



An Environment conscious company certified to ISO 14001 Standard

## HFCL Limited

(formerly Himachal Futuristic Communications Ltd.)  
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Greater Kailash - II, New Delhi - 110048, India  
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December 3, 2019

<b>The BSE Ltd.</b> 1 <sup>st</sup> Floor, New Trading Wing, Rotunda Building Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai - 400001 <a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a> <b>Security Code No.: 500183</b>	<b>The National Stock Exchange of India Ltd.</b> Exchange Plaza, 5 <sup>th</sup> Floor, C - 1, Block G Bandra - Kurla Complex, Bandra (E) Mumbai - 400051 <a href="mailto:cm1ist@nse.co.in">cm1ist@nse.co.in</a> <b>Security Code No.: HFCL</b>
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**RE: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**Subject: Intimation of Schedule of Investors' Meetings.**

Dear Sir(s)/ Madam,

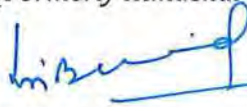
In terms of Regulation 30 read with Para A of Part A of Schedule III to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the management of the Company will be meeting several mutual fund houses/ institutional investors/ other investors ("Investors"), on **Wednesday, December 04, 2019 in Mumbai**, to discuss about the general business updates and the industry in which the Company operates.

The above Schedule may undergo change due to exigencies on the part of the Investors/ the Company.

A copy of Presentation which will be shared with the Investors is enclosed herewith.

You are requested to take the above information on records and oblige.

Thanking you,  
Yours faithfully,  
For **HFCL Limited**  
(Formerly Himachal Futuristic Communications Limited)

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



Encl.: A/a



**HFCL LIMITED**  
INVESTOR PRESENTATION  
DECEMBER 2019



# COMPANY OVERVIEW



# Company Overview



- HFCL Limited (formerly known as Himachal Futuristic Communications Limited) is an established leader offering fully integrated communication network solutions.
- Manufactures optical fiber cables (OFC) and high end transmission and access equipment.
- Specialized in providing turnkey solution to telecom service providers, railways, defence, smart city & surveillance projects.

## State-of-the-art Manufacturing Facilities

- OFC manufacturing at Verna, Goa & through subsidiary at Chennai, Tamil Nadu
- Telecom Equipment manufacturing at Solan, Himachal Pradesh
- FRP Rod manufacturing at Hosur, Tamil Nadu through subsidiary at Chennai, Tamil Nadu
- A greenfield Optical Fiber manufacturing facility with a capacity of 6.4m fkm at Hyderabad is expected to be operational soon

## Turnkey Solutions / System Integration

Project planning, network design, equipment supply, installation & commissioning, system integration, operation and maintenance services of various networks including Wireless Transmission & Access, Optical Transport & Access, Satellite / CDMA / GSM, WiFi, Surveillance etc.

# Board Of Directors



## **Mahendra Pratap Shukla - (Non-Executive Chairman)**

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



## **Mahendra Nahata (Promoter & Managing Director)**

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



## **Arvind Kharabanda (Non-Executive Director)**

- A member of ICAI with vast experience across industries like Telecom, Broadcasting, IT, Electronics, Consumer Durable and White Goods
- Expert in Marketing, Manufacturing, Project Appraisal, Finance, Planning and Corporate Strategy



## **Dr. R. M. Kastia (Non-Executive Director)**

- Holds Doctorate degree in Chemistry. Fellow of British Institute of Management (London)
- Held Senior Executive positions with various national and multi-national companies across Industries



## **Ranjeet Anand Kumar Soni (Non-Executive Director -(Nominee – IDBI)**

- Masters In Mathematics & JAIB Certification From Indian Institute of Banking & Finance
- Over 18 Years of Experience in Corporate & MSME Segments With Banking Industry



## **Ved Kumar Jain (Independent Director)**

- A Fellow Member of ICAI
- Former President of ICAI
- More than four decades of experience on advising Corporates on finance and taxation matters
- Founder Board Member of Indian Institute of Corporate Affairs, Government of India



## **Surendra Singh Sirohi (Independent Director)**

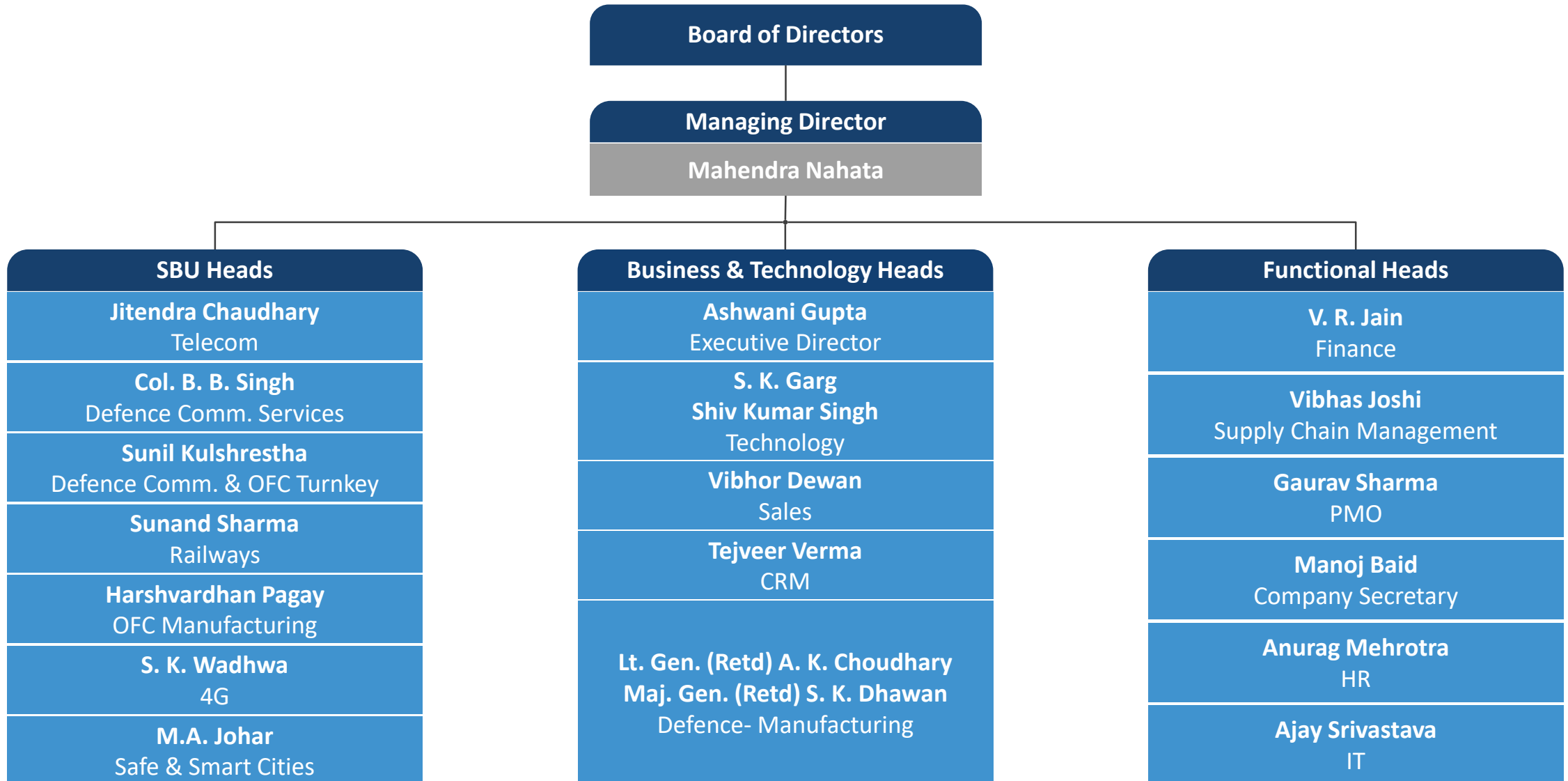
- Alumnus – IIT Kanpur and Ex-Officio Secretary to GOI in Ministry of Communication & IT
- Has been Member - Technology in Telecom Commission
- Vast experience in telecom industry particularly in the areas of National Policy, sectorial regulations, planning & development, R&D, telecom service operations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



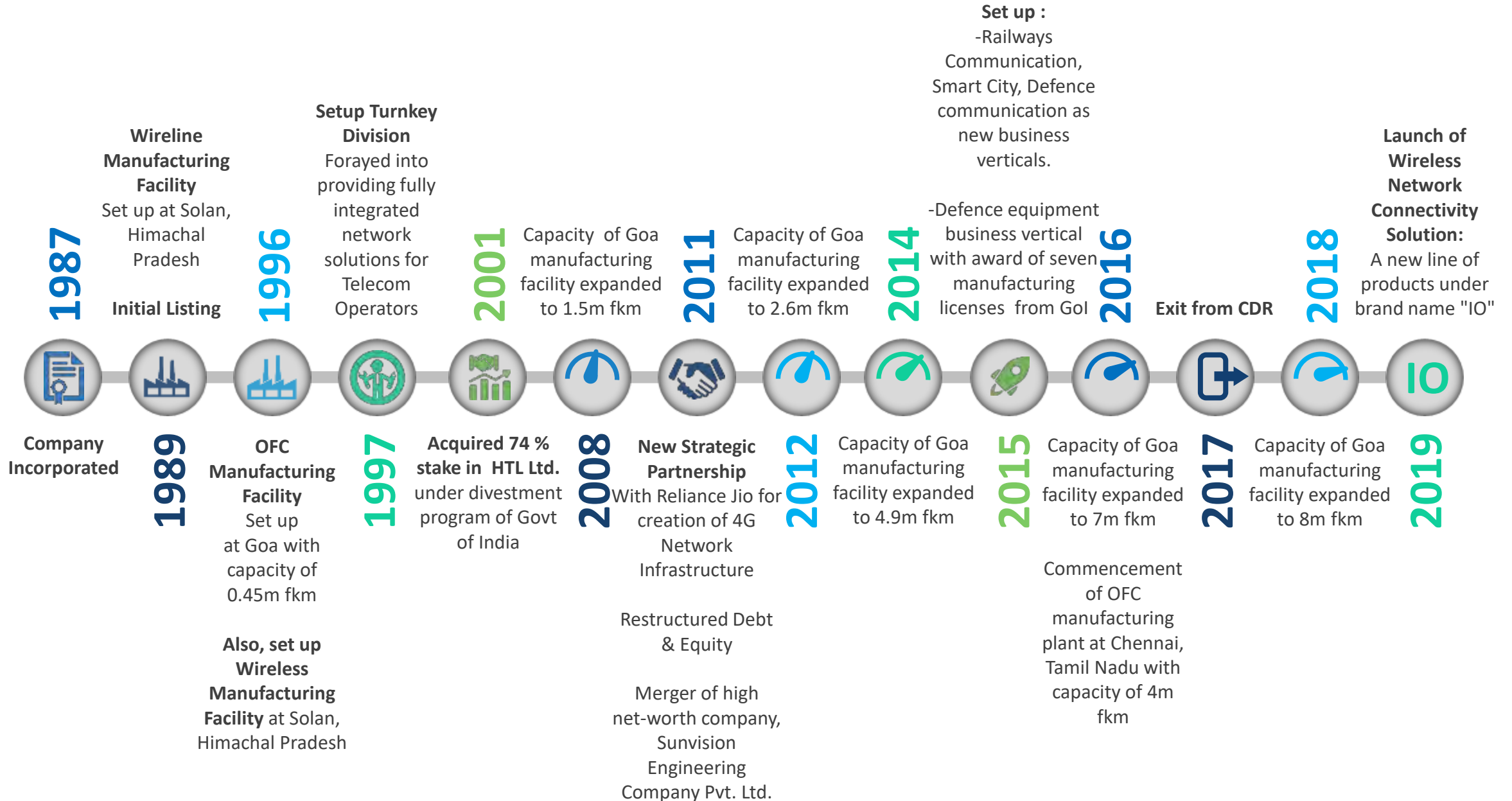
## **Dr. Tamali Sen Gupta (Independent Woman Director)**

- Doctorate in Legal
- Masters in Law from Stanford Law School
- Legal professional with vast experience in international JVs, collaboration and licensing agreements, M&As
- Advised Ministry of Railways on installing Fiber optic link

# Leadership Team



# Key Milestones



# Manufacturing Facilities



## OFC Manufacturing

Verna, Goa

Capacity: 8m fkm



## Telecom Equipment Manufacturing

Solan, Himachal Pradesh

## OFC Manufacturing

Chennai, Tamil Nadu

Capacity: 10.5m fkm



## FRP Rods, IFGR, ARP Manufacturing

Hosur, Tamil Nadu

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

## Optical Fiber Manufacturing\*

Hyderabad, Telangana

Planned Capacity: Optical fiber - 6.4m fkm



\* Greenfield facility – soon to be operational



# Research & Development Capabilities



## Strategy

- R&D initiatives in house and in partnership with others
- Develop products which can be sold globally and can be bench marked with other leading global manufacturers

## Team

- Over 100 people with proven track record, International experience and Indian business know-how
- Qualifications include PhD, M Tech, B tech
- International technology partnerships and Domain specialists



## Expertise

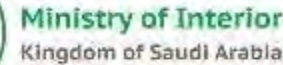
- Design & Development including System Engineering and Product design , Hardware & Software development, Mechanical design etc. for WiFi Network products, Radios, RF and Microwave domain for both active and passive devices, Embedded systems, Communication systems, RADAR and surveillance systems

## Products

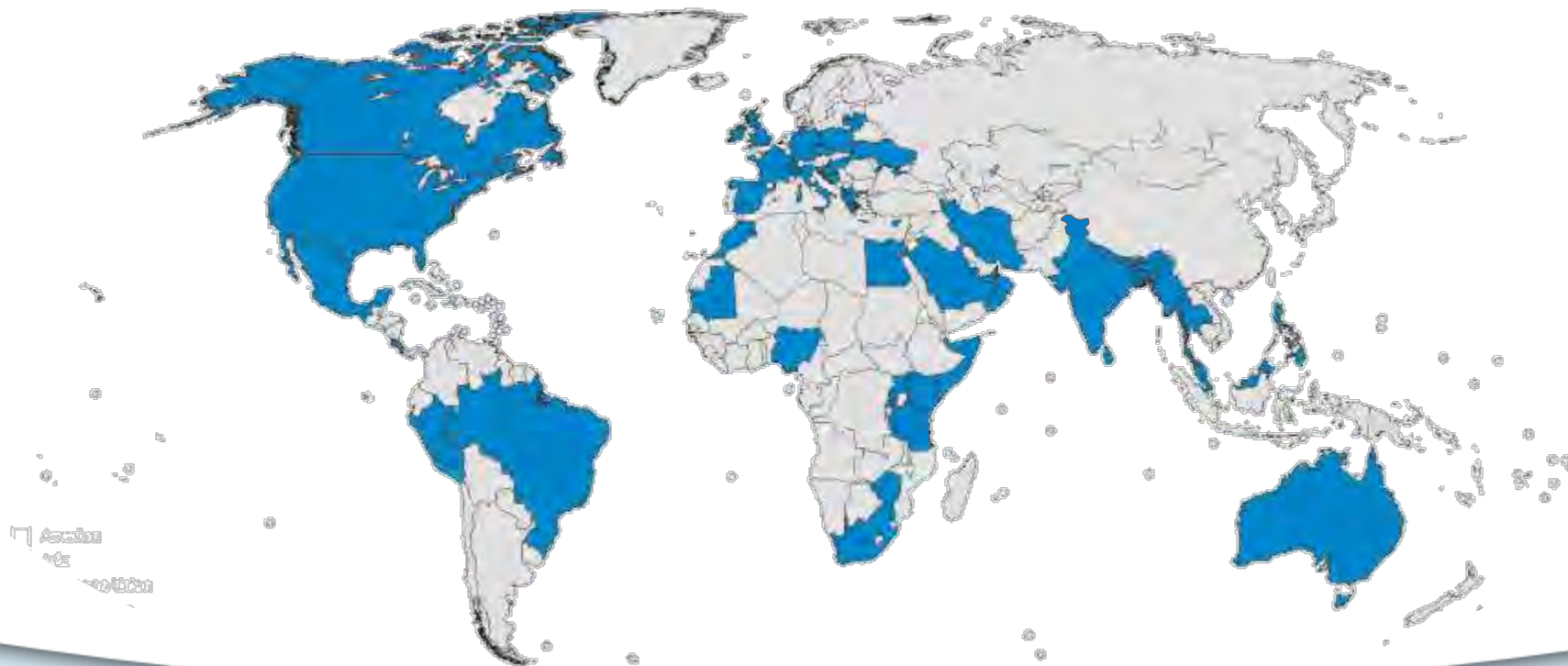
- High Capacity Radio Relay
- Backhaul radios
- Wi-Fi Network Products
- Cloud-based Management Platform
- Antenna Design
- VA, VMS Products
- Electronic Artillery Fuses for ammunition
- Opto-Electronic devices
- Highway Traffic Management System



# Key Customers



# Customer Presence



## EUROPE

- Ireland
- Bosnia and Herzegovina
- Latvia
- Lithuania
- Croatia
- Czech Republic
- Macedonia
- France

- Germany
- Hungary
- Poland
- UK
- Italy
- Slovenia
- Spain
- Switzerland
- Albania
- Greece

## AMERICAS

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

## AUSTRALIA

## ASIA

- Bangladesh
- Bhutan
- Burma (Myanmar)
- Malaysia
- Nepal
- Thailand
- Philippines
- Ukraine

- Singapore
- Sri Lanka
- Iran
- Kuwait
- Cyprus
- Mauritania
- Morocco
- Egypt
- Oman
- Qatar

- UAE
- Saudi Arabia
- Somalia

## AFRICA

- Kenya
- Nigeria
- South Africa
- Rwanda
- Tanzania

- Uganda
- Zimbabwe



# PRODUCTS AND SOLUTIONS PORTFOLIO





## OPTICAL FIBER CABLES

- Aerial Cables
- Armoured / Unarmoured Cables
- FTTx Cables
- Duct / Micro Ducts
- ADSS Cables
- Ribbon Cables
- Premises Distribution Cables
- CPRI Cables

## CABLE ACCESSORIES

- Patch Cords, Pigtails, Patch Panels, Splitter Modules, FDMS, HFTB

## OPTICAL FIBER\*

\* Manufacturing Facility shall be operational soon



## TELECOM PRODUCTS

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



## SURVEILLANCE PRODUCTS

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

## UNDER TRIAL

- Highway Traffic Management System



## DEFENCE PRODUCTS

### UNDER FIELD TRIAL

- Unmanned Aerial Vehicles(UAV)

### UNDER DEVELOPMENT

- Electronic Artillery Fuses for ammunition
- Night Vision devices

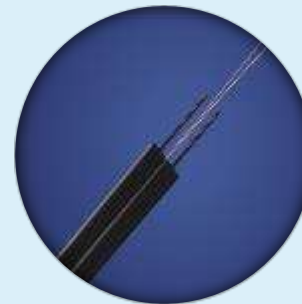


## Conventional cables

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

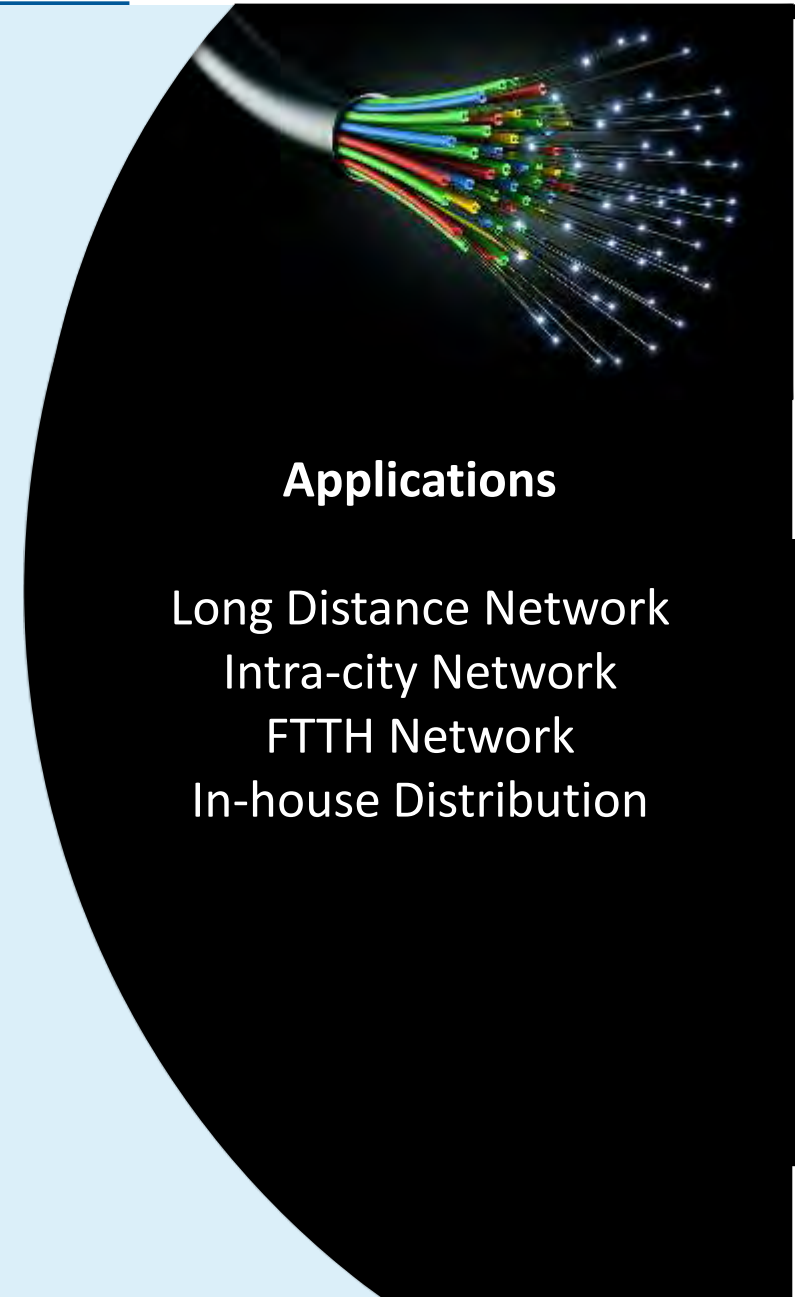
## FTTH Cable

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



## Specialty Cables

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



## Applications

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

# Telecom Products



## Microwave Radio Equipment

Integrated high bandwidth radio unit with centralized network management



## Unlicensed Band Radio

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



## GSM BSS Equipment

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

## Telecom Power Solution Equipment

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



## High Capacity radio Relay

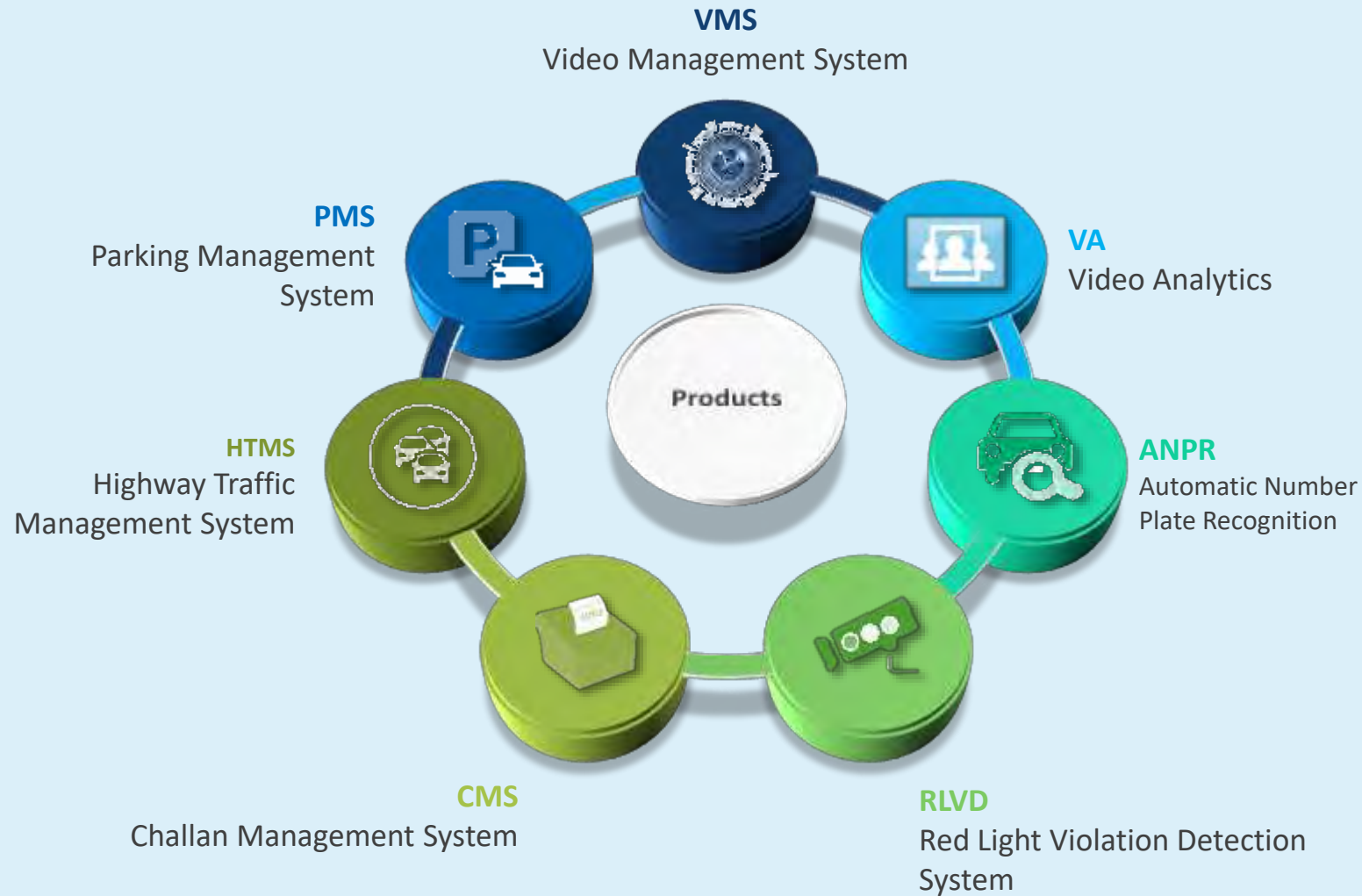
HCRR is a Line-of-Sight (LOS) radio link intended for use in a Tactical Network for long haul transmission of data traffic.



## Wi-Fi Access Point

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

# Surveillance Products



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





**Electro Optical Devices (Night Vision Devices)**

HFCL has participated in a few tenders for these devices



**Unmanned Aerial Vehicles (UAVs)**

Successful in Technical evaluation and field trials are in process



**Electronic Fuses for all types of ammunition**

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

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



## TELECOM NETWORK

- OFC Network
- FTTx Network
- Mobile Network
- *Broadband Access & Wi-Fi Network*
- Radio backhaul Network



## DEFENCE NETWORK

- OFC Network
- Optical Transport Network
- Fiber Monitoring & Management System
- Microwave Network
- Routing & Switching Network
- Border Surveillance System



## RAILWAY COMMUNICATION & SIGNALING NETWORK (Metro Rail & Main Line )

- Network & Equipment Design
- Installation & Commissioning
- Telecom & Signaling Network Integration
- Operations & Maintenance



## SMART CITY & SURVEILLANCE NETWORK

- Safe City Solutions
- Intelligent Traffic Management Solutions
- Video Surveillance Solutions
- Perimeter Security System



## OFC Network

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



## FTTx Network

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



## Mobile Network

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



## WIFI : Providing complete eco system for WIFI services

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



## Specialized Services

- Network optimization
- Managed Services
- RF network Optimization

# Defence Network Solutions



## Fiber Network

Rollout of dedicated optical fiber network for armed forces

## Optical Transport Network

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



## Fiber Monitoring & Management (GOFNMS)

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



## Microwave Network

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



## IPMPLS Network (Routing & Switching)

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



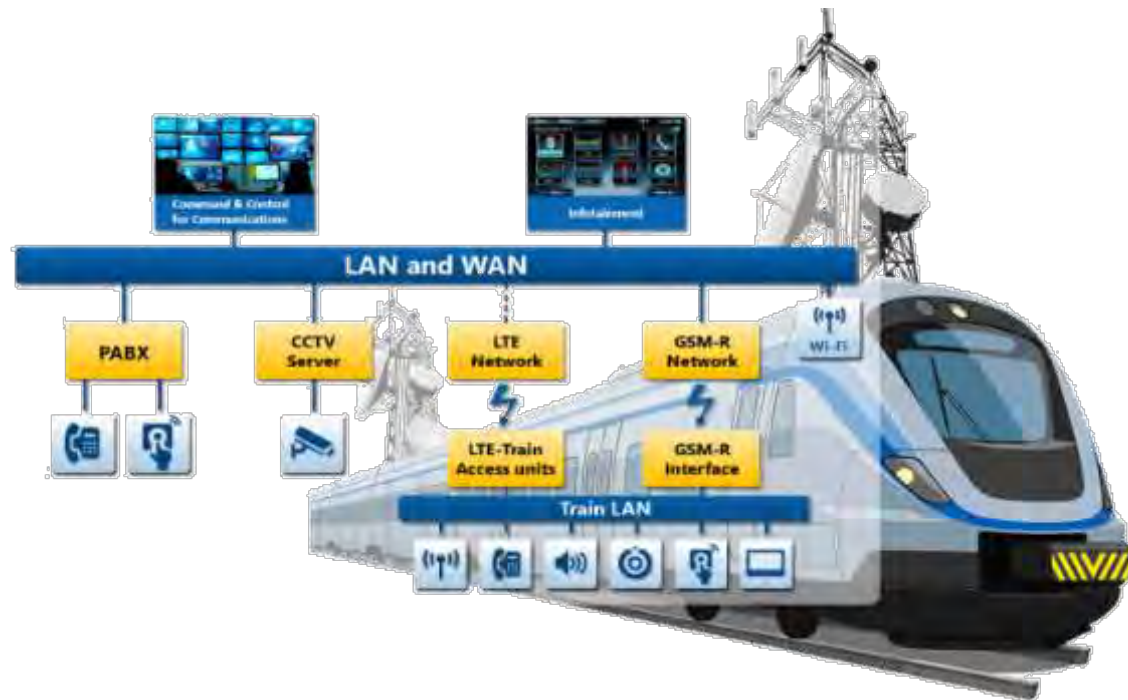
## Border Management

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

# Railway Communication Network Solutions



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



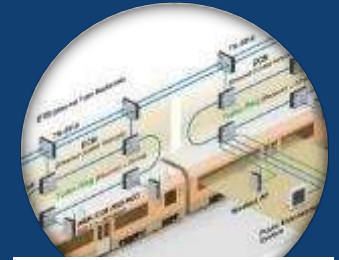
Network Design



Equipment Design



Installation & Commissioning



Network Integration



Post Deployment Services

# Smart City & Surveillance Solutions



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

## Safe City Solutions



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

## Intelligent Traffic Management Solutions



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

## Video Surveillance



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

## Perimeter Security



- Radars
- EO Sensors
- Vibration Sensor
- Proximity Sensor
- Acoustic/Laser Sensor
- Smart Electric Fence
- Counter UAV

## Projects executed

### Ludhiana Safe City

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

### Jaipur Dev. Authority Smart City

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

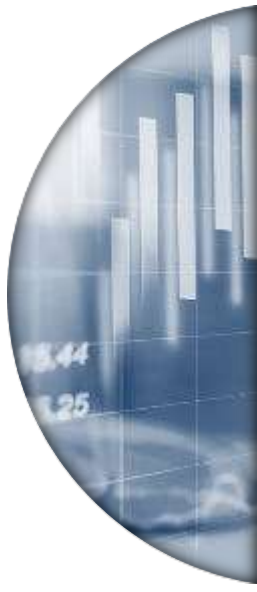
### Other Projects

- Noida Expressway
- Gurgaon Safe City
- UIDAI - Aadhar
- Tihar Jail, New Delhi
- IOCL: Panipat & Barauni
- NTPC: Mauda, Rihand, Vindhyachal

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



# FINANCIAL OVERVIEW



# Key Highlights – Consolidated Financials –FY19



**Completely Transformed**

on Growth Trajectory

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

EBITDA at **INR 4,582 Mn**

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

**37% CAGR**

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

**Debt is largely Working Capital**

**Revenue up** from INR 22,243 Mn in FY17 to **INR 47,805 Mn** in FY19

**47% CAGR**

**PBT up** from INR 1,242 Mn in FY17 to INR 3,393 Mn in FY19

**Credit rating has been reaffirmed** to A- with stable outlook

**Strong Order Book of INR ~10,275 Cr** (~2.4x FY19 revenue) provides visibility

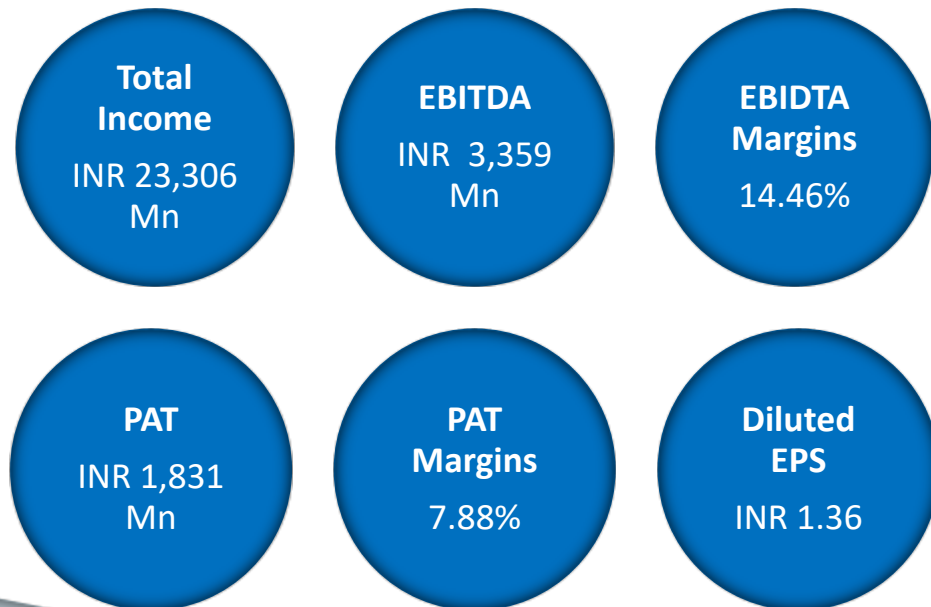
Recommended Dividend of 10% **Dividend Payout of INR 15.03 Cr**



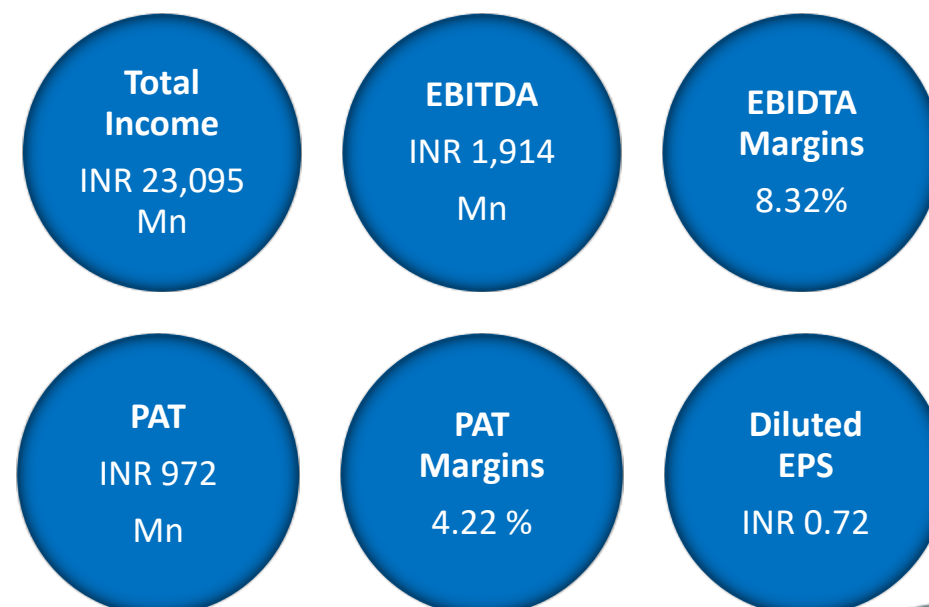
# H1-FY20 Financial Highlights - Consolidated



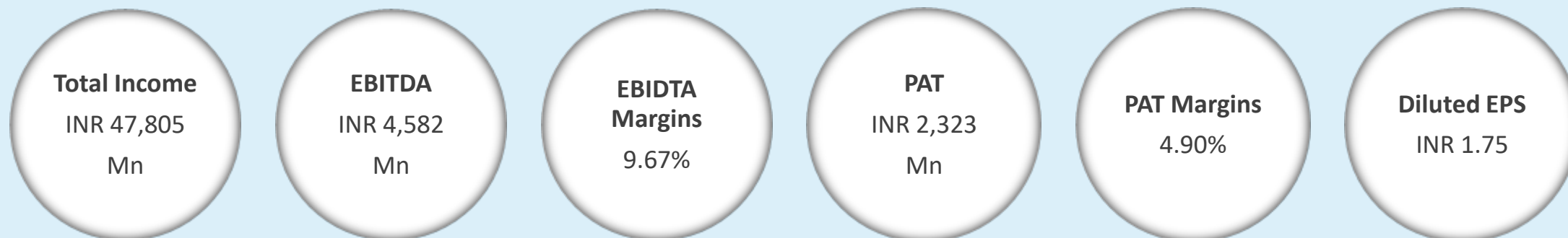
## H1-FY20 Financial Highlights (Consolidated):



## H1-FY19 Financial Highlights (Consolidated):



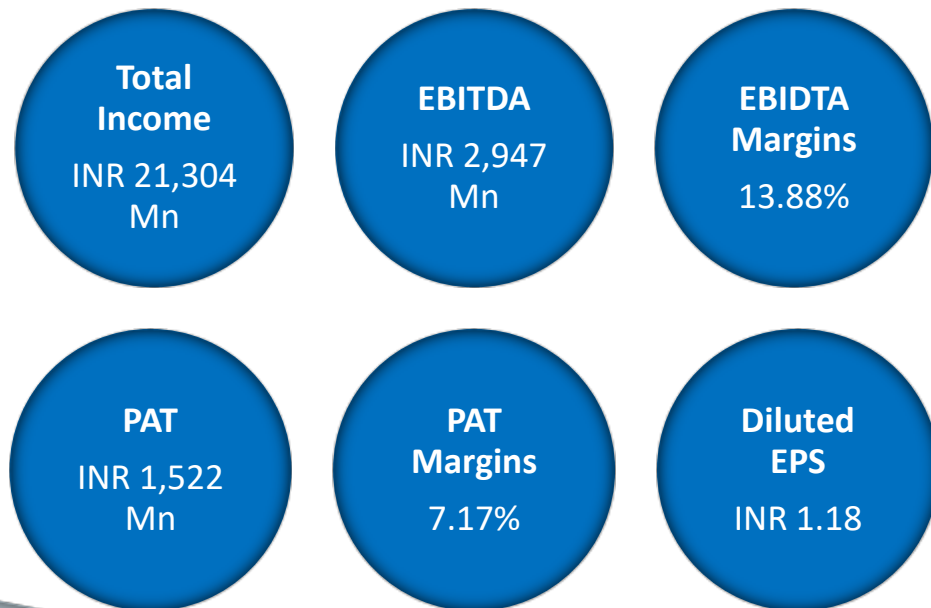
## FY19 Financial Highlights (Consolidated)



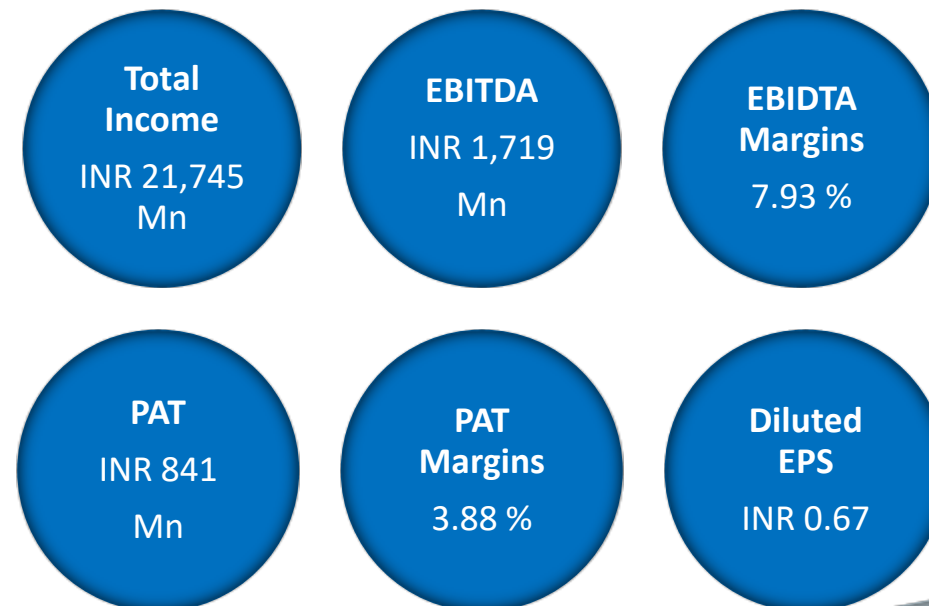
# H1-FY20 Financial Highlights - Standalone



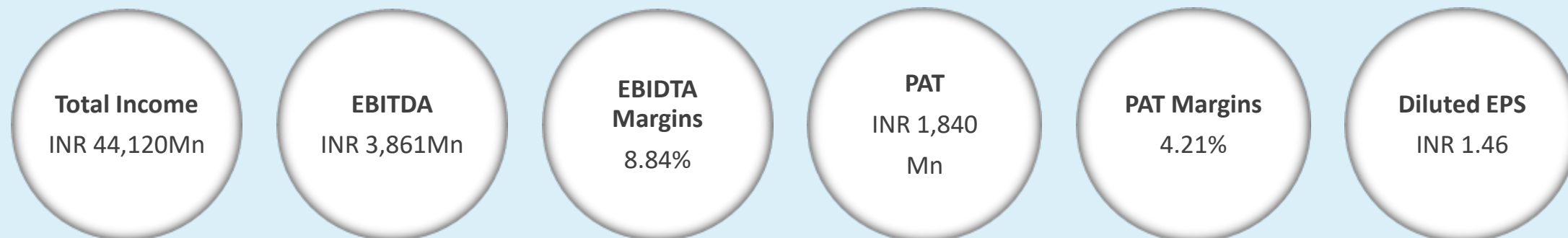
## H1-FY20 Financial Highlights (Standalone):



## H1-FY19 Financial Highlights (Standalone):



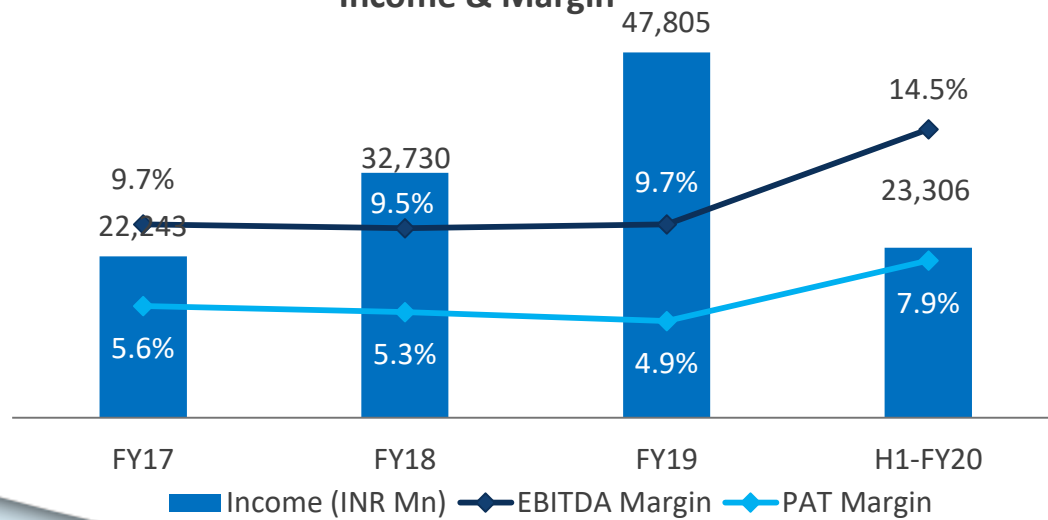
## FY19 Financial Highlights (Standalone)



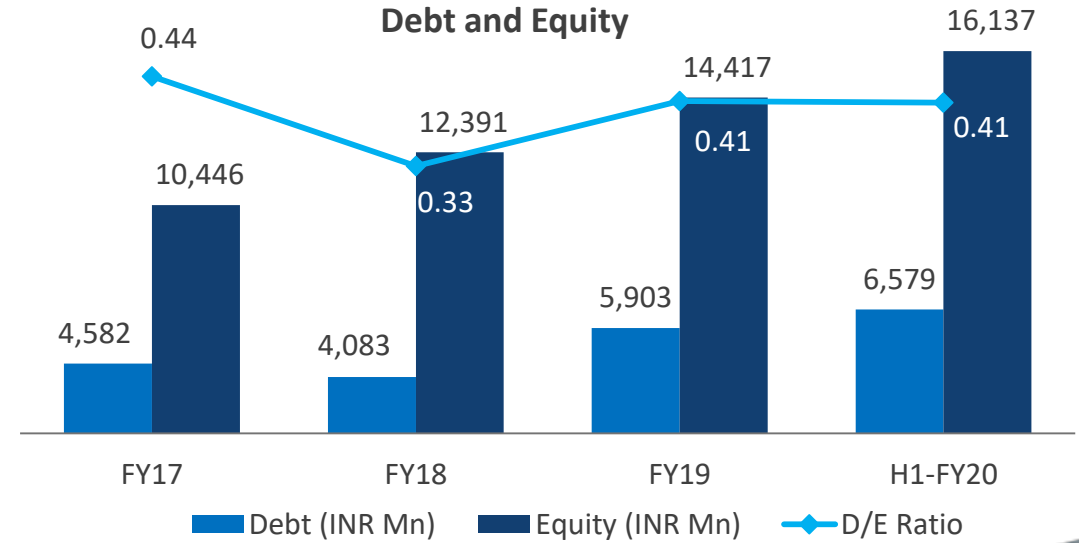
# H1-FY20 Performance Metrics – Consolidated



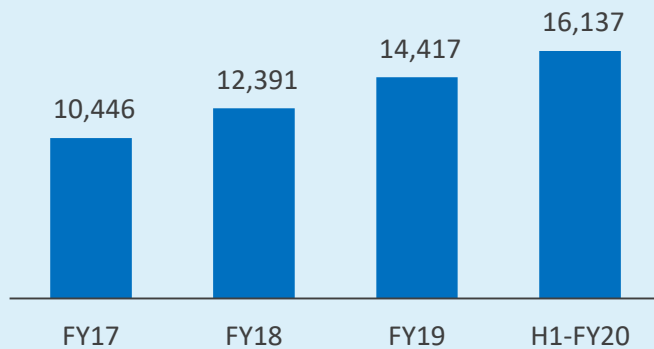
### Income & Margin



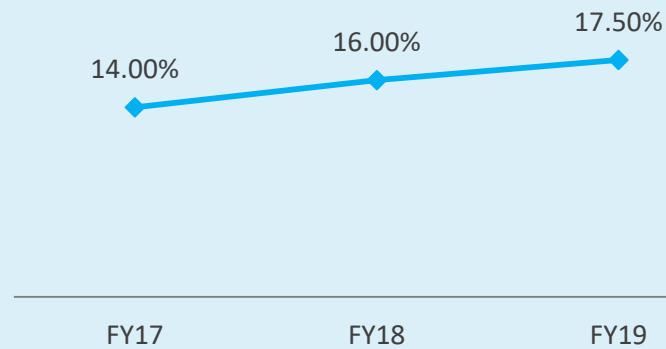
### Debt and Equity



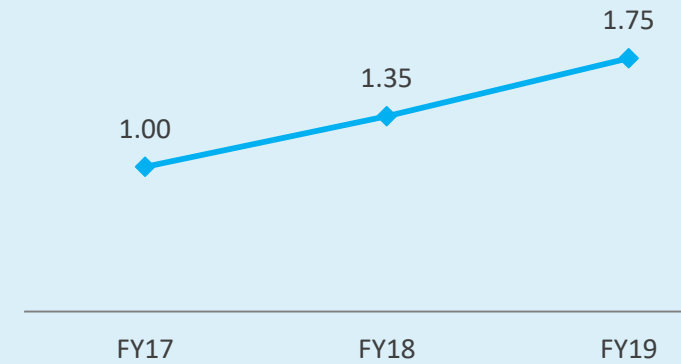
### Networth (INR Mn)



### RoE (%)



### EPS (INR)



# Strong Order Book of ~INR 9,410 Cr provides visibility



**Total Order book  
of ~INR 9,410 Cr as  
on 30 Sept, 2019**

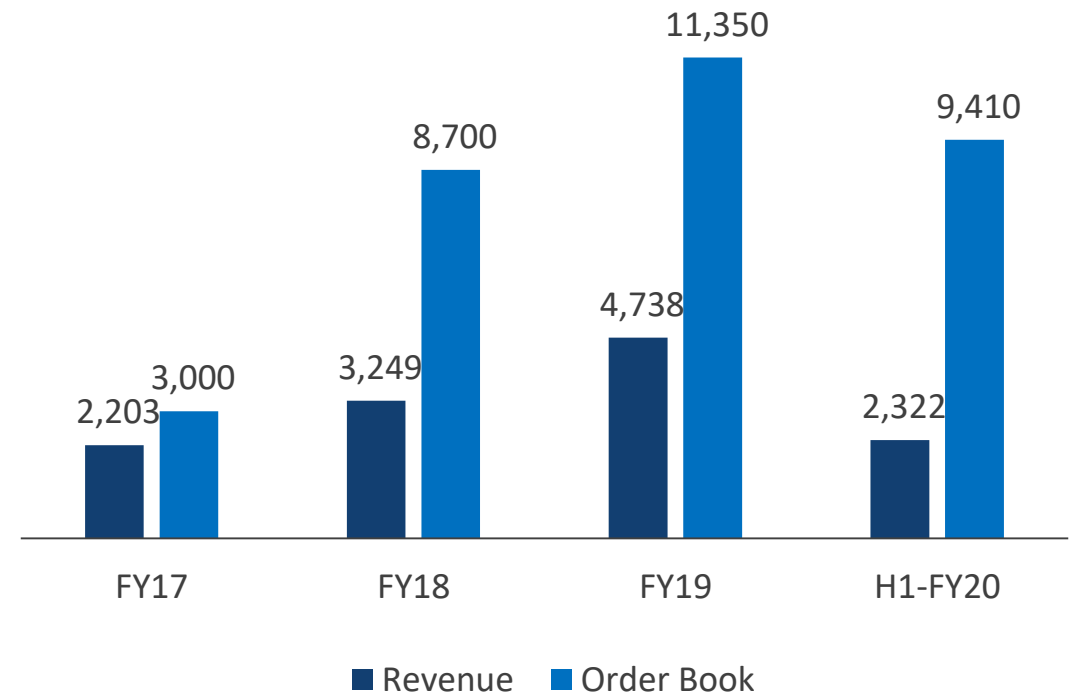
- Prestigious orders spread across all business verticals-telecom, defence, railways, OFC Turnkey & manufacturing, Smart Cities and private operators
- Break through in overseas orders for Railway Systems

**~2 times  
FY19 revenue**

**Strong  
Earning  
Visibility**

**O&M Contracts  
worth ~INR 1,660 Cr  
Ensuring high margin  
revenues YoY**

**Order Book To Revenue (INR Cr)**



# H1-FY20 Consolidated Income Statement (IND-AS)



PARTICULARS (INR Mn)	H1-FY20	H1-FY19	Y-o-Y
Revenue from Operations	23,222	23,015	0.9%
Other Income	84	80	5.0%
<b>Total Income</b>	<b>23,306</b>	<b>23,095</b>	<b>0.9%</b>
Total Expenses	19,948	21,181	(5.8)%
<b>EBITDA</b>	<b>3,359</b>	<b>1,914</b>	<b>75.5%</b>
<b>EBITDA Margin (%)</b>	<b>14.46%</b>	<b>8.32%</b>	<b>614 Bps</b>
Depreciation	172	116	48.3%
Finance Cost	575	353	62.9%
Share of net profits of JV's accounted using equity method	(7)	(2)	NA
Exceptional Items	-	-	NA
<b>PBT</b>	<b>2,605</b>	<b>1,443</b>	<b>80.5%</b>
<b>PBT Margin (%)</b>	<b>11.22%</b>	<b>6.27%</b>	<b>495 Bps</b>
Tax	774	471	64.3%
<b>Profit after Tax</b>	<b>1,831</b>	<b>972</b>	<b>88.4%</b>
<b>PAT Margin (%)</b>	<b>7.88%</b>	<b>4.22%</b>	<b>366 Bps</b>
Other Comprehensive Income	2	(12)	NA
<b>Total Comprehensive Income</b>	<b>1,833</b>	<b>960</b>	<b>90.9%</b>
EPS (Diluted INR)	1.36	0.72	88.9%

# H1-FY20 Standalone Income Statement (IND-AS)



PARTICULARS (INR Mn)	H1-FY20	H1-FY19	Y-o-Y
Revenue from Operations	21,237	21,678	(2.0)%
Other Income	67	67	-
<b>Total Income</b>	<b>21,304</b>	<b>21,745</b>	<b>(2.0)%</b>
Total Expenses	18,357	20,026	(8.3)%
<b>EBITDA</b>	<b>2,947</b>	<b>1,719</b>	<b>71.4%</b>
<b>EBITDA Margin (%)</b>	<b>13.88%</b>	<b>7.93%</b>	<b>595 Bps</b>
Depreciation	116	80	45.0%
Finance Cost	464	327	41.9%
Share of net profits of JV's accounted using equity method	-	-	NA
Exceptional Items	-	-	NA
<b>PBT</b>	<b>2,367</b>	<b>1,312</b>	<b>80.4%</b>
<b>PBT Margin (%)</b>	<b>11.15%</b>	<b>6.05%</b>	<b>510 Bps</b>
Tax	845	471	79.4%
<b>Profit after Tax</b>	<b>1,522</b>	<b>841</b>	<b>81.0%</b>
<b>PAT Margin (%)</b>	<b>7.17%</b>	<b>3.88%</b>	<b>329 Bps</b>
Other Comprehensive Income	4	(9)	NA
<b>Total Comprehensive Income</b>	<b>1,526</b>	<b>832</b>	<b>83.4%</b>
EPS (Diluted INR)	1.18	0.67	76.1%

# Historical Income Statement (IND-AS)



PARTICULARS (INR Mn)	STANDALONE			CONSOLIDATED		
	FY17	FY18	FY19	FY17	FY18	FY19
Revenue from Operations	20,668	30,802	43,662	22,029	32,485	47,378
Other Income	186	183	458	214	245	427
<b>Total Income</b>	<b>20,854</b>	<b>30,985</b>	<b>44,120</b>	<b>22,243</b>	<b>32,730</b>	<b>47,805</b>
Total Expenses	18,860	28,159	40,258	20,100	29,654	43,223
<b>EBITDA</b>	<b>1,994</b>	<b>2,826</b>	<b>3,861</b>	<b>2,143</b>	<b>3,076</b>	<b>4,582</b>
<b>EBITDA Margin (%)</b>	<b>9.65%</b>	<b>9.17%</b>	<b>8.84%</b>	<b>9.73%</b>	<b>9.47%</b>	<b>9.67%</b>
Depreciation	157	163	175	218	232	270
Finance Cost	599	609	779	624	636	919
Share of net profits of JV's accounted using equity method	-	-	-	(59)	14	-
Exceptional Items	-	-18	-	-	(18)	-
<b>PBT</b>	<b>1,237</b>	<b>2,036</b>	<b>2,907</b>	<b>1,242</b>	<b>2,204</b>	<b>3,393</b>
<b>PBT Margin (%)</b>	<b>5.99%</b>	<b>6.61%</b>	<b>6.66%</b>	<b>5.64%</b>	<b>6.78%</b>	<b>7.16%</b>
Tax	-	486	1,067	5	487	1,070
<b>Profit after Tax</b>	<b>1,237</b>	<b>1,550</b>	<b>1,840</b>	<b>1,237</b>	<b>1,717</b>	<b>2,323</b>
<b>PAT Margin (%)</b>	<b>5.99%</b>	<b>5.03%</b>	<b>4.21%</b>	<b>5.62%</b>	<b>5.29%</b>	<b>4.90%</b>
Other Comprehensive Income	19	(5)	52	18	12	45
<b>Total Comprehensive Income</b>	<b>1,256</b>	<b>1,545</b>	<b>1,892</b>	<b>1,255</b>	<b>1,729</b>	<b>2,368</b>
EPS (Diluted INR)	1.01	1.24	1.46	1.00	1.35	1.75

# Historical Consolidated Balance Sheet



<b>EQUITIES &amp; LIABILITIES (INR Mn)</b>	<b>FY18</b>	<b>FY19</b>	<b>H1-FY20</b>
(A) Share Capital	1,239	1,274	1,284
(B) Other Equity	10,548	13,143	14,853
Non Controlling Interest	(221)	(100)	(24)
<b>Total -Shareholder Funds</b>	<b>11,566</b>	<b>14,317</b>	<b>16,113</b>
<b>Non Current Liabilities</b>			
(A) Financial Liabilities			
(i) Borrowings	1,413	1,344	1,719
(ii) Financial guarantee Obligations	4	22	268
(B) Provisions	231	248	284
<b>Total - Non – Current Liabilities</b>	<b>1,648</b>	<b>1,614</b>	<b>2,271</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	2,011	4,187	4,443
(ii) Trade Payables	5,626	8,645	11,389
(iii) Other Financial Liabilities	4,372	2,398	3,102
(B) Current Tax Liabilities	-	-	-
(C) Other Current Liabilities	636	1,212	638
(D) Contract Liabilities	-	495	496
(E) Provisions	27	74	92
<b>Total – Current Liabilities</b>	<b>12,672</b>	<b>17,011</b>	<b>20,160</b>
<b>GRAND TOTAL - EQUITIES &amp; LIABILITES</b>	<b>25,886</b>	<b>32,942</b>	<b>38,544</b>

<b>ASSETS (INR Mn)</b>	<b>FY18</b>	<b>FY19</b>	<b>H1-FY20</b>
(A) Property plant & Equipment	1,657	2,022	2,252
(B) Capital Work in Progress	17	640	2031
(C) Goodwill	259	259	262
(D) Other Intangible Assets	44	103	105
(E) Intangible Assets under development	82	215	287
(F) Investment in Associates/ JV	56	55	48
(G) Financial Assets			
(i) Investment	461	517	517
(ii) Trade receivables	518	905	927
(iii) Others	133	360	346
(H) Deferred Tax (Net)	1,187	799	454
(I) Other Non Current Assets	22	405	45
<b>Total - Non – Current Assets</b>	<b>4,436</b>	<b>6,280</b>	<b>7,274</b>
<b>Current Assets</b>			
(A) Inventories	2,136	2,645	2,596
(B) Financial Assets			
(i) Investment	36	24	31
(ii) Trade Receivables	11,823	14,724	18,858
(iii) Cash & Cash Equivalent	666	175	657
(iv) Bank balances other than above	655	1,418	1,225
(v)Loans	98	140	142
(vi)Others-Advances	4,393	5,282	5,339
(C) Current Tax Assets (Net)	964	595	552
(D) Contract Assets		33	14
(E) Other Current Assets	679	1,626	1,856
<b>Total – Current Assets</b>	<b>21,450</b>	<b>26,662</b>	<b>31,270</b>
<b>GRAND TOTAL – ASSETS</b>	<b>25,886</b>	<b>32,942</b>	<b>38,544</b>



# Historical Standalone Balance Sheet



EQUITIES & LIABILITIES (INR Mn)	FY18	FY19	H1-FY20
(A) Share Capital	1,239	1,274	1,284
(B) Other Equity	10,921	13,162	14,642
<b>Total -Shareholder Funds</b>	<b>12,160</b>	<b>14,436</b>	<b>15,926</b>
<b>Non Current Liabilities</b>			
(A) Financial Liabilities			
(i) Borrowings	1,113	1,039	1,173
(ii) Financial guarantee Obligations	4	22	267
(B) Provisions	205	215	247
<b>Total - Non – Current Liabilities</b>	<b>1,322</b>	<b>1,276</b>	<b>1,687</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	1,868	4,104	4,001
(ii) Trade Payables	5,158	7,410	10,839
(iii) Other Financial Liabilities	4,314	2,354	2,973
(B) Current Tax Liabilities (Net)	-	-	-
(C) Other Current Liabilities	611	1,191	621
(D) Contract Liabilities	-	495	496
(D) Provisions	25	71	89
<b>Total – Current Liabilities</b>	<b>11,976</b>	<b>15,625</b>	<b>19,019</b>
<b>GRAND TOTAL - EQUITIES &amp; LIABILITES</b>	<b>25,458</b>	<b>31,337</b>	<b>36,632</b>

ASSETS (INR Mn)	FY18	FY19	H1-FY20
(A) Property plant & Equipment	1,074	1,076	1,316
(B) Capital Work in Progress	14	622	1793
(C) Other Intangible Assets	30	93	90
(D) Intangible Assets under development	82	215	276
(E) Investment in Associates/ JV	186	188	191
(F) Financial Assets			
(i) Investment	440	497	497
(ii) Trade receivables	511	905	927
(iii) Loans	245	245	265
(iv) Others	796	1,027	1,013
(G) Deferred Tax (Net)	1,187	798	375
(H) Other Non Current Assets	19	396	38
<b>Total - Non – Current Assets</b>	<b>4,584</b>	<b>6,062</b>	<b>6,781</b>
<b>Current Assets</b>			
(A) Inventories	1,787	1,916	1,809
(B) Financial Assets			
(i) Investment	36	24	30
(ii) Trade Receivables	11,830	14,352	18,497
(iii) Cash & Cash Equivalents	492	68	625
(iv) Bank balances other than above	592	1,287	1,130
(v) Loans	68	68	68
(vi) Others	4,484	5,341	5,308
(C) Current Tax Assets (Net)	951	578	550
(D) Contract Assets	-	33	14
(E) Other Current Assets	634	1,608	1,820
<b>Total – Current Assets</b>	<b>20,874</b>	<b>25,275</b>	<b>29,851</b>
<b>GRAND TOTAL – ASSETS</b>	<b>25,458</b>	<b>31,337</b>	<b>36,632</b>



## INDUSTRY OVERVIEW



# Telecom - Mature Eco-system is Driving Growth



## Growing Internet Community

- Internet Subscribers grew at CAGR of 25% (2013-18) 604 Mn in Dec 2018
- Broadband Subscribers stand at 525 Mn in Dec 2018 at CAGR of 85% (2013-18)

## Data Consumption Pattern

- Total Data usage per month grew ~40 times in last three years from 128 PB to 4,867 PB
- usage / user pm grew 12 times in three years from 0.8GB to 9.41 GB
- Usage grew 109% YoY in 2018 where video contributed to 70%-80% share of mobile data
- Demand has shifted from call and VAS to a data-linked play



## Affordable Tariffs

- Entry of Jio altered the face completely
- Tariff declined to INR 11 / Gb in 2018 from INR 226 in 2015

## Device Eco System

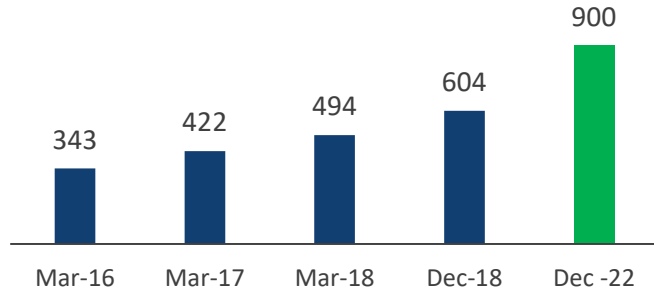
- Aggressive evolution of device ecosystem
- Sharp decline in handset prices
- Substantial increase in 3G/4G devices from 350m in 2015 to 865m in 2018
- Substantial additions to LTE device base reaching 277m
- LTE device ecosystem continues to develop across LTE bands in India



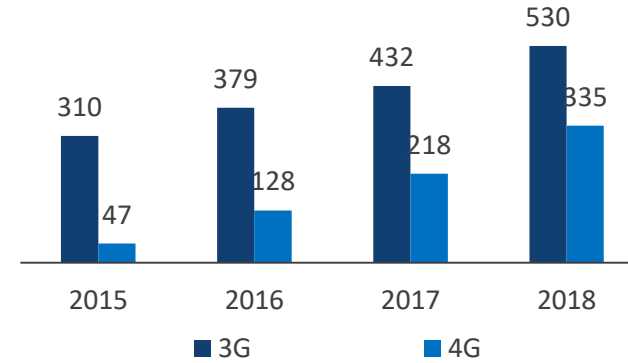
# Telecom - Industry Growth



Internet Subscribers (Mn)



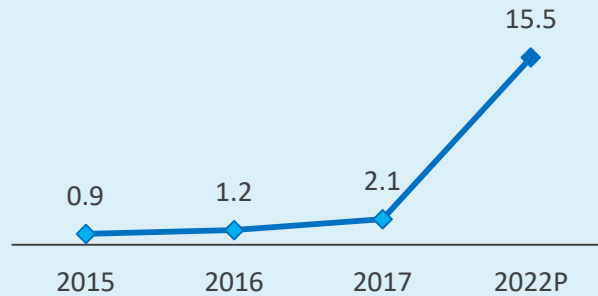
3G/4G device base (Mn)



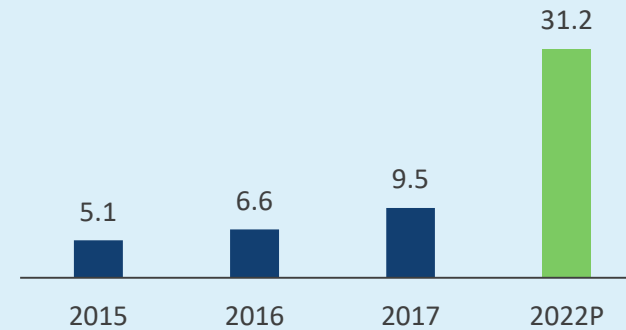
**Multifold Growth  
Shall continue  
unabated**

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

Internet Traffic Per month (Exabyte)



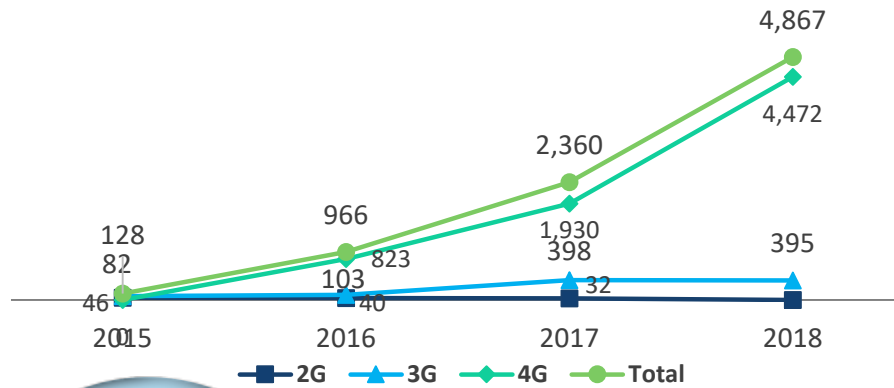
Internet Speed (Mbps)



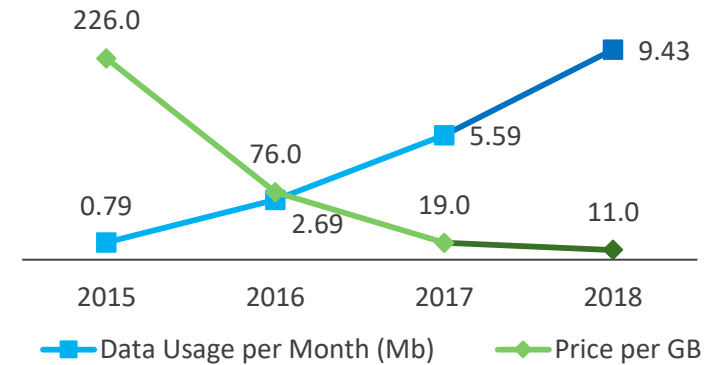
# Telecom - Data Consumption To Leap Frog



Data Usage Per Month, Pentabyte (Pb)



Per Subs Data Usage / Price per GB (INR)

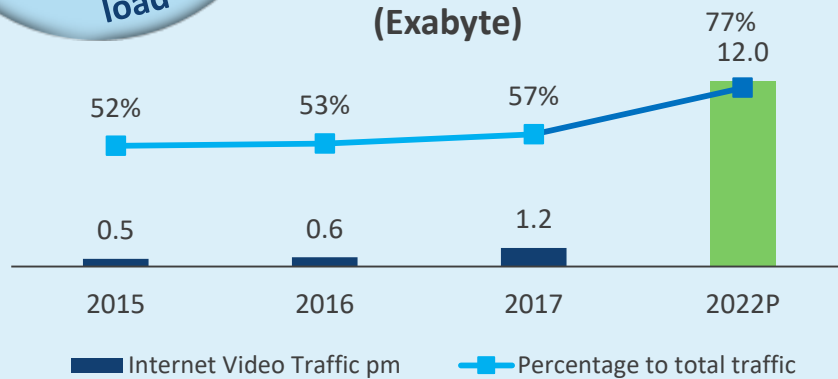


**2015-18**  
38x rise in total data usage pm.  
4G brings in a complete new dimension in usage with 92% play load

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

## Increased devices and Video Traffic

Internet Video Traffic pm (Exabyte)

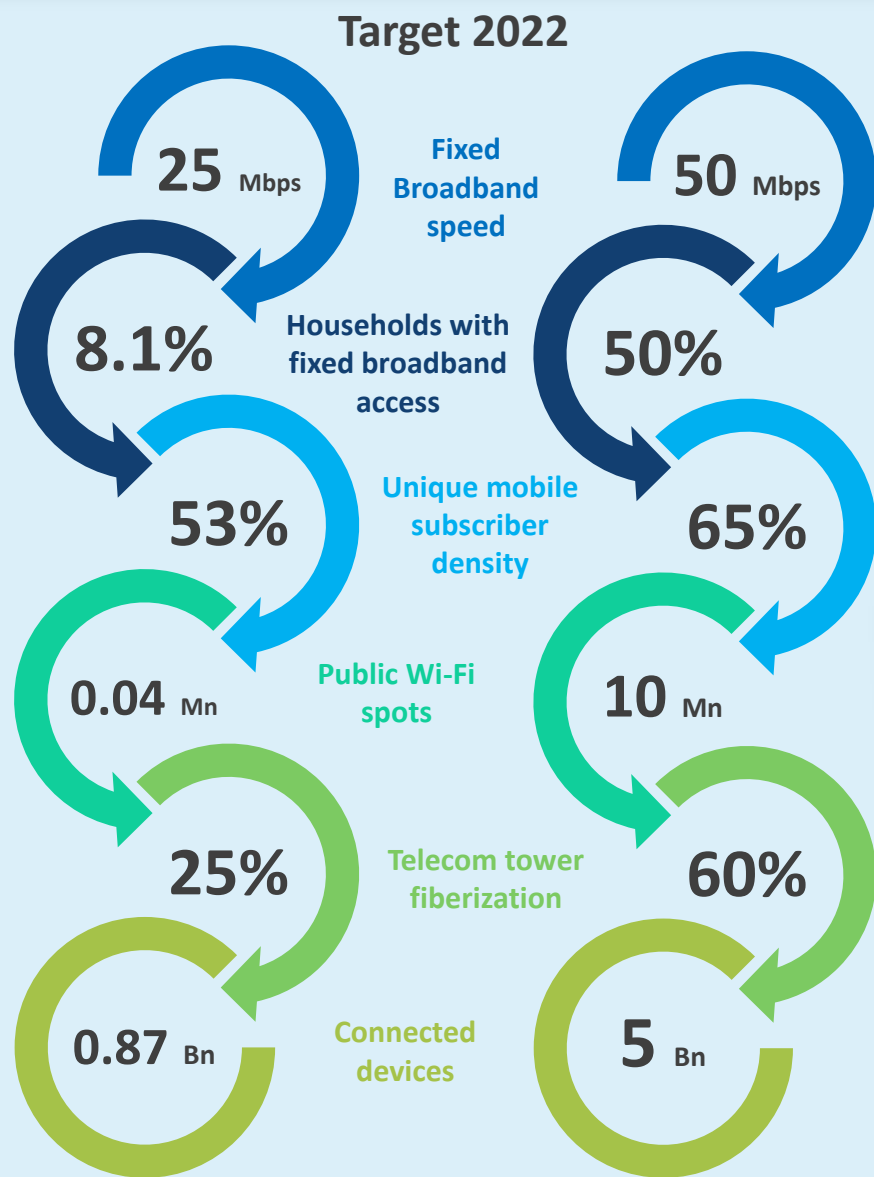


Network device per capita



Source : TRAI, Nokia MBIT, Cisco VNI

# Telecom - National Digital Communications Policy, 2018



## Connect India:

### **By Creating a Robust Digital Communication Infrastructure**

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

## Propel India:

### **By enabling next-gen technologies & services through investments, innovation, local manufacturing & IPR generation**

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

## Secure India:

### **By ensure digital sovereignty, safety and security of digital ecosystem**

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

## 4G,5G



- 4G is the key driver behind increasing users' appetite towards data consumption. Aggressive 4G expansion is capturing 92% share of total data traffic
- Only 20-25 per cent of sites in India are fiberized, a number that needs to go up to 80-85 per cent by 2022 to support 5G and its enabling technologies IoT, M2M



## Govt. Initiatives

- Encouraging investment in high-capacity networks and accelerate public access to Internet
- Digital India, BharatNet, Defence Communication, Wi-Fi, Railways, Smart Cities etc.
- National Digital Communication Policy, 2018 sets aggressive targets

## FTTH



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

# Defence Opportunity



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



# Railways Opportunity



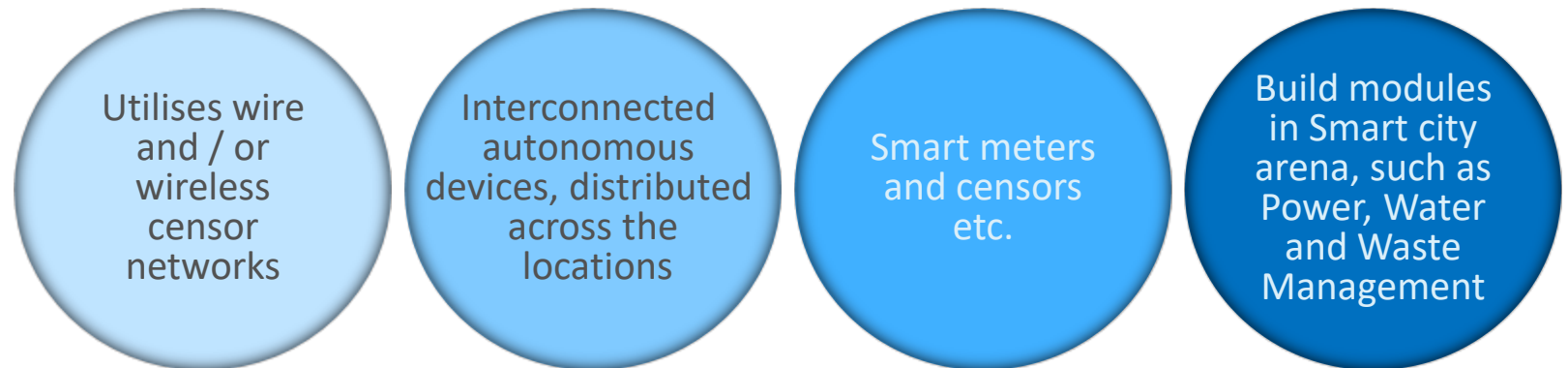
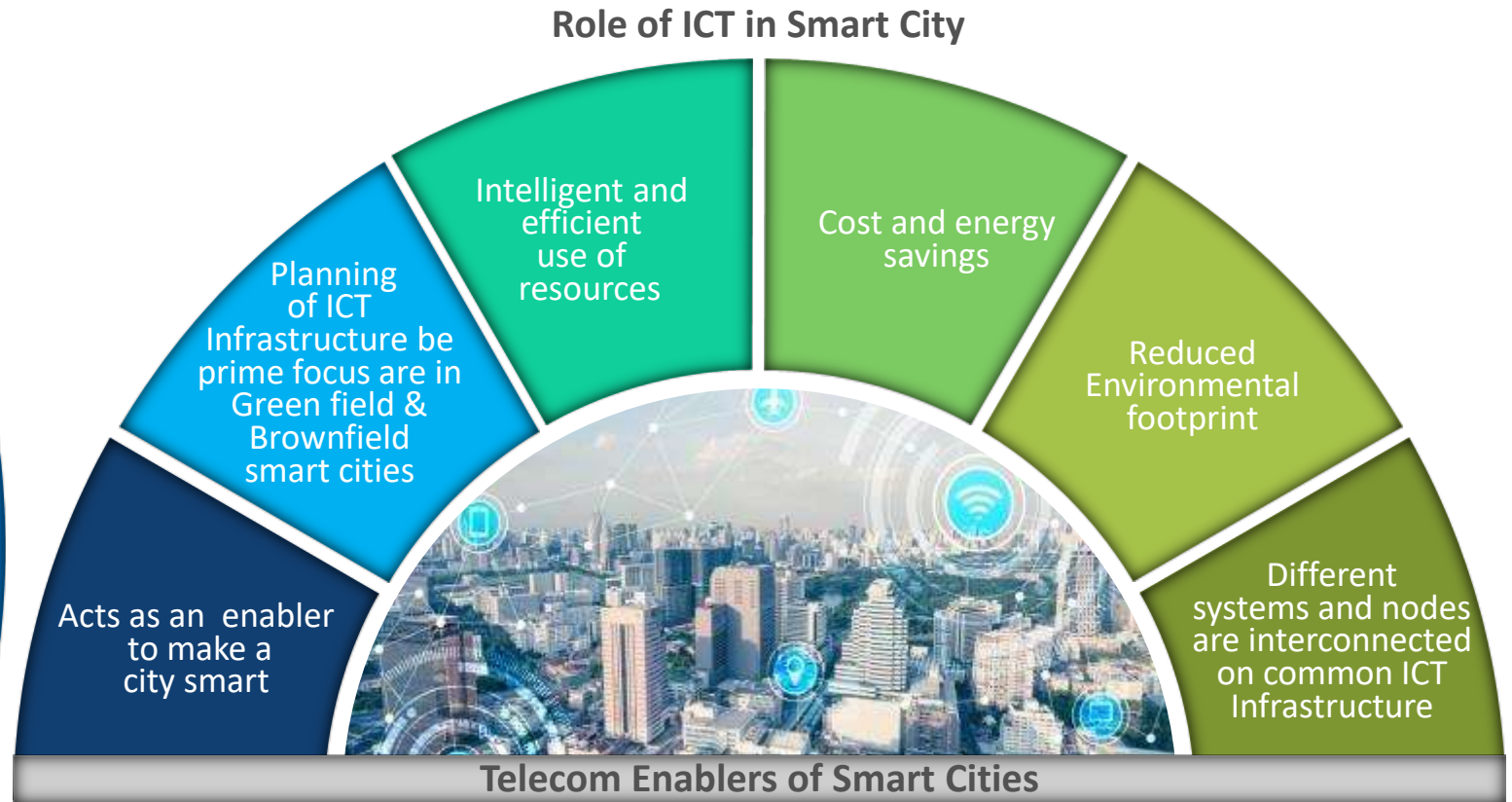
- India is one of the largest rail networks in the world and is expanding like never before with FY18 revenues at USD 27.71 Bn (CAGR of ~10% during FY07-FY18)
- Legacy Signaling and Telecom Systems are integral parts of Railways and need an overhaul and upgradation to strengthen speed and safety
- Government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

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

# Smart Cities & Surveillance Opportunity



- Hundred cities have been selected under Smart Cities Project at an outlay of over INR 2 lakh Cr
- High speed Communication technology shall play a key role to build better communities and digitally empower citizens where Citizen centric services shall be optimized like smart roads, solar roof, intelligent transport system, etc.
- Cities will leverage on connectivity, open data and end-to-end security where Telecom backbone forms an essential part of Smart Cities for communication and automatic response among citizens
- OFC Connectivity being the most efficient way of networking provides Immense potential for telecom infra developers to develop and/or redevelop communication infra



# Massive USD 100 Bn+ Industry Opportunities



## Huge Infrastructure expenditure

is underway in India

Strengthening backhaul and FTTx for a fiber rich diet

Need for High Speed Broadband

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

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

FTTH shall play a significant role in broadband vision.

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

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

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

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

OFC installations to become critical for network expansions

Networks to become denser and deeper – making fiberization an imperative

Innovative & indigenous WiFi network solutions are ready for deployment

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

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

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

# Status of Shares Pledged by Promoters



**Promoters' holding is pledged with the Company's Banks for the credit facilities as collateral (No loans have been taken against Shares):**

- 49% of Promoters' Holding stands pledged with group of Lenders out of which :
  - 75% is towards outstanding Working Capital Loans of INR 75.32 Cr (Fund Based : INR 38.68 Cr and Non-Fund Based : INR 36.64 Cr)
  - 25% is towards fresh Working Capital Loans of INR 1,424.68 Crs (Fund Based : INR 261.32 Cr and Non-Fund Based : INR 1,163.36 Cr)
- 13% of Promoters' Holding stands pledged for project specific PBG of INR 58 Cr. This shall be released by January,2020
- 7% of Promoters' Holding stands pledged against Term Loan of INR 140.94 Cr as interim security towards the upcoming fibre manufacturing facility at Hyderabad. It shall be released by March 2020
- **Promoters have extended support to the Company by way of above pledge as a collateral security towards credit facilities availed by the Company.**
- **None of the Promoters' holding has been pledged against their personal / third party obligations**

# Value Proposition



## Agile Portfolio of Products and Solutions

Agile portfolio of products and solutions backed by excellent manufacturing facilities

## Leadership

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

## Strong Order Pipeline

Strong earning visibility with ~INR 9,410 Cr Order Book. Significant Orders spread across verticals. Comprises of INR 1,660 Cr high margin O&M Contracts

## IPR Ownership

Owns IPRs & Copyrights for various products

## Diverse Customer Base

Diverse Customer Base across all verticals of operations

## Comfortable Debt Equity

Comfortable D/E of 0.41x  
Credit rating has been reaffirmed at A-

## Backward Integration & Expansion

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

## Capitalizing on Infra Wave

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

## New Business Initiatives

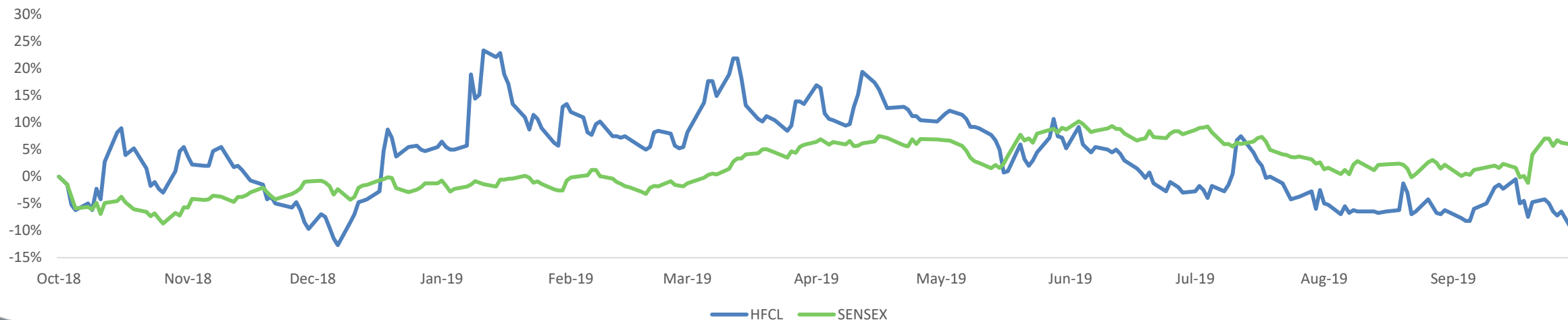
Developing new products for Telecom and Defence. Promising opportunities in Railways, Smart Cities & Surveillance.

## Strategic Partnerships

Long standing association with marquee customers

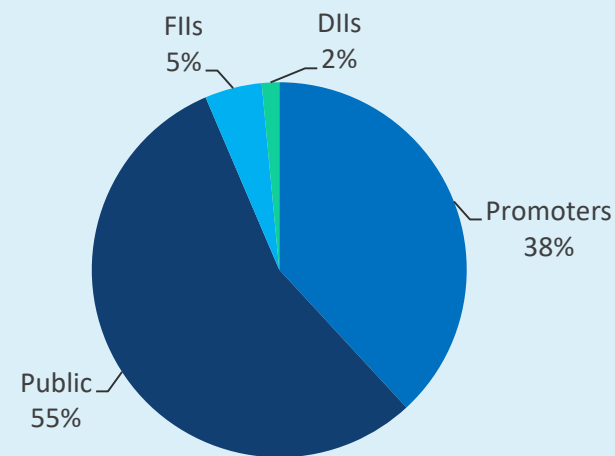


# Capital Market Information



PRICE DATA (AS ON 30 <sup>th</sup> September, 2019)	
Face value (INR)	1.0
Market Price (INR)	18.0
52 Week H/L (INR)	25.3/17.2
Market Cap (INR Mn)	23,118.8
Equity Shares Outstanding (Mn)	1,284.4
1 Year Avg. Daily trading volume ('000)	2,956.1

Shareholding - (As on 30<sup>th</sup> September, 2019)



# Glossary



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

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