



## HFCL Limited

(formerly Himachal Futuristic Communications Ltd.)

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October 08, 2021

<b>The BSE Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 E-mail: <a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a> Security Code No.: <b>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 E-mail: <a href="mailto:takeover@nse.co.in">takeover@nse.co.in</a> Security Code No.: <b>HFCL</b>
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**Re: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Subject: - Transcript of 34<sup>th</sup> Annual General Meeting of the Members of HFCL Limited held on September 30, 2021.**

Dear Sir(s)/ Madam,

We hereby submit Transcript of the 34<sup>th</sup> Annual General Meeting ('e-AGM') of the members of HFCL Limited held on Thursday, September 30, 2021 at 11:00 a.m. (IST) through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM').

The Transcript is also being made available on the Company's website.

Thanking you.

Yours faithfully,  
For HFCL Limited

(Manoj Baid)

Senior Vice-President (Corporate) &  
Company Secretary

Membership No.: - FCS-5834



**Encl.:-** Transcript of 34<sup>th</sup> AGM of HFCL Limited.

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**TRANSCRIPT OF THE 34<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF  
HFCL LIMITED  
HELD ON THURSDAY, 30<sup>TH</sup> SEPTEMBER, 2021 AT 11:00 A.M. (IST) THROUGH  
VIDEO CONFERENCING (“VC”)/ OTHER AUDIO VISUAL MEANS (“OAVM”) AT ITS OFFICE AT  
4<sup>TH</sup> FLOOR, PLOT NO. 32, SECTOR -32, GURUGRAM – 122 001, HARYANA**

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**Manoj Baid**- Dear Shareholders, I extend a warm welcome to all of you in the 34th Annual General Meeting of your Company, which is being held through video conferencing and other audio-visual means. We have with us today, Shri Mahendra Nahata Ji, Managing Director and Chairman of CSR Committee and Risk Management Committee.

**Mahendra Nahata**-Hello, I'm Mahendra Nahata. I welcome you, all of you in this annual general meeting. I am attending this meeting from the office.

**Manoj Baid**- Then we have with us Mr. Arvind Kharabanda, Non-Executive Director and Member of Audit Committee, Nomination, Remuneration and Compensation Committee, Stakeholders' Relationship Committee, and Risk Management Committee.

**Arvind Kharabanda**- Hello, I'm Arvind Kharabanda. Welcome all of you to the 34<sup>th</sup> annual general meeting and I'm attending the meeting from our office at Gurugram.

**Manoj Baid**- Then we have with us Mr. Surendra Singh Sirohi, Independent Director, Chairman of Nomination, Remuneration and Compensation Committee, Member of the Audit Committee and CSR committee.

**Surendra Singh Sirohi**- Good morning to you all. I'm Surendra Singh Sirohi, Independent Director on HFCL Board. I'm attending this meeting, the 34<sup>th</sup> AGM of HFCL, on this date of 30<sup>th</sup> September, 2021, from the HFCL office at Gurgaon. I welcome you all, all shareholders and all members of HFCL to this 34<sup>th</sup> AGM. Thank you.

**Manoj Baid**- Dr. Tamali Sen Gupta, Independent Director, Member of the Audit Committee and Stakeholders Relationship Committee has joined through VC.  
Ms. Tamali Sen Gupta.

Then, Mr. Bharat Pal Singh, Independent Director and Chairman of the Audit Committee, and Member of the Nomination, Remuneration and Compensation Committee and Risk Management Committee has also joined through video conference.

**Bharat Pal Singh**- Hello, I'm Bharat Pal Singh, Independent Director, joining the 34th AGM of HFCL Limited from my residence, Bombay.

**Manoj Baid**- Thank you, Sir. Dr. Ranjeet Mal Kastia, Non-Executive Director and Member of Stakeholders' Relationship Committee, could not join today's meeting due to his ill health. And Mr. Ramakrishna Eda, Nominee Director of IDBI Bank Limited and Member of CSR Committee also could not join the AGM due to his office exigencies.

Mr. V.R. Jain, CFO of the Company is also present in the AGM.

**Mr. V.R. Jain**- Good Morning to all. Welcome to this 34<sup>th</sup> Annual General Meeting of our Company.

**Manoj Baid**- Mr. P.D. Baid, Senior Partner of S. Bhandari & Co., Statutory Auditors has joined this meeting through video conference. Mr. Sunil Bhansali, Senior Partner of Oswal, Sunil & Company, statutory auditors has also joined us through VC.

**Sunil Bhansali**- Myself, Sunil Bhansali. Good morning to all. I am Sunil Bhansali, Statutory Auditor of the Company. I am attending this AGM from my office in Daryaganj, New Delhi. Thank you.

**Manoj Baid**- Thank you Sunil Ji. Then we have with us today Mr. Baldev Singh Kasthwal, Secretarial Auditor and also the Scrutinizer for remote E-voting and E-voting during this AGM. He has also joined meeting through VC.

**Baldev Singh Kashtwal**- Welcome to the Annual General Meeting of the Company. I am joining this 34<sup>th</sup> meeting of HFCL Limited from my residence at Vaishali, District Ghaziabad. Thank you.

**Manoj Baid**- Thank you Kasthwal Ji. Shareholders, as per Article 14.5 of the Articles of Association of the Company, I would request Directors present here to appoint one of them as the Chairperson of this AGM.

**Arvind Kharabanda**- I propose Mr. Mahendra Nahata to be Chairman of this AGM.

**Surendra Singh Sirohi**- I second Mr. Kharabanda's proposal of appointing Mr. Mahendra Nahata as the Chairman of this meeting.

**Mahendra Nahata**- Thank you for electing me as Chairman of this AGM. Dear Shareholders, I extend a warm welcome to all of you in the 34<sup>th</sup> Annual General Meeting of the Company.

**Manoj Baid**- Thank you, Sir. Members may kindly note that in view of the COVID-19 pandemic, this AGM is being conducted through VC, OAVM without the physical presence of the members at a common venue, in due compliance with the applicable provisions of the Companies Act 2013 rules made thereunder, read with various general circulars issued by the Ministry of Corporate Affairs and circulars issued by the Securities and Exchange Board of India. 30 members present will constitute the quorum.

Can I ask the moderator to kindly confirm the number of shareholders participating in the meeting?

**Moderator**- At present 70 members are present.

**Manoj Baid**- Thank you Mangla Ji. Chairman Sir, the quorum for holding the meeting is present. I request the Chairman to accord his consent to start the proceedings of the meeting.

**Mahendra Nahata**- We can start the proceedings of the meeting.

**Manoj Baid**- Thank you, Sir. Before I hand over the proceedings to the Chairman, I would like to highlight certain points here. The joining to this meeting opened 30 minutes before the scheduled time of the commencement of the meeting, which is 11:00 am and it will remain open till another 15 minutes of the commencement of the meeting.

Members are encouraged to join the meeting through their laptops and headphones for a better experience and use the internet with a good speed to avoid any disturbance during the meeting. Participants connecting from mobile devices or tablets or through laptops connecting via mobile hotspot may experience an audio-video loss due to fluctuations in the respective network. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any kind of technical glitches.

As mentioned in the Notice convening this AGM, the participation of facility at the AGM through VC has been made available for 1000 members on a first come first-served basis, except for large shareholders, Promoters, Institutional shareholders, Directors, Key Management Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee as well as the Auditors are allowed to attend the AGM without any restrictions on account of first come first serve basis.

Pursuant to the Circular dated 8<sup>th</sup> April 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxies to attend the class and vote for the members is not available for this AGM. However, the body corporates are entitled to appoint authorized representatives to attend the AGM through VC, other audio-visual means and participate and cast their votes through E-voting. Deemed venue for the AGM will be the place from where the Chairman of the meeting conducts the AGM, which is our Gurgaon office of the Company.

Pursuant to the provisions of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, , the Company has provided the facility for voting by electronic means to all its members to cast their votes electronically, and the business may be transacted through such E-voting. For this purpose, the Company has tied up with the E-voting system of NSDL for facilitating voting through electronic means, as the authorized agency.

The Company provided remote E-voting facility to all the persons who were members on September 23, 2021, being the cut-off date for a vote on all the 10 resolutions set out in the Notice of AGM, from 9:00 am on September 27, 2021, till 5:00 p.m. on September 29, 2021.

Members attending the AGM today, who have not cast their vote by remote E-voting during the said period, are entitled to exercise the right to vote by E-voting during the AGM, which shall remain active for 15 minutes after the closure of this AGM by the Chairman.

Mr. Baldev Singh Kashtwal, Practicing Company Secretary carrying membership number FCS 3616, CP number 3169 has been appointed by the Board as the Scrutinizer to conduct remote E-voting, E-voting today in a fair and transparent manner.

Mr. Baldev Singh Kasthwal is present in the meeting through video conference.

The result of this meeting will be declared on or before October 3, 2021, after considering the E-voting done today by members participating in this AGM and also the remote E-voting already done by certain members. The result along with the Scrutinizer report will also be submitted to the stock exchanges, NSE and BSE and will also be placed on the website of the Company.

Since, this AGM is convened through VC, OAVM and resolutions have already been put to vote through remote E-voting, therefore, in terms of Secretarial Standard 2, issued by the Institute of Company Secretaries of India, the same are not required to be proposed and seconded. There are ten resolutions, namely:-

Ordinary business, there are four resolutions.

The first is to receive, consider, adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2021, the report of the Board of Directors and the Auditors thereon. This is an ordinary resolution.

The second resolution is to receive, consider and adopt the audited consolidated financial accounts of the Company for the financial year ended 31<sup>st</sup> March 2021 and the report of the auditors thereon. This is also an ordinary resolution.

The third is, to declare a dividend of 15 Paise, i.e., 15% per fully paid-up equity share of the face value of Rs.1, for the financial year ended 31<sup>st</sup> March 2021. That is an ordinary resolution.

The fourth is, to appoint a director in place of Dr. Ranjeet Mal Kastia, whose DIN number is 00053059, Director, Non- Executive, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment, this is a special resolution. Though he is not present today because of his ill health.

Then there are special businesses and the first resolution in the special business is to appoint Mr. Ramkrishna Eda whose DIN number is 07677647, as a Director, Nominee Director of IDBI Bank Limited, which is also an ordinary resolution.

Then, the sixth resolution is to approve the re-appointment of Mr. Surendra Singh Sirohi who is present with us, his DIN member is 07595264, as an Independent Director. That is a special resolution.

The next resolution is to approve the re-appointment of Dr. Tamali Sen Gupta. Her DIN number is 00358658 as an Independent Director, which is also a special resolution.

The next resolution is to approve the re-appointment and remuneration of Mr. Mahendra Nahata. His DIN number is 00052898 as a Managing Director and a Key Managerial Personnel of the Company, which is to be passed as a special resolution.

Nahata Sahab is also present with us today.

Then, the 8<sup>th</sup> resolution is, to approve the material related party transaction with HTL Limited, the material subsidiary of the Company which is ordinary resolution. It was the ninth resolution.

And the last resolution is resolution number 10, regarding, to approve raising of funds, which is a special business, special resolution.

To transact business as mentioned in the AGM notice, members have been provided an opportunity to inspect all documents referred to in the AGM notice and the explanatory statement, by writing to the Company Secretary at the email id [secretarial@hfcl.com](mailto:secretarial@hfcl.com), till the date of AGM.

The Register of Directors and Key Managerial Personnel and their shareholdings, register of contracts, arrangements, in case our Directors are interested, and other documents as required to be maintained under the Companies Act 2013, are open for inspection at the members till the conclusion of this AGM. With this, I now hand over the proceedings to the Chairman. Thank you all.

**Mahendra Nahata**- Dear shareholders, colleagues on the Board, distinguished ladies and gentlemen,

I'm delighted to welcome each one of you to the 34th Annual General Meeting of your Company.

I'm sure that each one of you has been safe and well, in these difficult times of COVID. The world has quietly ushered into a new decade in the midst of the pandemic. Although the scars of pandemic run deep, they have not been able to dim the human spirit, ingenuity, and the courage to forge ahead. The fear of pandemic is still not over. We all must make sure that all of us, all our family members and colleagues remain safe.

While the second wave has receded, the uncertainty regarding the third wave still exists. Your Company is closely monitoring the current situation and we have implemented a number of measures to protect our employees, communities and our operations.

While putting up a vigilant and brave front to the ongoing pandemic, we had to incur an irreparable loss in form of the sad and sudden demise of our beloved Non-Executive Chairman, Shri M P Shukla on May 4<sup>th</sup>, 2021. Having served as the Chairman of the Company since 2004, Shukla Sahab was the guiding light and highly insightful and compassionate mentor to fellow colleagues on the Board and our Leadership team.

On behalf of our entire HFCL family, I place on record a sincere appreciation and acknowledgement with a valuable contribution that he made to the growth and progress of HFCL.

Dear shareholders, it is a matter of pride to see the commitment and dedication that our employees displayed during this year to serve our clients and customers. I'm extremely grateful to our Board members, our clients and leadership team, our well-wishers and you all, who have supported us with their trust and guidance through these challenging times. I am deeply humbled to inform you that HFCL has withstood the test of time. Our actions have not only ensured smooth business operations, but also steady performance in the financial year 2021.

I believe that you all have read our annual report, of financial year 2020-2021, which detailed out the key strategic and operational initiatives. We would appreciate your valuable feedback on the annual report, which can be addressed to our compliance officer Mr. Manoj Baid through email.

I take great pride in the way your Company has evolved during the last few years. Thankfully our strategy and preparation over the years have positioned HFCL at the right place at the right time with the right bouquet of products and solutions. The strong pipeline of our products and services is yet to come. Our leadership team has continuously focused on ensuring that we deliver what our customers need.

As we look into the future, it is truly upon us to pick up and pursue opportunities, segments and geographies that we find most fulfilling and very lucrative. All the strategic moves that we have been making in the last 6-8 quarters are now crystallizing in building blocks for a decade of future growth. As I look ahead, I am more optimistic than ever of the enormous opportunity lying ahead of us.

Despite a challenging business environment, the financial year 2020-2021 was exceptionally good. We have worked tirelessly to transform ourselves as a company led by technological innovations.

With an aim to position ourselves as a tech-powered enterprise, we have steadily been increasing our R&D investments and efforts over the last couple of years. An important new facet of our technological leap forward is our ambition to innovate and manufacture, not only for India but also for the world. The year gone by witnessed the addition of a new R&D Center in Bengaluru and that is aimed at developing next generation 5G products, while also enriching our product portfolio.

Our three-pronged R&D approach, in-house, collaborative and strategically invested, is being aptly backed by our steadily modernizing, diversifying, expanding manufacturing capacities, capabilities and infrastructure.

We are certainly deepening our overseas engagement in more than 30 countries, which have traditionally been the strong bastion for our optical fibre cables. With a clear plan, to mine new geographies for our range of new-age telecom products and equipment, we are developing a global sales and marketing talent pool by way of strategically inducted local talent in select geographies. The early signs of our expert potential indicate of a highly promising and fulfilling global future for HFCL.

Our R&D efforts have yielded success in the form of products that have already been developed. We have seen wide acceptability. Riding on the success of already developed products, we have high expectations for the products which are under development.

We have made conscious efforts to take our revenue and order book towards a margin lucrative and capital-efficient mix. Our financial year 2021 performance reflects the kind of results that this shift is likely to generate in near future.

During the financial year 2021, we grew our revenues and EBITDA and our margins saw a healthy increase notwithstanding the operational challenges due to COVID-19. Our revenue grew by 15.2% to reach Rs.4,422.96 Crores while healthy growth of 13.5% took our EBITDA to Rs.585.71 Crores. Profit after tax grew by 3.8% to reach Rs.246.24 Crores. We close the year with an outstanding order book of Rs.6,875 Crores. As I mentioned earlier, our focus is reflecting in our numbers.

The telecom sector in India is at an inflection point given the impending switch to 5G networks, expanding 4G rollout by telcos, PLI schemes to boost exports, the implementation of BharatNet PHASE 2 and the Government of India's focus on rural connectivity through Digital India initiative. All are creating an unprecedented environment for growth.

Moreover, additional 4G spectrum allocation and increased broadband adoption have led to increased demand for optical fibre cable including FTTH cables. In the defence market, the increased focus on upgrading equipment to world standards, growing emphasis on better network connectivity and communication, the call for self-reliance, the AtmaNirbhar Bharat Abhiyan are also widening possibilities. At the same time, rural communication systems are also being expanded, upgraded and modernized. There is always growing awareness on the importance of security and surveillance, providing multiple opportunities that we can pursue across the areas we are present in. All these are resulting in expanded business opportunities for us.

Gearing up to take full advantage of the emerging opportunities, we have devised multiple strategies.

The first is to expand our R&D initiatives. This includes the formation of a strategic business division pursuing the 5G opportunity, including in-system integration required for a seamless implementation through open RAN. The division is undertaking an inside out approach to identify, strategize and execute all relevant 5G opportunities by leveraging our existing strength in research and development, manufacturing, network implementation and customer relationship by bridging the gaps through collaborative pursuits.

The second strategic move is to scale up our manufacturing capacities and capabilities across optical fibre and FTTH cable. We are already implementing modernization and expansion of our optical fibre and optical fibre cable manufacturing capacities by 20 to 25% and we are also in the process of setting up a greenfield facility for the manufacture of defence equipment. The Expansions are taking place across three manufacturing locations in Hyderabad, Goa and our subsidiary Company HTL Limited at Chennai. These are expected to be commissioned between October 2021 and March 2022.

Third, we participated in the recently announced PLI scheme of the Government of India through our newly formed wholly owned subsidiary, HFCL Technologies. We believe this will aid us in further expanding our geographic markets by making our products more competitive, and our margins become more attractive. To grow our footprint abroad, we are recruiting technocrats with a proven track record and international experience to guide our product and market development.

Additionally, we are strategically focusing on increasing our product business share to 60% of revenue over the next couple of years. This will aid us in increasing margins and expanding our market presence while leading to a faster turnaround and reduction in working capital requirements.

Having laid robust foundations for future growth, we continue to invest in strengthening our capabilities by enriching our talent pool, sharpening and digitizing our operational processes. We continue to look for opportunities to leverage our strength in building indigenous technology-driven products and enter new segments.

I'm delighted to see our Company has rapidly grown amongst the leaders in manufacturing products for telecommunication, defence and railway industry. Besides making its mark in the Indian market, our Company is also expanding its presence in the international market.

As I conclude my address, I would like to highlight that your continued patronage towards HFCL keeps propelling our march forward and I thank each one of you for your continued support and guidance. It is our privilege to co-create a greater value for all stakeholders throughout this new and promising decade. Now I request our Company Secretary to conduct the rest of the proceedings as per the AGM notice. Thank you. Thank you all.

**Manoj Baid:** Thank you very much, Sir, for your insightful address. As required under Secretarial Standard 2 issued by the Institute of Company Secretaries of India, any qualifications, observations or comments or other remarks on the financial transactions or matters which have any adverse effect on the functioning of the company, if any, mentioned in the auditor's report shall be read at the AGM, and attention of the members present has to be drawn to the explanations, comments given by the Board of Directors in its report.



Members are informed that the standalone and consolidated auditor's report and also the secretarial audit report are free from any qualifications and are self-explanatory and do not call for any further clarification and hence may be taken as read.

The E-voting is open now and members are requested to kindly vote while the meeting is in progress. The E-voting will be disabled 15 minutes after the closure of this AGM by the Chairman.

Now, we will take all the queries, questions, views of the shareholders who have registered themselves as speaker shareholders.

After listening to all speaker shareholders, we will make endeavours to answer their queries.

The first question is from Mr. Bhutani, who has sent his few questions through a video message in advance. May I request the IT team to play the video?

I think there is some issue in his video, but I have already received his questions through email also. So I will take those questions. I will read the questions for the comfort of the Chairman, and then he can answer. We can stop the video. No problem. I already have two questions with me. So, first question, Mr. Bhutani has asked about the expansion and diversification or Capex plans Sir.

**Mahendra Nahata:** We are, as I said in my address, we are continuously expanding our manufacturing capacity, and this is happening looking at the demand of the products which we produce. As I said, we are expanding our capacity for manufacturing fibre optic cable and fibre. The same point of time, we are also creating new manufacturing facility for defence equipment. And these are happening across three geographies, Hyderabad, Chennai, and Goa. Now, in terms of diversification, I would say, we will not diversify in unrelated areas. We will only diversify or increase our product range in our related areas, rather than going into unrelated areas, to keep on taking advantage of our core capabilities. So we are also expanding our capacities of production in HTL, and we are increasing our capacity to produce wire harnesses. Moreover, more and more R&D initiatives are being taken by the Company to develop new kind of products or new technologies, which are going to be in demand today and tomorrow.

**Manoj Baid:** Sir, his second question is, how has the Company strengthened competitiveness related to its presence in industry spaces, margins and the strength of its balance sheet?

**Mahendra Nahata:** As I already said, this is a technology-driven industry. To ensure competitiveness, we have to stay ahead in technology. And that can only happen if you have good capabilities to design new kinds of products so that not only we have India as a market, but the world as a market. We have designed our own products, which have already seen good acceptability by customers. We have started exporting them also and we are designing a number of new products, which would be available for sale by the Company, continuously, both this year and next year. And this aspect of R&D is not only being undertaken in telecom equipment, but also defence equipment, and also in our cable business. So definitely, our own design products will usher in more competitiveness and open up new geographies for us to sell our products, thereby increasing our revenues and possibly our margins also. In terms of strengthening our balance sheet, I am sure you would note that with a very good debt-equity ratio, our balance sheet is already in a good position. And with ongoing operations, strengthening of operation and better results, it will become even better and better.

**Manoj Baid:** Sir, we have one more question from him that is related to any disputed cases under Vivad-se-Vishwas scheme. He says that the Vivad-to-Vishwas scheme was launched last year to settle pending disputes. Indications are there that the scheme has been a great success. Hence, he wants to know your experience and comments on the disputed matter of the cases with the concerned authorities for the purpose of resolving the issues.

**Mahendra Nahata:** Well, we don't have any dispute which is part of this Vivad-to- Vishwas. So, there is no need to comment anything on this, as we have no such dispute.

**Manoj Baid:** Thank you, Sir. Next question we have received from Mr. Saket Kapoor. Moderator, can you just confirm? Is Mr. Saket Kapoor online? If he is online, you can unmute him and take his question.

**Saket Kapoor:** Yes Sir. I'm there.

**Manoj Baid:** Yes please, Saket Ji. Please ask your question.

**Saket Kapoor:** Thank you Manoj Ji. I hope you can see me also.

**Manoj Baid:** Yes, yes, you are visible.

**Saket Kapoor:** Namaskar Manoj Ji. Namaskar Nahata Ji. Sir, firstly Sir, we as shareholders, thank you for creating the wealth for the investors including you over a period of time. And you walked the talk over the years wherein your thoughts have been converted into actions and the actions have resulted into numbers. And now Sir, *jaise aapke opening remarks rahe or aap jaise con-calls me bhi hume batane ki chesta kar rahe hain ki there is going to be a shift in the mix, going forward. So mera prashan ye banta hai ki jo abhi apne mix ki baat, change ki bol rahe the ki EPC or product ka jo portfolio rahega, there will be a significant change in that mix. Are we progressing in that direction? Sir, 35 ya 40% aap product ke bare me bata rahe the ki wo humara sales revenue mix ka pie banega. Sir, jo painpoints abhi tak rahe hai wo hai humare receivables positions ke, jinke bare me aapne kaha tha ki September onwards ya September tak kuch liquidate honge ya September onwards hum further liquidation dekhenge. Toh uspe Sir kya updates hai? Abhi kya receivables humare pending hai? Aap sir, apke pass Sir kuch sarkar se bhi kuch paisa refund aane ki baat thi. Wo paisa aap Capex mei lagana chah rahe the. So,wo saare processes smoothly run ho rahe ha ki ni? Aap Rs.200 Crore expansion karna, Capex karna chah rahe the is baras ke lie. So uske lie hume wo fund mil raha ha ki ni? And Sir, abhi jo OFC market hai, domestically because of the, whatever the balance sheet of the current telcos are and the way they are also been trying to go for some rights issue, the largest one from Airtel. So kya Sir, OFC ki demand domestically kaafi sluggish hai and majorly hum export ko hi cater kar rahe hain? Kyunki Sir aapne last con-call pe ye bhi hume bataya tha ki all our plants are running at 100% utilization levels. So, how the mix for the export changing with respect to OFC also? Or whether there is any sluggishness in demand you are seeing especially from our Indian operators? Because of their financial health at a weak stage, kyunki Sir humari dependency unke upar bani rehti hai and Sir overall Sir jo 5G ka jo Capex aage annual mein hai, usme hamara kya aap pie aap garner karne ka dekhte hain? And FTTH me Sir I think so, we have the largest market share in the Country, jaise aapne pehle bhi bata dia tha. So, overall usme kya rujhaan ya alag koi update aap ispe dena chah rahe ho toh wo batae? And lastly Sir, Manoj Sir se kal baat bhi hui thi or mein abhi bhi forum me yahi bolunga ki apni Company ne bahut saare benchmark create kiye hai jo hume topmost companies ke sang me baithne ke lie ab ready kar dia hai. So whether it is the market capitalization, whether holding conference calls, whether coming with results within 20 days, 15 days, 12 days. So Sir ye jo AGM wala bhi concept hai Sir, isko bhi aap 40-45 dino mein conclude kijiye Sir or dividend distribution par bhi dhyaan dijiye ki aage jaakar Sir aap*

*ek stipulated cash flow pe aap bata dijiye. Sir jaise hume ye tak dekh liya ha Sir ki Hindalco jaisi company jo jinke numbers ki [unadudible] rehti hai unhone bhi free cash flow pe guidance de dia ki hum itna cash flow aapko distribute karenge jaise depreciation and other items ka bhi unhone clarity dedi. Toh Sir ispe bhi aap batae? And Sir, lastly Sir, ab Sir humara jo catapult change aaya hai Company me isko Sir maintain karna bahut zaroori hai. Because Sir aadmi unchai pe pahunch toh jata hai Sir hum logo ne bhi dekha hai, kayi companio ko ek heights chhoote hue lekin us heights ko maintain rehna, apni position ko consolidate karna, ye sabse tough job rehta hai kisi bhi organisation ke lie. Toh Sir aap is par poora dhyaan de ki jo faith barakrar hai, aaj bhi jo aapke shareholders bane unko bhi wahi faith mile jo hume 5 saal 7 saal se hum aapke paas invested hai hmara bana hua hai. To sir aapke sab acts and actions waise hi rahein jaise hain, wo rujhaan maintain rahe aur kaafi work karna padega iss prakaar ki capitalization, iss prakaar ki peak ko command karne ke liye. Uspe humara sahyog rahega and I wish all the best to the team. On a lighter note Manoj ji to kaafi thin dikh rahe hain, tabiyat mujhe lagta hai achi ho, badiya ho. He is looking finer from what I have last seen him. All the best Nahata ji, All the Best Manoj Sahab. Aur alag se koi prashn nahi hai, mai concall mein participate karunga wahan par baaki ke prashna kar lunga. Ye mere kuch sujhaav the. Inpe aap zaroor dhyaan de sir. Bohot bohot dhanyawad aapka.*

**Mahendra Nahata:** *Bahut bahut Dhanyawaad aapka. Aapne ek saath bahut saare sujhav, bahut saare prashn pooch liye hain, to ismein jawaab dene mein 1-2 cheezein bhool jaun to koi baat nahi, aap concall mein pooch lejiyega. Pehli baat to jahan product mix ka sawaal hai humara shuru se he ye....concall mein aapne suna hi hoga uddeshye raha hai ki product se humari revenue badhe, kyunki product me return better hoti hai and working capital requirement kam hoti hai, aur payments jaldi aati hain, naturally. Uddeshya ye hai ki iss saal hum 45% tak apne revenue ka, product se pahunch sakein. Har quarter mein zaroori nahi ussi hisaab se ussi percent se chalein, but year-end tak humari koshish hogi ki 45% revenue should come from the product. Agle 2 saal mein humari koshish hai ye 60% tak pohonch jaye. Is se working capital intensity jo hoti hai requirement ki, wo kam ho jayegi. Aur jahan tak receivable ka sawaal hai, issey juda hua sawaal aapne kaha, dekhiye receivable ki situation definitely improve kar rahi hai. Sept-Oct me definitely improve karegi hi karegi aur ye financial year close hone tak kaafi zyaada payments aur aa jayengi. Ye receivable jo badhe the, uska kaaran jaise meine har concall mein maine aapko bada spasht kiya hai. Uska kaaran hai ki milestone-based payments jaati hain aur aati hain customers se, aur milestone-based payment jab hoti hain, chahe milestones customer ki kami ke, koi infrastructure ke karno se poora nahi hua ho, to bhi humari payment ruk jaati hai. Isliye jo apne receivables the, ek samay pe kuch jyada dikhte the. Lekin jaisa ki maine kaha, ab usmein kaafi improvement aa raha hai aur mera khyaal ye financial year end hote tak ye bohot normalize ho jayenge. Aur aage jaise jaise hamara revenue products se badhega, to working capital requirement bhi humari kam hogi. Jahaan tak Governement refunds ka sawaal hai, refunds kuch aaye bhi hain aur kuch aane baaki bhi hain, jo hum umeed karte hain ki December ya March tak kaafi ye refund humare aa jayenge. Ye Rs.200 Crores ke lagbhag refund aane the. Doso nahee Kariban Rs.160-170 Crores ke, Rs.50 Crores ke aa bhi gaye hain, baaki refund jo subsidy or ke the wo aane baaki hain. Rs.80 crore ke lagbhag refund aa gaye hain. Sorry. Aur kariban Rs.120 crore ke refund abhi aane baaki hain. Jahaan tak R&D expenditures ka sawaal hai, jaisa maine kaha, ye hamara uddeshya hai ki R&D activities in the Company should increase and thereby, the expenditure on R&D will also increase. But in the mid-term and long-term, they will give good rewards to the Company, in terms of new products being more competitive and the ability to sell those products globally and we have seen the fruits of our own products in terms of revenue and profitability both in the current financial year itself. We will keep on increasing the R&D activity, either by ourselves or in collaboration with other R&D partners or even by acquiring stakes in the companies which are proficient in R&D. We have already acquired stakes in two companies which we have informed earlier. As far as the OFC market is concerned, the market in India and worldwide is showing big growth. Even in India, there is a huge demand of fiber optic cable by Telcos and this demand is going to increase in future*

because of higher roll outs of fiber-to-home networks, increase in the depth of 4G networks and also the upcoming requirement for the 5G networks, demand in India is going to be increasing. Similar things are happening worldwide. 5G is being rolled out all over the world. FTTH is being rolled out all over the world. FTTH means fiber-to-home, which is resulting in an increase in the demand of fiber optic cable. As I told you all the times that our factories of fiber optic cable, be it Goa subsidiary HTL Limited or new factory in Hyderabad, they are all working 24x7 in full capacity. We have more demand coming from our customers. So, we are increasing our capacity. So, this itself shows the kind of demand we are expecting, which is requiring to increase in our capacity for manufacturing fiber as well as fiber optic cable. Now, demand is not only increasing in India, but in the world market also. That is why we are intensifying our export efforts also, by recruiting people in different countries so to have a local presence and emerge as a major operator of optic cable from India, not only supply to domestic companies but supply to a large number of foreign operators. I must tell you; we are already supplying fiber optic cable in 30+ countries. We wish to increase further or deepen our presence in those places. In terms of the 5G and FTTH roll out, you asked, they are going to happen. The Government has already announced the intention for the 5G auction in the first quarter of the next calendar year. That will bring in good demand for cables as well as different other equipment which are designing, which includes 5G radio networks, routers, switches all these kinds of equipment. They will see good demand once the 5G networks are rolled out. As far as the dividend declaration policy is concerned, we have noted your suggestion and we will definitely consider it within the management and board and come back to you for whatever decision is final. We will definitely come back to you. It is always our effort to create more and more value for our shareholders. As far as AGM is concerned, we have noted your suggestions that we would like to hold the quarterly board meetings for results in time, almost within 15 days of the closure of the quarter. We will also try to hold the AGMs also within 45 days of the closure of the year. And thank you so much for all your suggestions. Thanks a lot.

**Manoj Baid:** Thank you, Sir. One more question I received from the shareholder related to the trade receivables, but you have already answered. So, I am skipping that. The next question I received, one of the shareholders says that your MDA report says that your interest coverage ratio is decreased from 4.12 to 2.94 and the finance cost is also significantly increased from Rs.90 Crore to Rs.148 Crore in FY21. Why does that increase, despite that the Company is profitable? Will we be able to serve the debt given the fact that our interest coverage ratio has decreased? What steps are proposed to reduce the debt in the Company?

**Mahendra Nahata:** First of all, coming to debt, this year itself we will see the debt coming down by Rs.200 Crores. We are well within all financial prudence limits to serve our debts very very properly. An increase in interest happened due to two reasons. One, because of the pandemic, many payments got delayed. So, you have to have a higher borrowing from the banks because the payments are getting delayed because of the pandemic and it was resulting in higher stock levels also. It resulted in the increased working capital requirement. So, the interest increased. Number two, LCs to be rolled over because LCs had become due because of the pandemic, production could not take place, dispatch could not happen, payments could not be received. So, LCs had to be rolled over for interest cost increase. Thirdly, the new plant for manufacturing optical fibre has commenced in Hyderabad. So, a term loan had been taken on that. From that term loan also, the interest has increased. We are well within our limits of financial prudence in terms of interest coverage ratio, 2.94, which is well within the limit and it is very very good.

**Manoj Baid:** Thank you, Sir. One, Ms. Monika Dixit got herself registered as the speaker shareholder. Mangla Ji can you confirm if Ms. Monika is there?

**Speaker:** Can you hear me?

**Moderator:** Haan Ji, aapki aawaz aa rhi hai Sir.

**Speaker:** Thank you for allowing me to speak at the 34th Annual General Meeting of HFCL. I have a few queries. First of all, I am really thankful for the beautiful annual report and well-drafted. Your website is fully informative. My first suggestion is, please hold your Annual General Meeting before the last day. Today is the last day of the Annual General Meeting and we have so much of meetings lined up. As suggested by earlier speakers also, we should try to hold AGM within 45-60 days and not on the last day Sir.

Secondly, the question relates to the dividends Sir. The earlier speaker also asked about your dividend. Distributing a dividend of 15 Paise is low. I humbly request you to please consider to increase this because dividend distribution cost itself is quite higher and dividend is quite less.

My third question relates to the remuneration of Mr. Nahata. I believe that the resolution is not properly drafted. It is open-ended. I request your Company Secretary to please draft this resolution in a manner which is close-ended, well-drafted so that all shareholders have the proper information. So, on this, resolution, I have voted negatively. Lastly, I wish you all good health. Thank you so much, Sir.

**Mahendra Nahata:** Whatever I could pick up from what you said and of course holding of AGM and all in time, we have understood and we will definitely take action on that. Dividend distribution, as I replied to the last shareholder, we have definitely taken note of that and we will make sure that we will consider this in our Board meetings and come back to all the shareholders regarding a dividend distribution policy. There was some question on my remuneration which our Company Secretary can reply.

**Manoj Baid:** Mr. Dixit, if I heard you correctly, as far as the remuneration of Mr. Nahata is concerned, you will kindly notice or observe that there is no increase in his remuneration for the last 3 years. He is drawing the same remuneration, the same salary for last three years, despite the Company reaching to achieve its highest level of profit.

Secondly, he has voluntarily forgone his 30% of fixed salary. So instead of taking any hike in his salary, he has voluntarily offered to reduce his salary to contribute a little bit to the financial health of the Company and moreover, we have already put a cap of 5% which is already there under the Companies Act 2013. I don't think there is any issue in the payment of remuneration to Mr. Nahata.

Sir, we have received one more speaker shareholder, Mr. Ravi Shankar Kapoor. Mangla Ji, if Mr. Ravi Shankar Kapoor has joined, you can take him on the call.

**Moderator:** Unhone join kiya hai but wo...

**Ravi Shankar Kapoor:** *Respected Chairman Sir, Board of Directors aur mere saathi shareholders, sabse pehle to mein Company ko, aapko 34<sup>th</sup> Annual General meeting ki bahut bahut shubh kaamnayein deta hoon. Respected Chairman sahab, my name is Ravi Shankar Kapoor. My client ID 1203230002568237. Sir mai aapki company se lagbhag 25 saal se juda hua hoon aur aapka bohot purana shubhchintak hoon, shareholder hoon. Sir mai sabse pehle to aapki Company ke har employee ko salute karna chahta hoon jinhone iss corona kaal mein itni mehnat ki hai...kyunki Himachal mein bhi Corona bohot zabardast tha aur Delhi mein bhi, sabne apni jaan pe khelke bohot*

*mehnat se kaam kiya hai, din raat ek kar diya hai aur Company ko nayi unchaiyon pe pahunchaya hai. Ek time pe jab Company dum tod chuki thi, sabne himmat chodd di thi, maine bhi himmat chodd di thi, kyunki mere jeevan ki saari poonji aapki Company mein lagi hai Sir. Mujhe aaj bohot garv hota hai ki aapki Company aur aapke marg darshan mein aapke employees ne jo mehnat ki hai, Company ke har worker ko mein fir ek baar salute maarna chahta hoon. Sir aapke Company ke CS department ne bhi din raat mehnat ki hai, aur mein unka dhanyawaad karta hoon jo unhone mujhe is portal par judne ka mauka diya. Chairman sahab, mein aapse ek hi request karunga ki thoda sa dividend jaise ab badaaya hai, ab Company aap dekhiye, ki Company ka jaise hi thoda thoda dividend badta rahega, Company ek nai unchai chuyegi, kyunki Company ne covid kaal mein hi sabse, share price Company ka sabse low raha hai aur covid kaal mein he sabse high raha hai. Magar wo kehte hain na koi na koi nazar pattu hota hai, SEBI ki nazar pad gayi trade-to-trade mein daal diya, aaj nahi to humara share price Rs.150 ho jaata. Chairman sir mein humesha aapke saath raha hoon, har bure waqt mein bhi saath diya aur ache waqt mein bhi. Aur humara share jo hai wo bohot acha chalega kyunki hum naye naye project jo lagaa rahe hain aur usmein humein kaamyabi mil rahi hai. Sir ab aane wale time mein bhi aise hi progress karni hai.....bhagwan Ram ne bhi 14 years ka vanwaas bhoga tha aur humne 20 years ka vanwaas bhoga hai. Ab humara Diwali manaane ka mauka aa gaya hai aur Diwali aa rahi hai. Mein isiliye aapko Navratre, Dusherra aur Diwali ki bohot bohot shubh kaamnayein deta hoon aur Company ke bhavishya ke liye aur Company ki tarkki ke liye kamna karta hun. Sir yahi main kahunga ki Company aage-aage jaise-jaise dividend badhaati rahegi, hamara share bahut unchaaiyan chuega aur vahi purana time per aaega, yahi tamanna karte hue, yahi prathna ishwar se karte hue ki aap sab log, Company ka har employee bilkul swasth rahe, khushhal rahe yehi meri tamanna hai Sir. Thank You Sir.*

**Mahendra Nahata:** *Bahut bahut dhanyवाद Ravi Shankar Ji, aapke bade utsahvardhak shabdon ke liye, aapki shubhkamnaon ke liye aur aise utsaahvardhak shabd aur shubhkamnayein hamein aur utsaah dilaati hain ki hum aur acche se achcha kaam kar saken, jisse shareholders ki value badh sake aur Company ka bhi revenue, profitability badh sake. Aap itne varshon se Company ke sath rahe hain, mein aapka dhanyवाद dena chahta hun. Acche bure waqt mein aap sath rahe hain, aapka bahut bahut dhanyवाद aur mujhe aasha hai aise hi aage aane wale samay mein bhi aap Company ke sath jude rahenge. Jahan tak aapke dividend ka sawal hai, jaisa maine pahle bhi do shareholders ke sawal ke jawab mai kaha ye sujhaav hum definitely Board may consider karenge aur jitna bhi kuchh hum kar sakte hain, use karne ki puri-puri koshish karenge isme dividend distribution mein shareholders ko dhyan mein rakhna hai hai, Company ke cashflow, uske fund requirement, future fund requirement, un sab cheezon ko dhyan rakhna hai un sab cheezon ko dhyan mein rakhte hue hum apna nirnay lenge aur jarur shareholders ka hit dhyan mein rakhne ki puri puri koshish karenge. Jahan tak Company ke expansion programs ka sawal hai sab sucharu roop se chal raha hai aur mujhe vishwas hai ki agle AGM mein main jab aapke samne pesh honga to aap jitne abhi khush hain usse bhi jyada khush nazar aayenge.*

**Manoj Baid:** Thank you Sir. I have the last question with me. The last question is received from one of the shareholders. He is writing, it is regarding the FII's holdings. He has asked that is there any increase in holding of FIIs.

**Mahendra Nahata:** Well, FII holding has definitely increased. In fact, recently the last BENPOS which I have seen, there has been an increase in FII holdings. Certain funds have come and have invested in the Company's shares. This shows the increased confidence of the foreign funds in the Company. To name a few, Vanguard Group holds 1.3 % stake in the Company. Quant Mutual Fund has taken little more than half a percent stake in the Company. Government pension fund Global holds 0.23% stake in the Company. California Public Employees Retirement System has taken 0.12% stake in the Company. Dimensional World EX US Core Equity holds a 0.02% stake in the Company. So FII stakes have shown increase very recently and it shows

increased confidence of these FIIs and foreign funds in the Company. I am sure with this good working of the Company, their support and interest in the Company will continue.

**Manoj Baid:** Sir, thank you. Thank you very much. With this, we can now conclude the AGM Sir.

**Mahendra Nahata:** Sure, you have my permission to conclude the AGM and thank you very much all the shareholders for being part of this AGM, part of the journey of the Company and I am sure you all will keep on giving your good blessing and good wishes to the Company. Thank you very much to all of you. Thank you very much.

**Manoj Baid:** Thank you, Sir. With this, we have come to the conclusion of today's proceedings. On behalf of the Company and its shareholder, I thank all the Board members on the dais and who have joined through video conference, auditors, secretarial auditors, thank you all shareholders for taking your time out and joining in this AGM. We look forward to having your physical presence in next AGM. E-voting is in progress and will be disabled 15 minutes from now. In case you have not voted so far, please do vote.

Thank you very much. Thank you.

\*\*\*\*\* *The 34<sup>th</sup> AGM concluded at 12:01 p.m. (IST)* \*\*\*\*\*