Social Responsibility (CSR) Policy for your Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Policy outlines the CSR vision of your Company. For more information please refer CSR Policy <http://www.hfcl.com/CSR%20Policy.pdf>.

The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out herewith as **"Annexure - D"** to this Report.

The Company is undertaking CSR activities through its Registered Society i.e. HFCL Social Services Society ("HSSS") established by the Company in the year 1996.

#### VIGIL MECHANISM

The Board of Directors of the Company have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Company, through this policy envisages to encourage the Directors and Employees of the Company to report to the appropriate authorities any unethical behaviour, improper, illegal or questionable acts, deeds, actual or suspected frauds or violation of the Company's Code of Conduct for Directors and Senior Management Personnel. The Policy on Vigil Mechanism/ Whistle blower policy may be accessed on the Company's website at the link <http://www.hfcl.com/Whistle%20Blower%20Policy.pdf>

#### DEPOSITORY SYSTEMS

The Company's scrip has come under compulsory dematerialization w.e.f. 29<sup>th</sup> November, 1999 for Institutional Investors and w.e.f. 17<sup>th</sup> January, 2000 for all Investors. So far, 99.96% of the equity

shares have been dematerialized. The ISIN allotted to the equity shares of the Company is INE548A01028.

#### **CHANGE IN REGISTRAR AND SHARE TRANSFER AGENT (RTA)**

During the year under review, the Board of Directors of the Company at its meeting held on 18<sup>th</sup> March, 2015 has decided to change its existing RTA M/s. MCS Limited to M/s. MCS Share Transfer Agent Ltd. having its office at F-65, First Floor, Okhla Industrial Area, Phase - I, New Delhi 110020.

#### **CORPORATE GOVERNANCE**

A separate Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement along with the Auditors' Certificate on its Compliance is given as a part of the Annual Report.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is set out herewith as "**Annexure - E**" to this Report.

#### **SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS**

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

#### **GENERAL**

- a) Your Company has not issued equity shares with differential rights as to dividend, voting or otherwise;
- b) Your Company does not have any ESOP scheme for its employees/directors.
- c) Neither the Managing Director nor the Wholetime Director of the Company receive any remuneration or commission from any of its subsidiaries.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **CAUTIONARY STATEMENT**

Statement in the Management Discussions and Analysis describing the Company's projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand supply conditions, raw material prices, changes in government regulations, tax regimes and economic developments within the country and abroad and such other factors.

#### **ACKNOWLEDGEMENTS**

The Directors thank the Central Government, Govt. of Himachal Pradesh, Govt. of Goa, IDBI Bank Limited, State Bank of India, Oriental Bank of Commerce, Punjab National Bank, Bank of Baroda, Union Bank of India and other Banks for all co-operations, facilities and encouragement they have extended to the Company. Your Directors acknowledge the continued trust and confidence you have reposed in this Company. The Directors also place on record their appreciation for the services rendered by the officers, staff & workers of the Company at all levels and for their dedication and loyalty.

**For and on behalf of the Board**

Place: New Delhi  
Date: 17<sup>th</sup> August, 2015

**M P Shukla**  
Chairman

## Annexure (A) to Directors' Report

Information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### A. Ratio of remuneration of each Director to the median remuneration of all the employees of your Company for the financial year 2014-15 is as follows:

Sl. No.	Name of Director	Total Remuneration (in ₹)	Ratio of remuneration of Director to the Median remuneration
1.	Shri M P Shukla	3,00,000*	0.47
2.	Shri Mahendra Nahata	2,25,16,923	35.18
3.	Shri Arvind Kharabanda	64,26,985	10.04
4.	Dr. R M Kastia	1,65,000 *	0.26
5.	Shri Y L Agarwal	2,25,000 *	0.35
6.	Shri Rajiv Sharma	60,000 *	0.09
7.	Shri S G Nadkarni	40,000 *	0.06
8.	Smt. Bela Banerjee	30,000 *	0.05

\*Represents to Sitting Fee

#### Notes:

- The information provided above is on standalone basis.
- Shri S G Nadkarni and Shri Y L Agarwal ceased to be directors of the Company w.e.f. 17<sup>th</sup> November, 2014 & 19<sup>th</sup> March, 2015 respectively. Shri Rajiv Sharma and Smt. Bela Banerjee were appointed as directors of the Company w.e.f. 17<sup>th</sup> November, 2014 & 18<sup>th</sup> March, 2015 respectively. Accordingly the remuneration shown above is for part of the financial year 2014-15.
- Remuneration to Directors includes sitting fees paid to Non-executive Directors.
- Median remuneration of the Company for all its employees is ₹ 6,40,002/- for the financial year 2014-15.

### B. Details of percentage increase in the remuneration of each Director, CFO and Company Secretary in the financial year 2014-15 are as follows:

(in ₹)

Sl. No.	Name	Category	Remuneration		Increase (%)
			2014-15	2013-14	
1.	Shri M P Shukla	Independent Director	3,00,000	1,70,000	76.47%
2.	Shri Mahendra Nahata	Managing Director	2,25,16,923	2,25,16,923	0%
3.	Shri Arvind Kharabanda	Director (Finance)	64,26,985	57,88,062	11.04%
4.	Dr. R M Kastia	Non Executive Director	1,65,000 *	90,000 *	83.33%
5.	Shri Y L Agarwal	Independent Director	2,25,000 *	1,10,000 *	NA**
6.	Shri Rajiv Sharma	Non Executive Director	60,000 *	0 *	NA**
7.	Shri S G Nadkarni	Non Executive Director	40,000 *	80,000 *	NA**
8.	Smt. Bela Banerjee	Independent Director	30,000 *	0 *	NA**
9.	Shri V R Jain	CFO	80,00,000	60,66,148	32%
10.	Shri Manoj Baid	Associate Vice President (Corporate) & Company Secretary	26,34,188	25,08,744	5%

\* Represents to Sitting Fee.

#### Notes:

- \*\*Percentage increase in remuneration not reported as they were holding directorship for the part of the financial year 2014-15.
- The remuneration to Directors is within the overall limits approved by the shareholders.

### C. Percentage increase in the median remuneration of all employees in the financial year 2014-15:

Particulars	2014-15 (In ₹)	2013-14 (In ₹)	Increase (%)
Median remuneration of all employees per annum	6,40,002	6,20,004	3.2

### D. Number of permanent employees on the rolls of the Company as on March 31, 2015: 2370

### E. Explanation on the relationship between average increase in remuneration and Company performance

The increase in average remuneration of all employees in the financial year 2014-15 as compared to the financial year 2013-14 was 5.5%

Organization has seen a salary increase of 3.08% increase over last financial year 2013-14.

Our organization does not hesitate to differentiate sharply on the basis of performance and allocates funds on merit basis for high performers who strive to achieve the organizational objectives and milestones and thereby encouraging high performance culture within the organization.

### F. Comparison of the remuneration of the Key Managerial Personnels against the performance of the Company:

The remuneration of Key Managerial Personnels increased by 7.32% in 2014-15 compared to 2013-14, whereas the profit before tax and exceptional item increased by 28.74% in 2014-15 compared to 2013-14.

### G. Details of share price and market capitalization etc.:

The details of variation in the market capitalization and price earnings ratio as at the closing date of the current and previous financial years are as follows:

(₹ in Crore)

Particulars	As on 31 <sup>st</sup> March, 2015	As on 31 <sup>st</sup> March, 2014	Increase/ (Decrease) %
Price earnings ratio	8.96	7.13	25.67
Market capitalization	1654.57	1016.29	62.80

### Comparison of the share price at the time of first public offer and market price of the share as on 31<sup>st</sup> March, 2015:

Market Price of share as on 31<sup>st</sup> March, 2015: ₹ 13.35 (at NSE) ₹ 13.40 (at BSE) of face value of ₹1/- each.

Price at the time of initial public offer in 1989: ₹10/- of face value of ₹ 10/- each.

(converted to price of each share for face value of ₹ 1/- each)

% increase of market price over the price at the time of initial public offer: 1235%

**H. Comparison of average percentage increase in salary of employee other than the key managerial personnels and the percentage increase in the key managerial remuneration:**

(in ₹)

Particulars	2014-15	2013-14	Increase (%)
Average salary of all employees (other than key managerial personnels)	8,53,529	8,09,234	5.5
Average Salary of Managing Director & Director (Finance)	1,44,71,954	1,41,52,493	2.3
Average Salary of CFO and Company Secretary	53,17,094	42,87,446	24

The increase in remuneration of employees other than the managerial personnel is in line with the increase in remuneration of managerial personnel.

**I. Key parameters for the variable component of remuneration:** No variable compensation is paid by the Company to its Directors.

**J. The ratio of the remuneration of the highest paid Director to that of the Employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:** Not Applicable

**K. Affirmation:**

It is hereby affirmed that the remuneration paid during the year under review is as per the Remuneration Policy of the Company.

**L. Statement containing the particulars of employees in accordance with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnels) Rules, 2014:**

Sl. No.	Name	Remuneration received (in ₹)	Nature of employment	Designation	Qualifications & experience	Date of commencement of employment	Age (Years)	Last employment held
1.	Shri Mahendra Nahata	2,14,44,736	Contractual	MD	B.Com 32 years	01.10.1992	56	Himachal Telematics Ltd., Vice Chairman
2.	Shri Y.S. Choudhary	1,33,65,950	Contractual	CEO	B.E. (Telecom) M.E.(Electronics) 46 years	01.06.2009	72	Exicom Tele-System Ltd., MD
3.	Shri Dhananjay S Ozarkar	1,02,50,518	Permanent	Sr. VP	B.E. 24 years	05.10.2011	45	Bharti Infratel Ltd., Chief Development Officer
4.	Shri Hemant Sachetee	92,22,776	Permanent	VP	CA 18 years	25.07.2011	44	Enso Group, Vice President
5.	Shri Karan Bamba	73,22,834	Permanent	VP	MBA (Finance) 26 years	01.03.2012	48	Nokia Siemens Ltd., Transformation Programme Manager
6.	Shri Sushil K Wadhwa	71,97,937	Permanent	Sr. VP	FCS, ICWA 33 years	21.07.2011	55	Aircel Ltd., Head Commercial
7.	Shri V.R. Jain	68,34,396	Permanent	CFO	CA, CS 28 years	15.07.2011	51	Teracom Ltd., CFO
8.	Shri Arvind Kharabanda	62,77,817	Contractual	Director (Finance)	CA 40 years	01.06.2005	68	Himachal Futuristic Communications Ltd., Executive Director

**Notes:**

- (i) The remuneration shown above comprises Salary, Allowances, Perquisites, Ex-gratia, Medical, Company's contribution to Provident Fund and all other reimbursements, if any.
- (ii) None of the employees is related to any director of the Company.
- (iii) None of above employee draws remuneration more than the remuneration drawn by Managing Director and Whole time Director and holds by himself or along with his spouse and dependent children not less than two percent of equity shares of the Company.



# Annexure (B) to Directors' Report

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The Members  
Himachal Futuristic Communications Limited  
8, Electronics Complex,  
Chambaghat,  
Solan - 173 213 (H. P.)

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Himachal Futuristic Communications Limited (hereinafter called "the Company"). The secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the company has proper Board - Processes and Compliance - Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of :-

- (i) The Companies Act, 2013 ("the Act") and rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye - laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Financial Year 2014-2015);**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Financial Year 2014-2015) ;**

- (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Financial Year 2014-2015);**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **(Not applicable to the Company during the Financial Year 2014-2015);** and
  - (vi) Employees Provident Fund and Miscellaneous Act, 1952;
  - (vii) Employees State Insurance Act, 1948;
  - (viii) Factories Act, 1948;
  - (ix) Indian Contract Act, 1872;
  - (x) Minimum Wages Act, 1948;
  - (xi) Payment of Bonus Act, 1965;
  - (xii) Payment of Gratuity Act, 1972;
  - (xiii) Payment of Wages Act, 1936;
  - (xiv) Industrial Employment (Standing Orders) Act, 1946 and other applicable labour laws.

I have also examined the compliance with the applicable clauses of the Listing Agreement entered into by the Company with BSE Limited and the National Stock Exchange of India Limited.

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I FURTHER REPORT THAT:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- Adequate notice of the Board Meetings is given to all the Directors. The Company also sent agenda and detailed notes on agenda to all the Directors in advance for meaningful participation at the meeting; and
- Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I FURTHER REPORT THAT there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I FURTHER REPORT THAT during the audit period, there were no other instances having a major bearing on the Company's affairs under the above referred laws, rules, regulations, guidelines and standards etc.

Place : Delhi  
Dated : 12<sup>th</sup> August, 2015

**CS BALDEV SINGH KASHTWAL**  
**PRACTISING COMPANY SECRETARY**  
**FCS NO. 3616, C. P. NO. 3169**

## Annexure (C) to Directors' Report

### FORM NO. MGT 9 EXTRACTS OF ANNUAL RETURN

as on financial year ended on 31<sup>st</sup> March, 2015  
Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management & Administration) Rules, 2014.

<b>I REGISTRATION &amp; OTHER DETAILS:</b>			
i	CIN	L64200HP1987PLC007466	
ii	Registration Date	11 <sup>th</sup> May, 1987	
iii	Name of the Company	Himachal Futuristic Communications Limited	
iv	Category/Sub-category of the Company	Listed and Company having Share Capital	
v	Address of the Registered office & contact details	8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213 Tel:+91-1792-230642/44 Fax:+91-1792-231902 E-mail: secretarial@hfcl.com Website: www.hfcl.com	
vi	Whether listed company	Yes	
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited F-65, 1 <sup>st</sup> Floor, Okhla Industrial Area, Phase - I, New Delhi,110020 Tel:+91-11-41406149 Fax:+91-11-41709881 Email:admin@mcsregistrars.com	
<b>II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:</b>			
All the business activities contributing 10% or more of the total turnover of the company shall be stated			
Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the Company
1	Optical Fibre Cable	3610*	20.62%
2	Turnkey Contracts and services	5020	77.82%
* As per IEM issued by Department of Industrial Policy and Promotion, Ministry of Commerce, New Delhi			
<b>III PARTICULARS OF HOLDING , SUBSIDIARY &amp; ASSOCIATE COMPANIES:</b>		As per Attachment A	
<b>IV SHAREHOLDING PATTERN(EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):</b>			
a)	Category-wise Shareholding	As per Attachment B	
b)	Shareholding of Promoters	As per Attachment C	
c)	Change in Promoters' Shareholding	As per Attachment D	
d)	Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)	As per Attachment E	
e)	Shareholding of Directors & KMPs	As per Attachment F	
<b>V INDEBTNESS:</b>			
Indebtness of the Company including interest outstanding/accrued but not due for payment		As per Attachment G	
<b>VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNELS:</b>			
a)	Remuneration to Managing Director, Wholetime director and/or Manager:	As per Attachment H	
b)	Remuneration to other directors:	As per Attachment I	
c)	Remuneration to Key Managerial Personnels other than MD/Manager/WTD	As per Attachment J	
<b>VII PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES</b>		As per Attachment K	

### III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	HTL Limited G.S.T. Road, Guindy Chennai-600032	U93090TN1960PLC004355	Subsidiary	74.00	2(87)
2.	Moneta Finance Private Limited 8, Electronics Complex, Chambaghat Solan, Himachal Pradesh-173213	U65921HP1995PTC017088	Subsidiary	100.00	-do-
3.	HFCL Advance Systems Private Limited 8, Electronics Complex, Chambaghat Solan, Himachal Pradesh-173213	U29253HP2015PTC000880	Subsidiary	100.00	-do-
4.	DragonWave HFCL India Pvt. Ltd. 8, Commercial Complex, Masjid Moth Greater Kailash-II, New Delhi-110048	U64200DL2010PTC211117	Associate	49.90	2(6)
5.	AB Corp Ltd. A/102, Parimal Appartment, Off Juhu Lane Andheri (West) Mumbai-400058	U99999MH1987PLC042097	Associate	27.27	-do-
6.	Microwave Communications Limited 1 <sup>st</sup> Floor, 8, Commercial Complex Masjid Moth, Greater Kailash-II New Delhi-110048	U64202DL1992PLC047750	Associate	32.50	-do-
7.	H F C L Satellite Communications Limited* 8, Commercial Complex, Masjid Moth Greater Kailash-II, New Delhi-110048	U64201DL1999PLC098301	Associate	30.00	-do-
8.	HFCL Dacom Infocheck Limited** 8, Commercial Complex, Masjid Moth Greater Kailash-II, New Delhi-110048	U74899DL1995PLC064411	Associate	29.99	-do-
9.	Westel Wireless Limited*** 8, Commercial Complex, Masjid Moth Greater Kailash-II, New Delhi-110048	U32204DL1995PLC097348	Associate	28.94	-do-
10.	Exicom Tele-Systems Limited 8, Electronics Complex, Chambaghat Solan, Himachal Pradesh-173213	U64203HP1994PLC014541	Associate	12.40	As per the provisions of Accounting Standard 18
11.	Polixel Security Systems Private Limited D-7, Dhawandeepp Appartment 6, Jantar Mantar Road New Delhi-110001	U93000DL2010PTC199073	Associate	5.52	-do-
12.	HFCL Bezeq Telecom Limited 8, Commercial Complex, Masjid Moth Greater Kailash-II, New Delhi 110048	U74899DL1995PLC066338	Associate	0.19	-do-

\* Shares sold on 30.03.2015, \*\* Shares sold on 26.03.2015, \*\*\* Shares sold on 31.03.2015

**IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)**

**(a) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2014)				No. of Shares held at the end of the year (As on 31.03.2015)				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	638344	0	638344	0.052	638344	0	638344	0.052	0.00
b) Central Govt. or State Govt.	0	0	0	0.000	0	0	0	0.000	0.00
c) Bodies Corporates	478659770	1100	478660870	38.621	482284770	1100	482285870	38.914	0.29
d) Bank/Fl	0	0	0	0.000	0	0	0	0.000	0.00
e) Any other	0	0	0	0.000	0	0	0	0.000	0.00
<b>SUB TOTAL:(A) (1)</b>	<b>479298114</b>	<b>1100</b>	<b>479299214</b>	<b>38.673</b>	<b>482923114</b>	<b>1100</b>	<b>482924214</b>	<b>38.966</b>	<b>0.29</b>
(2) Foreign									
a) NRI- Individuals	0	0	0	0.000	0	0	0	0.000	0.00
b) Other Individuals	0	0	0	0.000	0	0	0	0.000	0.00
c) Bodies Corp.	0	0	0	0.000	0	0	0	0.000	0.00
d) Banks/Fl	0	0	0	0.000	0	0	0	0.000	0.00
e) Any other	0	0	0	0.000	0	0	0	0.000	0.00
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.00</b>
<b>Total Shareholding of Promoters (A)= (A)(1)+(A)(2)</b>	<b>479298114</b>	<b>1100</b>	<b>479299214</b>	<b>38.673</b>	<b>482923114</b>	<b>1100</b>	<b>482924214</b>	<b>38.966</b>	<b>0.29</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	380690	3830	384520	0.031	1199558	3830	1203388	0.097	0.07
b) Banks/Fl	217188210	1100	217189310	17.524	149663317	1100	149664417	12.076	-5.45
c) Central govt.	0	0	0	0.000	0	0	0	0.000	0.00
d) State Govt.	0	0	0	0.000	0	0	0	0.000	0.00
e) Venture Capital Fund	0	0	0	0.000	0	0	0	0.000	0.00
f) Insurance Companies	521000	0	521000	0.042	521000	0	521000	0.042	0.00
g) FIs	4549415	5620	4555035	0.368	24798058	5620	24803678	2.001	1.63
h) Foreign Venture Capital Funds	0	0	0	0.000	0	0	0	0	0.00
i) Others (specify)									
Foreign Bank	1705	3600	5305	0.000	1705	3600	5305	0.000	0.000
Foreign National	720	0	720	0.000	7220	0	7220	0.000	0.000
<b>SUB TOTAL (B)(1):</b>	<b>222641740</b>	<b>14150</b>	<b>222655890</b>	<b>17.965</b>	<b>176190858</b>	<b>14150</b>	<b>176205008</b>	<b>14.216</b>	<b>-3.75</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates	263992263	31570	264023833	21.303	267312678	31070	267343748	21.571	0.27
b) Individuals									
i) Individual shareholders (including NRIs) holding nominal share capital up to ₹1 lakhs	158106866	506153	158613019	12.798	243279422	507833	243787255	19.670	6.87
ii) Individual shareholders (including NRIs) holding nominal share capital in excess of ₹ 1 lakhs	113059661	0	113059661	9.122	66528180	0	66528180	5.368	-3.750
c) Others									
Trust	138560	0	138560	0.011	162960	0	162960	0.013	0.002
Overseas Corporate Bodies	42250	1000	43250	0.003	37250	1000	38250	0.003	0.000
Clearing Members	1543767	0	1543767	0.125	2387579	0	2387579	0.193	0.070
<b>SUB TOTAL (B) (2):</b>	<b>536883367</b>	<b>538723</b>	<b>537422090</b>	<b>43.362</b>	<b>579708069</b>	<b>539903</b>	<b>580247972</b>	<b>46.818</b>	<b>3.460</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>759525107</b>	<b>552873</b>	<b>760077980</b>	<b>61.327</b>	<b>755898927</b>	<b>554053</b>	<b>756452980</b>	<b>61.035</b>	<b>-0.29</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.000</b>
<b>Grand Total (A+B+C)</b>	<b>1238823221</b>	<b>553973</b>	<b>1239377194</b>	<b>100.000</b>	<b>1238822041</b>	<b>555153</b>	<b>1239377194</b>	<b>100.000</b>	<b>0.000</b>



## IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

## (b) SHARE HOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2014)			Shareholding at the end of the year (As on 31.03.2015)			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	ANM Enginnering & Works Pvt. Ltd.*	23,47,65,000	18.94	51.00	23,83,90,000	19.23	50.22	0.29
2	NextWave Communications Pvt. Ltd.	23,47,65,000	18.94	51.00	23,47,65,000	18.94	51.00	0
3	Apex Enterprises (India) Ltd.	58,71,195	0.47	6.81	58,71,195	0.47	6.81	0
4	Kalyan Vyapaar Pvt. Ltd.	10,98,174	0.09	0.00	10,98,174	0.09	0.00	0
5	Vinsan Brothers Pvt. Ltd.	6,71,600	0.05	0.00	6,71,600	0.05	0.00	0
6	Burlington Finance Ltd.	6,64,200	0.05	98.77	6,64,200	0.05	98.77	0
7	Anant Nahata	4,70,000	0.04	51.00	4,70,000	0.04	51.00	0
8	Yashodham Merchants Pvt. Ltd.	3,50,000	0.03	0.00	3,50,000	0.03	0.00	0
9	Shankar Sales Promotion Pvt. Ltd.	3,00,201	0.02	0.00	3,00,201	0.02	0.00	0
10	Amrit Sales Promotion Pvt. Ltd.	1,72,700	0.01	0.00	1,72,700	0.01	0.00	0
11	Babulal Nahata	82,407	0.01	0.00	82,407	0.01	0.00	0
12	Mahendra Nahata	73,477	0.01	0.00	73,477	0.01	0.00	0
13	Manik Lal Nahata (Since deceased)	11,920	0.00	0.00	11,920	0.00	0.00	0
14	Vaibhav Credit & Portfolio Pvt. Ltd.	2,800	0.00	0.00	2,800	0.00	0.00	0
15	Anil Kumar Nahata	540	0.00	0.00	540	0.00	0.00	0
	<b>Total</b>	<b>47,92,99,214</b>	<b>38.66</b>	<b>50.23</b>	<b>48,29,24,214</b>	<b>38.95</b>	<b>49.85</b>	<b>0.29</b>

\* Merged with MN Ventures Private Limited w.e.f. 22<sup>nd</sup> June, 2015.

## IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

## (c) Change in Promoters' shareholding (specify if there is no change)

Particulars	Share holding at the beginning of the Year (As on 01.04.2014)		Cumulative Share holding during the year (01.04.2014 to 31.03.2015)	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	47,92,99,214	38.67	48,29,24,214	38.97
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)#	#		#	
At the end of the year	47,92,99,214	38.67	48,29,24,214	38.97

# There is no change in the total shareholding of promoters between 01.04.2014 to 31.03.2015 except following:-

Name	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year(01.04.2014 to 31.03.2015)	
	No. of Shares at the beginning (01.04.2014) / at the End of the year (31.03.2015)	% of the total shares of the Company				No. of Shares	% of total shares of the Company
ANM Enginnering & Works Private Limited*	234765000	18.94	26.09.2014	1825000 (increase)	Transfer	236590000	19.09
			03.11.2014	1800000 (Increase)	Transfer	238390000	19.23
	238390000						

\* Merged with MN Ventures Private Limited w.e.f. 22<sup>nd</sup> June, 2015.

**IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)**

**(d) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year(01.04.2014 to 31.03.2015)			
		No. of Shares at the beginning (01.04.2014) / at the End of the year (31.03.2015)	% of the total shares of the Company				No. Of Shares	% of total shares of the Company		
1	IDBI Bank Ltd.	150945122	12.18	1-Apr-2014			150945122	12.18		
				30-May-2014	-250000	Transfer	150695122	12.16		
				6-Jun-2014	-177500	Transfer	150517622	12.14		
				13-Jun-2014	-2350000	Transfer	148167622	11.96		
				19-Jun-2014	-1401523	Transfer	146766099	11.84		
				26-Jun-2014	-294007	Transfer	146472092	11.82		
				4-Jul-2014	-6472092	Transfer	140000000	11.30		
				18-Jul-2014	-528970	Transfer	139471030	11.25		
				25-Jul-2014	-2471030	Transfer	137000000	11.05		
				1-Aug-2014	-998176	Transfer	136001824	10.97		
				8-Aug-2014	-1822538	Transfer	134179286	10.83		
				22-Aug-2014	-1060228	Transfer	133119058	10.74		
				5-Sep-2014	-6119058	Transfer	127000000	10.25		
				12-Sep-2014	-3607284	Transfer	123392716	9.96		
				19-Sep-2014	-4404526	Transfer	118988190	9.60		
				14-Nov-2014	-461734	Transfer	118526456	9.56		
				117534018	9.48	31-Mar-2015	-992438	Transfer	117534018	9.48
		2	Oriental Bank of Commerce	52414000	4.23	1-Apr-2014			52414000	4.23
						4-Apr-2014	-998344	Transfer	51415656	4.15
						11-Apr-2014	-2450000	Transfer	48965656	3.95
				18-Apr-2014	-530000	Transfer	48435656	3.91		
				25-Apr-2014	-595000	Transfer	47840656	3.86		
				2-May-2014	-1860000	Transfer	45980656	3.71		
				9-May-2014	-928000	Transfer	45052656	3.64		
				16-May-2014	-543000	Transfer	44509656	3.59		
				23-May-2014	-5450000	Transfer	39059656	3.15		
				30-May-2014	-2910000	Transfer	36149656	2.92		
				6-Jun-2014	-990509	Transfer	35159147	2.84		
				13-Jun-2014	-4905000	Transfer	30254147	2.44		
				19-Jun-2014	-510000	Transfer	29744147	2.40		
				26-Jun-2014	-272500	Transfer	29471647	2.38		
				4-Jul-2014	-2215626	Transfer	27256021	2.20		
				11-Jul-2014	-715000	Transfer	26541021	2.14		
				18-Jul-2014	-250000	Transfer	26291021	2.12		
				25-Jul-2014	-275000	Transfer	26016021	2.10		
				8-Aug-2014	-115500	Transfer	25900521	2.09		
				5-Sep-2014	-20000	Transfer	25880521	2.09		
				12-Sep-2014	-1200000	Transfer	24680521	1.99		
				19-Sep-2014	-1650000	Transfer	23030521	1.86		
				26-Sep-2014	-546000	Transfer	22484521	1.81		
		3-Oct-2014	-250000	Transfer	22234521	1.79				
		10-Oct-2014	-400000	Transfer	21834521	1.76				
		17-Oct-2014	-168000	Transfer	21666521	1.75				
		25-Oct-2014	-75000	Transfer	21591521	1.74				
		31-Oct-2014	-100000	Transfer	21491521	1.73				
		7-Nov-2014	-350000	Transfer	21141521	1.71				
		14-Nov-2014	-1150000	Transfer	19991521	1.61				
		21-Nov-2014	-800000	Transfer	19191521	1.55				

## Attachment - E Contd...

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year(01.04.2014 to 31.03.2015)	
		No. of Shares at the beginning (01.04.2014) / at the End of the year (31.03.2015)	% of the total shares of the Company				No. Of Shares	% of total shares of the Company
				28-Nov-2014	-150000	Transfer	19041521	1.54
				5-Dec-2014	-325000	Transfer	18716521	1.51
				12-Dec-2014	-175000	Transfer	18541521	1.50
				19-Dec-2014	-75000	Transfer	18466521	1.49
				31-Dec-2014	-250000	Transfer	18216521	1.47
				9-Jan-2015	-250000	Transfer	17966521	1.45
				16-Jan-2015	-188000	Transfer	17778521	1.43
				23-Jan-2015	-325000	Transfer	17453521	1.41
				6-Feb-2015	-237500	Transfer	17216021	1.39
				13-Feb-2015	-150000	Transfer	17066021	1.38
				20-Feb-2015	-100000	Transfer	16966021	1.37
				27-Feb-2015	-50000	Transfer	16916021	1.36
				6-Mar-2015	-150000	Transfer	16766021	1.35
				20-Mar-2015	-125000	Transfer	16641021	1.34
				27-Mar-2015	-50000	Transfer	16591021	1.34
		16591021	1.34	31-Mar-2015				
3	Reliance Industrial Investments and Holdings Limited	48532764	3.92	1-Apr-2014			48532764	3.92
		48532764	3.92	31-Mar-2015				
4	MKJ Enterprises Limited	20135461	1.62	1-Apr-2014			20135461	1.62
		20135461	1.62	31-Mar-2015				
5	State Bank of India	13211382	1.07	1-Apr-2014			13211382	1.07
		13211382	1.07	31-Mar-2015				
6	Maryada Barter Private Limited	11243674	0.91	1-Apr-2014			11243674	0.91
				11-Apr-2014	180284	Transfer	11423958	0.92
				2-May-2014	-72357	Transfer	11351601	0.92
				9-May-2014	2407573	Transfer	13759174	1.11
				23-May-2014	834586	Transfer	14593760	1.18
				30-May-2014	365414	Transfer	14959174	1.21
				6-Jun-2014	57756	Transfer	15016930	1.21
				13-Jun-2014	-454618	Transfer	14562312	1.17
				19-Jun-2014	-212122	Transfer	14350190	1.16
				26-Jun-2014	-10158	Transfer	14340032	1.16
				11-Jul-2014	1000000	Transfer	15340032	1.24
				18-Jul-2014	-411196	Transfer	14928836	1.20
				12-Sep-2014	500000	Transfer	15428836	1.24
				19-Sep-2014	295000	Transfer	15723836	1.27
				26-Sep-2014	407598	Transfer	16131434	1.30
				3-Oct-2014	65000	Transfer	16196434	1.31
				10-Oct-2014	-200000	Transfer	15996434	1.29
				17-Oct-2014	-500000	Transfer	15496434	1.25
				7-Nov-2014	-250000	Transfer	15246434	1.23
				28-Nov-2014	-150000	Transfer	15096434	1.22
				5-Dec-2014	-1345737	Transfer	13750697	1.11
				31-Dec-2014	214208	Transfer	13964905	1.13
				23-Jan-2015	-132736	Transfer	13832169	1.12
				6-Feb-2015	-221031	Transfer	13611138	1.10
				13-Feb-2015	-288289	Transfer	13322849	1.07
				27-Feb-2015	-778999	Transfer	12543850	1.01
				6-Mar-2015	-27239	Transfer	12516611	1.01
				27-Mar-2015	-74133	Transfer	12442478	1.00
		12442478	1.00	31-Mar-2015				

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year(01.04.2014 to 31.03.2015)	
		No. of Shares at the beginning (01.04.2014) / at the End of the year (31.03.2015)	% of the total shares of the Company				No. Of Shares	% of total shares of the Company
7	Infotel Telecom Infrastructure Private Limited	11068876	0.89	1-Apr-2014			11068876	0.89
		11068876	0.89	31-Mar-2015				
8	Jaikarni Holdings Private Limited	10000000	0.81	1-Apr-2014			10000000	0.81
				6-Jun-2014	-900000	Transfer	9100000	0.73
				13-Jun-2014	-1632726	Transfer	7467274	0.60
				19-Jun-2014	-67274	Transfer	7400000	0.60
				26-Jun-2014	-150000	Transfer	7250000	0.58
				25-Jul-2014	-500000	Transfer	6750000	0.54
				20-Mar-2015	-77747	Transfer	6672253	0.54
		6672253	0.54	31-Mar-2015				
9	Microsec Resources Private Limited	7852681	0.63	1-Apr-2014			7852681	0.63
				15-Sep-2014	-985801	Transfer	6866880	0.55
				21-Nov-2014	-500000	Transfer	6366880	0.51
				13-Feb-2015	-350209	Transfer	6016671	0.49
				20-Feb-2015	-4900000	Transfer	1116671	0.09
				27-Feb-2015	-1116671	Transfer	0	0.00
				6-Mar-2015	23000	Transfer	23000	0.00
				13-Mar-2015	3774467	Transfer	3797467	0.31
				20-Mar-2015	-3797267	Transfer	200	0.00
		200	0.00	31-Mar-2015				
10	Shoparna Brothers Private Limited	7584877	0.61	1-Apr-2014			7584877	0.61
		7584877	0.61	31-Mar-2015				
11	Edelweiss Broking Ltd	7599342	0.61	1-Apr-2014			7599342	0.61
				4-Jul-2014	44029	Transfer	7643371	0.62
				11-Jul-2014	22551	Transfer	7665922	0.62
				18-Jul-2014	-13357	Transfer	7652565	0.62
				25-Jul-2014	-19753	Transfer	7632812	0.62
				1-Aug-2014	290410	Transfer	7923222	0.64
				8-Aug-2014	-565858	Transfer	7357364	0.59
				14-Aug-2014	48256	Transfer	7405620	0.60
				22-Aug-2014	3320	Transfer	7408940	0.60
				29-Aug-2014	9392	Transfer	7418332	0.60
				5-Sep-2014	-17645	Transfer	7400687	0.60
				12-Sep-2014	-39132	Transfer	7361555	0.59
				19-Sep-2013	-1723836	Transfer	5637719	0.45
				26-Sep-2014	-282049	Transfer	5355670	0.43
				3-Oct-2014	252211	Transfer	5607881	0.45
				10-Oct-2014	-187203	Transfer	5420678	0.44
				17-Oct-2014	307504	Transfer	5728182	0.46
				24-Oct-2014	22587	Transfer	5750769	0.46
				7-Nov-2014	135658	Transfer	5886427	0.47
				14-Nov-2014	-1870536	Transfer	4015891	0.32
				21-Nov-2014	-697208	Transfer	3318683	0.27
				28-Nov-2014	127968	Transfer	3446651	0.28
				5-Dec-2014	-404210	Transfer	3042441	0.25
		12-Dec-2014	-8661	Transfer	3033780	0.24		
		19-Dec-2014	-1460350	Transfer	1573430	0.13		
		31-Dec-2014	-1549704	Transfer	23726	0.00		
		16-Jan-2015	1847989	Transfer	1871715	0.15		



## Attachment - E Contd...

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year(01.04.2014 to 31.03.2015)	
		No. of Shares at the beginning (01.04.2014) / at the End of the year (31.03.2015)	% of the total shares of the Company				No. Of Shares	% of total shares of the Company
				23-Jan-2015	-359106	Transfer	1512609	0.12
				31-Jan-2015	-13391	Transfer	1499218	0.12
				6-Feb-2015	-280641	Transfer	1218577	0.10
				13-Feb-2015	388590	Transfer	1607167	0.13
				20-Feb-2015	204288	Transfer	1811455	0.15
				27-Feb-2015	74955	Transfer	1886410	0.15
				6-Mar-2015	-36093	Transfer	1850317	0.15
				13-Mar-2015	173050	Transfer	2023367	0.16
				20-Mar-2015	-243908	Transfer	1779459	0.14
				27-Mar-2015	-45529	Transfer	1733930	0.14
		1727307	0.14	31-Mar-2015	-6623	Transfer	1727307	0.14
12	Sadachar Advisory Services LLP	0	0.00	1-Apr-2014				
				19-Sep-2013	7058827	Transfer	7058827	0.57
				31-Dec-2014	1000000	Transfer	8058827	0.65
				9-Jan-2015	1350000	Transfer	9408827	0.76
				13-Mar-2015	-620000	Transfer	3208827	0.26
				20-Mar-2015	-3208827	Transfer	0	0.00
			0.00	31-Mar-2015				
13	Religare Securities Ltd	4987453	0.40	1-Apr-2014				
				31-Oct-2014	7067197		7067197	0.57
				14-Nov-2014	-1133856	Transfer	5933341	0.48
				28-Nov-2014	-615658	Transfer	5317683	0.43
				5-Dec-2014	600431	Transfer	5918114	0.48
				12-Dec-2014	79661	Transfer	5997775	0.48
				19-Dec-2014	-585083	Transfer	5412692	0.44
				31-Dec-2014	41912	Transfer	5454604	0.44
				9-Jan-2015	766780	Transfer	6221384	0.50
				16-Jan-2015	-59490	Transfer	6161894	0.50
				23-Jan-2015	543992	Transfer	6705886	0.54
				31-Jan-2015	179567	Transfer	6885453	0.56
				6-Feb-2015	-1572282	Transfer	5313171	0.43
				13-Feb-2015	1332052	Transfer	6645223	0.54
				20-Feb-2015	-10428	Transfer	6634795	0.54
				27-Feb-2015	186215	Transfer	6821010	0.55
				6-Mar-2015	-2195153	Transfer	4625857	0.37
				13-Mar-2015	102228	Transfer	4728085	0.38
				20-Mar-2015	-464965	Transfer	4263120	0.34
				27-Mar-2015	-274816	Transfer	3988304	0.32
				31-Mar-2015	80260	Transfer	4068564	0.33
		4068564	0.33	31-Mar-2015				
14	Vishanji Shamji Dedhia	0	0.00	1-Apr-2014				
				13-Mar-2015	5650000		5650000	0.46
		5650000	0.46	31-Mar-2015				
15	MV SCIF Mauritius	0	0.00	1-Apr-2014				
				27-Mar-2015	8215933		8215933	0.66
				31-Mar-2015	69222	Transfer	8285155	0.67
		8285155	0.67	31-Mar-2015				
16	Santosh Industries Limited	0	0.00	1-Apr-2014				
				27-Mar-2015	7063491	Transfer	7063491	0.57
		7063491	0.57	31-Mar-2015				

**(e) Shareholding of Directors and Key Managerial Personnel(s)**

Sl. No.	Name	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year(01.04.2014 to 31.03.2015)	
		No. of Shares at the beginning (01.04.2014) / at the End of the year (31.03.2015)	% of the total shares of the Company				No. of Shares	% of total shares of the Company
<b>A DIRECTORS</b>								
1	Shri M P Shukla Non-Executive Independent Chairman	0	0.00	1-Apr-14	0	Nil movement during the year	0	0.00
		0	0.00	31-Mar-15			0	0.00
2	Shri Mahendra Nahata Managing Director	73477	0.01	1-Apr-14	0	Nil movement during the year		
		73477	0.01	31-Mar-15			73477	0.01
3	Shri Arvind Kharabanda Director (Finance)	0	0.00	1-Apr-14	0	Nil movement during the year		
		0	0.00	31-Mar-15			0	0.00
4	Dr. R M Kastia Non-Executive Director	0	0.00	1-Apr-14	0	Nil movement during the year		
		0	0.00	31-Mar-15			0	0.00
5	Shri Rajiv Sharma* (Nominee Director IDBI Bank Ltd)	0	0.00	1-Apr-14	0	Nil movement during the year		
		0	0.00	31-Mar-15			0	0.00
6	Shri S G Nadkarni* (Nominee Director IDBI Bank Ltd)	0	0.00	1-Apr-14	0	Nil movement during the year		
		0	0.00	31-Mar-15			0	0.00
7	Shri Y L Agarwal# Non-Executive Independent Director	0	0.00	1-Apr-14	0	Nil movement during the year		
		0	0.00	31-Mar-15			0	0.00
8	Smt. Bela Banerjee# Non-Executive Independent Director	0	0.00	1-Apr-14	0	Nil movement during the year		
		0	0.00	31-Mar-15			0	0.00

\*The IDBI Bank Ltd had withdrawn the nomination of Shri S G Nadkarni and appointed Shri Rajiv Sharma as Nominee Director in his place. The Board of Directors has appointed Shri Rajiv Sharma w.e.f. 17<sup>th</sup> November, 2014. Shri S G Nadkarni ceased to be a director w.e.f. 17<sup>th</sup> November, 2014.

# Shri Y L Agarwal resigned from the Board w.e.f. 19<sup>th</sup> March, 2015 and Smt. Bela Banerjee was appointed as a Director by the Board of Directors of the Company w.e.f. 18<sup>th</sup> March, 2015.

<b>B KEY MANAGERIAL PERSONNELS (KMP's)</b>								
1	Shri V R Jain CFO	0	0.00	1-Apr-14	0	Nil movement during the year		
		0	0.00	31-Mar-15			0	0.00
2	Shri Manoj Baid Associate Vice President (Corporate) and Company Secretary	0	0.00	1-Apr-14	0	Nil movement during the year		
		0	0.00	31-Mar-15			0	0.00

## Attachment - G

## V INDEBTEDNESS

## Indebtedness of the Company including interest outstanding/accrued but not due for payment

(in ₹ Crore)

Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year (As at 01.04.2014)</b>				
i) Principal Amount	231.22	53.01	-	284.23
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	231.22	53.01	-	284.23
Change in Indebtedness during the financial year				
Additions	5.27	17.17	-	22.44
Reduction	13.27	-	-	13.27
Net Change	(8.00)	17.17	-	(9.17)
<b>Indebtedness at the end of the financial year (As at 31.03.2015)</b>				
i) Principal Amount	223.22	70.18	-	293.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>223.22</b>	<b>70.18</b>	<b>-</b>	<b>293.40</b>

## Attachment - H

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNELS

## (a) Remuneration to Managing Director, Wholetime director and/or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Shri Mahendra Nahata Managing Director	Shri Arvind Kharabanda Director (Finance)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961.	1,46,19,090	57,41,816	2,03,60,906
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	41,47,877	1,77,801	43,25,678
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
	others (specify)	-	-	-
5	Others, please specify	-	-	-
	Total (A)	1,87,66,967	59,19,617	2,46,86,584
	Ceiling as per the Act	₹ 24,04,10,018/- (being 10% of the profits of the Company calculated as per Section 198 of the Companies Act, 2013)		



Attachment - I

(b) Remuneration to other directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors						Total Amount
		Shri M P Shukla	Shri Y L Agarwal (up to 19.03.2015)	Smt. Bela Banerjee (w.e.f. 18.03.2015)	Dr. R M Kastia	Shri S G Nadkarni Nominee Director (up to 16.11.2014)	Shri Rajiv Sharma Nominee Director (w.e.f. 17.11.2014)	
1	Independent Directors							
	(a) Fee for attending board/ committee meetings	3,00,000	2,25,000	30,000				5,55,000
	(b) Commission	-	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-	-
	Total (1)	3,00,000	2,25,000	30,000	-	-	-	5,55,000
2	Other Non Executive Directors							
	(a) Fee for attending board committee meetings	-	-	-	1,65,000	40,000	60,000	2,65,000
	(b) Commission	-	-	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-	-	-
	Total (2)	-	-	-	1,65,000	40,000	60,000	2,65,000
	<b>Total (B)=(1+2)</b>	<b>3,00,000</b>	<b>2,25,000</b>	<b>30,000</b>	<b>1,65,000</b>	<b>40,000</b>	<b>60,000</b>	<b>820,000</b>
	Total Managerial Remuneration							2,55,06,584
	Overall Ceiling as per the Act.	₹ 2,40,41,002/- (being 1% of the profit of the Company calculated as per Section 198 of the Companies Act, 2013)						

Attachment - J

(c) Remuneration to Key Managerial Personnels other than MD/Manager/Whole time director

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnels		Total
		Shri V R Jain CFO	Shri Manoj Baid Associate Vice- President (Corporate) & Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	63,87,396	21,23,898	85,11,294
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	65,808	47,400	1,13,208
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total	64,53,204	21,71,298	86,24,502

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

None

## Annexure (D) to Directors' Report

### Annual Report on CSR Activities

#### 1. Brief outline of the Company's CSR Policy

The Board of Directors of the Company at its meeting held on 18<sup>th</sup> March, 2015 approved the Corporate Social Responsibility (CSR) Policy of your Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR Committee has identified the following CSR activities, around which your Company shall be focussing:

- (i) Promoting preventive health care.
- (ii) Sanitation and making available safe drinking water.
- (iii) Eradicating hunger, poverty and malnutrition.
- (iv) To arrange establish, run, manage, control, look after and supervise the widows homes, old age homes, orphanages, child welfare centres and to provide medical relief and/or aid to the suffering human body.
- (v) To establish sponsor, administer and provide funds, stipends, scholarships and study grants to enable poor deserving and /or meritorious students and teachers to pursue their studies, research and training in any fields in India.

The CSR Policy of the Company is available on the website of the Company and can be accessed through the following link <http://www.hfcl.com/CSR%20Policy.pdf>

#### 2. The composition of the CSR Committee:

The composition of the CSR Committee as on 31<sup>st</sup> March, 2015 is as under:

Name of the Member	Category
Shri M P Shukla – Chairman	Independent Director
Shri Mahendra Nahata - Managing Director	Executive Director
Shri Rajiv Sharma – Nominee Director (IDBI)	Non – Executive Director

Shri Mahendra Nahata, Managing Director is the Chairman of the Committee.

Shri Manoj Baid, Associate Vice President (Corporate) & Company Secretary act as the Secretary to the Committee.

#### 3. Average Net Profit of the Company for last three financial years: ₹ 61.92 Crore

#### 4. Prescribed CSR Expenditure: ₹ 1.24 Crore

#### 5. Details of CSR spent for the financial year: ₹ 1.25 Crore

#### 6. Manner in which the amount spent during the financial year:

Since the Company is undertaking CSR activities through its Registered Society i.e. HFCL Social Services Society ("HSSS") established by the Company in the year 1996, entire amount of CSR expenditure has been given to HSSS. The HSSS is in the process of engaging implementing agencies who has good back ground of doing CSR activities. This being the first year, your Company is taking necessary steps in the right direction and is committed to actively engage with the implementing agencies to execute the projects and programmes as per the Company's CSR Policy and incur expenditure in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and CSR Policy of the Company.

## Annexure (E) to Directors' Report

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014

#### (A) CONSERVATION OF ENERGY:

##### (i) The steps taken or impact on conservation of energy:

The Company's operation involves low energy consumption. Nevertheless, energy conservation measures have already been taken wherever possible. Efforts to conserve and optimise the use of energy through improved operational methods and other means will continue.

##### (ii) The steps taken by the Company for utilizing alternative sources of energy: NIL

##### (iii) The capital investment on energy conservation equipments: NIL

#### (B) TECHNOLOGY ABSORPTION:

##### (i) The efforts made by the Company towards technology absorption:

The technology of the products has been absorbed substantially in earlier years.

##### (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

As a result of technology absorption, Company has been able to reduce product cost and save foreign exchange flow.

##### (iii) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

• The details of Technology Imported:	N.A.
• The Year of Import:	N.A.
• Whether the technology been fully absorbed:	N.A.
• If not fully absorbed, areas where absorption has not taken place and the reasons thereof and future plans of action:	N.A.

##### (iv) The expenditure incurred on Research and Development (R&D): N.A.

#### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in Crore)

Particulars	Financial Year Ended 31.03.2015	Financial Year Ended 31.03.2014
Foreign exchange earned in terms of actual inflows	34.21	14.52
Foreign exchange outgo in terms of actual outflows	170.75	151.11



# Corporate Governance Report

Corporate Governance is a set of standards which aims to improve the Company's image, efficiency and effectiveness. It is the road map, which guides and directs the Board of Directors of the Company to govern the affairs of the Company in a manner most beneficial to all the Shareholders, the Creditors, the Government and the Society at large.

The status of implementation of Clause 49 of the Listing Agreement with the Stock Exchanges on Corporate Governance in the Company is as under:-

## 1. HFCL Philosophy on Corporate Governance

The cardinal principles of the Corporate Philosophy of HFCL on Corporate Governance can be summarised in the following words:

**“Transparency, professionalism and  
Accountability  
With an  
Ultimate aim of value creation”**

HFCL Corporate Philosophy envisages complete transparency and adequate disclosures with an ultimate aim of value creation for all players i.e. the Stakeholders, the Creditors, the Government and the Employees.

## 2. Board of Directors

The Board composition is in compliance with the Clause 49 of the Listing Agreement as well as the Companies Act, 2013. As on 31st March, 2015, Company had 6 (six) Directors on the Board. More than fifty percent of the Board comprised of Non-Executive Directors. Out of 6 (six) Directors, 2 (two) are Non-Executive Independent Directors including 1 (one) Woman Director, 2 (two) Non-Executive Directors including 1 (one) Nominee Director and 2 (two) Wholtime Directors including one Promoter Managing Director as on 31<sup>st</sup> March, 2015. The Chairman of the Board is Non- Executive Independent Director.

The members on the Board possess adequate experience, expertise and skills necessary to manage the affairs of the Company in the most efficient manner.

### 2.1 Independent Directors

Your Company has at its Annual General Meeting (AGM) held on 30th September, 2014 has appointed Shri Mahendra Pratap Shukla as an Independent Director to hold office for 2 (two) consecutive years for a term up to the conclusion of 29th Annual General Meeting pursuant to Section 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules 2014 (including any statutory modifications or re-enactment thereof for the time being in force). The Board of Directors of the Company at

their meeting held on 18<sup>th</sup> March, 2015 has also appointed Smt. Bela Banerjee as an Independent Director subject to the approval of shareholders in the ensuing Annual General Meeting. Independent Directors have submitted the declaration that they meet the criteria of Independence as per the provisions of Companies Act, 2013 and the Listing Agreement. None of the Independent Directors is holding directorship in more than 7 listed Companies. Company has issued the formal letter of appointments to both the Independent Directors in the manner provided under the Companies Act, 2013 and clause 49 of the Listing Agreement.

### 2.2 Familiarisation Programme

The Clause 49(II B)7 of the Listing Agreement entered with the stock exchanges, mandates the Company to familiarize the Independent Directors with the Company, their roles, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. through various programmes.

The Company through its Managing Director/ Wholtime Director/ Senior Managerial Personnel conduct programmes/ presentations periodically to familiarize the Independent Directors with the strategy, business and operations of the Company.

Such programmes/presentations will provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, services and product offerings, organization structure, finance, sales and marketing, human resources, technology, quality of products, facilities and risk management and such other areas as may arise from time to time.

The above programme also includes the familiarisation on statutory compliances as a Board member including their roles, rights and responsibilities. The Company also circulates news and articles related to the industry from time to time and provide specific regulatory updates.

The Familiarisation programme for Independent Directors in terms of clause 49 of the Listing Agreement is uploaded on the website of the Company and can be accessed through the following link:-

<http://www.hfcl.com/FAMILIARIZATION%20PROGRAM%20FOR%20INDEPENDENT%20DIRECTORS.pdf>

### 2.3 Board Meeting

During the financial year 31<sup>st</sup> March, 2015, 8 (eight) Board Meetings were held on 30.04.2014, 10.07.2014, 14.08.2014, 17.10.2014, 29.11.2014, 19.01.2015, 27.01.2015 and 18.03.2015 . The Last Annual General Meeting was held on 30<sup>th</sup> September, 2014.

**The attendance of Directors at the Board Meetings held during the financial year under review as well as in the last Annual General Meeting and the number of the other Directorships/Committee positions presently held by them are as under:-**

Name	Director Identification No.	Category	No. of other present Directorships held in public companies	No. of Board Meetings		Attended last AGM (30.09.2014)	Shareholdings in the Company
				Held	Attended		
Shri M P Shukla	00052977	NEID	1	8	7	Yes	Nil
Shri Mahendra Nahata	00052898	PD [MD]	4	8	8	No	73477
Shri Arvind Kharabanda	00052270	WD	-	8	8	Yes	Nil
Dr. R M Kastia	00053059	NED	3	8	7	No	Nil
Shri Y L Agarwal *	00024770	NEID	3	8	8	Yes	Nil
Shri S G Nadkarni** (IDBI Nominee)	03401830	NED	-	4	2	No	Nil
Shri Rajiv Sharma*** (IDBI Nominee)	01342224	NED	-	4	3	NA	Nil
Smt. Bela Banerjee****	07047271	NEID	2	1	1	NA	Nil

[NEID - Non-Executive Independent Director, PD - Promoter Director, MD - Managing Director, WD - Wholetime Director, NED-Non Executive Director]

\*Ceased to be a Director w.e.f. 19<sup>th</sup> March, 2015

\*\* Ceased to be a Director w.e.f. 17<sup>th</sup> November, 2014

\*\*\* Appointed as a Nominee Director w.e.f. 17<sup>th</sup> November, 2014

\*\*\*\* appointed as a Director w.e.f. 18<sup>th</sup> March, 2015

None of the Non executive directors holds any share or convertible instrument of the Company.

#### 2.4 Present Directorship in other Companies/Committee Position (including Himachal Futuristic Communications Ltd.)

Sr. No.	Name of Director	Directorships (Name of Companies)*	Committee Position(s)		
			Name of the Company	Committee(s)	Position
1.	Shri M P Shukla	1. HTL Ltd.	Himachal Futuristic Communications Ltd.	Audit	Chairman
			Himachal Futuristic Communications Ltd.	Stakeholders Relationship	Chairman
			Himachal Futuristic Communications Ltd.	Nomination & Remuneration	Member
			HTL Ltd.	Nomination & Remuneration	Member
			HTL Ltd.	Audit	Chairman
2.	Shri Mahendra Nahata	1. HTL Ltd. 2. Reliance Jio Infocomm Ltd. 3. HFCL Advance Systems (P) Ltd.** 4. DigiVive Services (P) Ltd.**	Reliance Jio Infocomm Ltd.	Audit	Member
3.	Shri Arvind Kharabanda	Nil	Himachal Futuristic Communications Ltd.	Audit	Member
			Himachal Futuristic Communications Ltd.	Stakeholders Relationship	Member
4.	Dr. R M Kastia	1. HTL Ltd. 2. Moneta Finance (P) Ltd.** 3. HFCL Advance Systems (P) Ltd.**	Himachal Futuristic Communications Ltd.	Stakeholders Relationship	Member
			Himachal Futuristic Communications Ltd.	Nomination & Remuneration	Member
			HTL Ltd.	Audit	Member
5.	Shri Rajiv Sharma	Nil	-	-	-
6.	Smt. Bela Banerjee	1. Media Matrix Worldwide Ltd. 2. Bharuch Dahej Railway Company Ltd.	Himachal Futuristic Communications Ltd.	Nomination & Remuneration	Chairperson
			Himachal Futuristic Communications Ltd.	Audit	Member
			Media Matrix Worldwide Limited	Nomination & Remuneration	Member

\* The directorship held by directors as mentioned above does not include directorship of foreign companies, Section 8 companies and private limited companies, if any.

\*\* Subsidiaries of Public Limited companies.

None of the Directors on the Board hold directorships in more than ten public companies and memberships in more than ten Committees and they do not act as Chairman of more than five Committees across all companies in which they are directors.

## 2.5 Meeting of Independent Directors

The Independent Directors of the Company meet at least once in every financial year without the presence of Executive Directors or management personnels. All Independent Directors strive to be present at such meetings. During the Financial Year ended 31<sup>st</sup> March, 2015, one meeting was held on 31<sup>st</sup> March, 2015 .

## 2.6 Evaluation of Board / Independent Directors Effectiveness

In terms of provision of Companies Act, 2013 read with Rules issued thereunder and clause 49 of the listing agreement, the Board of Directors, on recommendation of Nomination & Remuneration Committee , have evaluated the effectiveness of the Board. Accordingly performance evaluation of the Board, each Director and Committees was carried out for the financial year ended 31<sup>st</sup> March, 2015. The evaluation of the Directors was based on various aspects which, inter-alia, included the level of participation in the Board Meeting, understanding their roles and responsibilities, business of the Company and also effectiveness of their contribution.

## 2.7 Information Placed before the Board

In addition to the matters which statutorily requires Board's approval, the following matters as required under Code on Corporate Governance are also regularly placed before the Board :-

- Minutes of Audit Committee Meetings, Nomination & Remuneration Committee Meetings, Stakeholders Relationship Committee Meetings and other Committees of the Board.
- Matters related to accident, dangerous happenings, material effluent and pollution problems etc., if any.
- Details of Joint Venture / Collaboration agreements.
- Significant Labour problem.
- Quarterly/ Yearly financial results of the Company.
- Financial Statements, Audit Report and Board Report.
- Appointment, Remuneration and Resignation of Directors.
- Formation/ reconstitution of Board Committees.
- Disclosure of Directors' interest and their shareholdings.
- Declaration of Independent Directors at the time of appointment /annually.
- Appointment or removal of Key Managerial Personnels of the Company.
- Appointment of Internal Auditor and Secretarial Auditor.
- Secretarial Audit Report submitted by the Secretarial Auditor.
- Appointment and Fixing of remuneration of Auditor as recommended by the Audit Committee .
- Compliance Certificate certifying compliance with all laws as applicable to the Company.
- Declaration of Dividend.
- Issue of securities.

- Proposal for major investments, mergers, amalgamation and reconstructions.
- Reconciliation of Share Capital Audit under SEBI (Depositories and Participants) Regulations, 1996.
- Disclosure of material related party transactions, if any, with potential for conflict of interest.
- Quarterly details of Foreign Exchange exposures.
- Compliance with Regulatory and Statutory requirements including listing requirements and shareholders services.
- Details of show cause, demand, prosecution and penalty notices which are materially important.
- Any material default, in financial obligations to and by the Company or substantial non- payment of goods sold by the Company.
- Details of public or product liability, claims of substantial nature including any adverse judgments.
- Transactions involving substantial payments towards goodwill, brand equity or intellectual property.
- Sale of material nature of investments, subsidiaries and assets which are outside the normal course of business.
- Board minutes of the unlisted subsidiary companies.
- Statement of all significant transactions and arrangements entered into by the unlisted material subsidiary companies.

## 3. Committees of the Board

In terms of the SEBI Code on the Corporate Governance, the Board of the Company has constituted the following Committees: -

### Audit Committee

### Nomination & Remuneration Committee

### Stakeholders Relationship Committee

### Corporate Social Responsibility Committee

### Risk Management Committee

### 3.1 Audit Committee

The Composition of the Audit Committee is in line with the provision of Section 177 of the Companies Act, 2013 and clause 49 of the listing agreement. The members of the Audit Committee are financially literate and have requisite experience in financial management.

The followings are the members and their attendance at the Committee Meetings during the financial year ended 31<sup>st</sup> March, 2015:-

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri M P Shukla	Chairman	7	7
Shri Arvind Kharabanda	Member	7	7
Shri Y L Agarwal (up to 18 <sup>th</sup> March,2015)	Member	7	7
Shri S G Nadkarni (up to 16 <sup>th</sup> November, 2014)	Member	4	2
Smt. Bela Banerjee* (w.e.f .18 <sup>th</sup> March, 2015)	Member	0	0

During the financial year ended 31<sup>st</sup> March, 2015, the Audit Committee met 7 (seven) times on 30.04.2014, 10.07.2014, 14.08.2014, 17.10.2014, 19.01.2015, 18.02.2015 and 18.03.2015.

The broad terms of references of Audit Committee are as under: -

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment / re-appointment of external and internal auditors, tax auditors, cost auditors, fixation of statutory audit fees, internal audit fees and tax audit fees and also approval for payment of any other services.
- Review with management, the annual financial statements before submission to the Board.
- Review quarterly un-audited/audited financial results/quarterly review reports.
- Review the financial statements in particular of the investments made by the unlisted subsidiary companies.
- Review with management, performance of external and internal auditors, adequacy of internal control system.
- To do any internal investigations either departmentally or with the help of internal auditors or any other outside agency into matters where there is suspected fraud or irregularities.
- Discussions with external auditors before the audit commences about nature and scope of audit as well as have post audit discussions to ascertain any area of concern.
- Review the Company's financial and risk management policies.
- Recommend the appointment of Chief Financial Officer.
- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders and creditors.
- Review of the use/application of money raised through Public/Rights/Preference Issue.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Review and monitor auditors independence and performance and effectiveness of audit process.
- Scrutiny of inter corporate loans and investments.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Valuation of Undertakings or assets of the Company where it is necessary.
- To review the functioning of the Whistle Blower / Vigil mechanism.
- Evaluation of Internal Financial control and risk management system.

Shri Mahendra Pratap Shukla, Non-Executive Independent Director is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

The Audit Committee during the year has approved the overall framework for Related Party Transactions (RPTs), the

Policy on dealing with the RPTs, the policy on materiality of RPTs and the criteria for granting omnibus approval in line with the policy of dealing with RPTs in accordance with provisions of the Companies Act, 2013 and Clause 49 of the listing agreement.

### 3.2 Nomination & Remuneration Committee

The Board of Directors of the Company has constituted a Nomination & Remuneration Committee which amongst others is responsible for determining the Company's policy on specific remuneration package for Executive Directors including any compensation payment. During the financial year ended 31<sup>st</sup> March, 2015, the Nomination & Remuneration Committee met 3 (three) times on 14.08.2014, 29.11.2014 and 18.03.2015. The following are members of the Committee and their attendance at the Committee Meeting held during the financial year ended 31<sup>st</sup> March, 2015.

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri M P Shukla	Member (Chairman from 1 <sup>st</sup> April, 2014 to 29 <sup>th</sup> April, 2014)	3	3
Shri Y L Agarwal (up to 18 <sup>th</sup> March, 2015 )	Chairman (w.e.f. 30 <sup>th</sup> April, 2014 to 18 <sup>th</sup> March, 2015)	3	3
Dr. R M Kastia	Member	3	2
Smt. Bela Banerjee (w.e.f. 19 <sup>th</sup> March, 2015)	Chairman (w.e.f. 19 <sup>th</sup> March, 2015)	0	0

The terms of reference of this Committee amongst others includes the following:-

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualification, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, key managerial personnel and other employees.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors at their meeting held on 27<sup>th</sup> January, 2015 formulated the Nomination and Remuneration Policy and the policy on Board Diversity of the Company on the recommendation of Nomination & Remuneration Committee.



### Nomination & Remuneration Policy of the Company

The Nomination & Remuneration Policy of Himachal Futuristic Communications Ltd. (the "Company") is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The Policy emphasize on promoting talent and to ensure long term sustainability of talented

managerial persons and create competitive advantage. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel. While designing remuneration packages, industry practices and cost of living are also taken into consideration

**The details of remuneration paid to the Executive and Non-Executive Directors during the financial year 2014-15 are given below:-**

(Amount in ₹)						
Name of Director	Salary	Allowances	Perks etc.	Contribution to PF	Sitting Fee	Total
<b>Category A - Executive Directors</b>						
Shri Mahendra Nahata Managing Director	1,20,00,000	58,06,050	21,98,686	14,40,000	-	2,14,44,736
Shri Arvind Kharabanda Director (Finance)	31,30,000	23,94,776	3,77,441	3,75,600	-	62,77,817
<b>Category B - Nominee Director (Non-Executive Directors)</b>						
Shri S G Nadkarni Nominee Director (ceased to be a Director w.e.f. 17.11.2014)	-	-	-	-	40,000	40,000
Shri Rajiv Sharma Director (Appointed as a Nominee Director w.e.f. 17.11.2014)	-	-	-	-	60,000	60,000
<b>Category C - Non-Executive Independent Directors/ Non-Executive Directors</b>						
Shri M P Shukla Chairman	-	-	-	-	3,00,000	3,00,000
Shri Y L Agarwal Director (ceased to be a Director w.e.f. 19.03.2015)	-	-	-	-	2,25,000	2,25,000
Dr. R M Kastia Director	-	-	-	-	1,65,000	1,65,000
Smt. Bela Banerjee ( appointed as a Director w.e.f. 18.03.2015)	-	-	-	-	30,000	30,000

The non-executive directors were paid sitting fee of ₹10,000/- for every Board / Committee meeting attended by them up to 28.11.2014. The Board of Directors increased the payment of sitting fees from ₹10,000/- to ₹15,000/- (excluding service tax) w.e.f. 29.11.2014.

### 3.3 Details of pecuniary relationship/transactions of the Non- Wholtime Directors/ their Firms & Companies vis-a-vis the Company during the financial year 2014-2015

Nil

### 3.4 Stakeholders Relationship Committee

Pursuant to provisions of Section 178(5) of the Companies Act, 2013, the existing "Share Transfer & Investors Grievance Committee" was renamed as "Stakeholders' Relationship Committee" by the Board at their meeting held on 30<sup>th</sup> April, 2014. The scope of the Stakeholders' Relationship Committee shall remain the same as that of existing Share Transfer & Investors Grievance Committee.

The Committee consists of one Non-Executive Independent Director, one Non-Executive Director and one Wholtime Director and is chaired by the Non- Executive Independent Director. This Committee looks into transfer and transmission of shares/debentures/bonds etc., issue of duplicate share certificates, issue of shares on rematerialisation, consolidation and sub-division of shares and investors' grievances. This Committee particularly looks into the investors grievances and oversees the performance of the Share Department /Share Transfer Agent and to ensure prompt and efficient investors' services. During the financial year ended 31<sup>st</sup> March, 2015, the Stakeholders Relationship Committee met 4 (four) times on 16.06.2014, 29.11.2014,

11.12.2014 and 24.02.2015. The followings are the members and their attendance at the Committee Meeting:

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri M P Shukla	Chairman	4	4
Dr. R M Kastia	Member	4	2
Shri Arvind Kharabanda	Member	4	4

More details on share transfers, investors' complaints etc. are given in the shareholders' information section of this report.

The Board has delegated powers of share transfer and dematerialisation to Shri Manoj Baid, Company Secretary to expedite the process of share transfer/ dematerialisation work.

### 3.5 Corporate Social Responsibility (CSR) Committee

The Board of Directors of the Company at their meeting held on 30<sup>th</sup> April, 2014 has constituted a Corporate Social Responsibility (CSR) Committee as required under the Companies Act, 2013 and Listing Agreement.

The Board of Directors of the Company at their meeting held on 18<sup>th</sup> March, 2015 approved the CSR policy of the Company on the recommendations of CSR Committee. The details of the CSR initiatives of the Company have been given in the Directors' Report which forms part of the Annual Report. The CSR policy has been placed on the website of the Company and can be accessed through the following links: <http://www.hfcl.com/CSR%20Policy.pdf>

The composition of the Corporate Social Responsibility Committee as at 31<sup>st</sup> March, 2015 and the details of Members' participation at the Meetings of the Committee are as under:

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri Mahendra Nahata	Chairman	1	1
Shri M P Shukla	Member	1	1
Shri S G Nadkarni (up to 16.11.2014)	Member	0	0
Shri Rajiv Sharma (w.e.f. 29.11.2014)	Member	1	1

The following resolutions were passed as Special Resolutions in previous three years AGMs/ EGMs:-

YEAR	AGM/EGM	SUBJECT MATTER OF SPECIAL RESOLUTIONS	Date	TIME
2013-2014	AGM	<ul style="list-style-type: none"> <li>Authorizing the Board of Directors to borrow money form time to time under section 180 (1) (c)</li> <li>Authorizing the Board of Directors to provide security under section 180 (1) (a)</li> </ul>	30-09-2014	2:30 P.M.
2012-2013	AGM	<ul style="list-style-type: none"> <li>Increase in remuneration of Shri Mahendra Nahata, Managing Director</li> <li>Waiver of excess remuneration paid to Shri Mahendra Nahata, Managing Director</li> <li>Waiver of excess remuneration paid to Shri Arvind Kharabanda, Director (Finance)</li> <li>Waiver of excess remuneration paid to Dr. R M Kastia</li> </ul>	30-09-2013	11:00 A.M.
2011-2012	AGM	<ul style="list-style-type: none"> <li>Re-appointment of Shri Mahendra Nahata, Managing Director</li> <li>Re-appointment of Shri Arvind Kharabanda, Director (Finance)</li> </ul>	28-09-2012	11:00 A.M.

The composition of CSR Committee is in line with the provision of Section 135 of the Companies Act, 2013.

### 3.6 Risk Management Committee

The Company has formulated a Risk Management Committee at their Board Meeting held on 17<sup>th</sup> October, 2014 as required under clause 49 of the Listing Agreement. The Board has defined the roles and responsibilities of the Risk Management Committee in accordance with the provisions of the clause 49 of the Listing Agreement.

The composition of the Risk Management Committee are as under :

Name of Director	Status
Shri Mahendra Nahata	Chairman
Shri M P Shukla	Member
Shri Arvind Kharabanda	Member

Roles and Responsibilities of the Committee includes the followings:

- Framing of Risk Management Policy.
- Overseeing implementation of Risk Management Plan and Policy.
- Monitoring of Risk Management Plan and Policy.
- Validating the process of risk management.
- Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
- Performing such other functions as may be necessary for the performance of its oversight function.

### 4. General Body Meetings

Location and time where General Meetings held in the last 3 years is given below:

YEAR	AGM/EGM	LOCATION	DATE	TIME
2013-2014	AGM	Mushroom Centre, Solan	30-09-2014	2:30 P.M.
2012-2013	AGM	Mushroom Centre, Solan	30-09-2013	11:00 A.M.
2011-2012	AGM	Mushroom Centre, Solan	28-09-2012	11:00 A.M.

## Postal Ballot

During the year under review, Company passed one special resolution through postal ballot for alteration of main object clause of the Memorandum of Association of the Company. The last date of the receipt of the postal ballot from the shareholders was 17<sup>th</sup> January, 2015. The Company has also offered e-Voting facility as an alternate mode of voting to its members. The voting period commenced at 10:00 AM on 19<sup>th</sup> December, 2014 and concluded at 10:00 AM on 17<sup>th</sup> January, 2015.

The Company has appointed Mr. Baldev Singh Kashtwal, Practising Company Secretary, holding Membership No FCS 3616 and Certificate of Practice No 3169 as the Scrutinizer for conducting the postal ballot in a fair and transparent manner. Mr. Baldev Singh Kashtwal had submitted his report on 20<sup>th</sup> January, 2015.

The result of the postal ballot was as under:

Sl. No.	Particulars	No. of Ballots	No. of votes	% of total valid votes cast
1	Total votes cast	1,939	547,906,990	--
2	Invalid votes	87	693,791	--
3	Valid votes cast	1,852	547,213,199	--
4	Votes in favour of the resolution	1,777	547,148,354	99.988
5	Votes against the resolution	75	64,845	0.012

In the light of the aforesaid voting, the Special Resolution, as contained in the Postal Ballot Notice dated 29th November, 2014, was declared 'Passed' with the requisite majority.

None of the business proposed to be transacted in the ensuing Annual General Meeting (AGM) require passing a Special Resolution through postal ballot.

## 5. Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

None of the materially significant transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosures of transactions with related parties set out in note no. 43 of the Standalone Financial Statements forming part of the Annual Report.

## 6. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authorities, on any matter related to capital markets, during the last three years.

None.

## 7. Vigil Mechanism and Whistle-Blower Policy of the Company

The Board of Directors of the Company has adopted Whistle Blower Policy. The management of the Company, through this policy envisages to encourage the employees of the Company to report to the higher authorities any unethical, improper, illegal or questionable acts, deeds and things which the management or any superior may indulge in. This Policy has been circulated to employees of the Company and is also available on Company's Website.

No employee of the Company is denied access to the Audit Committee.

## 8. Extent to which mandatory requirements have not been complied with

Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

## 9. Extent to which non mandatory requirements have been complied with

- Separate Post of Chairman and CEO: The Chairman of the Board is Non Executive Independent Director and his position is separate from that of Managing Director.
- Reporting of Internal Auditor: The Internal Auditor has direct access to Audit Committee.

## 10. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, M/s. Baldev Singh Kashtwal, Practising Company Secretary holding Membership no. FCS 3616 and CP no. 3169 was appointed as the Secretarial Auditor of the Company to carry out the secretarial audit for the year ending 31<sup>st</sup> March, 2015.

A Secretarial Audit Report given by the Secretarial Auditors in Form No. MR-3 is annexed to Director's Report as **ANNEXURE – B** which forms the part of Annual Report.

There are no qualifications, reservations or adverse remarks made by Secretarial Auditor in their Report.

## 11. Secretarial Certificates

- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half- yearly basis, have been issued by a Company Secretary in-Practice for due compliance of share transfer etc. formalities by the Company.
- A Company Secretary in-Practice carries out a reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited ("Depositories") and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and total number of shares in dematerialised form held with Depositories.

## 12. CEO & CFO certification

The Managing Director, Director (Finance) and Chief Finance Officer (CFO) give annual certifications on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

## 13. Means of Communications

This is being done through quarterly / half yearly and annual results, which are being published in premier English and Hindi daily newspapers. The Company's website [www.hfcl.com](http://www.hfcl.com) contains Annual Reports, Financial Results, Shareholding Pattern, various policies etc. All periodical compliance filings like shareholding pattern, corporate governance report etc. are filed electronically on NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance and Listing Centre. Management Discussions and Analysis forms part of the Directors' Report, which is posted to the Shareholders of the Company.

## 14. Code of conduct for Board Members and Senior Management Personnel

The Company has adopted a Code of Conduct for Directors and Senior Management Personnel and the same has been posted on the Company's website. The Directors and the Senior Management Personnel affirm the Compliance of the Code annually. A certificate to this effect is attached to this Report duly signed by the Managing Director.

## 15. Shares/Convertible Instruments held by Non- Executive Directors

Nil

## Shareholders' Information

1. Date and venue of Annual General Meeting	30 <sup>th</sup> September, 2015 at 10:00 A.M. at Mushroom Centre, Chambaghat, Solan (H.P.)
2. Financial Year	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015
3. Date of Book Closing	24 <sup>th</sup> September, 2015 to 29 <sup>th</sup> September, 2015 (both days inclusive)
4. Dividend Payment Date	Not Applicable
5. Listing on Stock Exchanges in India	BSE Ltd Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 Tel : +91-22-22721233 Fax : +91-22-22723121  National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Plot No. C/1, G Block Bandra Kurla Complex Bandra (East) Mumbai - 400 051 Tel : +91-22-26598235 Fax : +91-22-26598237 The Company has paid the listing fees to the above Stock Exchange (s) for the financial year 2015-2016
6. Registered Office	8, Electronics Complex Chambaghat Solan - 173 213 (H.P.) Tel : +91-1792-230642/44 Fax : +91-1792-231902
7. Corporate Office	8, Commercial Complex Masjid Moth, Greater Kailash - II New Delhi - 110 048 Tel : +91-11-30882624 Fax : +91-11-30689013
8. Plant Locations	<b>Telecom Equipment Plant</b> Electronics Complex Chambaghat Solan - 173 213 (H.P.) Tel : +91-1792-230642/44 Fax : +91-1792-231902  <b>Optical Fibre Cable Plant</b> L 35-37, Industrial Area, Phase - II Verna Electronic City, Salcete Goa - 403 722 Tel : +91-832-6697000 Fax : +91-832-2783444
9. CIN	L64200HP1987PLC007466
10. Website/Email	<a href="http://www.hfcl.com">www.hfcl.com</a> / <a href="mailto:secretarial@hfcl.com">secretarial@hfcl.com</a> & <a href="mailto:investor@hfcl.com">investor@hfcl.com</a>
11. Name of Newspapers in which results are generally published	Economic Times, Indian Express, Jansatta, Dainik Tribune
12. Depositories	National Securities Depository Ltd. 4th Floor, 'A' Wing, Trade World Kamla Mills Compound Senapati Bapat Marg, Lower Parel Mumbai - 400 013 Tel : +91-22-24994200 Fax : +91-22-24972993  Central Depository Services (India) Ltd. Phiroze Jeejeebhoy Towers 28th Floor, Dalal Street Mumbai - 400 023 Tel : +91-22-22723333 Fax : +91-22-22723199
13. ISIN	INE548A01028



**14. Share Transfer in physical form and other communication regarding share certificates, dividends and change of address etc., to be sent to:**

M/s. MCS Share Transfer Agent Limited  
F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-I  
New Delhi-110 020  
Tel : +91-11-41406149  
Fax : +91-11-41709881  
Email: admin@mcsregistrar.com

**15. Share Transfer System:**

Shares sent for physical transfers are generally registered and returned within a period of 15 days from the date of receipt if the documents are clear in all respects. The Stakeholders Relationship Committee meets as often as required.

**The Total Number of shares transferred in physical form during the financial year 2014-2015:**

Number of transfers	14
Number of Shares	2300

**17. Distribution of shareholdings as on 31st March, 2015**

No. of Equity held (₹)	No. of Shareholders	% of Shareholders	Shares Amount (₹)	% of Shareholdings
Up to 5000	238667	96.474	132069721	10.656
5001 – 10000	4376	1.769	33279539	2.685
10001 – 20000	1989	0.804	29084437	2.347
20001 – 30000	738	0.298	18565416	1.498
30001 – 40000	332	0.134	11664001	0.941
40001 – 50000	259	0.105	12147841	0.980
50001 – 100000	438	0.177	32714659	2.640
100001 & above	426	0.172	967464001	78.060
Clearing Members	165	0.067	2387579	0.193
<b>TOTAL</b>	<b>247390</b>	<b>100.000</b>	<b>1239377194</b>	<b>100.000</b>

**18. Categories of Shareholding as on 31<sup>st</sup> March, 2015:**

Sl. No.	Category	Shares	%
<b>A</b>	<b>Promoters Holding</b>		
1	Indian Promoters	482924214	38.96507
2	Foreign Promoters	-	-
	<b>Sub Total (A)</b>	<b>482924214</b>	<b>38.96507</b>
<b>B</b>	<b>Public Shareholding</b>		
1	Institutional Investors	-	-
a)	Mutual Funds & UTI	1203388	0.09710
b)	Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/Non-Government Institutions)	150185417	12.11781
c)	Foreign Institutional Investors	24803678	2.00130
	<b>Sub Total (B1)</b>	<b>176192483</b>	<b>14.21621</b>
<b>2</b>	<b>Non Institutional Investors</b>		
a)	Private Corporate Bodies	267343748	21.57081
b)	Indian Public	305878652	24.68003
c)	NRIs	4436783	0.35799
d)	Any Other		
i)	Foreign Banks	5305	0.00043
ii)	Trusts	162960	0.01315
iii)	OCBs	38250	0.00309
iv)	Foreign Nationals	7220	0.00058
v)	Clearing Members	2387579	0.19264
	<b>Sub Total (B2)</b>	<b>580260497</b>	<b>46.81872</b>
	<b>Total Public Shareholding (B = B1+B2)</b>	<b>756452980</b>	<b>61.03493</b>
C	Shares held by Custodian and against which depository receipts have been issued	-	-
	<b>GRAND TOTAL (A+B+C)</b>	<b>1239377194</b>	<b>100.00000</b>

**16. Investors complaints received during the financial year 2014-2015:**

Nature of Complaints	Received	Attended
Non receipt of Annual Reports	9	9
Non-receipt of dividend	6	6
Issue of Duplicate shares	3	3
Reduction of Share Capital	14	14
Others	8	8
<b>Total</b>	<b>40</b>	<b>40</b>

The Company has attended to the investor's grievances/ correspondence within a period of 15 days from the date of receipt of the same during the financial year 2014-2015 except in cases which are constrained by disputes and legal impediments. There were no investor grievances remaining unattended/pending as at 31st March, 2015. The Board in its meeting held on 31st October, 2006 has designated Shri Manoj Baid, Company Secretary as the Compliance Officer.

**19. Top ten shareholders of the Company as on March 31, 2015:**

Sl. No.	Name of Shareholders	No. of Shares held	%
1.	ANM Engineering & Works Private Limited*	238390000	19.235
2.	NextWave Communications Private Limited	234765000	18.942
3.	IDBI Bank Limited	117534018	9.483
4.	Reliance Industrial Investments and Holdings Limited	48532764	3.916
5.	MKJ Enterprises Limited	20135461	1.625
6.	Oriental Bank of Commerce	16591021	1.339
7.	State Bank of India	13211382	1.066
8.	Maryada Barter Private Limited	12442478	1.004
9.	Infotel Telecom Infrastructure Private Limited	11068876	0.893
10.	MV SCIF Mauritius	7584877	0.612

\* Merged with MN Ventures Private Limited w.e.f. 22<sup>nd</sup> June, 2015.

**20. Dematerialisation of shares:**

The Company's shares are compulsorily traded in dematerialised form as per SEBI Guidelines. As on 31<sup>st</sup> March, 2015, 99.96% of the equity shares have been dematerialised.

**21. Outstanding GDRs / ADRs or any Convertible Instruments, conversion date and any likely impact on equity:**

Outstanding GDRs as on 31<sup>st</sup> March, 2015 : NA

**22. Stock Market Price Data on NSE and NIFTY Index:**

(in ₹)

Month	NSE		NIFTY INDEX	
	Highest	Lowest	Highest	Lowest
April, 2014	9.85	8.10	6855.80	6725.15
May, 2014	16.40	8.55	7428.75	6688.40
June, 2014	19.10	14.65	7679.05	7368.60
July, 2014	19.70	13.75	7828.20	7478.45
August, 2014	15.60	12.75	7942.25	7592.45
September, 2014	24.30	13.80	8161.90	7990.65
October, 2014	21.75	17.05	8200.80	7819.20
November, 2014	23.40	18.25	8530.80	8350.60
December, 2014	21.50	16.40	8605.10	8082.00
January, 2015	20.45	16.40	8996.60	8151.20
February, 2015	18.00	15.25	8913.05	8605.55
March, 2015	17.55	13.20	9109.15	8413.20

**23. Stock Codes:**

BSE : 500183 & NSE : HFCL

**24. Financial Calendar (tentative and subject to change) 2015-2016:**

Financial Reporting for the first quarter ending 30<sup>th</sup> June, 2015: **Second week of August, 2015**

Financial Reporting for the second quarter and half year ending 30<sup>th</sup> September, 2015: **Second week of November, 2015**

Financial Reporting for the third quarter ending 31<sup>st</sup> December, 2015 : **Second week of February, 2016**

Audited Accounts for the year ending 31<sup>st</sup> March, 2016 : **Last week of May, 2016**

Annual General Meeting for the year ending 31<sup>st</sup> March, 2016: **September, 2016**

## Declaration Regarding Compliance of Code of Conduct

I, Mahendra Nahata, Managing Director of Himachal Futuristic Communications Ltd. hereby declare that all Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct as on 31st March, 2015.

sd/-

Place: New Delhi  
Date : 17<sup>th</sup> August, 2015

**(Mahendra Nahata)**  
Managing Director

## Certificate on Corporate Governance

**To The Members of**

**HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by Himachal Futuristic Communications Limited (“the Company”) for the period ended 31st March, 2015, as stipulated in clause 49 of the Listing Agreement of the said with various Stock Exchanges (hereinafter referred to as “the agreement”).
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and based on our review and to the best of our information and according to the explanations given to us, we certify that the conditions of the Corporate Governance as stipulated in the Clause 49 of the agreement have been complied with in all material aspects by the Company.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For KHANDELWAL JAIN & CO.**  
**Firm Registration No. 105049W**  
Chartered Accountants

**(Manish Singhal)**  
Partner  
Membership No.: 502570

Place: New Delhi  
Date: 17<sup>th</sup> August, 2015

## HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

Regd. Office: 8 Electronics Complex, Chambaghat, Solan-173213 (H.P.)

Tel +91 1792-230642/44, Fax +91 1792-231902

Website: www.hfcl.com; e-mail: secretarial@hfcl.com

(Corporate Identity Number: L64200HP1987PLC007466)

### NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Members of Himachal Futuristic Communications Limited will be held on Wednesday, the 30<sup>th</sup> day of September, 2015 at 10:00 A.M. at the Mushroom Centre, Chambaghat, Solan-173 213, Himachal Pradesh to transact the following businesses:

#### Ordinary Business:

1. **To receive, consider and adopt:**

- (a) The audited financial statements of the Company for the financial year ended 31st March, 2015, the reports of the Board of Directors and Auditors thereon; and
- (b) The audited consolidated financial statements of the Company for the financial year ended 31st March, 2015.

2. To confirm dividends on Cumulative Redeemable Preference Shares.

3. To appoint a Director in place of Shri Arvind Kharabanda (DIN:00052270), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to provisions of Section 139, 142 and all other applicable provisions of Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W) be and is hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.”

#### Special Business:

5. To appoint Smt. Bela Banerjee (DIN:07047271) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and clause 49 of the Listing Agreement, Smt. Bela Banerjee (DIN:07047271), who was appointed as an additional director not liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 1 (one) year for a term up to the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2016.”

6. To appoint Shri Rajiv Sharma (DIN:01342224) as a Nominee Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** Shri Rajiv Sharma (DIN:01342224) who has been appointed as Nominee Director of IDBI Bank Limited, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

7. To re-appoint Shri Mahendra Nahata (DIN:00052898) as a Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** in accordance with the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Mahendra Nahata (DIN:00052898) as a Managing Director, of the Company for a period of 3 (three years) with effect from 1st October, 2015 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Shri Mahendra Nahata subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**Registered Office:**  
8, Electronics Complex  
Chambaghat  
Solan-173213 (H.P.)

By order of the Board

Place: New Delhi  
Date: 17<sup>th</sup> August, 2015

**(Manoj Baid)**  
Associate Vice-President  
(Corporate) & Company Secretary  
Membership No. FCS 5834



## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF THE PROXY IS ENCLOSED. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

2. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
3. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and share transfer books of the Company will remain closed from 24<sup>th</sup> September, 2015 to 29<sup>th</sup> September, 2015 (both days inclusive) for the purpose of Annual General Meeting (AGM).
4. Members are requested:
  - i) to kindly notify the change of address, if any, to the Company/their Depository Participant.
  - ii) to bring their attendance slip along with their copy of the Annual Report in the Meeting.
  - iii) to deposit the duly completed attendance slip at the Meeting.
5. Members may use the facility of nomination. A Nomination Form will be supplied to them on request.
6. Members desiring any information with regard to Annual Accounts/Report are requested to submit their queries addressed to the Company Secretary at least ten days in advance of the Meeting so that the information called for can be made available at the Meeting.
7. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
8. Relevant documents referred to in the accompanying Notice and Statement are open for inspection by the members at the Registered Office of the Company on all working days except Saturdays, Sundays and public holidays during business hours up to the date of the Annual General Meeting.
9. The Register of Directors and Key Managerial Personnels and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
10. The Register of Contracts or Arrangement in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

11. **Copies of Annual Report for financial year ended 31st March, 2015 including Notice of AGM, Attendance Slip, Proxy Form and instructions for e-Voting are being sent by electronic mode only to all the members whose email addresses are registered with the Company/ Depository Participant(s) unless any member has requested for a hard copy of the same. Members who have not registered their email addresses so far, are requested to register their email addresses so that they can receive the Annual Report and other communications from the Company electronically in future. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.**

12. The copies of the Annual Reports will not be distributed at the AGM. Members are requested to bring their copies to the meeting. The Annual Report of the Company is also available on the Company's website [www.hfcl.com](http://www.hfcl.com).

13. **Information and other instructions relating to remote e-Voting are as under:**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-Voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through Poll shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-Voting shall be able to exercise their right at the meeting through Poll paper.
- III. The members who have cast their vote by remote e-Voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-Voting period commences on 27<sup>th</sup> September, 2015 (9:00 am) and ends on 29<sup>th</sup> September, 2015 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23<sup>rd</sup> September, 2015, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-Voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :
    - (i) Open email and open PDF file viz; "hfcl-e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-Voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder - Login
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-Voting opens. Click on remote e-Voting: Active Voting Cycles.
  - (vii) Select "EVEN" of "Himachal Futuristic Communications Limited".
  - (viii) Now you are ready for remote e-Voting as Cast Vote page opens.
  - (ix) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cutoff date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
  - (x) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (xi) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xii) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xiii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [scrutinizer@hfcl.com](mailto:scrutinizer@hfcl.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided on the letter enclosed with the Annual Report.
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-Voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23<sup>rd</sup> September, 2015.
- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23<sup>rd</sup> September, 2015 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA.
- However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- X. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting as well as voting at the AGM through Poll.
- XI. Shri Baldev Singh Kashtwal, Practicing Company Secretary having Membership No. 3616 and CP No. 3169 has been appointed for as the Scrutinizer to scrutinize the Poll and remote e-Voting process in a fair and transparent manner.
- XII. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-Voting facility.
- XIII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.hfcl.com](http://www.hfcl.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).
- XV. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of Annual General Meeting i.e. 30<sup>th</sup> September, 2015.

**DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED PURSUANT TO CLAUSE 49 VIII(E) OF THE LISTING AGREEMENT AND SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA**

Name of the Director	Shri Arvind Kharabanda	Smt. Bela Banerjee	Shri Rajiv Sharma	Shri Mahendra Nahata
DIN	00052270	07047271	01342224	00052898
Date of Birth	09.03.1947	07.10.1950	27.11.1962	19.05.1959
Date of first Appointment	30.10.2004	18.03.2015	17.11.2014	11.05.1987
Experience/Expertise in Specific Functional Areas	Shri Arvind Kharabanda has got over 40 years experience in managerial positions, projects implementation and finance.	Smt Bela Banerjee has more than 37 years experience in Government of India on different positions both in Ministry of Railways as well as in the Ministry of HRD, Department of Education..	Shri Sharma carries with him more than thirty years of rich experience. Prior to joining IDBI he has served in NABARD for almost six years where he was engaged in refinancing agricultural projects, district oriented monitoring of projects and financing of non farm sector. Shri Sharma has also worked with BST Limited and looked after marketing and exports activities.	Shri Mahendra Nahata has business experience of over 32 years. Shri Nahata is the promoter director of Himachal Futuristic Communications Ltd. Shri Nahata is the visionary behind the Company's R&D, technology partnership, business development and marketing initiatives.
Qualification(s)	C.A.	Post Graduation in History form Banaras Hindu University. She also holds a degree in Law from Delhi University.	Masters Degree in Accountancy and Business Statistics. MBA – Finance and also holds a post graduation diploma in international trade.	Commerce Graduate from Calcutta University
Directorship in other Companies	1. India Sign Private Ltd. 2. My Box Technologies Private Ltd.	1. Media Matrix Worldwide Ltd. 2. Bharuch Dahej Railway Company Ltd.	Nil	1. HTL Limited 2. Reliance Jio Infocomm Limited 3. DragonWave HFCL India Pvt. Ltd 4. DigiVive Services Private Ltd 5. Digivision Holdings Private Limited * 6. MN Ventures Private Limited 7. NextWave Ventures Private Limited 8. India Card Technology Private Ltd 9. HFCL Advance Systems Private Limited * Merged with MN Ventures Private Ltd. w.e.f. 22.06.2015
Chairmanship/ Membership of Committees (across all public Cos.)	<b>Himachal Futuristic Communications Ltd.</b> Audit Committee – Member Stakeholders Relationship – Member	<b>Himachal Futuristic Communications Ltd.</b> Nomination & Remuneration – Chairperson Audit Committee – Member <b>Media Matrix Worldwide Ltd.</b> Nomination & Remuneration – Member	Nil	<b>Reliance Jio Infocomm Limited</b> Audit Committee – Member
Shareholding in the Company	Nil	Nil	Nil	73,477
Relationship with other Directors and KMPs of the Company	No	No	No	No
No. of Board Meeting held/ Attended	8 / 8	1 / 1	4/3	8 / 8
Last Remuneration drawn (per annum)	₹62,77,817/-	₹30,000/- as Sitting fees	₹60,000/- as Sitting fees	₹2,14,44,736/-

The above information may be treated as part of Statement annexed under Section 102 of the Companies Act, 2013 for item no. 5, 6 and 7 of the AGM Notice. The Board of Directors recommends their appointments/re-appointment.

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“the Act”)**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**Item No. 5**

As per the provisions of Section 149(1) of the Companies Act, 2013 and amended clause 49 of the Listing Agreement, the Company should have at least one woman director.

Section 149 of the Act inter-alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section, an independent director can hold office for a term up to five consecutive years on the Board of a company and he/she shall not be included in the total number of directors for retirement by rotation.

Keeping in view the above requirements, the Nomination &

Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 18<sup>th</sup> March, 2015 have appointed Smt. Bela Banerjee (DIN:07047271) as an Independent Director of the Company subject to the approval of Shareholders.

The Company has received necessary declaration from Smt. Bela Banerjee that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board of Directors, Smt. Bela Banerjee fulfils the conditions for appointment as an Independent Director as specified in the Act and the Listing Agreement.

Smt. Bela Banerjee is independent of the management.

Smt. Bela Banerjee is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director. She does not hold any equity shares in the Company.

The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Smt. Bela Banerjee for the office of the Director of the Company.

Copy of the draft letter of appointment of Smt. Bela Banerjee as an Independent Director, setting out the terms and conditions is available for inspection by members at the Registered office of the Company.

Smt. Bela Banerjee has completed her Post Graduation in History from Banaras Hindu University. She also holds a degree in Law from Delhi University. She has more than 37 years experience in Government of India on different positions both in Ministry of Railways as well as in the Ministry of HRD, Department of Education. After superannuating from Indian Railways in October, 2010, she joined as Member Technical in Railway Claims Tribunal. She has also represented as Director in the Board of Directors of Container Corporation of India as Govt. nominee. She has vast experience of works tender, project management & financial management of construction projects. As ED-Finance/ Exp. Railway Board, she was responsible for financial appraisal of investment proposals of various projects like New Lines, Doubling, Bridges etc. and dealt with various matters concerning Railway PSUs, RITES, IRCON. She is also registered member with Arbitration Council of India. She has handled various arbitration at different level in Railway and other PSUs.

Smt. Banerjee does not hold any share in the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

It is proposed to appoint Smt. Bela Banerjee as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for one year for a term up to the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2016.

Smt. Banerjee is interested in the Resolution set out at Item No. 5 of the Notice with regard to her appointment. The relatives of Smt. Banerjee may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board considers that association of Smt. Banerjee would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Shareholders.

#### Item No. 6

The Board of Directors of the Company vide its circular resolution passed on 17<sup>th</sup> November, 2014 has appointed Shri Rajiv Sharma as a Nominee Director of IDBI Bank Limited. Shri Rajiv Sharma, aged 52 years, holds a Masters Degree in Accountancy and Business Statistics. Shri Sharma is also a qualified MBA in finance. He holds a post graduation diploma in international trade. He joined IDBI Bank Ltd in 1993 and presently working as General Manager, Corporate Banking Group – I, New Delhi. Shri Sharma carries with him more than thirty years of rich experience. Prior to joining IDBI he has served in NABARD for almost six years where he was engaged in refinancing agricultural projects, district oriented monitoring of projects and financing of non farm sector. Shri Sharma has also worked with BST Limited and looked after marketing and exports activities.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the Shareholders.

#### Item No. 7

The Board of Directors of the Company (the "Board") at its meeting held on 17<sup>th</sup> August, 2015 has subject to the approval of members, re-appointed Shri Mahendra Nahata as Managing Director, for a period of 3 (Three) years from the expiry of his present term which will expire on 30<sup>th</sup> September, 2015, at the remuneration recommended by the Nomination & Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the members approval for re-appointment of and remuneration payable to Shri Mahendra Nahata as Managing Director in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Shri Mahendra Nahata are as under:

- (a) **Salary: ₹ 3 crore per annum**
- (b) **Perquisites and Allowances: ₹ 1.20 crore per annum**

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; medical insurance and such other perquisites and/or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof. In the absence of any such rules, perquisites, and allowances shall be evaluated at actual cost.

The Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or taken together are not taxable under the Income Tax law, gratuity payable and encashment of leave shall not be included for the purpose of computation of the overall ceiling of remuneration. The increment in salary and perquisites and allowances as may be determined by the Board and / or the Nomination & Remuneration Committee of the Board is not to be included for the purpose of computation of the aforesaid ceiling of remuneration provided that such payments shall be within the overall ceiling of remuneration permissible under the Companies Act, 2013.

- (c) **Reimbursement of Expenses:** Reimbursement of expenses incurred for travelling, boarding and lodging including for his spouse and attendant(s) during business trips; provision of car for use on the Company's business; telephone expenses at residence and club membership shall be reimbursed and not considered as perquisites.

Notwithstanding anything to the contrary contained herein, where in a financial year, during the currency of the tenure of Shri Mahendra Nahata, the Company has no profit or its profits are inadequate, the Company shall subject to the approval of the Central Government wherever required and subject to the provision of Sections 196, 197 and 203 of the Companies Act, 2013 ("Act") and subject to the conditions and limits specified in Schedule V of the Act, pay to Shri Mahendra Nahata basic salary, perquisites and allowances as specified above as minimum remuneration.

- (d) **General:**
  - (i) The Managing Director will perform the duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the



orders and directions given by the Board from time to time in all respect and confirm to and comply with all such directions and regulations as may from time to time be given and made by the Board.

- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The office of the Managing Director may be terminated by the Company or by the Managing Director by giving the other 6 (six) months' prior notice in writing.

Shri Mahendra Nahata satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Mahendra Nahata under Section 190 of the Act.

Shri Mahendra Nahata is a Commerce Graduate from Calcutta University and has business experience of over 32 years. Shri Nahata is the promoter director of Himachal Futuristic Communications Ltd. Shri Nahata is the visionary behind the Company's R&D, technology partnership, business development and marketing initiatives. Shri Nahata is one of the Pioneer in the new age telecom sector in India. Shri Nahata's contributions to the telecom sector are commendable and many milestones in the sector have been achieved over the years due to his initiatives and entrepreneurship. In recognition of his wide experience in the industry, he was elected president of Telecom Equipment Manufacturers Association of India for a period of two years. Shri Nahata was conferred with the "Telecom Man of the Millennium" award by Voice & Data Magazine in 2003.

Shri Nahata holds 73,477 equity shares of the Company.

Shri Mahendra Nahata is interested in the resolution as set out at Item No. 7 of the Notice which pertains to his re-appointment and remuneration payable to him. The relatives of Shri Mahendra Nahata may be deemed to be interested in this resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/ their relatives are in any way, concerned or interested, financially or otherwise, in this resolution.

It is proposed to seek the members approval for the re-appointment of and remuneration payable to Shri Mahendra Nahata as Managing Director, in terms of applicable provisions of the Act.

Your directors commends the Ordinary Resolution set out at Item no 7 of the Notice for your approval.

### Item No. 8

The existing Articles of Association ("AoA") of the Company are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in existing AoA are no longer in conformity with the Companies Act, 2013 ("Act"). The Act is now largely in force. Most of the Sections of the Act have already been notified by the Ministry of Corporate Affairs ("MCA") barring those provisions which require sanction/confirmation of National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different class of shares (Section 48), reduction of share capital (Section 66), compromises, arrangement and

amalgamations, (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter-alia relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). With coming into force of the Act, several regulations of the existing AoA of the Company, require alteration or deletions in several articles. It is, therefore, considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of existing AoA are based on Table "F" of the Act which set out the model Articles of Association for a Company Limited by shares. Shareholder's attention is invited to certain salient provisions on the new draft AoA of the Company viz:

- i) Company's lien now extends to bonuses also declared from time to time in respect of shares over which lien exists;
- ii) the nominee(s) of a deceased sole member are recognised as having title to the deceased's interest in the shares;
- iii) new provisions regarding application of fund from reserve accounts when amounts in reserve accounts are to be capitalized;
- iv) new provisions relating to appointment of chief executive officer and chief financial officer in addition to manager and company secretary
- v) existing articles have been streamlined and aligned with the Act;
- vi) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provision which require a company to acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- vii) Provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication – their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft AoA is being uploaded on the Company's website [www.hfcl.com](http://www.hfcl.com) for perusal by the Shareholders.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item No. 8 of the Notice except to the extent of their shareholding, if any, in the Company.

The Board commends the Resolution for approval of the members as Special Resolution.

**Registered Office:**  
8, Electronics Complex  
Chambaghat  
Solana-173213 (H.P.)

By order of the Board

Place: New Delhi  
Date: 17<sup>th</sup> August, 2015

**(Manoj Baid)**  
Associate Vice-President  
(Corporate) & Company Secretary  
Membership No. FCS 5834

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF Himachal Futuristic Communications Limited

### 1. Report on the Financial Statements

We have audited the accompanying financial statements of **Himachal Futuristic Communications Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### 2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015 and its profit and its cash flows for the year ended on that date.

### 5. Report on Other Legal and Regulatory Requirements

A) As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

B) As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 and 36 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 30(b) and (c) to the financial statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **KHANDELWAL JAIN & Co**  
Chartered Accountants  
(Firm's Registration No. 105049W)

**(Manish Singhal)**  
Partner  
Membership No. 502570

Place: New Delhi  
Date: 18<sup>th</sup> May, 2015

# ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 5A of the Auditors' Report of even date to the Members of Himachal Futuristic Communications Limited on the accounts for the period ended 31st March, 2015;

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situations of its Fixed Assets.
- (b) All fixed assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.
- ii. (a) As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.
- (b) In our opinion, and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of Inventory. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.
- iii. As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a) and (b) of the Order are not applicable.

- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and Fixed Assets and for the sale of goods and services. During the course of our audit no major weaknesses has been noticed in the internal controls.
- v. The Company has not accepted any deposits within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts have been made and maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and records examined by us, the Company has been regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income-tax, VAT, service tax, excise duty and other material statutory dues, *though there have been a slight delay in a few cases*. According to the information and explanations given to us no undisputed arrears of statutory dues were outstanding as at 31<sup>st</sup> March, 2015 from the date they become payable.
- (b) According to the records of the Company, the dues of Sales Tax/VAT, Income Tax, Excise Duty and Service Tax which has not been deposited on account of disputes and the forum where the dispute is pending, are as under:

Name of the Statute	Nature of the dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending
1. Sales Tax Act	Sales Tax	18,742,719	1997-1998 & 1998-1999	Hon'ble High Court of Punjab & Haryana.
2. Value Added Tax Act	VAT	19,476,838	2009-2010 & 2010-2011	Addl. Commissioner, Department of Trade & Taxes, New Delhi
3. Income Tax Act	Income Tax	10,000	2001-2002 to 2006-2007	Income tax Appellate Tribunal, New Delhi
4. Central Excise Act	Excise Duty	24,380,673	2003-2004 & 2004-2005	Central Excise and Service Tax Appellate Tribunal, New Delhi
5. Service Tax	Service Tax	1,397,894	2006-2007 & 2007-2008	Central Excise and Service Tax Appellate Tribunal, New Delhi
6. Central Excise Act	Excise Duty	82,17,348	2006-2007	Central Excise and Service Tax Appellate Tribunal, Mumbai

- (c) According to the information and explanations given to us and as certified by the management, there are no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- viii. There are no accumulated losses of the Company at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- ix. According to the information and explanations given to us and records examined by us, the Company has not defaulted in repayment of dues to financial institution or banks or debenture holders as to the Balance Sheet date, in view of the Reworked Package approved by the Corporate Debt Restructuring (CDR) Empowered Group as explained in Note 33.
- x. Based on our examination of the records and information and explanations given to us, the Company has given corporate/counter guarantees for loans taken by group companies, from banks and financial institutions. As one of the businesses of the Company is to promote the companies and also the long term involvement with those companies, the guarantees have not been considered prima facie, prejudicial to the interest of the Company.
- xi. Based on our examinations of the records and information and explanations given to us, the Company has applied the term loans for the purpose for which they were obtained. Also, during the year the Company has raised inter corporate loans which on an overall basis, have been applied for the purposes for which they were obtained.
- xii. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **KHANDELWAL JAIN & CO.**  
Chartered Accountants  
Firm Registration No: 105049W

**(Manish Singhal)**  
Partner  
Membership No 502570

Place: New Delhi  
Date: 18<sup>th</sup> May, 2015

# Balance Sheet as at March 31, 2015

(₹ in Crore)

Particulars	Note No(s)	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
(a) Share Capital	2	204.44	204.44
(b) Reserves & Surplus	3	808.44	634.16
<b>2. Non- Current Liabilities</b>			
(a) Long Term Borrowings	4	162.23	182.79
(b) Other Long Term Liabilities	5	-	0.17
(c) Long Term Provisions	6	13.78	9.43
<b>3. Current Liabilities</b>			
(a) Short Term Borrowings	7	109.32	86.87
(b) Trade Payables	8	307.08	193.88
(c) Other Current Liabilities	9	180.73	278.77
(d) Short Term Provisions	10	9.41	26.17
<b>Total</b>		<b>1,795.43</b>	<b>1,616.68</b>
<b>II ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		118.30	150.18
(ii) Intangible Assets		3.23	2.92
(iii) Capital Work-In-Progress		0.45	0.45
(iv) Intangible Assets under Development		-	0.09
(b) Non- Current Investments	12	295.84	364.58
(c) Long Term Loans & Advances	13	2.09	2.73
(d) Other Non- Current Assets	14	-	56.00
<b>2. Current Assets</b>			
(a) Current Investments	15	0.18	0.18
(b) Inventories	16	236.04	149.99
(c) Trade Receivables	17	367.42	254.51
(d) Cash & Bank Balance	18	135.79	65.94
(e) Short Term Loans & Advances	19	588.50	524.28
(f) Other Current Assets	20	47.59	44.83
<b>Total</b>		<b>1,795.43</b>	<b>1,616.68</b>
See other accompanying notes to the Financial Statements	1 to 55		

As per our report of even date attached

For **Khandelwal Jain & Co.**  
Firm Regn. No. 105049W  
Chartered Accountants

**M P Shukla**  
**Mahendra Nahata**  
**Arvind Kharabanda**

For and on behalf of the Board

Chairman  
Managing Director  
Director (Finance)

**(Manish Singhal)**  
Partner  
M.No. 502570

**V. R. Jain**  
Chief Finance Officer

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

New Delhi, 18<sup>th</sup> May, 2015

New Delhi, 18<sup>th</sup> May, 2015



# Statement of Profit and Loss for the year ended March 31, 2015

		(₹ in Crore)	
Particulars	Note No(s)	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
<b>INCOME</b>			
I Revenue From Operations	21	2,551.08	2,018.78
II Other Income	22	20.05	13.69
<b>III Total Revenue</b>		<b>2,571.13</b>	<b>2,032.47</b>
<b>IV EXPENDITURE</b>			
Cost of Materials Consumed	23	379.14	257.99
Purchase of goods for resale		72.51	17.05
Changes in inventories of Finished Goods, Work in Progress and Stock in Trade	24	(82.37)	(107.97)
Project Labour and Service charges		1,389.84	1,222.14
Employee Benefits Expense	25	205.44	195.43
Finance Costs	26	42.70	33.14
Depreciation	11	33.93	19.85
Other Expenses	27	233.33	153.66
Provision for doubtful advances		-	6.00
Bad debts, Loans & advances and Others written off (Net)		58.72	87.67
Loss on sale of investments		47.96	-
Investments written off		67.47	-
Less: Transferred from provision for diminution in value		(67.47)	-
<b>Total Expenditure</b>		<b>2,381.20</b>	<b>1,884.96</b>
<b>V Profit before Exceptional items, Extraordinary items and Tax (III- IV)</b>		<b>189.93</b>	<b>147.51</b>
VI Exceptional Items		-	-
<b>VII Profit before Extraordinary items and Tax (V- VI)</b>		<b>189.93</b>	<b>147.51</b>
VIII Extraordinary Items		-	-
<b>IX Profit before Tax (VII- VIII)</b>		<b>189.93</b>	<b>147.51</b>
<b>X Less: Tax Expense:</b>			
Current Tax		26.74	32.45
MAT credit entitlement		(26.72)	(32.42)
<b>XI Profit (Loss) for the year (after tax)(IX- X)</b>		<b>189.91</b>	<b>147.48</b>
<b>XII Earnings per share (Face value of ₹1/- each)</b>	48		
Basic (₹)		1.49	1.15
Diluted (₹)		1.49	1.15
See other accompanying notes to the Financial Statements	1 to 55		

As per our report of even date attached

For and on behalf of the Board

For **Khandelwal Jain & Co.**  
Firm Regn. No. 105049W  
Chartered Accountants

**M P Shukla**  
**Mahendra Nahata**  
**Arvind Kharabanda**

Chairman  
Managing Director  
Director (Finance)

**(Manish Singhal)**  
Partner  
M.No. 502570

**V. R. Jain**  
Chief Finance Officer

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

New Delhi, 18<sup>th</sup> May, 2015New Delhi, 18<sup>th</sup> May, 2015

## Cash Flow Statement for the year ended March 31, 2015

(₹ in Crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>A. Cash flow from Operating Activities :</b>		
Net Profit before taxes	189.93	147.51
Adjustments for :		
Depreciation	33.93	19.85
Loss /(Profit) on sale of investments (net)	47.96	-
Interest & finance charges	42.70	33.14
Interest income	(11.43)	(6.16)
Dividend income	(0.01)	(1.34)
Loss/(Profit) on sale of fixed assets	(0.24)	1.07
Provisions for doubtful advances	-	6.00
Bad Debts, advances and miscellaneous balances written off	58.72	87.67
	171.63	140.23
<b>Operating Profit before working capital changes</b>	<b>361.56</b>	<b>287.74</b>
Adjustments for :		
Trade and other receivables	(180.21)	(335.48)
Inventories	(86.04)	(117.23)
Trade payables	50.49	298.33
	(215.76)	(154.38)
<b>Cash generated from operations</b>	<b>145.80</b>	<b>133.36</b>
Income tax	(26.74)	(32.45)
<b>Net Cash used in operating activities</b>	<b>119.06</b>	<b>100.91</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(14.93)	(45.96)
Sale of fixed assets	0.49	0.02
Purchase of investments	(0.01)	(1.00)
Sale/disposal of investments	20.79	-
Interest received	5.44	0.03
Dividend received	0.01	1.34
Decrease/(Increase) in Term Deposits with Banks	(56.17)	(59.37)
<b>Net Cash used in investing activities</b>	<b>(44.38)</b>	<b>(104.94)</b>

Particulars	(₹ in Crore)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>C. Cash flow from financing activities</b>		
Proceeds from long term/short term borrowings		
Secured	6.47	3.19
Unsecured	19.34	11.99
	25.81	15.18
Repayment of long term/short term borrowings		
Secured	(21.77)	(19.55)
Unsecured	(2.16)	-
	(23.93)	(19.55)
Interest paid (net)	(39.93)	(23.99)
Dividend on preference share paid	(19.60)	-
Tax on dividend paid	(3.34)	-
<b>Net Cash from financing activities</b>	<b>(60.99)</b>	<b>(28.36)</b>
Net increase in cash & cash equivalents	13.69	(32.39)
Cash & cash equivalents (Opening Balance)	6.56	38.95
Cash & cash equivalents (Closing Balance)	20.25	6.56
<b>Notes:</b>		
1 The Cash flow statement has been prepared under the indirect method as set-out in the Accounting Standard - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.		
2 Figures in bracket indicate cash outflow		
3 Cash & cash equivalents represents:		
Cash on hand	0.02	0.08
Cheques in hand	-	0.37
Balances with Scheduled banks in		
Current accounts	20.23	6.11
Fixed Deposits Account - Maturity less than 3 months	-	-
<b>TOTAL</b>	<b>20.25</b>	<b>6.56</b>

As per our report of even date attached

For **Khandelwal Jain & Co.**  
Firm Regn. No. 105049W  
Chartered Accountants

**M P Shukla**  
**Mahendra Nahata**  
**Arvind Kharabanda**

For and on behalf of the Board

Chairman  
Managing Director  
Director (Finance)

**(Manish Singhal)**  
Partner  
M.No. 502570

**V. R. Jain**  
Chief Finance Officer

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

New Delhi, 18<sup>th</sup> May, 2015New Delhi, 18<sup>th</sup> May, 2015

# Notes Forming Part of the Financial statements

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES TO FINANCIAL STATEMENTS

### i. Method of Accounting

- (a) The financial statements are prepared on the historical cost convention and in accordance with the Generally Accepted Accounting Principles ('GAAP').
- (b) The Company follows accrual system of accounting in the preparation of accounts except where otherwise stated.
- (c) The preparation of the financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported accounts of income and expenses of the period, reported values of assets and liabilities and disclosures relating to contingent assets and liabilities as of date of the financial statements. Examples of such estimates include provisions for doubtful debts, provision for doubtful loans and advances, provisions for diminution in value of investments, estimated period of utility of software packages, provision for value of obsolete/non moving inventories etc. Actual results may differ from these estimates.

### ii. Fixed Assets

- (a) Fixed Assets are stated at actual cost less accumulated depreciation and impairment loss. Actual cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses for bringing the asset to its working conditions for its intended use but is net of CENVAT.
- (b) Capital Work-in-Progress -All expenses incurred for acquiring, erecting and commissioning of fixed assets including interest on long term loans utilized for meeting capital expenditure and incidental expenditure incurred during construction of the projects are shown under capital work-in-progress and are allocated to the fixed assets on the completion of the respective projects.
- (c) Intangible Assets- (i) Revenue expenditure of specialized R&D Division including technical know-how fee incurred for development and improvement of technology, products and designs etc. which will generate probable future economic benefits are recognised as intangible assets.(ii) Purchase of computer software used for the purpose of operations is capitalised. However, any expenses on software support, maintenance, upgrade etc. payable periodically is charged to the Statement of Profit & Loss.

### iii. Leases

- (a) Finance Lease or similar arrangements, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized and disclosed as leased assets. Finance charges are charged directly against income.
- (b) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss or on a basis, which reflect the time pattern of such payment appropriately.

### iv. Depreciation, Amortisation and Impairment

- (a) Depreciation is provided for on Buildings (including buildings taken on lease) and Plant & Machinery on

straight line method and on other fixed assets on written down value method on the basis of useful life specified in Schedule II of the Companies Act, 2013.

- (b) Depreciation due to increase or decrease in the liability on account of exchange fluctuation or on account of rollover charges on forward exchange contract is provided prospectively over the residual life of the assets.
- (c) On assets acquired on lease (including improvements to the leasehold premises), depreciation has been provided for on Straight Line Method on the basis of useful life specified in Schedule II of the Companies Act, 2013 or at the rates worked out on the basis of remaining useful life of the assets, whichever is higher.
- (d) Premium on leasehold land is amortised over the period of lease.
- (e) The Technical Know-how fees is written off over a period of six years from the year of the commencement of commercial production of the respective projects. Where the production has not commenced and the benefit of know-how is unlikely to accrue, the fee paid therefore is fully written off in the year in which it is so determined.
- (f) Intangible assets are amortised over a period of five years or life of the product considered at the end of each financial year whichever is earlier. Amortisation commences when the asset is available for use.
- (g) At the balance sheet date, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

### v. Investments

- (a) The cost of an investment includes incidental expenses like brokerage, fees and duties incurred prior to acquisition.
- (b) Long term investments are shown at cost. Provision for diminution is made only if, in the opinion of the management such a decline is other than temporary.
- (c) Investments which are intended to be held for less than one year are classified as current investments and are carried at lower of cost and fair value determined on an individual investment basis.
- (d) Advance against share application money are classified under the head "Investments".

### vi. Inventories

a. Raw Materials, Materials in transit, Packing Materials, Stores & Spares and Components	At cost or net realizable value whichever is lower
b. Finished Goods and Work-in-Progress	At lower of cost and net realizable value Cost of Inventories is ascertained on First in First out (FIFO) basis.
c. Stock-in-trade - Quoted - Unquoted	At lower of cost and market value At lower of cost and break-up value
d. Contract Work-in-Progress	At cost
e. Loose Tools	After write-off at 27.82% p.a.



## vii. Revenue Recognition

- (a) Sales & services include sales during trial run and excise duty recoverable. Liquidated damages are accounted for as and when they are ascertained.
- (b) Revenue in respect of long term turnkey works contracts is recognised under percentage of completion method subject to such contracts having progressed to a reasonable extent. Revenue in respect of other works contracts and services is recognised on completed contract method.
- (c) Insurance claims are accounted for as and when admitted by the concerned authority.

## viii. Foreign Currency Transactions

- (a) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of the transactions.
- (b) Monetary items denominated in foreign currency at the year end and not covered under forward exchange contracts are translated at the year end rates.
- (c) Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognised in the profit and loss account as income or expense.
- (d) In case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the life of the contract. Further exchange difference on such contracts i.e. difference between the exchange rate at the reporting /settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/expense for the period except where the foreign currency liabilities have been incurred in connection with fixed assets acquired up to March, 2004 and subsequent thereto in case of fixed assets acquired from a country outside India, where the exchange differences are adjusted in the carrying amount of concerned fixed assets.

## ix. Provisioning/Write off of Doubtful Debts

The trade receivables are continuously reviewed by the Management for ascertaining its recoverability. The receivables which are outstanding for more than three years from their respective due dates are written off to Statement of profit and loss. The debtors which are outstanding for more than two years but less than three years are provided for at 100% whereas debtors outstanding for more than one year but less than two years are provided for at 30% of the amount outstanding. No write off or provisions are made for specific cases where management is of the view that the amounts are recoverable even if falling under the aging as mentioned above.

## x. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

## xi. Excise and Customs Duty

Excise duty payable on production is accounted for on accrual basis. Provision is made in the books of accounts for customs duty on imported items on arrival and lying in bonded warehouse and awaiting clearance.

## xii. CENVAT Credit

The CENVAT credit available on purchase of raw materials, other eligible inputs and capital goods is adjusted against excise duty payable on clearance of goods produced. The unadjusted CENVAT credit is shown under the head " Short Term Loans and advances".

## xiii. Employees Benefits

(Effective April 1, 2007, the Company has adopted the Revised Accounting Standard – 15(Revised-2005) 'Employee Benefits'. The relevant policies are:

### Short Term Employee Benefits

Short term employee benefits are recognised in the period during which the services have been rendered.

### Long Term Employee Benefits

#### a) Defined Contribution plan

- (i) Provident Fund and employees' state insurance schemes

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

The Company's contributions to both these schemes are expensed in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

- (ii) Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Accounting Standard 15 (revised), "Employee Benefits". The Company makes annual contributions to the HDFC Standard Life Insurance Company Ltd for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

b) Other long term benefit

Leave Encashment

The Company has provided for the liability at period end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

c) Actuarial gains and losses are recognized as and when incurred.

**xiv. Preliminary, Securities issue expenses and Redemption premium Preliminary, Securities issue expenses and Redemption premium on bonds and debentures are adjusted against securities premium account.**

**xv. Research & Development Costs**

Revenue expenditure on research phase is charged to Statement of Profit & Loss in the year in which it is incurred. Capital Expenditure is added to the cost of fixed assets.

**xvi. Taxes on Income**

Tax expense comprises of current, deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent

that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

**xvii. Segment Reporting**

Segments are identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as the differential risk and returns of the segments. The unallocable items include income and expenses items which are not directly identifiable to any segment and therefore not allocated to any business segments.

**xviii. Earning Per Share**

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

**xix. Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is provable that there will be a out flow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the Financial Statements.

**NOTE 2** SHARE CAPITAL

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>AUTHORISED :</b>		
5,10,00,00,000 (Previous year 5,10,00,00,000) Equity Shares of ₹1/-each	510.00	510.00
25,000,000 (Previous year 25,000,000) Redeemable Preference Shares of ₹ 100/- each	250.00	250.00
	<b>760.00</b>	<b>760.00</b>
<b>ISSUED &amp; SUBSCRIBED:</b>		
1,23,93,77,194 (Previous year 123,93,77,194) Equity Shares of ₹1/- each	123.94	123.94
80,50,000 (Previous year 80,50,000, 6.5%) 6.5% Cumulative Redeemable Preference Shares of ₹100/- each	80.50	80.50
	<b>204.44</b>	<b>204.44</b>
<b>PAID UP</b>		
1,23,93,77,194 (Previous year 1,23,93,77,194) Equity Shares of ₹1/- each fully paid up	123.94	123.94
80,50,000 (Previous year 80,50,000, 6.5%) 6.5% Cumulative Redeemable Preference Shares of ₹100/- each	80.50	80.50
<b>TOTAL</b>	<b>204.44</b>	<b>204.44</b>

**A Equity Shares**

- (i) 1,45,50,000 (Previous year 1,45,50,000) shares of ₹1/- each issued for consideration other than cash pursuant to the amalgamation of erstwhile Himachal Telematics Ltd. with the Company.
- (ii) 52,96,01,640 shares of ₹1/- each have been allotted for a consideration other than cash pursuant to the Composite Scheme of Arrangement and Amalgamation between Sunvision Engineering Company Private Limited (SECPL), its Share holders & the

Optionally Convertible Debenture (OCD) holders and the Company & its Shareholders, sanctioned by the Hon'ble High Court of Himachal Pradesh at Shimla vide its Order passed on January 5, 2011.

## B Preference Shares

The Cumulative Redeemable Preference Shares (CRPS) aggregating to ₹ 80,50,00,000 shall be redeemed at the rate of 25% and 75% of the face value in the financial years ending March 31, 2018 and March 31, 2019, respectively and will carry the coupon rate of 6.50% from new cut off date i.e. January 1, 2011 as mentioned in the rework package approved by the CDR EG on 29.03.2011. However, dividend accrued on notional basis, as same has not been declared and fallen due for payment, and penal interest thereon, till the cut-off date, stands waived as per CDR rework package.

## C (i) Shareholders holding more than 5 percent of Equity Shares

(₹ in crore)

Name of Shareholders		Figures as at March 31, 2015 No. of share held	Figures as at March 31, 2014 No. of share held
Nextwave Communications Private Ltd		234,765,000	234,765,000
	% of Holding	18.94%	18.94%
ANM Engineering & Works Private Ltd		238,390,000	234,765,000
	% of Holding	19.23%	18.94%
IDBI Bank Limited		117,534,018	150,945,122
	% of Holding	9.48%	12.18%

## (ii) Shareholders holding more than 5 percent of Preference Shares

Name of Shareholders		Figures as at March 31, 2015 No. of share held	Figures as at March 31, 2014 No. of share held
General Insurance Corporation of India Ltd.		-	500,000
	% of Holding	-	6.21%
Digivive Contents Services (P) Ltd.		-	2,950,000
	% of Holding	-	36.65%
Arizona Global Services Pvt. Ltd.		2,950,000	-
	% of Holding	36.65%	-
Everest Grow More Finance Pvt. Ltd.		700,000	-
	% of Holding	8.70%	-
IDBI Bank Limited		3,500,000	3,500,000
	% of Holding	43.48%	43.48%
Oriental Bank of Commerce		600,000	600,000
	% of Holding	7.45%	7.45%

## D Reconciliation of number of equity shares is set below:

	Figures as at March 31, 2015 No of shares	Figures as at March 31, 2014 No. of shares
No. of shares at the beginning of the year	1,239,377,194	1,239,377,194
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
No. of shares at the end of the year	1,239,377,194	1,239,377,194

## E Terms/right attached to Equity/Preference Shares

The Company has issued equity share of ₹1/- each and preference share of ₹ 100/- each. On a show of hands, every holder of equity shares is entitled for one vote and upon a poll shall have voting rights in proportion to the shares of the paid up capital of the Company held by them. Preference shareholders shall have voting right in proportion to the shares of the paid up capital provided

if the dividend due on such capital or any part of such dividend has remained unpaid. The Company declares dividend, if any, in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount in proportion to their shareholdings.

**NOTE 3** RESERVES & SURPLUS

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Securities Premium Reserve</b>	400.12	400.12
<b>Surplus in statement of Profit &amp; Loss:</b>		
As per last Balance Sheet	234.04	106.44
Add: Profit for the year as per Statement of Profit & Loss	189.91	147.48
	423.95	253.92
Less:		
Residual value of assets where useful life of assets is Nil (refer note 40)	9.51	-
Interim Dividend on Preference Shares paid	2.62	-
Tax on interim dividend paid	0.44	-
Proposed second interim Dividend on Preference Shares (refer note 42)	2.62	16.99
Tax on proposed second interim dividend	0.44	2.89
	408.32	234.04
<b>TOTAL</b>	<b>808.44</b>	<b>634.16</b>

**NOTE 4** LONG TERM BORROWINGS

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Secured</b>		
Term Loans from Banks & Financial Institutions	80.27	102.04
Funded Interest Term Loans (FITL)	80.76	80.75
Other loans	1.20	-
<b>TOTAL</b>	<b>162.23</b>	<b>182.79</b>

**Secured Long Term Borrowings**

- Term loan of ₹ 55.37 Crore (Previous year ₹ 63.28 Crore) and Funded interest term loan of ₹ 28.92 Crore (Previous year ₹ 28.92 Crore) from one of the bank are secured on pari passu basis by way of first charge on all the immovable properties, both present and future, by way of equitable mortgage and first charge on the entire sales proceeds of the contracts covered under the aforesaid loan to be credited to the Escrow/designated account.
- Term loan of ₹ 16.35 Crore (Previous year ₹ 18.69 Crore) from a bank, Working capital term loan of ₹ 12.74 Crore (Previous year ₹ 14.56 Crore) and Funded interest term loan of ₹ 31.06 Crore (Previous year ₹ 31.06 Crore) are secured by way of pledge of shares and also secured on pari passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. as well as by way of second charge on immovable properties pertaining to the Company.
- Working capital term loans of ₹ 17.67 Crore (Previous year ₹ 20.09 Crore) from banks and Funded interest term loans of ₹ 20.78 Crore (Previous year ₹ 20.78 Crore) are secured on pari passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. as well as by way of second charge on immovable properties of the Company.
- All the secured loans from banks are secured by Pledge of equity shares up to 51% (239700000) of new co-opted promoters.
- All the secured loans as stated above are also personally guaranteed by Managing Director of the Company and further by way of corporate Guarantee of M/s ANM Engineering and Works Pvt. Ltd.
- Other loan of ₹ 1.34 Crore (Previous Year Nil) from banks is secured by way of hypothecation of assets.

(₹ in crore)

	F.Y. 2015-2016	F.Y. 2016-2017	F.Y. 2017-2018	F.Y. 2018-2019	F.Y. 2019-2020	F.Y. 2020-2021	F.Y. 2021-2022
Other Loans	0.14	0.15	0.17	0.19	0.21	0.23	0.25



- g. Term loans and FITL are repayable in 7 years / 3 years commencing from Financial year 2012-13 / 2016-17 with rate of Interest @10% p.a. or at the rate as re-set by the lenders as detailed here in below:

(₹ in crore)

	F.Y. 2015-2016	F.Y. 2016-2017	F.Y. 2017-2018	F.Y. 2018-2019
Term Loans	21.86	21.86	29.15	29.15
FITL	-	28.59	28.59	23.57

**NOTE 5** OTHER LONG TERM LIABILITIES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
Trade Payables (Retention Money Payable)	-	0.17
<b>TOTAL</b>	<b>-</b>	<b>0.17</b>

**NOTE 6** LONG TERM PROVISIONS

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
Provision for Employees Benefits	13.78	9.43
<b>TOTAL</b>	<b>13.78</b>	<b>9.43</b>

**NOTE 7** SHORT TERM BORROWINGS

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Secured</b>		
Loans Repayable on Demand		
From Banks	39.13	33.86
<b>Unsecured</b>		
Loans Repayable on Demand		
From Body Corporates	67.36	48.01
From Banks - Vendors Bill Discounting	2.83	5.00
<b>TOTAL</b>	<b>109.32</b>	<b>86.87</b>

**Secured Short Term Borrowings**

Working capital loans from banks aggregating to ₹ 39.13 Crore (Previous year ₹ 33.86 Crore) are secured on pari passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. as well as by way of second charge on immovable properties pertaining to Wireline, Wireless and Cable divisions of the Company and further secured by way of pledge of equity shares up to 51% (239700000) of new co-opted promoters and are also personally guaranteed by Managing Director of the Company and further by way of corporate guarantee of M/s ANM Engineering & Works Pvt. Ltd.

**NOTE 8** TRADE PAYABLES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
(refer note 46)		
For Material & Services		
Micro, Small & Medium Enterprises	9.81	2.06
Others	285.02	186.68
For Expenses		
Others	12.25	5.14
<b>TOTAL</b>	<b>307.08</b>	<b>193.88</b>

**NOTE 9** OTHER CURRENT LIABILITIES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
Current maturities for Long term secured debt		
Term Loan from Banks (refer foot note 'a to f' of note no. 4)	21.86	14.57
Other loans	0.14	-
Interest accrued and due on Borrowing	6.93	8.40
Advance from Customers	52.14	188.87
Other Payables		
Retention Payable	53.97	20.96
Creditors for Capital Goods	1.16	4.06
Expenses Payable	28.14	22.08
Other Employees Dues	3.35	2.48
Statutory Dues Payable	13.04	17.35
<b>TOTAL</b>	<b>180.73</b>	<b>278.77</b>

**NOTE 10** SHORT TERM PROVISIONS

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
Provision for Employee benefits	6.33	6.26
Provision for proposed second interim dividend on preference shares	2.62	16.99
Provision for tax on proposed second interim dividend	0.44	2.89
Provision for Wealth Tax	0.02	0.03
<b>TOTAL</b>	<b>9.41</b>	<b>26.17</b>

**NOTE 11** FIXED ASSETS

(₹ in Crore)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	As at 31.03.2014	Additions	Deductions/ adjustments	As at 31.03.2015	Up to 31.03.2014	For the year	Deductions/ adjustments	Transfer to retain earnings (Note 2)	Up to 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>Tangible Assets</b>											
1. Land - Leasehold	0.82	-	-	0.82	0.17	0.01	-	-	0.18	0.64	0.65
- Freehold	2.40	-	-	2.40	-	-	-	-	-	2.40	2.40
2. Buildings - Leasehold	1.57	-	-	1.57	0.80	0.05	-	-	0.85	0.72	0.77
- Freehold	58.24	1.20	-	59.44	8.53	1.50	-	-	10.03	49.41	49.71
- Leasehold Improvements	2.25	-	2.25	-	2.25	-	2.25	-	-	-	-
3. Plant & machinery	370.53	3.74	89.20	285.07	299.12	19.38	89.06	8.86	238.30	46.77	71.41
4. Electrical installations	13.98	0.40	0.02	14.36	5.03	2.40	0.02	0.03	7.44	6.92	8.95
5. Furniture & fixtures	6.46	0.24	-	6.70	3.16	0.96	-	0.05	4.17	2.53	3.30
6. Office equipments	22.55	3.44	0.61	25.38	12.76	7.27	0.59	0.53	19.97	5.41	9.79
7. Vehicles	9.35	1.83	1.11	10.07	6.15	1.39	1.01	0.04	6.57	3.50	3.20
8. Moulds & dies	0.05	-	0.05	-	0.05	-	0.05	-	-	-	-
	488.20	10.85	93.24	405.81	338.02	32.96	92.98	9.51	287.51	118.30	150.18
<b>Intangible Assets</b>											
Computer software	4.53	1.28	-	5.81	1.61	0.97	-	-	2.58	3.23	2.92
<b>Total</b>	<b>492.73</b>	<b>12.13</b>	<b>93.24</b>	<b>411.62</b>	<b>339.63</b>	<b>33.93</b>	<b>92.98</b>	<b>9.51</b>	<b>290.09</b>	<b>121.53</b>	<b>153.10</b>
Previous year	437.79	68.75	13.81	492.73	332.48	19.85	12.70	-	339.63	153.10	105.31
Capital work-in progress										0.45	0.45

**NOTE :-**

- Gross block and Net block of fixed assets are net of provision for impairment in respect of Plant & Machinery ₹ 113.81 Crore, Electrical Installation ₹ 12.45 Crore and Office Equipments ₹ 1.24 Crore. During the year company has adjusted depreciate value of impaired assets amounting to ₹ 88.34 Crore, though there is no impact on the net block.
- Pursuant to change in requirement of schedule 2 of the Companies Act, 2013, in case where the useful life were nil as at 01.04.2014 the net residual value aggregating to ₹ 9.51 crore has been transferred to reserves & surplus account. (refer note 40)

**NOTE 12** NON CURRENT INVESTMENTS

(₹ in Crore)

	As at March 31, 2015			As at March 31, 2014		
	Face value per share/debenture	No. of shares/debentures	Amount	Face value per share/debenture	No. of shares/debentures	Amount
<b>I TRADE INVESTMENT</b>						
<b>Unquoted</b>						
<b>i) INVESTMENT IN EQUITY INSTRUMENTS</b>						
<b>Associates</b>						
Polixel Securities Systems Pvt. Ltd.	10	10,000	0.01	10	10,000	0.01
DragaonWave HFCL India Pvt. Ltd.	10	3,493,000	3.50	10	3,493,000	3.50
Exicom Tele-Systems Ltd.	10	630,223	4.33	10	630,223	4.33
Microwave Communications Ltd. (MCL) *	10	12,187,440	-	10	12,187,440	-
HFCL Bezeq Telecom Ltd.	10	100	-	10	100	-
AB Corp Ltd.#\$	10	13,300,000	165.00	-	-	-
HFCL Satellite Communications Ltd. (HSCL)	-	-	-	10	2,400,000	-
HFCL Dacom Infochek Ltd. (HDIL)	-	-	-	10	1,409,500	-
Westel Wireless Ltd.	-	-	-	10	89,700	-
			<u>172.84</u>			<u>7.84</u>
<b>Subsidiary Companies</b>						
HTL Ltd. (Refer note no. 36)	100	1,110,000	55.37	100	1,110,000	55.37
Moneta Finance Pvt. Ltd.	10	300,000	0.37	10	300,000	0.37
HFCL Advance Systems Pvt. Ltd.	10	10,000	0.01	-	-	-
			<u>55.75</u>			<u>55.74</u>
<b>Others</b>						
AB Corp Ltd.\$	-	-	-	10	13,300,000	165.00
Midas Communication Technologies Pvt. Ltd.	10	2,642	0.30	10	2,642	0.30
Pioneer.net Pvt Ltd	-	-	-	10	5,200,000	-
The Greater Bombay Co-Op Bank Ltd.	25	4,000	0.01	25	4,000	0.01
			<u>0.31</u>			<u>165.31</u>
			228.90			228.89
<b>ii) INVESTMENT IN 0% OPTIONALLY FULLY CONVERTIBLE DEBENTURES</b>						
<b>Unquoted</b>						
APJR Traders & Commission Agent Pvt. Ltd.	100	100,000	-	100	100,000	1.00
Bachawat Share Broking Pvt. Ltd.	100	147,000	-	100	147,000	1.47
Basant Marketing Pvt. Ltd.	100	2,000,000	-	100	2,000,000	20.00
Database Software & Technology Pvt. Ltd.	100	4,500,000	-	100	4,500,000	45.00
Shyam Basic Infrastructure Projects Pvt. Ltd.	100	6,434,000	64.34	100	6,434,000	64.34
Westel Wireless Ltd.	-	-	-	100	126,000	-
			<u>64.34</u>			<u>131.81</u>
Less:Provision for diminution in value			-			<u>67.47</u>
			64.34			64.34

	As at March 31, 2015			As at March 31, 2014		
	Face value per share/debenture	No. of shares/debentures	Amount	Face value per share/debenture	No. of shares/debentures	Amount
<b>iii) INVESTMENT IN ZERO COUPON OPTIONALLY CONVERTIBLE BOND</b>						
Senior Consulting Private Ltd.	1000	26,000	2.60	1000	26000	2.60
<b>iv) INVESTMENT IN COMPULSORILY CONVERTIBLE ZERO COUPON BONDS</b>						
Digivision Communications Private Limited	-	-	-	1000	687,500	68.75
<b>TOTAL</b>			<b>295.84</b>			<b>364.58</b>

\* shares pledged with IDBI Bank Ltd. as a security for the term loan given by IDBI Bank Ltd. to MCL.

# Pursuant to applicability of Sec.2(6) of Companies Act, 2013 above companies is an associate company.

\$ 6,500,000 shares pledged as security for the term loan given by Oriental Bank of Commerce (OBC) to the Company. The shares are held by OBC in their own name.

	As at March 31, 2015	As at March 31, 2014
Aggregate amount of unquoted investment	295.84	432.05
Less: Provision for diminution in value of investment	-	67.47
Aggregate amount of unquoted investment	295.84	364.58



**NOTE 13** LONG TERM LOANS & ADVANCES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Unsecured, considered good</b>		
Capital Advances	0.08	0.42
Security Deposits	2.01	2.31
<b>TOTAL</b>	<b>2.09</b>	<b>2.73</b>

**NOTE 14** OTHER NON- CURRENT ASSETS

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Unsecured, considered good</b>		
Receivables under assignment	-	56.00
<b>TOTAL</b>	<b>-</b>	<b>56.00</b>

**NOTE 15** CURRENT INVESTMENT

(₹ in Crore)

	As at March 31, 2015				As at March 31, 2014			
	Face value per share/ units	No. of shares/ units	Amount (in ₹)	Amount (in ₹)	Face value per share/ units	No. of shares/ units	Amount (in ₹)	Amount (in ₹)
<b>INVESTMENT IN EQUITY SHARES (FULLY PAID UP)</b>								
Quoted								
Sumedha Fiscal Services Ltd.	10	18,200	0.01		10	18,200	0.01	
Valiant Communications Ltd.	10	8,700	0.01		10	8,700	0.01	
Magma Fincorp Limited (Formerly known as Shrachi Securities Ltd.)	2	152,830	0.14		2	152,830	0.14	
				0.16				0.16
Unquoted								
Indo Vanilion Chemical Ltd.	10	50,000	-	-	10	50,000	-	-
<b>INVESTMENT IN UNITS (FULLY PAID UP)</b>								
Quoted								
Principal Cash Management fund - Dividend Plan	1000	193	0.02		1000	181	0.02	
				0.02				0.02
<b>TOTAL</b>				<b>0.18</b>				<b>0.18</b>

	As at March 31, 2015	As at March 31, 2014
1. Aggregate book value of investments		
-Quoted	0.18	0.18
-Unquoted	-	-
2. Aggregate market value of quoted investments	1.48	1.14

**NOTE 16** INVENTORIES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
(As Certified and valued by the management)		
Raw Materials	42.21	35.09
Raw Materials in transit	10.54	9.55
Less: Provision for Non Moving	20.50	15.57
	<b>32.25</b>	<b>29.07</b>
Work in Progress*	202.64	118.12
Less: Provision for Non Moving	6.31	6.31
	<b>196.33</b>	<b>111.81</b>
Stock-in-trade- Goods	2.01	1.12
Finished Goods	0.91	4.14
Stock-in-trade- Securities (Refer Note No. 33)	2.64	2.44
Stores and spares	1.56	1.17
Less: Provision for Non Moving	0.29	0.29
	<b>1.27</b>	<b>0.88</b>
Loose tools	0.60	0.52
Others (Packing Material)	0.03	0.01
<b>TOTAL</b>	<b>236.04</b>	<b>149.99</b>

\*Work-in-progress includes contract work-in-progress ₹ 174.10 Crore (previous year ₹ 93.82 Crore)

**NOTE 17** TRADE RECEIVABLES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Unsecured, considered good</b>		
(Debts outstanding for a period exceeding six months)		
Considered good*	74.64	69.62
Others Debts	292.78	184.89
<b>TOTAL</b>	<b>367.42</b>	<b>254.51</b>

\* Includes receivable from subsidiaries : Debts outstanding for a period exceeding six months ₹ 7.94 Crore (Previous year ₹ 10.52 Crore)

**NOTE 18** CASH & BANK BALANCES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Cash &amp; Cash equivalents</b>		
Balance with Scheduled Banks in Current Accounts	20.23	6.11
Balance with Fixed Deposit Accounts (Maturity less than 3 months)	-	-
Cheques on Hand	-	0.37
Cash on Hand	0.02	0.08
<b>Other Bank Balances*</b>		
Bank Deposits (Maturity more than 3 months, less than 12 months)	102.41	40.63
Bank Deposits with more than 12 months maturity	13.13	18.75
<b>TOTAL</b>	<b>135.79</b>	<b>65.94</b>

\* Balances in Fixed Deposit Account pledged with bank as margin money/under lien ₹ 115.54 Crore (previous year ₹ 54.92 Crore).

**NOTE 19** SHORT TERM LOANS AND ADVANCES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Unsecured, considered good</b>		
Advances to Related Parties		
Subsidiary Companies	63.01	63.04
Others	1.42	-
Other Loans and Advances		
Security Deposits	2.48	1.89
Advances Recoverable in cash or in kind or for value to be received	26.88	34.90
Advance tax/TDS (net of tax)	47.63	51.64
MAT credit entitlement	70.40	43.68
Loans to body corporate	3.00	3.00
Advances to Vendors	365.37	316.01
Balance with Central Excise & Customs authorities	8.31	10.12
	588.50	524.28
<b>Unsecured, considered doubtful</b>		
Loans to non-body corporate	6.00	6.00
Less : Provision for doubtful advances	6.00	6.00
	-	-
<b>TOTAL</b>	<b>588.50</b>	<b>524.28</b>

**NOTE 20** OTHER CURRENT ASSETS

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
Interest Receivable	22.59	20.83
Receivable under assignment	25.00	24.00
<b>TOTAL</b>	<b>47.59</b>	<b>44.83</b>

**NOTE 21** REVENUE FROM OPERATIONS

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
Sale of Products	634.30	385.97
Sale of Services	1,976.96	1,671.30
	<b>2,611.26</b>	2,057.27
Less: Excise Duty	60.18	38.49
<b>TOTAL</b>	<b>2,551.08</b>	<b>2,018.78</b>

**NOTE 22** OTHER INCOME

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
Interest (Gross)		
On fixed deposits (TDS ₹ 0.43 Crore ; previous year ₹ 0.28 Crore)	6.84	4.34
Others	4.58	1.82
Excess Provisions Written Back	0.12	3.89
Profit on sale of assets (net)	0.24	-
Excise/Sales tax Claims received	-	0.26
Recovery of debts, loans & advances earlier written off	5.42	0.75
Exports Incentives	1.04	0.48
Rent received	0.63	0.37
Dividends on investments	0.01	1.34
Miscellaneous income	1.17	0.44
<b>TOTAL</b>	<b>20.05</b>	<b>13.69</b>

**NOTE 23** COST OF MATERIALS CONSUMED

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
Opening Balance	35.09	31.84
Add : Purchases during the year	386.26	261.24
	421.35	293.08
Less: Closing Stock	42.21	35.09
	<b>379.14</b>	<b>257.99</b>

**NOTE 24** CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
<b>Opening Stock</b>		
Finished Goods	4.14	0.04
Work in Progress	118.13	15.00
Stock-in-Trade - Goods	1.12	-
Stock-in-Trade - Securities	2.44	2.82
	125.83	17.86
<b>Less: Closing Stock</b>		
Finished Goods	0.91	4.14
Work in Progress	202.64	118.13
Stock-in-Trade - Goods	2.01	1.12
Stock-in-Trade - Securities	2.64	2.44
	208.20	125.83
<b>CHANGE IN INVENTORIES</b>	<b>(82.37)</b>	<b>(107.97)</b>

<b>NOTE 25 EMPLOYEE BENEFITS EXPENSE</b>		(₹ in Crore)	
	<b>Figures for the year ended March 31, 2015</b>	<b>Figures for the year ended March 31, 2014</b>	
Salaries, wages and bonus	188.45	179.47	
Contribution to provident & other funds	9.48	7.82	
Welfare expenses	7.51	8.14	
<b>TOTAL</b>	<b>205.44</b>	<b>195.43</b>	

<b>NOTE 26 FINANCE COSTS</b>		(₹ in Crore)	
	<b>Figures for the year ended March 31, 2015</b>	<b>Figures for the year ended March 31, 2014</b>	
Interest expenses (Refer Note No. 32)	35.48	28.31	
Bank charges	7.22	4.83	
<b>TOTAL</b>	<b>42.70</b>	<b>33.14</b>	

<b>NOTE 27 OTHER EXPENSES</b>		(₹ in Crore)	
	<b>Figures for the year ended March 31, 2015</b>	<b>Figures for the year ended March 31, 2014</b>	
<b>Manufacturing &amp; Turnkey activities expenses</b>			
Consumption of packing material	12.62	7.88	
Consumption of stores and spare parts	3.24	2.48	
Loose tools written off	0.23	0.20	
Power, fuel and water charges	5.31	4.70	
Repairs to buildings	0.12	0.07	
Repairs to machinery	0.50	0.21	
Other repairs	1.03	0.57	
Insurance charges	4.52	3.69	
<b>Administrative &amp; other Expenses</b>			
Rent	6.31	7.34	
Rates and taxes	0.46	0.75	
Auditors' remuneration			
Audit fees	0.62	0.51	
In other capacity	0.20	0.14	
Out of pocket expenses	0.03	0.02	
Legal and professional charges	14.06	12.16	
Communication expenses	7.76	6.34	
Travelling, conveyance and vehicle expenses	145.11	78.30	
Directors' fees	0.09	0.05	
Charity & Donation	0.69	1.01	
Increase/(decrease) in excise duty on finished goods	(0.41)	0.51	
Miscellaneous expenses	13.13	14.51	
Selling and Distribution	7.33	4.32	
Provision for Inventories	4.94	2.40	
Liquidated damages	3.15	1.12	
Foreign exchange fluctuations	1.05	3.31	
Corporate Social Responsibility Expenses (refer note No. 47)	1.25	-	
Loss on sale / write off of fixed assets	-	1.07	
Prior Period Items	(0.01)	-	
<b>TOTAL</b>	<b>233.33</b>	<b>153.66</b>	



<b>NOTE 28</b> CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:		(₹ in Crore)	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	
(a) Unexpired Letters of Credit (margin money paid ₹ 53.02 Crore ; Previous year ₹ 7.61 Crore)	44.75	26.54	
(b) Guarantees given by banks on behalf of the Company (margin money kept by way of fixed deposits ₹ 61.99 Crore ; Previous year ₹ 15.79 Crore)	102.00	56.03	
(c) Counter Guarantees given by the Company to the financial institutions/banks for providing guarantees on behalf of companies promoted by the Company.	20.16	20.16	

<b>NOTE 29</b>		(₹ in Crore)	
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.03	0.27	

<b>NOTE 30</b>		(₹ in Crore)	
Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest ₹ 0.66 Crore shown as advance)	7.89	4.13	
(a) The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.			
(b) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.			
(c) As at March 31, 2015 the Company did not have any outstanding term derivative contracts.			

<b>NOTE 31</b> DIRECTORS' REMUNERATION INCLUDING MANAGING DIRECTOR (EXCLUDING PROVISION FOR GRATUITY)		(₹ in Crore)	
	<b>2014 - 2015</b>	<b>2013 - 2014</b>	
(i) Salaries	1.51	1.19	
(ii) Contribution to provident fund	0.18	0.14	
(iii) Perquisites and allowances	1.08	0.94	
	<b>2.77</b>	<b>2.27</b>	

<b>NOTE 32</b> Interest charges on loans is net of Interest income from loans and advances amounting to ₹ 0.85 Crore (Previous year ₹ 0.43 Crore).	

<b>NOTE 33</b> STOCK IN TRADE - SECURITIES INCLUDE EQUITY SHARES OF THE FOLLOWING COMPANIES:		(₹ in Crore)			
	<b>As at March 31, 2015</b>		<b>As at March 31, 2014</b>		
	Qty	Amount(₹)	Qty	Amount	
Adinath Bio Labs Ltd.	6,408,000	0.12	6,408,000	0.12	
Granules India Ltd.	1,000,000	0.32	100,000	0.32	
Manvens Biotech Ltd.	17,000	-	17,000	-	
Media Matrix Worldwide Ltd.	4,750	-	4,750	-	
Optimates Textile Ltd.	1,302,500	0.27	1,302,500	0.27	
Rashel Agrotech Ltd.	478,500	0.04	478,500	0.08	
Sahara India Media and Entertainment Ltd.	250,950	1.89	250,950	1.65	
		<b>2.64</b>		<b>2.44</b>	

**NOTE 34** The disclosures as per the Accounting Standard 7 on 'Construction Contracts' issued by The Institute of Chartered Accountants of India are as under:

	2014-2015	2013-2014
Contract revenue recognized as revenue in the year / period	1,933.72	1,665.39
Aggregate amount of costs incurred and profit up to the reporting date on the contract under progress	2,082.77	1,759.21
Advance received on contract under progress	51.87	49.39
Retention amounts on contract under progress	-	-
Gross amount due from customers for the contract work as on assets	174.10	93.82
Gross amount due to the customers for contract work as a liability	-	-

**NOTE 35** (a) Debt of the Company were earlier restructured under Corporate Debt Restructuring (CDR) mechanism in April 2004 which was subsequently modified in June 2005 with cut-off date as April 1, 2005. CDR Empowered Group at its meeting held on February 9, 2011 has approved the Rework Package of the Company with the cut off date as 1st January 2011 and communicated its sanction vide their letter No. BY CDR(JCP)/No 8643/2010-11 dated March 29, 2011. The Rework Package includes inter-alia reduction in the existing rate of interest, re-schedulement for repayment of loans, conversion of overdue interest into funded interest term loan (FITL), conversion of Zero Coupon Premium Bonds (ZCPB's), part of their premium and part of working capital loans into Equity, conversion of part of working capital loan into working capital term loan (WCTL), waiver of unpaid dividend on preference shares, waiver of penal interest etc. The conditions as stipulated by CDR EG while sanctioning Rework Package have been complied with by the Company. Accordingly, the impact of the rework package has been considered in the Financial Statements.

(b) Subsequent to the implementation of Rework Package, lenders have reset the rate of interest on certain loans in view of improved performance of the Company.

(c) Further, lenders have the right to claim recompense from the Company on account of various sacrifices & waivers made by them in the CDR Rework Package. The amount of recompense and the manner of repayment shall be ascertained upon exit from CDR mechanism by the Company.

**NOTE 36** Pursuant to the disinvestment by the Government of India, the Company had acquired 11,10,000 equity shares of ₹ 100/- each of HTL Limited representing 74% of its equity capital at total consideration of ₹ 55.00 crore in terms of Shareholders Agreement dated October 16, 2001. The above consideration paid by the Company is subject to post closing adjustments on account of difference in net worth of HTL Limited as on March 31, 2001 and as on the date of purchase of shares in terms of Share Purchase Agreement dated 16.10.2001. The Company has submitted its claim on account of Closing Date Adjustment to the Government in respect of such reduction in net assets of HTL Limited which has not been settled by the Government. Due to this, the Company has invoked the provisions of the Share Purchase Agreement for settlement of dispute by Arbitration. The Hon'ble Arbitral Tribunal has since given the award in favour of the Company on October 12, 2007 upholding the claim of the Company on account of the above to the extent of ₹ 55.00 Crore and interest from the date of award till actual date of payment. The said award has been upheld by the single Judge of Hon'ble High Court of Delhi on 5th December, 2012 and again by the Division Bench on February 25, 2013. SLP filed by DoT against order of Division Bench of the Hon'ble High Court of Delhi was also dismissed on 01/11/2013 by Supreme Court of India. The Review Petition filed by DoT also dismissed on January 16, 2014 by the Hon'ble Supreme Court of India. The Company has filed execution petition for non payment on May 7, 2015 which has been admitted and notice has been issued to DoT. Final adjustment shall be made after disposal of execution petition.

**NOTE 37** In accordance with the Company's Policy, the Company has reviewed the outstanding receivables and has written off a sum of ₹ 58.72 Crore during the year as bad, which in the opinion of the Management is adequate.

**NOTE 38** During the year, Company has recognised the following amounts in the financial statements as per Accounting Standard 15 (Revised) "Employees Benefits" issued by the ICAI:

**(a) Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognised are charged off for the year as under:

	For the year ended March 31, 2015	For the year ended March 31, 2014
Employer's Contribution to Provident Fund	6.05	5.82
Employer's Contribution to Pension Scheme	2.44	1.35

**(b) Defined Benefit Plan**

The employees' gratuity fund scheme is partially managed by HDFC Standard Life Insurance Company Limited which is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation and the obligation for leave encashment is recognised in the same manner as gratuity.

**(₹ in Crore)**

	Gratuity (Funded)		Leave Encashment	
	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Actuarial assumptions</b>				
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy)				
Discount rate (per annum)	8.75%	8.75%	7.75%	8.75%
Rate of increase in Compensation levels	8.00%	8.00%	7.75%	8.75%
Rate of Return on plan assets	9.31%	8.60%	N.A.	N.A.
Average remaining working lives of employees (Years)	-	-	16.78	16.92

**Table showing changes in present value of obligations:**

Present value of obligation as at the beginning of the year	6.97	5.23	9.74	4.47
Acquisition adjustment	Nil	Nil	Nil	Nil
Interest Cost	0.65	0.43	0.85	0.36
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Current Service Cost	2.35	1.64	4.35	5.57
Curtailement cost / (Credit)	Nil	Nil	Nil	Nil
Settlement cost /(Credit)	Nil	Nil	Nil	Nil
Benefits paid	(0.97)	Nil	(1.29)	(1.14)
Actuarial (gain)/ loss on obligations	1.94	(0.32)	(3.26)	0.50
Present value of obligation as at the end of the period	10.94	6.98	10.39	9.76

**Table showing changes in the fair value of plan assets:**

Fair value of plan assets at beginning of the year	1.03	0.96	Nil	Nil
Acquisition adjustments	Nil	Nil	Nil	Nil
Expected return of plan assets	0.10	0.08	N.A.	N.A.
Employer contribution	Nil	Nil	Nil	Nil
Benefits paid	Nil	Nil	Nil	Nil
Actuarial gain/ (loss) on obligations	0.10	(0.01)	Nil	Nil
Fair value of plan assets at year end	1.23	1.03	Nil	Nil

**Table showing actuarial gain /loss - plan assets:**

Actual return of plan assets	0.10	(0.07)	Nil	Nil
Expected return on plan assets	0.10	0.08	Nil	Nil
Excess of actual over estimated return on plan assets	Nil	Nil	Nil	Nil
Actuarial (gain)/ loss-plan assets	0.20	0.01	Nil	Nil

**Actuarial Gain / loss recognised**

Actuarial (gain) / loss for the period - Obligation	1.94	(0.32)	(3.26)	0.50
Actuarial (gain) / loss for the period - Plan assets	(0.10)	0.01	Nil	Nil
Total (gain) / loss for the period	1.84	(0.31)	(3.26)	0.50
Actuarial (gain) / loss recognized in the period	1.84	(0.31)	(3.26)	0.50
Unrecognised actuarial (gains) / losses at the end of the period	Nil	Nil	Nil	Nil

**The amounts to be recognized in Balance Sheet and Statement of Profit and Loss:** (₹ in Crore)

	Gratuity (Funded)		Leave Encashment	
	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2015	For the year ended March 31, 2014
Present value of obligation as at the end of the period	10.94	6.98	10.39	9.76
Fair value of plan assets as at the end of the period	1.23	1.03	Nil	Nil
Funded Status	(9.71)	(5.94)	(10.39)	(9.76)
Unrecognised actuarial (gains) / losses	Nil	Nil	Nil	Nil
Net asset / (liability) recognised in Balance Sheet	(9.71)	(5.94)	(10.39)	(9.76)

**Expenses recognised in Statement of Profit and Loss :**

Current service cost	2.35	1.64	4.35	5.57
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Interest Cost	0.65	0.43	0.85	0.36
Expected return on plan assets	(0.10)	(0.08)	Nil	Nil
Curtailement and settlement cost /(credit)	Nil	Nil	Nil	Nil
Net Actuarial (gain)/ loss recognised in the period	1.84	(0.31)	(3.26)	0.50
Expenses recognised in the Statement of Profit and Loss	4.74	1.68	1.94	6.43

**Investment Details**

HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy

**Note:** The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

**NOTE 39** The Company has carried out Impairment Test of Fixed Assets as on 31.03.2015 and the Management is of the opinion that there is no asset for which impairment is required to be made as per accounting Standard -28 on Impairment of Assets issued by the ICAI. (Previous year ₹ Nil)

**NOTE 40** Pursuant to requirements of Schedule II of the Companies Act, 2013 (the 'Act') Company has revised the depreciation rates as prescribed under the Schedule II of the Act w.e.f. 1<sup>st</sup> April, 2014. In case of fixed assets where the useful life was nil as at 01.04.2014, the Company has adjusted the net residual value aggregating to ₹9.51Crore from retained earning. Further due to change in life of the assets according to Schedule II of the Act, the depreciation for the year is lower and profit for the year is higher by ₹3.46 Crore.

**NOTE 41** Lease payments under cancellable operating leases have been recognized as an expense in the Statement of profit & loss. Maximum obligation on lease amount payable as per rentals stated in respective agreements are as follows:-

(₹ in Crore)

	Financial Year ended March 31, 2015	Financial Year ended March 31, 2014
Not later than one year	3.26	3.89
Later than one year but not later than five years	8.41	11.01
More than five years	1.03	1.37

**NOTE 42** During the year, the Company has paid first interim dividend of ₹3.25/- per Cumulative Redeemable Preference Share (CRPS) of par value ₹100/- each for the year 2014-15. Further Company has proposed second interim dividend of ₹ 3.25/- per CRPS of par value of ₹100/- each for the year 2014-15. Thus, the total dividend for the financial year is ₹ 6.50/-per CRPS of ₹100/- each.

**NOTE 43** As required by Accounting Standard 18 "Related Party Disclosures"

## i. Name and description of related parties.

Relationship	Name of Related Party
(a) Subsidiaries:	HTL Ltd. Moneta Finance Pvt. Ltd. HFCL Advance Systems Pvt. Ltd. (w.e.f. 23.02.2015)
(b) Associates:	Microwave Communications Ltd. Exicom Tele-systems Ltd. HFCL Satellite Communications Ltd (up to 30.03.2015) HFCL Dacom Infochek Ltd (HDIL) (up to 26.03.2015) HFCL Bezeq Telecom Ltd Westel Wireless Ltd (up to 31.03.2015) AB Corp Ltd.\$ Polixel Security Systems Pvt. Ltd. DragonWave HFCL India Pvt. Ltd.
(c) Key management personnel:	Mr. Mahendra Nahata (Managing Director) Mr. Arvind Kharabanda (Director Finance) Mr. V. R. Jain (Chief Finance Officer) Mr. Manoj Baid (Company Secretary)

\$ Pursuant to applicability of Sec.2(6) of Companies Act, 2013 above company is an associate company.

**Note:** Related party relationship is as identified by the Company and relied upon by the auditors.

## ii. Nature of transactions - The transactions entered into with the related parties during the year along with related balances as at 31st March, 2015 are as under:

(₹ in Crore)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Purchases/receiving of Goods & Materials		
Exicom Tele-systems Ltd.	0.06	0.01
Polixel Security Systems Pvt. Ltd.	0.05	0.51
Purchases/receiving of Services		
Exicom Tele-systems Ltd.	5.06	-
Sales/rendering of Goods and Materials		
HTL Ltd.	0.26	-
Polixel Security Systems Pvt. Ltd.	0.26	0.02
Sales/rendering of Services		
Exicom Tele-systems Ltd.	1.12	0.99
DragonWave HFCL India Pvt. Ltd.	0.01	-
Fixed Assets		
HTL Ltd.	0.27	-
Income - Rent /Other expenses		
Exicom Tele-systems Ltd.	-	0.04
Polixel Security Systems Pvt. Ltd.	0.21	0.12
Expenses - Rent /Other expenses		
HTL Ltd.	0.06	0.06
Advances		
HTL Ltd.	-	5.10
Moneta Finance (P) Ltd.	0.02	0.13
Exicom Tele-systems Ltd.	1.42	-
Outstanding - Payable (net)		
HTL Ltd.	1.47	1.41
Exicom Tele-systems Ltd.	0.08	-
Polixel Security Systems Pvt. Ltd.	-	0.07



(₹ in Crore)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Receivables		
HTL Ltd.	70.51	(73.09)
Moneta Finance Pvt. Ltd.	1.90	(1.89)
Exicom Tele-systems Ltd.	2.72	(0.81)
Polixel Security Systems Pvt. Ltd.	0.24	-
DragonWave HFCL India Pvt. Ltd.	0.01	-
Guarantees and collaterals		
Microwave Communications Ltd.	13.66	13.66
Exicom Tele-systems Ltd.	6.50	6.50
Remuneration of Key Management Personnel's		
Mr. Mahendra Nahata	2.14	1.63
Mr. Arvind Kharabanda	0.63	0.64
Mr. V. R. Jain	0.68	0.51
Mr. Manoj Baid	0.23	0.28

## NOTE 44 SEGMENT REPORTING

### (a) Primary segment information

The Company's operations primarily relates to manufacturing of telecom products, executing turnkey contracts and providing services relating thereto. Accordingly segments have been identified in line with Accounting Standard on Segment Reporting 'AS-17'. Telecom products and Turnkey contracts and services are the primary business segments. Details of business segments are as follows:

(₹ in Crore)

	Business Segments				Total	
	Telecom Products		Turnkey Contracts and Services		Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Segment Revenue</b>						
Turnover (Net of Excise duty)	565.74	347.48	1,985.34	1,671.30	2,551.08	2,018.78
<b>Segment Result</b>	13.05	(57.05)	268.53	237.20	281.58	180.15
Unallocated Finance charges					42.70	33.14
Unallocated expenses					49.18	0.85
Unallocated Income					(0.21)	(1.34)
Profit before tax					189.91	147.50
Income tax (net)					0.02	0.03
Profit after tax					189.89	147.47
<b>Other Information</b>						
Segment assets	572.03	559.21	720.16	498.29	1,292.19	1,057.50
Unallocated other assets					503.24	559.18
Total assets	572.03	559.21	720.16	498.29	1,795.43	1,616.68
Segment liabilities	279.19	252.29	327.36	333.40	606.55	585.69
Unallocated other liabilities					176.00	192.39
Total liabilities	279.19	252.29	327.36	333.40	782.55	778.08
Depreciation	27.63	15.83	6.30	4.02	33.93	19.85
Capital Expenditure	8.89	41.48	3.14	6.08	12.03	47.56
Non-cash expenses other than Depreciation	58.71	90.75	0.01	2.92	58.72	93.67

### (b) Secondary segment information

The Company caters mainly to the needs of Indian market and the export turnover being 1.40% (Previous year 0.72%) of the total turnover of the Company, there are no reportable geographical segments.

**NOTE 45** DEFERRED TAX

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), issued by the Institute of Chartered Accountants of India, on conservative basis, deferred tax assets have not been accounted for in the books, in view of carry-forward losses and unabsorbed depreciation, estimation of future taxable profits cannot be made with virtual certainty supported by convincing evidences, against which such deferred tax assets would be realized.

**NOTE 46** Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :

(₹ in Crore)

Particulars	As at March 31, 2015	As at March 31, 2014
a. Principal amount due	9.81	2.06
Interest due on above	0.05	0.03
b. Interest paid during the period beyond the appointed day	Nil	Nil
c. Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
d. Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act	Nil	Nil

**Note:** The above information and that given in Note No. 8 'Trade Payables' regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.

**NOTE 47** CORPORATE SOCIAL RESPONSIBILITY EXPENSES:

Gross amount to be spent by the Company during the year		1.24
Amount spent during the year:		
Contribution on acquisition of assets	-	-
On other purposes	1.25	1.25

**NOTE 48** EARNING PER SHARE (EPS)- IN ACCORDANCE WITH THE ACCOUNTING STANDARD (AS-20)

(₹ in Crore)

	Year ended March 31, 2015	Year ended March 31, 2014
a. Basic & Diluted Earnings per share before extra ordinary items		
Profit /(Loss) after tax	189.91	147.48
Less: Preference dividend	5.23	5.23
Profit attributable to ordinary shareholders	184.68	142.25
Weighted average number of ordinary shares (used as denominator for calculating basic EPS)	1,239,377,194	1,239,377,194
Weighted average number of ordinary shares (used as denominator for calculating diluted EPS)	1,239,377,194	1,239,377,194
Nominal value of ordinary share	₹ 1	₹ 1
Earning per share basic	₹ 1.49	₹ 1.15
Earning per share diluted	₹ 1.49	₹ 1.15

(₹ in Crore)

	Year ended March 31, 2015	Year ended March 31, 2014
b. Basic & Diluted Earning per share after extra ordinary items		
Profit /(Loss) after tax	189.91	147.48
Less: Preference dividend	5.23	5.23
Profit attributable to ordinary shareholders	184.68	142.25
Weighted average number of ordinary shares (used as denominator for calculating basic EPS)	1,239,377,194	1,239,377,194
Weighted average number of ordinary shares (used as denominator for calculating diluted EPS)	1,239,377,194	1,239,377,194
Nominal value of ordinary share	₹ 1	₹ 1
Earning per share basic	₹ 1.49	₹ 1.15
Earning per share diluted	₹ 1.49	₹ 1.15

**NOTE 49** Details of business advances outstanding from Subsidiary for the year ended 31st March, 2015 - Disclosure required under Clause 32 of the Listing Agreement.

(₹ in Crore)

Subsidiary Company	Outstanding as at		Maximum amount outstanding during the year	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
HTL Ltd	62.57	61.16	62.57	62.57
Moneta Finance (P) Ltd.	1.91	1.89	1.91	6.35

**NOTE 50** DERIVATIVE INSTRUMENTS

a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy, which provides principles on the use of such forward contracts consistent with Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

b) Details of outstanding Hedging Contracts

Derivative Contracts	as at March 31, 2015		as at March 31, 2014	
	Amount in foreign Currency	Equivalent ₹ in crore	Amount in foreign Currency	Equivalent ₹ in crore
USD/INR	-	-	0.15	9.01

**Note :** Subsequently Company has taken forward contracts on 24.04.2015 of ₹ 1,35,01,461/- (US\$ 2,15,710)

c) Foreign Currency exposure

Derivative Contracts		as at March 31, 2015		as at March 31, 2014	
		Amount in foreign Currency	Equivalent ₹ in crore	Amount in foreign Currency	Equivalent ₹ in crore
Trade payable	USD/INR	0.25	15.60	0.40	24.26
	AED/INR	0.02	0.37	-	-
Trade receivable	USD/INR	0.11	6.79	0.06	3.71
	EUR/INR	0.01	0.70	-	-

**NOTE 51** Previous years figures have been regrouped/reclassified wherever necessary and the figures have been rounded off to the nearest rupee.

**NOTE 52** VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL AND STORES & SPARES CONSUMED

(₹ in Crore)

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	%	Value	%	Value
(a) Raw materials				
Imported	38	142.98	47	121.97
Indigenous	62	236.16	53	136.02
	100	379.14	100	257.99
(b) Component/Material purchased				
Imported	38	27.36	100	15.93
Indigenous	62	44.26	0	-
	100	71.62	100	15.93
(c) Stores & spares				
Imported	20	0.64	22	0.55
Indigenous	80	2.60	78	1.93
	100	3.24	100	2.48

**NOTE 53** VALUE OF IMPORTS ON CIF BASIS

Raw material & components	166.75	139.02
Stores & spares	2.19	0.48
Capital goods	0.81	10.90

**NOTE 54** EXPENDITURE IN FOREIGN CURRENCY

(On payment basis)		
Exp. - Travelling, Subscription & others	1.00	0.71

**NOTE 55** EARNINGS IN FOREIGN EXCHANGE

Commission received	-	0.03
FOB Value of export	34.21	14.52

As per our report of even date attached

For **Khandelwal Jain & Co.**  
Firm Regn. No. 105049W  
Chartered Accountants

**M P Shukla**  
**Mahendra Nahata**  
**Arvind Kharabanda**

For and on behalf of the Board

Chairman  
Managing Director  
Director (Finance)

**(Manish Singhal)**  
Partner  
M.No. 502570

**V. R. Jain**  
Chief Finance Officer

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

New Delhi, 18<sup>th</sup> May, 2015New Delhi, 18<sup>th</sup> May, 2015

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF

### HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

#### 1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Himachal Futuristic Communications Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements" (CFS)).

#### 2. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes

evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

#### 4. Basis for Qualified Opinion

(a) *In the case of the subsidiary, HTL Ltd., as mentioned in Note No. 39 (i) and (ii) in the Notes forming part of CFS, the Subsidiary has become a Sick Industrial Company due to erosion of its net worth and its current liabilities exceed its current assets by Rs. 1,079,975,000 (Previous year Rs. 2,250,050,442) as on balance sheet date. Further, the Company has overdue loans from Government of India amounting to Rs. 62,420,000 (Previous year: Rs. 62,420,000) and interest accrued and due thereon of Rs. 256,566,000 (Previous year: Rs. 241,545,000). The turnover during the period ended, 31<sup>st</sup> March, 2015 is Rs. 21,849,000 (Previous Year: Rs. 6,266,000). These factors, along with other matters as set forth in the said notes, raise doubt that the Company will be able to continue as a going concern. The Company is in the process of restructuring/revival of its business under the aegis of BIFR and is in process of submitting revival scheme. In view of the management's expectation of the successful outcome of above proposals and revival of its business, the financial statements have been prepared on a going concern basis. However, in view of the above uncertainties, we are unable to comment on the ability of the Company to continue as a 'going concern' and the consequential adjustments to the accompanying financial statements, if any, that might have been necessary had the financial statements been prepared under liquidation basis.*

(b) *In the case of the subsidiary, HTL Ltd., as mentioned in Note 39 (v) in the notes forming part of CFS, the Subsidiary has not made the provision of interest on short term borrowings amounting to Rs. 30,855,000 on account of pending settlement with the lenders. Accordingly, finance cost would have been increased by Rs. 30,855,000 and profit for the year and shareholders' fund would have been reduced by Rs. 30,855,000.*

#### 5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above*, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31<sup>st</sup> March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### 6. Other Matters

(a) The Company's Board of Directors had approved the CFS for the financial year ended 31<sup>st</sup> March, 2015 in its meeting held on 18<sup>th</sup> May, 2015 and we have issued our report thereon dated 18<sup>th</sup> May, 2015 which contain the qualification that in respect of investment in one of the associates no adjustment has been made in respect of Group's share of net profit/loss, as the financial statements/information of the said associate was not received by the company. As explained in Note no 48 of notes forming part of CFS, the Management has now received the audited financial statement of said associate and has revised CFS after recognizing the effect of investment in the said associate in accordance with Accounting Standard 23 "Accounting of Investment in Associates in Consolidated Financial Statements". Accordingly, we are issuing this



revised report on revised CFS for the financial year ended 31<sup>st</sup> March, 2015 in supersession of our Report dated 18<sup>th</sup> May, 2015, which hereby stands withdrawn only for this purpose. We have received an undertaking from the management that the fact of supersession of earlier Report dated 18<sup>th</sup> May, 2015 shall be brought to the attention of all the recipients of such Report and shall be replaced to this extent with these revised CFS and revised report.

- (b) We did not audit the financial statements of one subsidiary whose financial statements information reflect total assets of Rs. 28,565,425 as at 31<sup>st</sup> March, 2015, total revenues of Rs. 480,000 and net cash flows amounting to Rs. (74,354) for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 10,280,202 for the year ended 31<sup>st</sup> March, 2015, as considered in the consolidated financial statements, in respect of one associate, whose financial statement have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate is based solely on the report of the other auditor.
- (c) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 100,824 as at 31<sup>st</sup> March, 2015, total revenues of Rs. Nil and net cash flows amounting to Rs. 89,012 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 92,272,162 for the year ended 31<sup>st</sup> March, 2015, as considered in the consolidated financial statements, in respect of five associates. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the unaudited financial statements certified by the Management.

## 7. Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies and associate companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. This does not include the matters in respect of subsidiary and associates referred to in paragraph 6(c) above.
- As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - We have sought and, *except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above*, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - In our opinion, *except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above*, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so

far as it appears from our examination of those books and the reports of the other auditors.

- The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- In our opinion, *except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above*, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- The matters described in paragraph 4(a) and (b) above, the Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Group.*
- On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the other directors of the Group's companies, its associate companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- The qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion paragraph above.*
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above*, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates- Refer Note 29, 33 & 39(iv)(b) to the consolidated financial statements.
  - Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above*, the Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts- Refer Note 29(b) and (c) to the financial statements;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate companies incorporated in India.
- Statement of non banking financial companies: In the case of the subsidiary, Moneta Finance Private Limited-
  - The subsidiary is registered with RBI and the certificate number is B-06.00384 dated 20/12/2000.
  - a) The board of directors have passed resolution for non acceptance of public deposits;
  - b) The subsidiary has not accepted any public deposits during the year.
  - The subsidiary has complied with the norms of income recognition accounting standard etc, as applicable to it.

For **KHANDELWAL JAIN & Co**  
Chartered Accountants  
Firm's Registration No. 105049W

**(Manish Singhal)**  
Partner  
Membership No. 502570

Place: New Delhi  
Date: 17<sup>th</sup> August, 2015

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 7(1) of the Auditors' Report of even date to the Members of **Himachal Futuristic Communications Limited** on the accounts for the period ended 31<sup>st</sup> March, 2015;

- i. (a) The Holding Company and subsidiary HTL Limited has maintained proper records showing full particulars including quantitative details and situations of its Fixed Assets. In case of subsidiary Moneta Finance Private Limited, the subsidiary does not have any fixed assets as reported by the management. So, no records to fixed assets are required to be maintained.
- (b) In the case of Holding Company and subsidiary HTL Limited, all fixed assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification. In case of subsidiary Moneta Finance Private Limited, the subsidiary this clause is not applicable.
- ii. (a) In the case of Holding Company and subsidiary HTL Limited, as per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable. In case of subsidiary Moneta Finance Private Limited, the subsidiary does not hold any stock of inventory as reported by the management. So, physical verification as regards to inventory is not applicable.
- (b) In the case of Holding Company and subsidiary HTL Limited, in our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In case of subsidiary Moneta Finance Private Limited, the subsidiary this clause is not applicable.
- (c) In the case of Holding Company and subsidiary HTL Limited, the Company is maintaining proper records of Inventory. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account. In case of subsidiary Moneta Finance Private Limited, the subsidiary this clause is not applicable.
- iii. In the case of Holding Company and subsidiary HTL Limited, as per the information furnished, the Companies has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a) and (b) of the Order are not applicable.
- (a) In case of subsidiary Moneta Finance Private Limited, the subsidiary has granted loan of Rs. 1,750,000 to M/s Classic Services. The loan became substandard asset on 30.09.2010. During the year no interest income has been recognized on account of loan given to M/s Classic Services as the party has not been able to pay any interest during last five year.
- (b) In case of subsidiary Moneta Finance Private Limited, steps have been taken by the company to recover the above outstanding principal and interest.
- iv. In the case of Holding Company and subsidiary HTL Limited, in our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and Fixed Assets and for the sale of goods and services. During the course of our audit no major weaknesses has been noticed in the internal controls. In case of subsidiary Moneta Finance Private Limited, the subsidiary this clause is not applicable.
- v. In the case of Holding Company and subsidiary HTL Limited, the Companies has not accepted any deposits within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. In case of subsidiary Moneta Finance Private Limited, the subsidiary is a Non Banking Finance Company registered with RBI so the provisions of section 73 to 76 are not applicable to the subsidiary.
- vi. In the case of Holding Company, we have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts have been made and maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. In case of subsidiaries HTL Limited and Moneta Finance Private Limited, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the products of the company.
- vii. (a) According to the information and explanations given to us and records examined by us, the Holding Company has been regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income-tax, VAT, service tax, excise duty and other material statutory dues, *though there have been a slight delay in a few cases*. According to the information and explanations given to us no undisputed arrears of statutory dues were outstanding as at 31<sup>st</sup> March, 2015 from the date they become payable. *In case of subsidiaries HTL Limited, the subsidiary has generally been regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income-tax, VAT, service tax, excise duty and other material statutory dues, though there have been a slight delay in a few cases. According to the information and explanations given to us and as certified by the management, undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax/VAT, excise duty and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:*

Sl. No.	Name of the Statute	Nature of Dues	Amounts in Rs.	Due Date
1	Income Tax Act	Tax Deducted at source	3,658,000	Various Dates

In the case of subsidiaries Moneta Finance Private Limited, the subsidiary was generally regular in depositing dues in respect of Employees Provident Fund, Employees State Insurance Fund, Income Tax and other statutory dues (whichever applicable) with the appropriate authority during the year. There are no disputed amounts due in respect of income tax, wealth tax, sales tax, excise duty, Employees Provident fund, Employees state insurance

fund and other statutory dues at the end of the year.

- (b) In the case of Holding Company, according to the records of the Company, the dues of Sales Tax/VAT, Income Tax, Excise Duty and Service Tax which has not been deposited on account of disputes and the forum where the dispute is pending, are as under:

Name of the Statute	Nature of the dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending
1. Sales Tax Act	Sales Tax	18,742,719	1997-1998 & 1998-1999	Hon'ble High Court of Punjab & Haryana.
2. Value Added Tax Act	VAT	19,476,838	2009-2010 & 2010-2011	Addl. Commissioner, Department of Trade & Taxes, New Delhi
3. Income Tax Act	Income Tax	10,000	2001-2002 to 2006-2007	Income tax Appellate Tribunal, New Delhi
4. Central Excise Act	Excise Duty	24,380,673	2003-2004 & 2004-2005	Central Excise and Service Tax Appellate Tribunal, New Delhi
5. Service Tax	Service Tax	1,397,894	2006-2007 & 2007-2008	Central Excise and Service Tax Appellate Tribunal, New Delhi
6. Central Excise Act	Excise Duty	82,17,348	2006-2007	Central Excise and Service Tax Appellate Tribunal, Mumbai

In the case of subsidiaries HTL Limited and Moneta Finance Private Limited, there are no disputed amounts due in respect of income tax, wealth tax, sales tax, excise duty, employees provided fund, employee state insurance fund and other statutory dues at the end of the year.

for loans taken by group companies, from banks and financial institutions. As one of the businesses of the Company is to promote the companies and also the long term involvement with those companies, the guarantees have not been considered prima facie, prejudicial to the interest of the Company. In case of subsidiaries HTL Limited and Moneta Finance Private Limited, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

- (c) According to the information and explanations given to us and as certified by the management, there are no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- viii. In the case of Holding Company, there are no accumulated losses of the Company at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year. In case of subsidiaries HTL Limited, the subsidiary accumulated losses are more than its net worth and declared a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provision). The subsidiary has not incurred cash loss during the year and also in the immediately preceding financial year. In case of subsidiary Moneta Finance Private Limited, the subsidiary has no accumulated losses at the end of the financial year and it has not incurred cash losses in current financial year and in the immediately preceding financial year.
- ix. In the case of Holding Company, according to the information and explanations given to us and records examined by us, in view of the Reworked Package approved by the Corporate Debt Restructuring (CDR) Empowered Group as explained in Note 33, the Company has not defaulted in repayment of dues to financial institution or banks or debenture holders as to the Balance Sheet date. In case of subsidiaries HTL Limited and Moneta Finance Private Limited, as at the Balance Sheet date the Company has not defaulted in repayment of dues to financial institution or banks or debenture holders.
- x. In the case of Holding Company, based on our examination of the records and information and explanations given to us, the Company has given corporate/counter guarantees
- xi. In the case of Holding Company, based on our examinations of the records and information and explanations given to us, the Company has applied the term loans for the purpose for which they were obtained. Also, during the year the Company has raised inter corporate loans which on an overall basis, have been applied for the purposes for which they were obtained. In case of subsidiaries HTL Limited and Moneta Finance Private Limited, during the year no term loan with repayment period beyond 36 months has been obtained.
- xii. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For KHANDLWAL JAIN & CO.**

Chartered Accountants

Firm Registration No: 105049W

**(Manish Singhal)**

Partner

Membership No 502570

Place: New Delhi

Date: 17<sup>th</sup> August, 2015

## Consolidated Balance Sheet as at March 31, 2015

		(₹ in Crore)	
Particulars	Note No(s)	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
(a) Share Capital	2	204.44	204.44
(b) Reserves & Surplus	3	753.27	429.92
<b>2. Non- Current Liabilities</b>			
(a) Long Term Borrowings	4	162.29	182.87
(b) Other Long Term Liabilities	5	-	0.17
(c) Long Term Provisions	6	15.98	13.04
<b>3. Current Liabilities</b>			
(a) Short Term Borrowings	7	126.86	116.87
(b) Trade Payables	8	325.66	311.44
(c) Other Current Liabilities	9	221.68	360.41
(d) Short Term Provisions	10	9.86	30.38
<b>Total</b>		<b>1,820.04</b>	<b>1,649.54</b>
<b>II ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		121.30	153.20
(ii) Intangible Assets		3.23	2.92
(iii) Capital-Work-In-Progress		3.69	0.45
(iv) Intangible Assets under Development		-	0.09
(b) Non- Current Investments	12	271.65	313.01
(c) Long Term Loans & Advances	13	2.80	3.39
(d) Goodwill (on Consolidation of Subsidiary)		74.22	74.22
(e) Other Non- Current Assets	14	-	56.00
<b>2. Current Assets</b>			
(a) Current Investments	15	0.18	0.18
(b) Inventories	16	236.10	150.06
(c) Trade Receivables	17	365.64	281.45
(d) Cash & Bank Balance	18	161.34	95.20
(e) Short-Term Loans & Advances	19	528.70	470.93
(f) Other Current Assets	20	51.19	48.44
<b>Total</b>		<b>1,820.04</b>	<b>1,649.54</b>
See other accompanying notes to the Financial Statements	1 to 51		

As per our report of even date attached

For **Khandelwal Jain & Co.**  
Firm Regn. No. 105049W  
Chartered Accountants

**M P Shukla**  
**Mahendra Nahata**  
**Arvind Kharabanda**

For and on behalf of the Board

Chairman  
Managing Director  
Director (Finance)

**(Manish Singhal)**  
Partner  
M.No. 502570

**V. R. Jain**  
Chief Finance Officer

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

New Delhi, 17<sup>th</sup> August, 2015

New Delhi, 17<sup>th</sup> August, 2015

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2015

(₹ in Crore)

Particulars	Note No(s)	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
<b>INCOME</b>			
I Revenue From Operations	21	2,553.07	2,019.47
II Other Income	22	157.51	113.63
<b>III Total Revenue</b>		<b>2,710.58</b>	<b>2,133.10</b>
<b>IV EXPENDITURE</b>			
Cost of Materials Consumed	23	380.97	258.43
Purchase of goods for resale		72.51	17.05
Changes in inventories of Finished Goods, Work-in-Progress and Stock in Trade	24	(82.37)	(107.98)
Labour and service charges to sub-contractors		1,389.84	1,222.14
Employee Benefits Expense	25	216.92	205.67
Finance Costs	26	44.38	43.99
Depreciation and Amortization Expenses	11	34.21	20.10
Other Expenses	27	235.82	172.52
Bad debts, Loans & advances and Others written off (Net)		58.72	131.18
Less : Transferred from provision made in earlier years		-	(40.21)
Provision for Doubtful advances		-	6.00
Loss on sales of Investments		47.97	-
Investments written off		67.47	-
Less: Transferred from provision for diminution in value		(67.47)	-
<b>Total Expenses</b>		<b>2,398.97</b>	<b>1,928.89</b>
<b>V Profit before Exceptional items, Extraordinary items and Tax (III- IV)</b>		311.61	204.21
<b>VI Exceptional Items</b>		-	(272.26)
<b>VII Profit before Extraordinary items and Tax (V- VI)</b>		311.61	476.47
<b>VIII Extraordinary Items</b>		-	-
<b>IX Profit before Tax (VII- VIII)</b>		311.61	476.47
<b>X Less: Tax Expense:</b>			
Current Tax		26.75	35.62
MAT credit entitlement		(26.72)	(32.42)
Share of results of Associates		(12.29)	(1.74)
Minority Interest		-	-
<b>XI Profit (Loss) for the year (after tax)(IX- X)</b>		<b>323.87</b>	<b>475.01</b>
<b>XII Earnings per share (Face value of ₹1/- each)</b>	49		
Basic (₹)		2.57	3.79
Diluted (₹)		2.57	3.79
See other accompanying notes to the Financial Statements	1 to 51		

As per our report of even date attached

For **Khandelwal Jain & Co.**  
Firm Regn No. 105049W  
Chartered Accountants

**M P Shukla**  
**Mahendra Nahata**  
**Arvind Kharabanda**

**(Manish Singhal)**  
Partner  
M.No. 502570

**V. R. Jain**  
Chief Finance Officer

New Delhi, 17<sup>th</sup> August, 2015

For and on behalf of the Board

Chairman  
Managing Director  
Director (Finance)

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

New Delhi, 17<sup>th</sup> August, 2015



## Consolidated Cash Flow Statement for the year ended March 31, 2015

(₹ in Crore)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>A. Cash flow from Operating Activities:</b>		
Net Profit before taxes	311.61	476.47
Adjustments for :		
Depreciation/Impairment	34.21	20.10
Interest & finance charges	44.38	43.99
Interest income	(13.51)	(9.37)
Dividend income	(0.01)	(1.34)
Loss/(Profit) on sale of fixed assets	(0.24)	1.07
Loss/(Profit) on sale of Investments	47.97	-
Unpaid/ Unrealised exchange difference	0.13	8.86
Bad debts written off	58.72	90.97
Excess Provision/Liability Written Back	(135.25)	-
Provision for doubtful debts / advances	-	6.00
Profit on sale of land	-	(272.26)
	36.40	(111.98)
<b>Operating Profit before working capital changes</b>	<b>348.01</b>	<b>364.49</b>
Adjustments for:		
Trade and other receivables	(145.17)	(304.50)
Inventories	(86.04)	(117.23)
Trade and other payables	39.70	179.07
	(191.51)	(242.66)
<b>Cash generated from operations</b>	<b>156.50</b>	<b>121.83</b>
Taxation	(27.07)	(35.62)
<b>Net Cash used in operating activities</b>	<b>129.43</b>	<b>86.21</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(14.93)	(45.96)
Sale of fixed assets	(3.01)	245.12
Purchase of investments	(0.01)	(1.00)
Sale of investments	20.79	-
Interest received/(paid) net	7.52	3.24
Dividend received	0.01	1.34
Decrease/(Increase) in Term Deposits with Banks	(55.81)	(70.20)
<b>Net Cash used in investing activities</b>	<b>(45.48)</b>	<b>132.54</b>

(₹ in Crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>C. Cash flow from financing activities</b>		
Proceed from issue of share capital including premium	0.01	-
Proceeds from long term/short term borrowings - Secured/ Unsecured	34.38	15.17
Repayment of long term/short term borrowings - Secured/ Unsecured	(44.95)	(74.00)
Interest paid (net)	(40.11)	(184.35)
Dividend on preference share paid	(19.60)	-
Tax on dividend paid	(3.34)	-
<b>Net Cash from financing activities</b>	<b>(73.61)</b>	<b>(243.18)</b>
Net increase in cash & cash equivalents	10.34	(24.43)
Cash & cash equivalents (Opening Balance)	16.22	40.65
Adjustment for Disposal of investments in subsidiary	-	-
<b>Cash &amp; cash equivalents (Closing Balance)</b>	<b>26.56</b>	<b>16.22</b>

## Notes:

- The Cash flow statement has been prepared under the indirect method as set-out in the Accounting Standard - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
- Figures in bracket indicate cash outflow.
- Cash & cash equivalents represents:

Cash on hand	0.06	0.10
Cheques in hand	-	0.37
Balances with Scheduled Banks in		
Current accounts	21.97	13.69
Fixed Deposits Account - Maturity less than 3 months	4.53	2.06
<b>Total</b>	<b>26.56</b>	<b>16.22</b>

As per our report of even date attached

For **Khandelwal Jain & Co.**  
Firm Regn. No. 105049W  
Chartered Accountants

**M P Shukla**  
**Mahendra Nahata**  
**Arvind Kharabanda**

For and on behalf of the Board

Chairman  
Managing Director  
Director (Finance)

**(Manish Singhal)**

Partner  
M.No. 502570

**V. R. Jain**  
Chief Finance Officer

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

New Delhi, 17<sup>th</sup> August, 2015New Delhi, 17<sup>th</sup> August, 2015

# Notes Forming Part of the Consolidated Financial Statements

## NOTE 1

### A. Principles of Consolidation

1. The Consolidated financial statements (CFS) relate to Himachal Futuristic Communications Limited (the Company) and its majority owned subsidiary companies. The Consolidated Financial Statements have been prepared on the following basis:-
  - i. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expense. The intra-group balances and intra-group transactions and unrealized profits and losses are fully eliminated.
  - ii. The results of operations of a subsidiary with which Parent - Subsidiary relationship ceases to exist are included in the consolidated statement of profit and loss until the date of cessation of the relationship.
  - iii. The excess of cost to the Company of its investment in the subsidiary, over its share of equity at the dates on which the investment in the subsidiary is made, is recognized as 'Goodwill' being an asset in the Consolidated Financial Statements. The excess of Company's share of equity in the subsidiary as at the date of its investment is treated as Capital Reserve.
  - iv. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.
  - v. In case of Associate where the Company directly or indirectly through subsidiary holds 20% or more of the equity, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) - 23 "Accounting of Investments in Associates in Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.
  - vi. The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealized profit and losses resulting from transaction between the Company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss accounts and through its reserves for the balance, based on the available information.
  - vii. The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of the share in the associates is identified in the financial statements as goodwill or capital reserve as the case may be.
  - viii. As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

- ix. Investments other than in subsidiaries and associates have been accounted for as per Accounting Standard 13 (AS-13) "Accounting for Investments" issued by the Institute of Chartered Accountants of India.

2. Significant Accounting Policies and Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and guide to better understanding of the consolidated position of the Company. Recognising this purpose, only such policies and notes from the individual financial statements, which fairly present the needed disclosures have been disclosed. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed, when referred from the individual financial statements.

### B. Significant Accounting Policies

#### I. Method of Accounting

- (a) The financial statements are prepared on the historical cost convention and in accordance with the Generally Accepted Accounting Principles ('GAAP').
- (b) The Company follows accrual system of accounting in the preparation of accounts except where otherwise stated.
- (c) The preparation of the financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumption that affect the reported accounts of income and expenses of the period, reported values of assets and liabilities and disclosures relating to contingent assets and liabilities as of date of the financial statements. Examples of such estimates include provision for doubtful debts, provision for doubtful loans and advances, provisions for diminution in value of investments, estimated period of utility of software package, provision for value of obsolete/non moving inventories etc. Actual results may differ from these estimates.

#### II. Fixed Assets

- (a) Fixed Assets are stated at actual cost less accumulated depreciation and impairment loss. Actual cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses for bringing the asset to its working conditions for its intended use but is net of CENVAT.
- (b) Capital Work-in-Progress

All expenses incurred for acquiring, erecting and commissioning of fixed assets including interest on long term loans utilized for meeting capital expenditure and incidental expenditure incurred during construction of the projects are shown under capital work-in-progress and are allocated to the fixed assets on the completion of the respective projects. The advances given for acquiring fixed assets are also shown along with capital work-in-progress.

- (c) Intangible Assets – i) Revenue expenditure of specialized R&D including Technical know-how fee incurred for development and improvement of technology, products and designs etc. which will generate probable future economic benefits are recognised as intangible assets.  
ii) Purchase of computer software used for the purpose of operations is capitalised, however, any expenses on

software for support, maintenance, upgrade etc. payable periodically is charged to the profit & loss account.

### III. Leases

- a) Finance Lease or similar arrangements, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized and disclosed as leased assets. Finance charges are charged directly against income.
- b) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account or on a basis, which reflect the time pattern of such payment appropriately.

### IV. Depreciation, Amortisation and Impairment

- a) Depreciation is provided for on Buildings (including buildings taken on lease) and Plant & Machinery on straight-line method and on other fixed assets on written down value method on the basis of useful life specified in Schedule II of the Companies Act, 2013. In one of the subsidiaries, depreciation on all the fixed assets is provided for on straight-line method. Based on useful life of the assets estimated by the management.
- b) Depreciation due to increase or decrease in the liability on account of exchange fluctuation or on account of rollover charges on forward exchange contract is provided prospectively over the residual life of the assets.
- c) On assets acquired on lease (including improvements to the leasehold premises), depreciation has been provided for on Straight Line Method on the basis of useful life specified in Schedule II of the Companies Act, 2013 or at the rates worked out on the basis of remaining useful life of the assets, whichever is higher.
- d) Premium on leasehold land is amortised over the period of lease.
- e) Intangible assets are amortised over a period of five years or life of the product considered at the end of each financial year whichever is earlier. Amortisation commences when the asset is available for use.
- f) At the balance sheet date, an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

### V. Investments

- a) The cost of an investment includes incidental expenses like brokerage, fees and duties incurred prior to acquisition.
- b) Long term investments are shown at cost. Provision for diminution is made only if, in the opinion of the management such a decline is other than temporary.
- c) Investments, which are intended to be held for less than one year, are classified as current investments and are carried at lower of cost and fair value determined on an individual investment basis.
- d) Advance against share application money is classified under the head "Investments".

### VI. Inventories

- |  |   |
|--|---|
| a. Raw Materials, Materials in transit, Packing Materials Stores & Spares and Components | At cost or net realizable value whichever is lower. |
| b. Finished Goods and Work-in-Progress   | At lower of cost and net realizable value.          |

**Note:** Cost of Inventories is ascertained on First In First Out (FIFO) basis.

- |                                 |                                 |
|---------------------------------|---------------------------------|
| c. Contract Work-in-Progress    | At cost                         |
| d. Loose Tools                  | After write-off at 27.82% p.a.  |
| e. Securities as Stock-in-Trade | At lower of cost or market rate |

### VII. Revenue Recognition

- (a) Sales and services include Sales during trial run and excise duty recoverable. Liquidated damages are accounted for as and when they are ascertained.
- (b) Revenue in respect of long term turnkey works contracts is recognised under percentage of completion method subject to such contracts having progressed to a reasonable extent. Revenue in respect of other works contracts and services is recognised on completed contract method.
- (c) Insurance claims are accounted for as and when admitted by the concerned authority.

### VIII. Provisioning/Write-off of Doubtful Debts

The sundry debtors which are outstanding for more than three years from their respective due dates are written off to profit and loss account. The debtors which are outstanding for more than two years but less than three years are provided for at 100% whereas debtors outstanding for more than one year but less than two years are provided for at 30% of the amount outstanding. No write off or provisions are made for specific cases where management is of the view that the amounts are recoverable even if falling under the ageing as mentioned above.

### IX. Foreign Currency Transactions

- (a) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of the transactions.
- (b) Monetary items denominated in foreign currency at the year-end and not covered under forward exchange contracts are translated at the year-end rates.
- (c) Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognised in the profit and loss account as income or expense.
- (d) In case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the life of the contract, further exchange difference on such contracts i.e. difference between the exchange rate at the reporting /settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/expense for the period except where the foreign currency liabilities have been

incurred in connection with fixed assets acquired up to March, 2004 and subsequent thereto in case of fixed assets acquired from a country outside India, where the exchange differences are adjusted in the carrying amount of concerned fixed assets.

#### **X. Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

#### **XI. Excise and Customs Duty**

Excise Duty payable on production is accounted for on accrual basis. Provision is made in the books of account for customs duty on imported items on arrival and lying in bonded warehouse and awaiting clearance.

#### **XII. CENVAT Credit**

The CENVAT credit available on purchase of raw materials, other eligible inputs and capital goods is adjusted against excise duty payable on clearance of goods produced. The unadjusted CENVAT credit is shown under the head "Loans and advances".

#### **XIII. Retirement Benefits**

(Effective April 1, 2007, the Company has adopted the Revised Accounting Standard – 15(Revised-2005) 'Employee Benefits'. The relevant policies are:

##### **Short Term Employee Benefits**

Short term employee benefits are recognised in the period during which the services have been rendered.

Long Term Employee Benefits

##### **a) Defined Contribution plan**

- (i) Provident Fund and employees' state insurance schemes

Contributions to both these schemes are expensed in the Profit and Loss Account.

These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India. The Company has no further obligations under these plans beyond its monthly contributions.

- (ii) Gratuity

Gratuity obligations provides for through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Accounting Standard 15 (revised), "Employee Benefits" Liability is provided by way of premium to the HDFC Standard Life Insurance Company Ltd. And Life Insurance Company Limited under group gratuity scheme in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the

final obligation.

##### **b) Other long term benefit**

Provision for leave encashment has provided for the liability at period end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

##### **c) Actuarial gains and losses are recognized as and when incurred.**

#### **XIV. Miscellaneous Expenditure:**

Preliminary, Securities issue expenses and redemption premium on bonds and debentures are adjusted against balance in securities premium account, where available.

In one of the subsidiary, preliminary expenditure are written off in the year of the commencement of commercial operations.

Voluntary Retirement Scheme expenses are amortized over a period of three years

#### **XV. Research & Development Expenditure**

Revenue expenditure is charged to profit & loss account (in the year in which it is incurred). Capital expenditure is added to the cost of fixed assets.

#### **XVI. Income Tax**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

#### **XVII. Segment Reporting**

Segments are identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as the differential risk and returns of the segments. The unallocable items include income and expenses items, which are not directly identifiable to any segment and therefore not allocated to any business segment.

#### **XVIII. Earning Per Share**

In determining earning per share, the Company considers the net profit after tax and includes the post-tax effect of any extra ordinary items. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the period.

#### **XIX. Contingent Liabilities**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is provable that there will be an out flow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the Financial Statements.



**NOTE 2** SHARE CAPITAL

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>AUTHORISED :</b>		
5,10,00,00,000 (Previous year 5,10,00,00,000) Equity shares of ₹ 1/- each	510.00	510.00
2,50,00,000 (Previous year 2,50,00,000) Redeemable Preference Shares ₹ 100/- each	250.00	250.00
	<b>760.00</b>	<b>760.00</b>
<b>ISSUED &amp; SUBSCRIBED:</b>		
1,23,93,77,194 (Previous year 123,93,77,194) Equity Shares of ₹ 1/- each	123.94	123.94
80,50,000 (Previous year 80,50,000, 6.5%) 6.5% Cumulative Redeemable Preference Shares ₹ 100/- each	80.50	80.50
	<b>204.44</b>	<b>204.44</b>
<b>PAID UP</b>		
1,23,93,77,194 (Previous year 123,93,77,194) Equity Shares of ₹ 1/- each fully paid up	123.94	123.94
80,50,000 (Previous year 80,50,000, 6.5%) 6.5% Cumulative Redeemable Preference Shares ₹ 100/- each, Fully Paidup	80.50	80.50
<b>Total</b>	<b>204.44</b>	<b>204.44</b>

**NOTE 3** RESERVES & SURPLUS

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Capital Reserve</b>		
Consolidation of Associates	-	3.02
<b>Securities Premium Reserve</b>		
Opening balance	400.12	400.12
<b>Surplus in statement of Profit &amp; Loss:</b>		
As per last Balance Sheet	26.78	(428.35)
Add: Share of Results of Associates	18.13	-
Add: Profit for the year as per statement of Profit & Loss	323.87	475.01
	368.78	46.66
Less:		
Residual value of assets where useful life of assets is Nil	9.51	-
Dividend on Preference Shares paid	2.62	-
Tax on dividend paid	0.44	-
Proposed dividend on preference shares	2.62	16.99
Tax on proposed dividend	0.44	2.89
	353.15	26.78
<b>Total</b>	<b>753.27</b>	<b>429.92</b>

**NOTE 4** LONG TERM BORROWINGS

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Secured</b>		
Term Loans from Banks & Financial Institutions	80.27	102.04
Funded Interest Term Loans (FITL)	80.76	80.76
Other loans	1.23	0.05
<b>Unsecured</b>		
Other loans and advances	0.03	0.02
<b>Total</b>	<b>162.29</b>	<b>182.87</b>

<b>NOTE 5</b> OTHER LONG TERM LIABILITIES		(₹ in Crore)	
	Figures as at March 31, 2015	Figures as at March 31, 2014	
Trade Payables (Retention Money Payable)	-	0.17	
<b>Total</b>	<b>-</b>	<b>0.17</b>	

<b>NOTE 6</b> LONG TERM PROVISIONS		(₹ in Crore)	
	Figures as at March 31, 2015	Figures as at March 31, 2014	
Provision for Gratuity & Leave Encashment	15.98	13.04	
<b>Total</b>	<b>15.98</b>	<b>13.04</b>	

<b>NOTE 7</b> SHORT TERM BORROWINGS		(₹ in Crore)	
	Figures as at March 31, 2015	Figures as at March 31, 2014	
<b>Secured Loans</b>			
Working Capital Loans from Banks	39.13	33.86	
<b>Un-Secured Loans</b>			
Short Term Loans From Bodies Corporate	84.90	78.01	
Vendors Bill Discounting	2.83	5.00	
<b>Total</b>	<b>126.86</b>	<b>116.87</b>	

<b>NOTE 8</b> TRADE PAYABLES		(₹ in Crore)	
	Figures as at March 31, 2015	Figures as at March 31, 2014	
For Material & Services			
Micro, Small & Medium Enterprises	9.81	2.06	
Others	303.60	304.24	
For Expenses			
Others	12.25	5.14	
<b>Total</b>	<b>325.66</b>	<b>311.44</b>	

<b>NOTE 9</b> OTHER CURRENT LIABILITIES		(₹ in Crore)	
	Figures as at March 31, 2015	Figures as at March 31, 2014	
<b>Current maturities for Long term debt</b>			
Term Loan from Banks	21.88	14.59	
Loans from Govt. of India	6.24	6.24	
Other loans	0.14	-	
<b>Interest accrued and due on Borrowings</b>			
Interest Accrued & Due on Long Term	27.89	24.18	
Interest Accrued & Due on Short term	11.57	15.25	
<b>Advances from Customers and others</b>	52.14	188.88	
<b>Other Payables</b>			
Creditors for Capital Goods	1.16	4.06	
Retention Payable	54.18	21.16	
Expenses Payable	29.58	47.77	
Other Short term Advances	3.35	2.48	
Statutory Dues Payable	13.55	35.80	
<b>Total</b>	<b>221.68</b>	<b>360.41</b>	

**NOTE 10** SHORT TERM PROVISIONS

	Figures as at March 31, 2015		Figures as at March 31, 2014	
Provision for Employee benefits		6.77		7.24
Provision for Income Tax		0.03		3.26
Provision for proposed second interim dividend on preference shares		2.62		16.99
Provision for tax on proposed second interim dividend		0.44		2.89
<b>Total</b>		<b>9.86</b>		<b>30.38</b>

**NOTE 11** FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	As at March 31, 2014	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2015	Up to March 31, 2014	For the year	On Sales / Adjustment	Transfer to retained earnings (Note 2)	Up to March 31, 2015	As at March 31, 2015	As at March 31, 2014
<b>Tangible Assets</b>											
1. Land - Leasehold	0.85	-	-	0.85	0.17	0.01	-	-	0.18	0.67	0.68
- Freehold	2.43	-	-	2.43	-	-	-	-	-	2.43	2.43
2. Buildings - Leasehold	1.51	-	-	1.51	0.70	0.05	-	-	0.75	0.76	0.81
- Freehold	62.77	1.20	-	63.97	12.46	1.58	-	-	14.04	49.93	50.31
- Leasehold Improvements	2.25	-	2.25	-	2.25	-	2.25	-	-	-	-
3. Plant & machinery	413.57	3.78	89.20	328.15	339.93	19.50	89.06	8.86	279.23	48.92	73.64
4. Electrical installation	13.99	0.40	0.02	14.37	5.03	2.40	0.02	0.03	7.44	6.93	8.96
5. Furniture & fixtures	8.02	0.24	-	8.26	4.73	0.96	-	0.05	5.74	2.52	3.29
6. Office equipments	26.12	3.47	0.61	28.98	16.33	7.28	0.59	0.53	23.55	5.43	9.79
7. Vehicles	9.61	2.02	1.11	10.52	6.32	1.46	1.01	0.04	6.81	3.71	3.29
8. Moulds & dies	0.05	-	0.05	-	0.05	-	0.05	-	-	-	-
	541.17	11.11	93.24	459.04	387.97	33.24	92.98	9.51	337.74	121.30	153.20
<b>Intangible Assets</b>											
1. Computer Software	4.53	1.28	-	5.81	1.61	0.97	-	-	2.58	3.23	2.92
<b>TOTAL</b>	<b>545.70</b>	<b>12.39</b>	<b>93.24</b>	<b>464.85</b>	<b>389.58</b>	<b>34.21</b>	<b>92.98</b>	<b>9.51</b>	<b>340.32</b>	<b>124.53</b>	<b>156.12</b>
Previous year	490.78	68.75	13.83	545.70	382.18	20.10	12.70	-	389.58	156.12	108.60

**NOTES :-**

- Gross block and Net block of fixed assets are net of provision for impairment in respect of Plant & Machinery ₹ 113.81 Crore, Electrical Installation ₹ 12.45 Crore and Office Equipments ₹ 1.24 Crore. During the year company has adjusted depreciate value of impaired assets amounting to ₹ 88.34 Crore, though there is no impact on the net block.
- Pursuant to change in requirement of schedule 2 of the Companies Act, 2013, in case where the useful life were nil as at 01.04.2014 the net residual value aggregating to ₹ 9.51 crore has been transferred to reserves & surplus account. (refer note 37)

<b>NOTE 12</b> NON CURRENT INVESTMENTS		(₹ in Crore)	
	<b>Figures as at March 31, 2015</b>	<b>Figures as at March 31, 2014</b>	
(a) Trade Investments - Unquoted			
In equity shares (fully paid up)	2.33	167.33	
(b) Investments in Associates - Unquoted			
In equity shares (fully paid up) (refer note no. 48)	202.38	9.99	
(c) 0% Optionally Fully Convertible Debentures - Unquoted	64.34	64.34	
(d) In Zero Coupon Optionally convertible Bond	2.60	2.60	
(e) In Compulsorily Convertible Zero Coupon Bond	-	68.75	
<b>Total</b>	<b>271.65</b>	<b>313.01</b>	

<b>NOTE 13</b> LONG TERM LOANS & ADVANCES		(₹ in Crore)	
	<b>Figures as at March 31, 2015</b>	<b>Figures as at March 31, 2014</b>	
Unsecured, considered good			
Capital Advances	0.08	0.42	
Security Deposits	2.01	2.31	
Loans to others	0.71	0.66	
	2.80	3.39	
Unsecured, considered doubtful	0.10	0.10	
Less :Provision for doubtful loans and advances	(0.10)	(0.10)	
<b>Total</b>	<b>2.80</b>	<b>3.39</b>	

<b>NOTE 14</b> OTHER NON- CURRENT ASSETS		(₹ in Crore)	
	<b>Figures as at March 31, 2015</b>	<b>Figures as at March 31, 2014</b>	
Unsecured, considered good			
Receivables under assignment	-	56.00	
<b>Total</b>	<b>-</b>	<b>56.00</b>	

<b>NOTE 15</b> CURRENT INVESTMENTS		(₹ in Crore)	
	<b>Figures as at March 31, 2015</b>	<b>Figures as at March 31, 2014</b>	
(At lower of cost and fair value)			
(a) In equity shares (Quoted) (fully paid up)	0.16	0.16	
(b) In units (Quoted) (fully paid up)	0.02	0.02	
<b>Total</b>	<b>0.18</b>	<b>0.18</b>	

<b>NOTE 16</b> INVENTORIES		(₹ in Crore)	
	<b>Figures as at March 31, 2015</b>	<b>Figures as at March 31, 2014</b>	
(As Certified and valued by the management)			
Stores & spare parts	1.56	1.17	
Loose tools	0.60	0.52	
Raw materials	42.28	35.15	
Stock-in-trade - Goods	2.01	1.12	
Raw materials in transit	10.54	9.55	
Packing materials	0.03	0.01	
Work-in-progress	202.64	118.13	
Finished goods	0.91	4.14	
Stocks-in-trade (Securities)	2.64	2.44	
Less: Provision for Non Moving	(27.11)	(22.17)	
<b>Total</b>	<b>236.10</b>	<b>150.06</b>	

**NOTE 17** TRADE RECEIVABLES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
Debts outstanding for a period exceeding six months		
- Unsecured considered good	72.86	96.55
Debts outstanding for a period less than six months		
- Unsecured considered good	292.78	184.90
<b>Total</b>	<b>365.64</b>	<b>281.45</b>

**NOTE 18** CASH & BANK BALANCES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Cash &amp; cash equivalents</b>		
Balance with Scheduled Banks in Current Accounts	21.97	13.69
Balance with Fixed Deposit Accounts (Maturity less than 3 months)	4.53	2.06
Cash on hand	0.06	0.10
Cheques on hand	-	0.37
<b>Other Bank Balances</b>		
Bank Deposit (Maturity more than 3 months, less than 12 months)	116.52	55.51
Bank Deposit with more than 12 months maturity	18.26	23.47
<b>Total</b>	<b>161.34</b>	<b>95.20</b>

**NOTE 19** SHORT TERM LOANS & ADVANCES

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>Unsecured, considered good</b>		
Loans and advances to Related Parties	1.42	-
<b>Other Loans and Advances</b>		
Security Deposits	2.95	6.10
Advances Recoverable in cash or in kind or for value to be received	27.52	35.41
Advance tax/TDS	49.72	56.61
MAT Credit Entitlement	70.40	43.68
Other Loans and Advances	3.00	3.00
Advances to Vendors	365.38	316.01
Balance with Central Excise & Customs authorities	8.31	10.12
	528.70	470.93
<b>Unsecured, considered Doubtful</b>		
Other Loans and Advances	6.00	6.00
Less: Provision for doubtful loans and advances	(6.00)	(6.00)
<b>Total</b>	<b>528.70</b>	<b>470.93</b>

**NOTE 20** OTHER CURRENT ASSETS

(₹ in Crore)

	Figures as at March 31, 2015	Figures as at March 31, 2014
Interest receivable	22.58	20.83
Discarded Assets held for Sale	0.14	0.14
Claim receivable	3.47	3.47
Receivable under assignment	25.00	24.00
<b>Total</b>	<b>51.19</b>	<b>48.44</b>



**NOTE 21** REVENUE FROM OPERATIONS

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
Sale of Products	636.58	370.48
Sale of Services	1,976.76	1,687.55
	2,613.34	2,058.03
Less :Excise Duty	60.27	38.56
<b>Total</b>	<b>2,553.07</b>	<b>2,019.47</b>

**NOTE 22** OTHER INCOME

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
Interest (Gross)		
On fixed deposits	8.92	7.55
Others	4.59	1.82
	13.51	9.37
Rent Received	0.66	0.40
Profit on sales of assets	0.24	-
Dividends on investments	0.01	1.34
Excise Claim received	-	0.26
Waiver of interest	0.44	90.76
Recovery of debts, loans & advances earlier written off	6.17	0.75
Excess Liabilities Written Back	134.18	7.83
Miscellaneous income	2.30	2.92
<b>Total</b>	<b>157.51</b>	<b>113.63</b>

**NOTE 23** MATERIALS CONSUMED / COST OF GOODS SOLD

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
Opening stock	35.15	48.97
Add : Purchases during the year	388.10	261.24
	423.25	310.21
Less : Sale of Raw material	-	16.63
Less : Closing stock	42.28	35.15
<b>Total</b>	<b>380.97</b>	<b>258.43</b>

**NOTE 24** CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
<b>Opening stock</b>		
Finished goods	4.14	1.19
Work in process	118.13	19.95
Stock in Trade- Goods	1.12	-
Stock In Trade - Securities	2.44	2.82
	125.83	23.96
Less: Provision for non moving written-off	-	6.11
<b>Closing stock</b>		
Finished goods	0.91	4.14
Work in process	202.64	118.13
Stock in Trade- Goods	2.01	1.12
Stock In Trade - Securities	2.64	2.44
	208.20	125.83
Increase/(Decrease) in Stock	<b>(82.37)</b>	<b>(107.98)</b>

**NOTE 25** EMPLOYEES BENEFITS EXPENSES

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
Salaries, Wages and Bonus	195.93	188.07
Contribution to Provident & Other Funds	10.00	8.58
Welfare Expenses	8.16	9.02
VRS expenditure	2.83	-
<b>Total</b>	<b>216.92</b>	<b>205.67</b>

**NOTE 26** FINANCE COSTS

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
Interest expenses	37.16	39.16
Bank charges	7.22	4.83
<b>Total</b>	<b>44.38</b>	<b>43.99</b>

**NOTE 27** OTHER EXPENSES

(₹ in Crore)

	Figures for the year ended March 31, 2015	Figures for the year ended March 31, 2014
<b>Manufacturing &amp; turnkey activities expenses</b>		
Consumption of packing material	12.62	7.87
Consumption of stores and spare parts	3.24	2.49
Loose tools written off	0.23	0.20
Power, fuel and water charges	5.61	5.03
Repairs to buildings	0.36	0.38
Repairs to machinery	0.50	0.21
Other repairs	1.09	0.60
<b>Administrative &amp; other Expenses</b>		
Rent	6.26	7.31
Rates and taxes	0.58	4.34
Insurance charges	4.59	3.78
Auditors' remuneration		
Audit fees	0.71	0.60
In other capacity	0.21	0.15
Out of pocket expenses	0.04	0.04
Legal and professional charges	14.33	13.61
Communication expenses	7.80	6.39
Travelling, conveyance and vehicle expenses	145.46	78.62
Directors' fees	0.10	0.06
Charity & Donation	0.69	1.01
Miscellaneous expenses	13.78	15.07
Selling and distribution expenses	7.33	4.31
Provision for Inventories	4.94	2.40
Inventories Written-off	-	23.27
Less: Adjustment of opening Provision for Non Moving	-	(23.27)
Increase/(decrease) in excise duty of finished goods	(0.41)	0.51
Liquidated Damages	3.34	4.13
Foreign exchange fluctuations	1.18	12.17
Corporate Social Responsibility Expenses	1.25	-
Loss on sale of fixed assets	-	1.07
Prior period adjustments	(0.01)	0.17
<b>Total</b>	<b>235.82</b>	<b>172.52</b>

**NOTE 28 (a) Information of subsidiary companies:**

The following is the list of all subsidiary companies along with the proportion of voting power held. Each of them is incorporated in India.

Name of the Subsidiary Company	Percentage of Holding
HTL Limited ("HTL")	74%
Moneta Finance Pvt. Ltd.	100%
HFCL Advance Systems Pvt. Ltd.	100% (w.e.f. 23.02.2015)

**(b) Information of Associate Companies:**

The Following is the list of significant associate Companies considered in the CFS along with proportion of voting power held. Each of them is incorporated in India.

(i)

Name of the Associate Company	Proportion of Ownership
HFCL Satellite Communications Ltd.	30.00% (Up to 30.03.2015)
Microwave Communications Ltd.	32.50%
HFCL Dacom Infocheck Ltd.	29.99% (Up to 26.03.2015)
Westel Wireless Ltd.	28.94% (Up to 31.03.2015)
Polixel Security Systems Pvt. Ltd.	47.95%
DragonWave HFCL India Pvt. Ltd.	49.90%
AB Corp Ltd. \$	27.27%

\$ Pursuant to applicability of Sec. 2(6) of Companies Act, 2013 above companies is an Associate company.

(ii) Name of Associates in which the company is holding less than 20% of voting power, however having significant influence:

Exicom Tele-systems Ltd.  
HFCL Bezeq Telecom Ltd.

**(c) Additional Information, as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as Subsidiary/ Associates / Joint Ventures.**

Name of the Enterprises	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of Consolidated net assets	(₹ in Crore)	As % of Consolidated profit or loss	(₹ in Crore)
<b>Parent</b>				
Himachal Futuristic Communications Ltd.	105.76	1,012.88	58.64	189.91
<b>Subsidiaries</b>				
Indian				
HTL Limited	(10.86)	(104.00)	37.56	121.65
Moneta Finance Pvt. Ltd.	0.08	0.80	0.01	0.03
HFCL Advance Systems Pvt. Ltd.	-	0.01	-	-
Minority Interest in all subsidiaries	-	-	-	-
<b>Associates (Investment as per equity method)</b>				
HFCL Satellite Communications Ltd.	-	-	0.92	3.01
Polixel Security Systems Pvt. Ltd.	0.33	3.16	0.55	1.77
Exicom Tele-systems Ltd.	0.84	8.08	0.16	0.53
AB Corp Ltd.	19.23	184.16	0.32	1.03
<b>Joint Ventures (as per proportionate consolidated / Investment as per equity method)</b>				
DragonWave HFCL India Pvt. Ltd.	0.73	6.98	1.84	5.94

**NOTE 29** CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in Crore)

	As at March 31, 2015	As at March 31, 2014
(a) Unexpired Letters of Credit	44.75	26.54
(b) Guarantees given by banks on behalf of the Company	102.61	56.64
(c) Counter Guarantees given by the Company to the financial institutions/ banks for providing guarantees on behalf of companies promoted by the Company.	20.16	20.16
(d) Claims against the Company towards sales tax, income tax, excise duty demand and others in dispute not acknowledged as debt.	114.33	4.13

- The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.
- The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.
- As at 31st March, 2015 the Company did not have any outstanding term derivative contracts.

**NOTE 30** ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT AND NOT PROVIDED FOR (NET OF ADVANCES)  
₹ 2,93,193 (PREVIOUS YEAR ₹ 26,50,400).**NOTE 31** DIRECTORS' REMUNERATION INCLUDING MANAGING DIRECTOR:  
(EXCLUDING PROVISION FOR GRATUITY)

(₹ in Crore)

Particulars	FY 2014-15	FY 2013-14
i. Salaries	2.96	2.34
ii. Contribution to provident fund	0.26	0.22
iii. Perquisites and allowances	1.10	0.96
<b>Total</b>	<b>4.32</b>	<b>3.52</b>

- NOTE 32** (a) Debt of the Company were earlier restructured under Corporate Debt Restructuring (CDR) mechanism in April 2004 which was subsequently modified in June 2005 with cut-off date as April 1, 2005. CDR Empowered Group at its meeting held on 9th February, 2011 has approved the Rework Package of the Company with the cut off date as January 1, 2011 and communicated its sanction vide their letter No. BY CDR(JCP)/No 8643/2010-11 dated March 29, 2011. The Rework Package includes inter-alia reduction in the existing rate of interest, re-schedulement for repayment of loans, conversion of overdue interest into funded interest term loan (FITL), conversion of Zero Coupon Premium Bonds (ZCPB's), part of their premium and part of working capital loans into Equity, conversion of part of working capital loan into working capital term loan (WCTL), waiver of unpaid dividend on preference shares, waiver of penal interest etc. The conditions as stipulated by CDR EG while sanctioning Rework Package have been complied with by the Company. Accordingly, the impact of the rework package has been considered in the Financial Statements.
- (b) Subsequent to the implementation of Rework Package, lenders have reset the rate of interest on certain loans in view of improved performance of the Company.
- (c) Further, lenders have the right to claim recompense from the Company on account of various sacrifices & waivers made by them in the CDR Rework Package. The amount of recompense and the manner of repayment shall be ascertained upon exit from CDR mechanism by the Company.

- NOTE 33** Pursuant to the disinvestment by the Government of India, the Company had acquired 11,10,000 equity shares of ₹ 100/- each of HTL Limited representing 74% of its equity capital at total consideration of ₹ 55.00 crore in terms of Shareholders Agreement dated October 16, 2001. The above consideration paid by the Company is subject to post closing adjustments on account of difference in net worth of HTL Limited as on March 31, 2001 and as on the date of purchase of shares in terms of Share Purchase Agreement dated October 16, 2001. The Company has submitted its claim on account of Closing Date Adjustment to the Government in respect of such reduction in net assets of HTL Limited which has not been settled by the Government. Due to this, the Company has invoked the provisions of the Share Purchase Agreement for settlement of dispute by Arbitration. The Hon'ble Arbitral Tribunal has since given the award in favour of the Company on October 12, 2007 upholding the claim of the Company on account of the above to the extent of ₹ 55.00 crore and interest from the date of award till actual date of payment. The said award has been upheld by the single Judge of Hon'ble High Court of Delhi on December 5, 2012 and again by the Division Bench on February 25, 2013. SLP filed by DoT against order of Division Bench of the Hon'ble High Court of Delhi was also dismissed on 01/11/2013 by Supreme Court of India. The Review Petition filed by DoT also dismissed on January 16, 2014 by the Hon'ble Supreme Court of India. The Company has filed execution petition for non-payment on May 7, 2015 which has been admitted and notice has been issued to DoT. Final adjustment shall be made after disposal of execution petition.

**NOTE 34** In accordance with the Company's Policy, the Company has reviewed the outstanding receivables and has written off a sum of ₹ 58.72 Crore during the year as bad, which in the opinion of the Management is adequate.

**NOTE 35** During the year, Company has recognised the following amounts in the financial statements as per Accounting Standard - 15 (Revised) "Employees Benefits" issued by the ICAI :

a) Defined Benefit Plan

(₹ in Crore)

	Year ended March 31, 2015	Year ended March 31, 2014
Employer's Contribution to Provident Fund	6.43	6.41
Employer's Contribution to Pension Scheme	2.51	1.42

b) Defined Benefit Plan

The employees' gratuity fund scheme managed by HDFC Standard Life Insurance Company Limited is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation and the obligation for leave encashment is recognised in the same manner as gratuity.

(₹ in Crore)

	Gratuity (Fund)/non fund		Leave Encashment	
	Year ended March 31, 2015	Year ended March, 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Motility Table (HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy)				
Discount rate (per annum)	8.75%	8.75%	7.75%	8.75%
Rate of increase in Compensation levels	8.00%	8.00%	7.75%	8.75%
Rate of Return on plan assets	9.31%	8.60%	NA	NA
Average remaining working lives of employees (Years)			16.78	16.92
Table showing changes in present value of obligations :				
Present value of obligation as at the beginning of the year	10.05	10.10	11.37	6.64
Acquisition adjustment	Nil	Nil	Nil	Nil
Interest Cost	0.83	0.73	0.95	0.49
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Current Service Cost	2.43	1.75	4.41	5.64
Curtailment cost / (Credit)	Nil	Nil	Nil	Nil
Settlement cost /(Credit)	Nil	Nil	Nil	Nil
Benefits paid	(3.05)	(2.36)	(2.36)	(2.20)
Actuarial (gain)/ loss on obligations	2.47	(0.17)	(2.99)	0.81
Present value of obligation as at the end of the period	12.74	10.05	11.37	11.37
Table showing changes in the fair value of plan assets :				
Fair value of plan assets at beginning of the year	1.14	1.04	Nil	Nil
Acquisition adjustments	Nil	Nil	Nil	Nil
Expected return on plan assets	0.10	0.09	N.A.	N.A.
Employer contribution	0.01	0.01	Nil	Nil
Benefits paid	Nil	Nil	Nil	Nil
Actuarial gain/ (loss) on obligations	0.10	0.00	Nil	Nil
Fair value of plan assets at year end	1.35	1.14	Nil	Nil
Table showing actuarial gain/ loss - plan assets :				
Actual return of plan assets	0.11	(0.06)	Nil	Nil
Expected return on plan assets	0.10	0.09	Nil	Nil



	Gratuity (Fund)/non fund		Leave Encashment	
	Year ended March 31, 2015	Year ended March, 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Excess of actual over estimated return on plan assets Actuarial (gain)/ loss-plan assets	0.19	(0.00)	Nil	Nil
Actuarial Gain / loss recognized				
Actuarial (gain) / loss for the period - Obligation	2.47	0.17	(2.99)	0.81
Actuarial (gain) / loss for the period - Plan assets	(0.10)	(0.00)	Nil	Nil
Total (gain) / loss for the period	2.38	(0.17)	(2.99)	0.81
Actuarial (gain) / loss recognized in the period	2.38	(0.17)	(2.99)	0.81
Unrecognised actuarial (gains) / losses at the end of the period	Nil	Nil	Nil	Nil
The amounts to be recognized in Balance Sheet and Statement of Profit and Loss:				
Present value of obligation as at the end of the period	12.74	10.05	11.37	11.37
Fair value of plan assets as at the end of the period	1.35	1.14	Nil	Nil
Funded Status	(11.39)	(8.91)	(11.37)	(11.37)
Unrecognised actuarial (gains) / losses	Nil	Nil	Nil	Nil
Net asset / (liability) recognised in Balance Sheet	(11.39)	(8.91)	(11.37)	(11.37)
Expenses recognised in Statement of Profit and Loss :				
Current service cost	2.43	1.75	5.64	5.64
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Interest Cost	0.83	0.73	0.49	0.49
Expected return on plan assets	(0.11)	(0.09)	Nil	Nil
Curtailement and settlement cost / (credit)	Nil	Nil	Nil	Nil
Net Actuarial (gain)/ loss recognised in the period	2.38	(0.17)	0.81	0.81
Expenses recognised in the Statement of Profit and Loss	5.53	2.22	6.94	6.94
Investment Details				
HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy	Nil	Nil	Nil	Nil

Note: The estimates of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

**NOTE 36**

The Company has carried out impairment test on its Fixed Assets as on March 31, 2015 and the Management is of the opinion that there is no asset for which impairment required to be made as per Accounting Standard-28 on Impairment of Assets issued by the ICAI. (Previous years ₹ NIL).

**NOTE 37**

Pursuant to requirements of Schedule II of the Companies Act 2013 (the 'Act') Company has revised the depreciation rates as prescribed under the schedule II of the Act w.e.f.1st April, 2014. In case of fixed assets where the useful life was nil as at April 01, 2014, the Company has adjusted the net residual value aggregated to ₹ 9.51 Crore from retained earnings. Further due to change in life of the assets according to schedule II of the Act, the depreciation for the year is lower and profit is higher by ₹ 3.46 Crore.

**NOTE 38**

Company has received balance confirmations from most of the Trade receivable, Trade payables, lenders and loans and advances. The Management is of the view that there will be no material adjustments in this regard from the remaining amount of confirmations.

**NOTE 39** In respect of subsidiaries company, the following additional notes to accounts are disclosed: -

**HTL LIMITED**

- i. The Subsidiary has accumulated losses of ₹ 119.00 Crore (Previous year loss of ₹ 240.65 Crore) as at March 31, 2015, resulting in negative net worth of ₹ 104.00 Crore (Previous year ₹ 225.65 Crore). The Subsidiary's current liabilities exceed its current assets by ₹ 108.00 Crore (Previous year ₹ 225.01 Crore) as of that date. Further, the Subsidiary has overdue loans from Government of India amounting to ₹ 6.24 Crore (Previous year: ₹ 6.24 Crore) together with interest accrued and due thereon of ₹ 25.66 Crore (Previous year: ₹ 24.15 Crore). The turnover during the period ended March 31, 2015 is ₹ 2.18 Crore (Previous Year: ₹ 0.63 Crore). Due to lack of working capital required, the operations of the Subsidiary have been substantially curtailed. The Subsidiary has already made reference to Board for Industrial and Financial Reconstruction under Section 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985, and has since, been declared as a Sick Industrial Company vide order dated June 08, 2009 in case reference no. 261/2003. Subsequently, State Bank of India, on behalf of the consortium banks, issued a notice to the Company u/s 13 (2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) requiring the Company to discharge its full dues and attached the freehold surplus land mortgaged to the extent of 11.02 acres and 2.56 acres. During the year, SBI has sold 11.02 acres land under SARFAESI Act at ₹ 272 Crore in June 2013. The Proceeds have been apportioned among the Consortium of Banks and Pegasus Assets Reconstruction Private Limited on account of dues to IndusInd Bank and Axis Bank as the Banks have assigned the loans to Pegasus and the SBI has withdrawn the action under SARFAESI Act with effect from 22.06.2013.

After the withdrawal of SARFAESI Action by SBI, the reference of the Company under BIFR has been restored vide AAIFR order dated March 24, 2014. The Subsidiary is in the process of submitting the revival scheme to BIFR.

The Subsidiary's ability to continue as a going concern in spite of the present accumulated losses is dependent upon infusion of funds for its operations. The Subsidiary is venturing into setting up of plant for manufacture and sale of Optical Fiber Cable at Chennai factory and FRP Rods and IGFR at Hosur Factory. In view of above, the financial statements have been prepared on a going concern basis.

- ii. The Subsidiary became a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provision) Act, 1985 (SICA) due to erosion of its net worth accordingly the Company was declared a Sick Industrial Company by BIFR on June 08, 2009 under section 17(1) of SICA.
- iii) Loan of ₹ 6.24 Crore (Previous year ₹ 6.24 Crore) together with interest accrued and due thereon of ₹ 25.66 Crore (Previous year ₹ 24.15 Crore) is due to Government of India (GOI). As at March 31, 2015, total loan of ₹ 6.24 Crore (Previous year ₹ 6.24 Crore) is overdue for payment. In addition to this, the Govt. of India has acceded to adjust ₹ 3.47 Crore compensation receivable by subsidiary in case of ETP claim against the outstanding interest portion in respect of GOI Loan.
- iv) a) Out of the total land in possession of the Subsidiary at Guindy Industrial Area, Chennai, land measuring 35.89 acres is held by the Subsidiary in the capacity of assignee in terms of assignment deed dated 3.12.1968 executed by Government of Tamil Nadu for Industrial Development of Guindy Industrial Area, Chennai. In order to give title of the above assigned land in favour of the Subsidiary, the Government of Tamil Nadu had required the Subsidiary to surrender back 4.90 acres of unutilised land to the Small Industries Department, Chennai. The Subsidiary had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in earlier years. In respect of the land measuring 27.30 acres, the name of the Subsidiary has been entered in the revenue records of the Government of Tamil Nadu. Other necessary formalities to transfer the land in favour of the Subsidiary are in progress. In respect of the balance land of 3.69 acres, the name of the Subsidiary has not been entered in the revenue records of Government of Tamil Nadu.
- b) The Subsidiary has 15.09 acres of land at Hosur District, Tamil Nadu, which was acquired by the Subsidiary from State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) under lease cum sale agreement in 1983. The Estate Officer SIPCOT has issued order under Section 4 of the Tamil Nadu Public Premises Eviction Act, 1975 to surrender unused land aggregating to 11.50 acres out of the said land on 13.01.2010. The Subsidiary has filed a writ petition before the Hon'ble High Court of Madras against this order and obtained an interim stay on 22.2.2010 and the Court has passed final orders on 16.11.2010 while disposing of the writ filed by the Company with a direction to both the petitioner (HTL) and the respondents (CMD & Project Officer, SIPCOT) to go before the Dispute Resolution Committee for resolving the dispute. The Court also made it clear that the status quo as on date shall be maintained till then. It is open to the petitioner (HTL) to work out their remedy, depending upon the outcome of the proceedings of the Disputes Resolution Committee.
- As per the above direction, the Industries Department of Government of Tamilnadu have constituted a Committee with two members from Government, two members representing SIPCOT and three members representing the Subsidiary under Chairmanship of the Principal Secretary to Government, Industries Department.
- The Disputes Resolution Committee has met and could not arrive at a mutually acceptable solution and hence the Company has filed a Writ Petition (WP no: 10532 /2012) before the Honorable High Court of Madras with a prayer to quash the resumption order of SIPCOT and to direct SIPCOT to execute and register Sale Deed in favour of the Subsidiary. The court has given interim stay and further court hearing is in progress.
- v) The Subsidiary has taken unsecured loans from various parties and after repayment, the net amount outstanding as on March 31, 2015 is ₹ 17.55 Crore. The interest payable on these loans is under discussion with the concerned lenders and the interest liability if any fastened on the Subsidiary will be provided after finalization. However, the interest liability estimated as per the basis followed in the earlier year amounts to ₹ 3.09 Crore.
- vi) Claims receivable includes ₹ 3.47 Crore receivable from BSNL against the compensation approved by Telecom Commission letter No. U-37012/3/97-FAC dated 1st May, 2001 for pre-closure of ETP project. Department of Telecommunications (DoT) vide letter No. U-37012-3/97-FAC dated 02.12.2003 conveyed the decision of the competent authorities to adjust the above said amount against the interest portion of the outstanding Government of India Loan. In reply, the Subsidiary requested DoT vide letter no.43.12 ETP dated

08.12.2003 to adjust the compensation amount of ₹ 3.47 Crore against the principal amount of loan outstanding as on 01.05.2001, the date on which the compensation was approved. The Govt. of India has rejected this request and reiterated the adjustment of ₹ 3.47 Crore compensation receivable by Subsidiary in case of ETP claim against the interest portion of the outstanding in respect of GOI Loan while making payment of outstanding Govt. of India Loan with accrued interest thereon.

vii) In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), issued by the Institute of Chartered Accountants of India, on conservative basis, deferred tax assets have not been accounted for in the books, since the estimation of future taxable profits cannot be made with virtual certainty supported by convincing evidences, against which such deferred tax assets would be realized.

**NOTE 40** In case of subsidiary HTL Limited, depreciation on Fixed Assets is charged on Straight Line Method, based on the useful lives of the assets as estimated by the management. Depreciation is charged for the full year in respect of additions during the year, which is not in line with the accounting policy of the Company. The gross value of such assets is ₹ 53.22 Crore (Previous year ₹ 52.97 Crore) and depreciation charged for the year is ₹ 0.28 Crore (Previous year ₹ 0.25 Crore).

**NOTE 41** In case of subsidiary, HTL Limited, inventory of raw materials, components and stores & spares amounting to ₹ 0.07 Crore (Previous year 0.07 Crore) are valued at cost which is arrived at on quarterly moving weighted average basis, which is not in line with the accounting policy of the company i.e. FIFO basis.

**NOTE 42** The breakup of goodwill shown as net off with capital reserve arising on consolidated of subsidiaries with the holding company is as under:

		(₹ in Crore)
<b>Name of the Company</b>		
HTL Ltd.		74.17
Moneta Finance (P) Ltd		0.05
<b>Total</b>		<b>74.22</b>

**NOTE 43** Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the company's financial statements.

**NOTE 44** Lease payments under cancellable operating leases have been recognised as an expense in the profit & loss account. Maximum obligations on lease amount payable as per rentals stated in respective agreements are as follows:-

			(₹ in Crore)	
Particular	March 31, 2015	March 31, 2014		
Not later than one year	3.74	3.89		
Later than one year but not later than five years	8.41	11.01		
More than five years	1.03	1.37		

## **NOTE 45** SEGMENT REPORTING

### **(a) Primary segment information**

The Company and one of its subsidiaries operations primarily relates to manufacturing of telecom products and providing turnkey solutions relating thereto. Accordingly segments have been identified in line with Accounting Standard on Segment Reporting (AS) - 17 Telecom products and Turnkey contracts & services are the primary business segments whereas others constituting less than 10% of the segment revenue/results/assets and accordingly have been considered as other business segments and are disclosed in the financial statements accordingly. The details of business segments are as follows:

								(₹ in Crore)	
	Business Segment						Total		
	Telecom Product		Turnkey Contracts and Services		Other				
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
<b>Segment Revenue</b>									
Turnover (Net of Excise duty)	567.92	347.61	1,985.34	1,671.79	0.05	0.07	2,553.32	2,019.47	
Less Segment Revenue	-	-	-	-	-	-	0.25	-	
Net Revenue	-	-	-	-	-	-	2,553.07	2,019.47	

(₹ in Crore)

	Business Segment						Total	
	Telecom Product		Turnkey Contacts and Services		Other		Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
<b>Segment Result</b>	136.39	282.75	268.53	237.20	0.04	0.03	404.96	519.98
Unallocated Finance charges	-	-	-	-	-	-	44.38	44.00
Unallocated expenses	-	-	-	-	-	-	49.18	0.85
Unallocated Income	-	-	-	-	-	-	(0.21)	(1.34)
Profit before tax	-	-	-	-	-	-	311.61	476.47
Income tax (net)	-	-	-	-	-	-	26.75	35.62
Profit after tax	-	-	-	-	-	-	284.86	440.85
<b>Other information</b>								
Segment assets	616.81	642.31	720.16	498.29	2.76	2.77	1,339.73	1,143.37
Unallocated other assets	-	-	-	-	-	-	480.31	506.17
Total assets	616.81	642.31	720.16	498.29	2.76	2.77	1,820.04	1,649.54
Segment liabilities	427.97	561.03	327.36	333.40	1.95	1.99	757.28	896.42
Unallocated other liabilities	-	-	-	-	-	-	105.06	118.76
Total liabilities	427.97	561.03	327.36	333.40	1.95	1.99	862.34	1,015.18
Depreciation	27.91	16.08	6.30	4.02	-	-	34.21	20.10
Capital Expenditure	12.39	41.48	3.14	6.08	-	-	15.52	47.55
Non-cash expenses other than Depreciation	58.71	94.02	0.01	2.92	-	0.03	58.72	96.97

**(b) Secondary segment information**

The Company caters mainly to the needs of Indian market and the export turnover being insignificant of the total turnover of the Company; there are no reportable geographical segments.

**NOTE 46 DEFERRED TAX:**

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), issued by the Institute of Chartered Accountants of India, on conservative basis, deferred tax assets have not been accounted for in the books, in view of carry-forward losses and unabsorbed depreciation, estimation of future taxable profits cannot be made with virtual certainty supported by convincing evidences, against which such deferred tax assets would be realized.

**NOTE 47 RELATED PARTY DISCLOSURES:**

1. Name of related parties and description of relationship:

- a. Associates:
- HFCL Bezeq Telecom Ltd.
  - DragonWave HFCL India Pvt. Ltd.
  - HFCL Dacom Infochek Ltd (up to 26.03.2015)
  - HFCL Satellite Communications Ltd. (up to 30.03.2015)
  - Westel Wireless Ltd. (up to 31.03.2015)
  - Polixel Security Systems Pvt. Ltd.
  - Exicom Tele-systems Ltd.
  - Microwave Communications Ltd.
  - AB Corp Limited \$

\$ Pursuant to applicability of Sec.2(6) of Companies Act, 2013 above company is an associate company.

- b. Key management personnel:
- i) Mr. Mahendra Nahata
  - ii) Dr. R M Kastia
  - iii) Mr. Arvind Kharabanda
  - iv) Mr. D. P. Gupta
  - v) Mr. V. R. Jain
  - vi) Mr. Manoj Baid

Note: Related party relationship is as identified by the Company and relied upon by the auditors.

2. Nature of transactions: The transaction entered into with the related parties during the year along with related balances as at March 31, 2015 are as under:

(₹ in Crore)		
Particulars	Year Ended March 31, 2015	Year ended March 31, 2014
Purchases/receiving of Goods & Materials		
Exicom Tele-systems Ltd.	0.06	0.01
Polixel Security Systems Pvt. Ltd.	0.05	0.51
Purchases/receiving of Services		
Exicom Tele-systems Ltd.	5.06	-
Sales/rendering of Goods and Materials		
Polixel Security Systems Pvt. Ltd.	0.26	0.02
Sales/rendering of Services		
Exicom Tele-systems Ltd.	1.12	0.99
DragonWave HFCL India Pvt. Ltd..	0.01	-
Income - Rent /Other expenses		
Exicom Tele-systems Ltd.	0.02	0.04
Polixel Security Systems Pvt. Ltd.	0.21	0.12
Advances		
Exicom Tele-systems Ltd.	1.42	-
Outstanding - Payable (net)		
Exicom Tele-systems Ltd.	0.08	-
Polixel Security Systems Pvt. Ltd.	-	0.07
Receivables		
Exicom Tele-systems Ltd.	2.80	0.81
Polixel Security Systems Pvt. Ltd.	0.24	-
DragonWave HFCL India Pvt. Ltd..	0.01	-
Remuneration of Key Management Personnel's		
Mr. Mahendra Nahata	2.14	1.63
Mr. Arvind Kharabanda	0.63	0.64
Dr. R.M Kastia	1.55	1.25
Mr. D.P. Gupta	0.47	0.33
Mr. V. R. Jain	0.68	0.51
Mr. Manoj Baid	0.23	0.29
Guarantees and collaterals		
Microwave Communications Ltd.	13.66	13.66
Exicom Tele-systems Ltd.	6.50	6.50

**NOTE 48** The Company's Board of Directors had approved the consolidated financial statements of the Company and its subsidiaries, associates, etc. on 18th May, 2015. However, due to non availability of financial statements of one of the associates, the same could not be consolidated at that point of time. The financial statements of the said associate are now available and considered for consolidated in accordance with Accounting Standard 23 "Accounting of Investment in Associates in Consolidated Financial Statements". Accordingly, the Group's Share of profit in the said Associate of ₹1,02,80,202/- for the year has been recognized in the Consolidated Statement of Profit and Loss.

**NOTE 49** (a) Basic & Diluted Earning per Share (EPS) before extra ordinary items:

(₹ in Crore)		
Particular	2014-2015	2013-2014
Profit/(Loss) after tax and minority interest	323.87	475.01
Less: preference dividend	5.23	5.23
Profit/(Loss) attributable to ordinary share holders	318.64	469.78
Weighted average number of ordinary shares (used as denominator for calculating Basic EPS)	1,23,93,77,194	1,23,93,77,194
Weighted average number of ordinary shares (used as denominator for calculating Diluted EPS)	1,23,93,77,194	1,23,93,77,194
Nominal value of ordinary share	₹ 1	₹ 1
Earning per Share basic	₹ 2.57	₹ 3.79
Earning per Share diluted	₹ 2.57	₹ 3.79

b) Basic & Diluted Earning per Share after extra ordinary items

(₹ in Crore)

Particular	2014-2015	2013-2014
Profit/(Loss) after tax and minority interest	323.87	475.01
Less: preference dividend	5.23	5.23
Profit/(Loss) attributable to ordinary share holders	318.64	469.78
Weighted average number of ordinary shares (used as denominator for calculating Basic EPS)	1,23,93,77,194	1,23,93,77,194
Weighted average number of ordinary shares (used as denominator for calculating Diluted EPS)	1,23,93,77,194	1,23,93,77,194
Nominal value of ordinary share	₹ 1	₹ 1
Earning per Share basic	₹ 2.57	₹ 3.79
Earning per Share diluted	₹ 2.57	₹ 3.79

**NOTE 50 DERIVATIVE INSTRUMENTS**

- a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign Currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the company's strategy, which provides principles on the use of such forward contracts consistent with Company's Risk Management Policy. The company does not use forward contracts for speculative purposes.

- b) Details of outstanding Hedging Contracts

(₹ In Crore)

Derivative Contracts	Amount in foreign Currency March 31, 2015	Equivalent in March 31, 2015	Amount in foreign Currency March 31, 2014	Equivalent in March 31, 2014
USD/INR	-	-	0.15	9.01

- c) Foreign Currency Exposures

(₹ In Crore)

Derivative Contracts	Amount in foreign Currency March 31, 2015	Equivalent in ₹ March 31, 2015	Amount in foreign Currency March 31, 2014	Equivalent in ₹ March 31, 2014
Trade receivable USD/INR	0.11	6.79	0.06	3.71
EUR/INR	0.01	0.70	-	-
Trade payables USD/INR	0.30	10.95	1.79	108.39
EUR/INR	0.06	3.43	0.06	4.98
JPY/INR	-	-	0.05	0.03
AED/INR	0.01	0.37	-	-

**NOTE 51** Previous period's figures have been regrouped/reclassified wherever necessary and the figures have been rounded off to the nearest rupee.

As per our report of even date attached

For and on behalf of the Board

For **Khandelwal Jain & Co.**  
Firm Regn. No. 105049W  
Chartered Accountants

**M P Shukla**  
**Mahendra Nahata**  
**Arvind Kharabanda**

Chairman  
Managing Director  
Director (Finance)

**(Manish Singhal)**  
Partner  
M.No. 502570

**V. R. Jain**  
Chief Finance Officer

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

New Delhi, 17<sup>th</sup> August, 2015

New Delhi, 17<sup>th</sup> August, 2015



## Annexure - A

## Form AOC-1

(Statement Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

## Part "A": Subsidiaries

(in ₹)

Name of the Subsidiary	HTL Ltd.	Moneta Finance Pvt. Ltd	HFCL Advance Systems Pvt. Ltd
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	NA	NA	NA*
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA
Share Capital	15,00,00,000	30,00,000	1,00,000
Reserves and Surplus	(119,00,00,029)	50,24,949	Nil
Total Assets	44,78,65,458	83,62,675	1,00,824
Total Liabilities	148,78,52,635	2,05,40,476	824
Investments	Nil	2,02,02,750	Nil
Turnover	2,18,49,441	4,80,000	Nil
Profit before taxation	121,64,74,362	3,76,789	Nil
Provision for taxation	Nil	1,21,630	Nil
Profit after taxation	121,64,74,362	2,55,960	Nil
Proposed Dividend	Nil	Nil	Nil
% of Shareholding	74	100	100

\* Incorporated on 23<sup>rd</sup> February, 2015. hence, the HFCL Advance Systems (P) Limited will prepare its first balance sheet for the period 23<sup>rd</sup> February, 2015 to 31<sup>st</sup> March, 2016.

**Name of Subsidiaries which are yet to commence operations:**

HFCL Advance Systems (P) Limited

**Name of Subsidiaries which have been liquidated or sold during the year: NA**

## Part B Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(in ₹)

Name of Associates/Joint Ventures	DragonWave HFCL India Pvt. Ltd.	Microwave Communications Ltd	AB Corp Ltd.
Latest audited Balance Sheet Date	31/03/2014	31/03/2014	31/12/2014
No. of Shares of Associate/Joint Ventures held by the company on the year end	34,93,000	1,21,87,440	1,33,00,000
Amount of Investment in Associates/ Joint Venture	3,49,30,000	Nil	165,00,00,000 (*65,00,000 shares are pledged as security for the term loan given by Oriental Bank of Commerce (OBC) to the Company. The shares are held by OBC in their own name)
Extent of holding %	49.90	32.50	27.27
Description of how there is significant influence	Pursuant to Sec. 2(6) of the Companies Act, 2013	Pursuant to Sec 2(6) of the Companies Act, 2013	Pursuant to Sec 2(6) of the Companies Act, 2013
Reason why the associate/joint venture is not consolidated	NA	Value of Investment written off	NA
Networth attributable to Shareholding as per latest audited Balance Sheet	56,76,225 as per Balance sheet of 31.03.2014	(99,97,52,050) as per Balance Sheet of 31.03.2014	1,29,62,62,664 as per Balance Sheet of 31.12.2014
Profit / (Loss) for the year	(8730877) (2013-14)	(1,45,99,915) (2013-14)	3,76,98,868 (31.12.2014)
Considered in Consolidation	Yes	No	Yes
Not Considered in Consolidation	NA	Yes	No

(in ₹)

Name of Associates/Joint Ventures	HFCL Satellite Communications Ltd	HFCL Dacom Infochek Ltd	Westel Wireless Ltd.
Latest audited Balance Sheet Date	31/03/2014	31/03/2014	31/03/2014
No. of Shares of Associate/Joint Ventures held by the company on the year end	24,00,000*	14,09,500**	89,700***
Amount of Investment in Associates/Joint Venture	Nil	Nil	Nil
Extent of holding %	30	29.99	28.94
Description of how there is significant influence	Pursuant to Section 2(6) of the Companies Act, 2013	Pursuant to Section 2(6) of the Companies Act, 2013	Pursuant to Section 2(6) of the Companies Act, 2013
Reason why the associate/joint venture is not consolidated	Shares sold on 30.03.2015	Shares sold on 26.03.2015	Shares sold on 31.03.2015
Networth attributable to Shareholding as per latest audited Balance Sheet	(15,66,84,642) as per Balance Sheet of 31.03.2014	(16,81,095) as per Balance Sheet of 31.03.2014	(33,83,017) as per Balance Sheet of 31.03.2014
Profit / (Loss) for the year	4,37,26,970 (2013-14)	(19,366) (2013-14)	(8,427) (2013-14)
Considered in Consolidation	No	No	No
Not Considered in Consolidation	Yes	Yes	Yes

(in ₹)

Name of Associates/Joint Ventures	Exicom Tele-Systems Ltd	Polixel Security Systems Pvt. Ltd.	HFCL Bezeq Telecom Ltd
Latest audited Balance Sheet Date	31/03/2015	31/03/2014	31/03/2014
No. of Shares of Associate/Joint Ventures held by the company on the year end	6,30,223	10,000	100
Amount of Investment in Associates/Joint Venture	4,33,43,664	1,00,000	Nil
Extent of holding %	12.40	5.52	0.19
Description of how there is significant influence	As per the provisions of Accounting Standards 18	As per the provisions of Accounting Standards 18	As per the provisions of Accounting Standards 18
Reason why the associate/joint venture is not consolidated	NA	NA	Value of Investment written off
Networth attributable to Shareholding as per latest audited Balance Sheet	8,06,98,860 as per Balance sheet of 31.03.2015	2,52,30,000 as per Balance sheet of 31.03.2014	Nil as per Balance Sheet of 31.03.2014
Profit / (Loss) for the year	3,77,94,201 (2014-15)	1,99,07,991 (2013-14)	NA
Considered in Consolidation	Yes	Yes	No
Not Considered in Consolidation	NA	NA	Yes

\* Shares sold on 30.03.2015, \*\* Shares sold on 26.03.2015, \*\*\* Shares sold on 31.03.2015

- Names of subsidiaries, associattes or joint ventures which are yet to commence operations.  
HFCL Bezeq Telecom Ltd.
- Names of associates or joint ventures which have been liquidated or sold during the year.  
HFCL Satellite Communications Ltd.  
HFCL Dacom Infochek Ltd.  
Westel Wireless Ltd.

For and on behalf of the Board

**M P Shukla**  
**Mahendra Nahata**  
**Arvind Kharabanda**

**V. R. Jain**  
Chief Finance Officer

Chairman  
Managing Director  
Director (Finance)

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

New Delhi, 17<sup>th</sup> August, 2015



## HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

Regd. Office: 8, Electronics Complex, Chambaghat, Solan-173213 (H.P.)

Tel +91 1792-230642/44, Fax +91 1792-231902

Website: www.hfcl.com; e-mail: secretarial@hfcl.com

(CIN: L64200HP1987PLC007466)

### ATTENDANCE SLIP

Please fill Attendance Slip and hand it over at the entrance of the venue.

DP-Id*		Folio No.	
Client-Id*		No. of Shares	

Name and Address of the Shareholder(s) \_\_\_\_\_

\_\_\_\_\_

Name and Address of the Proxy holder \_\_\_\_\_

\_\_\_\_\_

I/We hereby record my/our presence at the 28<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, the 30<sup>th</sup> day of September, 2015 at 10:00 A.M. at Mushroom Centre, Chambaghat, Solan-173213 (H.P.)

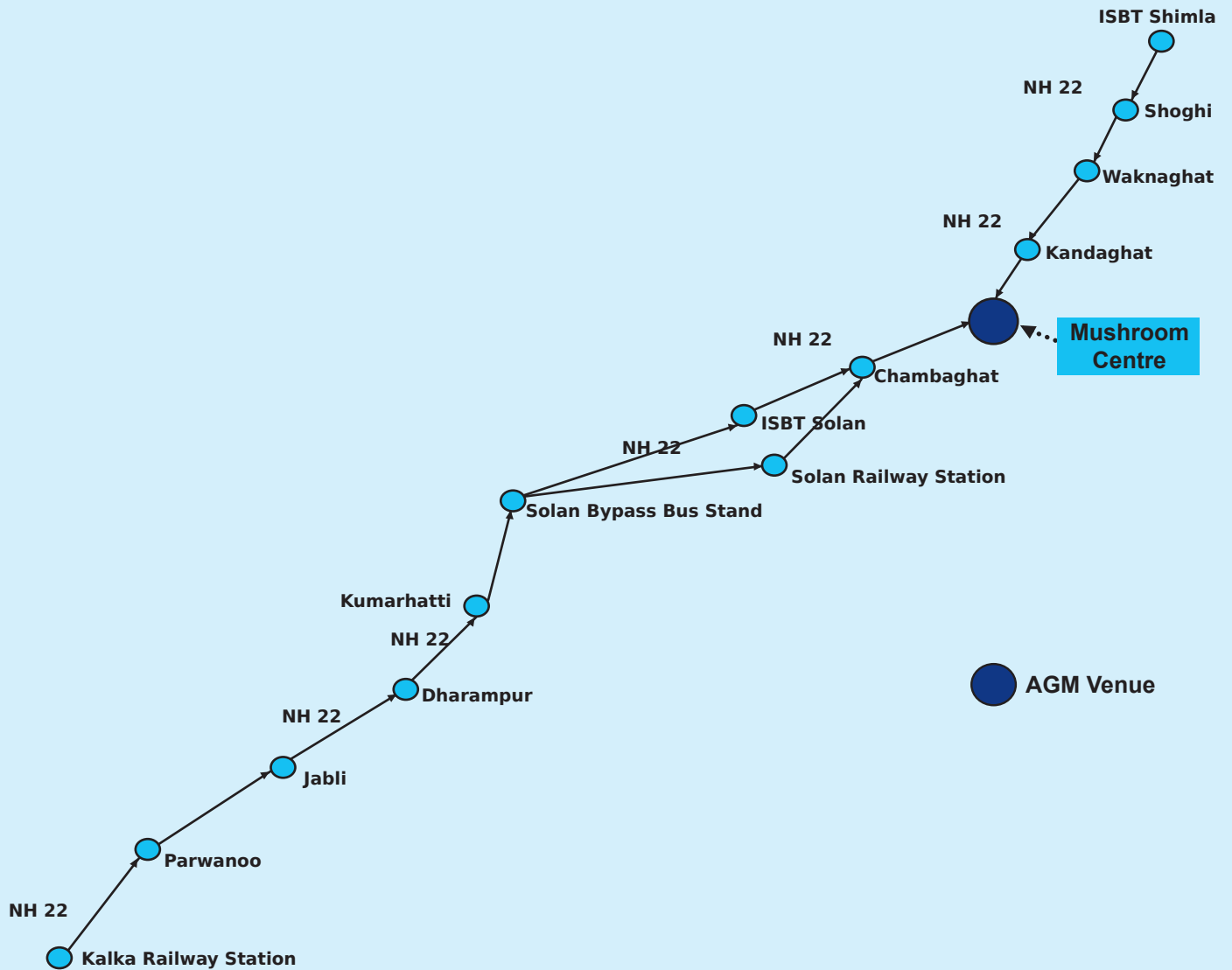
\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy holder

\*Applicable for investors holding shares in electronic form.



# Road Map of AGM Venue i.e. Mushroom Centre, Chambaghat Solon-173213 (Himachal Pradesh)





## HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

Regd. Office: 8, Electronics Complex, Chambaghat, Solan-173213 (H.P.)

Tel +91 1792-230642/44, Fax +91 1792-231902

Website: www.hfcl.com; e-mail: secretarial@hfcl.com

(CIN: L64200HP1987PLC007466)

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration), Rules, 2014]

Name of the Member(s) :	
Registered address:	
E-Mail ID:	Folio No.
DP-ID / Client-ID* :	

\*Applicable for investors holding shares in electronic form.

I/We, being the member(s) holding \_\_\_\_\_ shares of Himachal Futuristic Communications Ltd, of ₹ 1/- each hereby appoint

(1) Name: \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him

(2) Name: \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him

(3) Name: \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him

and whose signature(s) are appended in Proxy Form as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, the 30<sup>th</sup> day of September, 2015 at 10:00 A.M. at Mushroom Centre, Chambaghat, Solan-173213 (H.P.) and at any adjournment thereof in respect of such resolutions as are indicated overleaf :



\* I wish my above Proxy to vote in the manner as indicated in the Box below :

Sl. No.	Resolutions	For	Against
1.	Consider and adopt :		
	a) Audited Financial Statements, Reports of the Board of Directors and Auditors		
	b) Audited Consolidated Financial Statements		
2.	Confirmation of Dividends on Cumulative Redeemable Preference Shares		
3.	Re-appointment of Shri Arvind Kharabanda, Director (Finance) (DIN:00052270), who retires by rotation		
4.	Appointment of M/s Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W), as Auditor and to fix their remuneration		
5.	Appointment of Smt. Bela Banerjee, (DIN:07047271) as an Independent Director		
6.	Appointment of Shri Rajiv Sharma (DIN:01342224) as a Director liable to retire by rotation		
7.	Re-appointment of Shri Mahendra Nahata (DIN:00052898) as a Managing Director		
8.	Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

\_\_\_\_\_  
Signature of shareholder

Affix  
Revenue  
Stamp

\_\_\_\_\_  
Signature of first Proxy holder

\_\_\_\_\_  
Signature of second Proxy holder

\_\_\_\_\_  
Signature of third Proxy holder

**Notes:**

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 (Forty Eight) hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- \*4. This is only optional. Please put a 'X' in the appropriate column against the resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.











# Corporate Information

## BOARD OF DIRECTORS

**Shri Mahendra Pratap Shukla**  
Non-Executive Chairman

**Shri Mahendra Nahata**  
Managing Director

**Shri Arvind Kharabanda**  
Director (Finance)

**Dr. R M Kastia**  
Director

**Shri Y L Agarwal**  
Director (up to 18th March, 2015)

**Smt. Bela Banerjee**  
Director (w.e.f. 18th March, 2015)

**Shri S G Nadkarni**  
Nominee Director (IDBI)  
(up to 16th November, 2014)

**Shri Rajiv Sharma**  
Nominee Director (IDBI)  
(w.e.f. 17th November, 2014)

**Shri V R Jain**  
CFO

**Shri Manoj Baid**  
Associate Vice-President (Corporate)  
& Company Secretary

## BANKERS

IDBI Bank Limited  
State Bank of India  
Oriental Bank of Commerce  
Punjab National Bank  
Bank of Baroda  
Union Bank of India

## REGISTERED OFFICE & TELECOM EQUIPMENT PLANT

8, Electronics Complex  
Chambaghat  
Solon – 173 213  
Himachal Pradesh

## OPTICAL FIBRE CABLE PLANT

L 35-37, Industrial Area, Phase – II  
Verna Electronics city  
Salcete, Goa - 403 722

## AUDITORS

M/s Khandelwal Jain & Co.  
Chartered Accountants  
12-B, Baldota Bhawan  
117, Maharshi Karve Road  
Mumbai – 400 020

## CORPORATE OFFICE

8, Commercial Complex  
Masjid Moth, Greater Kailash - II  
New Delhi – 110 048

## SECRETARIAL DEPARTMENT & INVESTOR RELATION CELL

8, Commercial Complex  
Masjid Moth, Greater Kailash - II  
New Delhi – 110 048





## HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

### Registered Office

8, Electronics Complex  
Chambaghat  
Solan – 173 213  
Himachal Pradesh

### Corporate Office

8, Commercial Complex  
Masjid Moth  
Greater Kailash II  
New Delhi – 110 048

### CIN

L64200HP1987PLC007466

### Website

[www.hfcl.com](http://www.hfcl.com)