



## HFCL Limited

(formerly Himachal Futuristic Communications Ltd.)

8, Commercial Complex, Masjid Moth, Greater Kailash - II,  
New Delhi - 110048, India

Tel : (+91 11) 3088 2624, 3088 2626, Fax : (+91 11) 3068 9013

Web : [www.hfcl.com](http://www.hfcl.com)

Email :

secretarial@hfcl.com

June 05, 2020

<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:cmlist@nse.co.in">cmlist@nse.co.in</a> <b>Security Code No.: HFCL</b>
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**RE: Regulation 30 read with Para B of Part A of Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI Circular Nos. CIR/CFD/CMD4/2015 dated 9<sup>th</sup> September, 2015 and SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20<sup>th</sup> May, 2020.**

**Subject: Disclosure of material impact of COVID–19 on the business, performance and financials of the Company**

Dear Sir(s)/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, following is the update with regards to the impact of CoVID-19 pandemic on the operations and performance of the Company.

Particulars	Details
a) Impact of the CoVID-19 pandemic on the business:	<p>The Company is engaged into business of optical fiber and optical fiber cables, telecom transmission and access equipment manufacturing and providing turnkey services.</p> <p>Our production facilities and turnkey execution remained closed under nationwide lockdown from 25<sup>th</sup> March, 2020. This has affected production at our manufacturing facilities and execution of projects at various locations.</p> <p>However, there has been no cancellation of any of our orders and therefore, the impact can be construed just as deferment of supplies of goods and execution of projects resulting into deferment of revenue, profitability and collection.</p> <p>Though we perceive that the impact on our business seems to be short term and limited as above, we shall continue to watch the situation closely.</p>



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<p>b) Ability to maintain operations including the factories/ units/ office spaces functioning and closed down:</p>	<p>In compliance of the Government's nationwide lockdown directions to prevent and contain the spread of Novel Corona Virus (COVID-19) and to ensure the health and safety of employees, associates and other stakeholders, we continued to "Work from Home" and have been working with reduced capacity of staff at our office spaces in line with such directions.</p> <p>In this lockdown time, we have increased use of digital means in our business operations.</p> <p>Our plants have progressively resumed operations based on guidelines issued by the Government of India (GoI) &amp; respective State Governments and local administrations. We have also started execution of field projects gradually wherever the permissions have been received. There are still disruptions in supply chain but we are taking all required steps to ensure normal operations at all the locations. We hope to get closer to the normal operations with more relaxations being allowed by the various Governments.</p> <p>In accordance with the directives issued by the Central Government, State Governments and Local Administration, our offices have also resumed functioning gradually taking utmost care with regards to health and safety of the employees. Some of the staff still continues to work from home and we absolutely do not find any obstacles in digital interactions and completion of work. All such staff are well equipped with required technology support to remain efficient.</p>
<p>c) Schedule, if any, for restarting the operations:</p>	<p>Our plants have progressively resumed operations from 5<sup>th</sup> April, 2020 at Goa and from 3<sup>rd</sup> May, 2020 at Hyderabad. Activities at our Solan Plant have also started.</p> <p>Operations at our subsidiary's (HTL Limited) plants also resumed from 11<sup>th</sup> April at Chennai and from 23<sup>rd</sup> April at Hosur. We have also started execution of field projects gradually wherever the permissions have been received and more sites are getting opened up with further relaxations by the governments.</p>
<p>d) Steps taken to ensure smooth functioning of operations:</p>	<p>As mentioned above, before commencement of the operations, the Company has taken all steps as have been directed by the Central Government, State Governments and Local Administration.</p>



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	<p>We have worked out proper resource planning to ensure social distancing norms and have implemented required SOPs as directed by the Government. We have introduced proper systems for screening, sanitisation, wearing of masks, health check-up, social distancing etc. Employees have also been trained to make self-declaration of good health before joining, update their health status daily on Aarogya Setu and / or MyJio App.</p> <p>We review the above guidelines and procedures regularly and take appropriate measures for effective implementation of the directives for ensuring health and safety of our work force.</p>
<p>e) Estimation of the future impact of CoVID-19 on its operations:</p>	<p>The impact on the Company seems to be limited and short term and that too resulting into deferment of revenue and realisations. It's difficult to estimate the future impact of COVID-19. We continue to keep a close eye on the situation for ensuring continued corrective action wherever required.</p>
<p>f) Details of impact of CoVID-19 on the Company's –</p> <ul style="list-style-type: none"> <li>o Capital and financial resources:</li> <li>o Profitability</li> <li>o Liquidity position and ability to service debt and other financing arrangements</li> </ul>	<p>There is no significant impact regarding capital and financial resources. The Company stands adequately funded to aptly support its operating plan.</p> <p>Current profitability has got impacted due to disruptions in production and execution of projects consequent to the nationwide lockdown and disruption in supply chain. In order to mitigate the impact of Covid on profitability, the Company has taken several measures for rationalising the operating cost including salary cut, restructuring of emoluments with increased performance linked component, reduction in administrative costs, resource optimisation etc.</p> <p>Disruptions in supply chain and deferred / delayed execution of field projects have led to elongated operating cycle and stressed liquidity on short term basis. However, we are making all efforts to maintain sufficient working capital for the business. We have a very comfortable Debt Equity of 0.42 and have no threat in meeting our debt and other financial obligations.</p>



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<ul style="list-style-type: none"> <li>o Assets;</li>   <li>o Internal financial reporting and control</li>   <li>o Supply chain;</li>   <li>o Demand for its products/services;</li> </ul>	<p>There has been no impact on the assets of the Company. None of the assets are impaired. We have assessed and concluded that there is no indication which require any impairment on account of non-financial assets (including Intangible Assets and Goodwill), Financial Instruments such as Loans, Trade Receivables, Other Receivables, Investment in Debt instruments, Financial Guarantees, Contract Assets and Lease Receivables.</p> <p>The Company's management is constantly ensuring an effective internal financial reporting and control measures. Adequate control procedures and systems are established to ensure accurate reporting, validity of the transactions and safe guarding of the assets. Work from Home provided an opportunity to validate the reporting and controls which can be adhered to even when the staff interacts through digital form. The Company has adapted to the new environment that is evolving in the present scenario and has devised or modified reporting and control procedures in order to be absolute sure of the correct financial reporting and controls.</p> <p>Supply Chain got disrupted both for sales and purchases during the period of closure. The same is gradually getting back to normalcy with the resumption of our operations. Supply chain is improving as more and more areas are given relaxations by the Government. However, such disruptions to some extent shall remain till the complete opening up of movement across the country. We are in constant touch with all the stake holders to bring the supply chain to normal as soon as possible.</p> <p>We do not find any impact on the demand of our products and services. We already have an order book of INR 8000 crores plus which provides visibility for next two years along with various opportunities that shall come up in near future. Only impact on us has been that our supplies and execution have got deferred resulting into deferment of operational performance. There have been no cancellation of orders.</p>
<p>g) Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the Company's business:</p>	<p>The Company is in good position to honour all its contractual obligations and arrangements and so are the other parties. None of the other parties have informed of their inability to perform the terms of agreed contracts.</p>



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<p>h) Other relevant material updates about the Company's business:</p>	<p>We are closely watching the Covid-related developments. The impact of the Coronavirus Pandemic on our business has been mentioned above to the best of our belief. Any future impact cannot be reliably estimated.</p> <p>The Management is confident to tide over this situation comfortably with slight deviations. However, we will rigorously monitor evolving business situation, demand outlook and economic conditions to avoid any surprises.</p> <p>Any material changes to the above outlook due to future events will be analysed and informed.</p> <p>This update is dynamic and will change as the situation changes, which is not in the control of the Company.</p>
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We would also like to inform that the Company shall keep its stakeholders informed, as and when there are material developments in this regard. We request to take the above information on your records and disseminate the same on your respective websites.

Thanking you.

Yours faithfully,

For **HFCL Limited**

(Formerly *Himachal Futuristic Communications Limited*)

**(Manoj Baid)**

Vice-President (Corporate) &

Company Secretary