SEIZING OPPORTUNITIES.
BRIGHTENING FUTURE.



HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

ANNUAL REPORT 2016-17

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Forward Looking Statements
Certain statements in this Annual Report relating to the Company's future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

SEIZING OPPORTUNITIES. BRIGHTENING FUTURE.



The Digital India mission is intensifying rapidly. The scope, scale and spread of the digital quotient is monumental. From safer cities to enhanced data and security, speedy railways to smooth city traffic, secured border to connected hilly terrains, the magnitude and multitude of the Digital Mission needs more from HFCL.

Aware of our abilities and cognizant of our expandable potential, at HFCL, we are fast raising our legacy strengths besides extending it in adjacent domains, forging complementing partnerships towards co-developing technologies and solutions, localising manufacturing and indigenising IPRs. Committed to raise the digital quotient of the country, HFCL is rising as a diversified digital solutions provider, one that integrates products, engineering and design solutions, network development, commissioning and maintenance, manufacture and supply of sovereign defence critical equipment and surveillance platforms, among others.



STRENGTHENING THE CORE

Optical Fibre Cable (OFC) continues to be the backbone of the digital world. With rapid spread of broadband connectivity and increasing usage of internet towards online financial transactions and sharing of confidential data, the need for secure transmission of data is gaining prominence. Exponential increase in the digital population and a consequential explosion in data consumption are necessitating the increase in carriage capacity and speed of the OFC network. Emerging trends in overhead carriage lines are opening up newer consumption possibilities of OFC.

The OFC demand would continue to increase in India and elsewhere over the coming decade at a very healthy rate. World-class quality and cost efficiency of the Indian OFC industry continues to fuel the export potential of OFC. However, the supply constraint of optical fibre, a key raw material for OFC, becomes a growth bottleneck for OFC manufacturers.

Having rightly sensed the opportunities and challenges, we prepared a strategic blueprint to sustain our market share leadership in OFC manufacturing in India. The three-pronged strategy involves steady expansion of installed capacity, intense development and roll out of next generation value-added OFC and foray into manufacturing of optical fibre, the key raw material as part of our integrated OFC play. Steady evolution of our product mix with rising contribution from value-added special OFC, geographic diversification of market and increasing contribution from exports are integral part of this strategy.

During the financial year 2016-17 (FY17), our Goa plant underwent a wholesome modernization and also added new lines to raise its installed annual capacity to 7.2 MFkm from 5.0 MFkm. The Chennai plant of our subsidiary, HTL Limited also added another 1.5 MFkm to raise its annual capacity to 4.5 MFkm. Consequently, our OFC capacity including that of HTL Limited grew by 46% to reach 11.7 MFkm per annum. This also included doubling of Spiral Wire Armoured cable capacity. Our consistent efforts to add higher margin products culminated in addition of FTTH cable to our product basket.



Increased focus is being allotted on new products and application development. The world-class products are being marketed and supplied not only in India but also across the globe. We maintained our India market share and also grew our exports by 25% to close FY17 with a consolidated OFC revenue of Rs.700 crore.

In a material development of FY18, we decided to add in-house manufacturing of optical fibre with a view to reduce our dependence on external sourcing for this key raw material and consequent increase of operating margin. With an estimated investment of Rs.225 crore, a new facility will be developed at Hyderabad with initial installed capacity of 6 MFkm. With expected commissioning of this facility in the last quarter of FY19, our OFC value proposition would further get strengthened.

BUILDING NEXTGEN TELECOM NETWORKS



In order to develop and deploy modern telecom infrastructure, India has to overcome a multitude of challenges across its difficult terrains and topographies. From geographical hurdles of hilly terrains to left wing extremist area (LWE), erection and commissioning of efficient telecom network across the regions of strategic importance is critical for emergence of a unified and homogenous India. A Pan-India dedicated OFC network is being developed by the Government of India for Indian Armed Forces at a planned outlay of more than Rs.13000 crore under Network for Spectrum (NFS) project.

We are leveraging our proven credentials in delivering next generation telecom infrastructure and network across the country and especially in challenged topographies like LWE areas and far off hilly terrains in the Himalayas. We are also partnering Country's vision of a truly digitized India that can boast of broadband connected villages and a next generation telecom infrastructure capable of carrying multitude of data at a much higher speed than the current levels. We continue to work towards One India, Digital India; region-specific challenges notwithstanding.

Developing and commissioning a GSM network in LWE region with deployment of more than 500 sites across 6 states proved to be a major accomplishment of the year gone by. The successful delivery was met with customer appreciation and shall open the doors for similar orders in future. The reach of this network would further get expanded upon completion of an extension order being carried out at another 48 sites.

Our order book consists of a WiFi network turnkey project worth Rs.200 crore which entails rolling out of WiFi services across 16 states in the Northern and Eastern India. Another order of Rs.180 crore involves supply, commissioning and maintenance of about 10,000 microwave backhaul radios. Our order pipeline includes an NFS project worth Rs.1250 crore entails building a dense wavelength division multiplexing based transmission network for armed forces, the work on which is expected to commence soon.

We have also emerged as the lowest bidder in three major tenders where orders worth Rs.3700 crore are expected to be received soon. This includes two NFS tenders and one GSM tender. The first order of Rs.500 crore is for deployment of Microwave Radio across Jammu & Kashmir and North eastern (NE) states. The second order of Rs.2650 crore is for GIS based Optical Fiber Network Management System (GOFNMS). Another order worth Rs.550 crore entails setting up of GSM network by deploying 924 towers and related green energy solar-based GSM infrastructure.

CONTRIBUTING TO SAFE AND EFFICIENT RAIL TRANSPORT

The opportunity in the railway segment is huge where Speed, Scale and Safety are of critical significance. New rail lines ought to deploy next generation telecom and signalling systems – across passenger and freight transport, cross country lines as well as intra-city metro/mono rail. Additionally, thousands of kilometers of legacy rail lines need a mammoth overhaul in their telecom and signalling system to strengthen speed and safety across our railway network.

We are rising to the occasion in deploying our telecom products as well as network development capabilities towards modernization of railway signalling and information management framework. We are also exploring meaningful collaboration and co-development opportunities with Indian as well as foreign players to further enhance our value proposition in the railway sector. Forging collaborative partnership with Indian as well as global railway network aggregators, OEMs and implementers, we are headed to transform the face of railway telecom and signalling systems in India and also in some neighbouring countries.

We bagged two orders with a combined contract value of Rs.208 crore. The first order of Rs.113 crore from Alstom Systems India Pvt. Ltd. is for setting up turnkey telecommunication system including OFC network of 343 km length in Eastern Dedicated Freight Corridor (EDFC). The second order of Rs.95 crore is from Larsen & Toubro Limited for phase 2 of Western Dedicated Freight Corridor (WDFC). We have also submitted few other tenders for Train Protection and Warning Systems to a major OEM for Indian Railways. Few overseas bids for turnkey telecommunication solutions have also been submitted through a leading Indian EPC company. Across the similar scope of work in metro rail segment, we have also submitted few bids in India and overseas.



Besides EPC telecom work, we are also exploring some co-development projects with some leading international OEM and design companies. We are in discussion with a global OEM and Design Company to co-develop and patent certain technologies for railway signalling and automatic train control systems. Indigenization of few products in the Railway Signalling segment is also being assessed as an import substitution.

BUILDING SMART AND SAFE CITIES



Rapid urbanisation and rising consumption patterns are adding stress on available resources such as water, electricity, transport infrastructure, etc. Advancement in information technology can be leveraged in making our cities smart and safe. Integrated information management coupled with big data and analytics can help channelize resources. Government of India's push in fast-tracking its Smart City mission is yielding results with Special Purpose Vehicles getting formed in most of cities. Appointment of Project Management Consultants has been completed in many of these cities and the process of floating RFPs is gaining momentum.

Our recently added division of Safe and Smart City is scripting smart success stories in Ludhiana and Jaipur. The city of Ludhiana is adopting Smart Surveillance & Intelligent Traffic Management Systems, being developed and deployed by us. The project contains deployment of in-house developed software for crime surveillance, vehicle number plate reading and traffic signal violation detection.

In Jaipur, we are deploying WiFi hotspots, Interactive Information Kiosks, Surveillance Cameras, Environmental Sensors, Structural Sensors, Smart Lighting Solutions and Remote Kiosks along with the Facility Management Services. The command and control center has been set up at the Jaipur Development Authority premises to monitor relevant applications. The commercial value of these two Smart City projects is Rs.70 crore, out of which Rs.23.67 crore has been realized in FY17 revenue.

Besides this, we have participated in a large tender of RailTel for turnkey ICT Systems Integration across 4 regions for Video (CCTV) Surveillance of 1,000 Railways stations for enhancing the safety & security of the passengers.

We are currently sharpening our skills across CCTV Surveillance, Traffic Enforcement and Adaptive Traffic Management System, City Command and Control Centers including Data Centers and ICT Infrastructure as our core strengths. Our vision of shaping Smart Cities blends smart ICT elements across hardware, software, data and analytics. An equal focus is also being allotted towards building a strong foothold in the System Integration space.

While the Government's Smart City mission is still at a nascent stage, we believe that the experience gained from Ludhiana and Jaipur Smart and Safe City projects would bolster our qualification for bigger projects and wider application segments, besides adding to the reservoir of knowledge. And act as a springboard for our deeper penetration and wider spread across more Safe and Smart city projects in times to come.

FORAYING IN DEFENCE MANUFACTURING

From its current status of being the largest importer of defence equipment, India is slowly and steadily heading towards attaining self-sufficiency in production of Defence related equipment and logistics support. Considering the pace of policy reforms and removal of intermittent bottlenecks, the country is surely moving towards realizing the vision of Hon'ble Prime Minister, Shri Narendra Modi to make defence related manufacturing as the fulcrum of his flagship mission – 'Make in India'.

Among many emerging Defence opportunities, we, at HFCL, have identified some very critical equipment which are technologically challenging and operationally necessary for our armed forces. As our immediate focus, we have identified four major operating domains namely Opto Electronics equipment, Electronic Fuses, Radio Communication and Unarmed Aerial Vehicles (UAVs). Having identified operating domains, we have intensified our efforts to forge meaningful partnerships with global OEMs in respective domains. Some of these partnerships are gradually crystalizing.

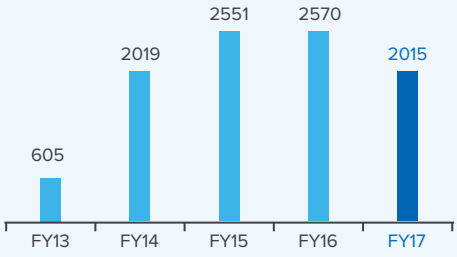
Having already cleared the RFI stage, we are now working on RFP for electronic fuses and some weapon sights for the Indian Army. Additionally, we are working on a RFP for manufacture of Mini UAVs. We are also actively pursuing the Border Management and Surveillance System due for implementation by the Indian Government.



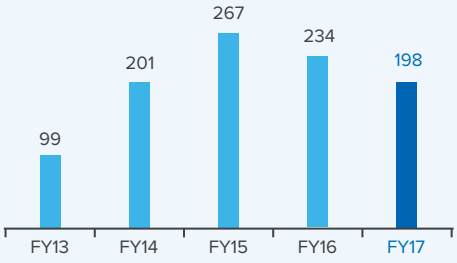
We have signed an MOU with a French MNC as our Technology Partner for Portable Opto Electronics to manufacture a wide range of Portable Night Vision Devices. We are planning to create a facility for manufacturing of Opto Electronics equipment at our Solan plant.

FINANCIAL HIGHLIGHTS

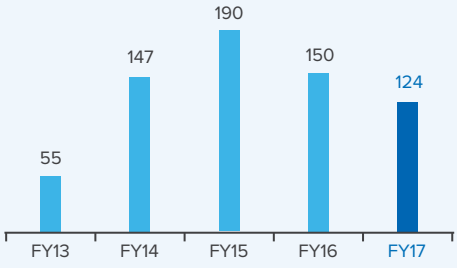
REVENUE (₹ in crore)



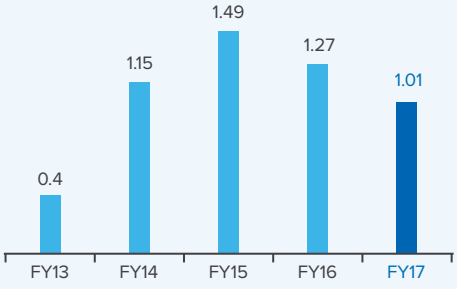
EBITDA (₹ in crore)



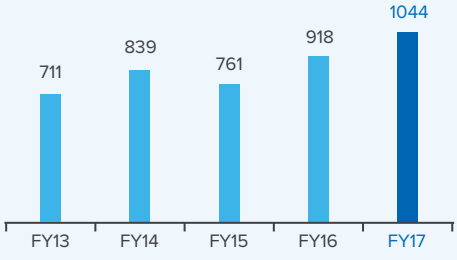
NET PROFIT (₹ in crore)



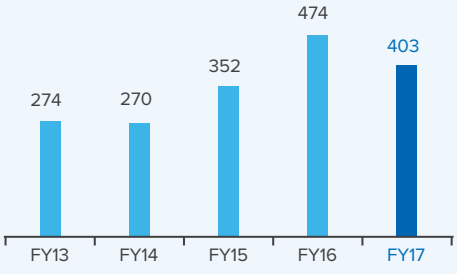
EPS (in ₹)



NET WORTH (₹ in crore)



GROSS DEBT (₹ in crore)



MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

One of the most widespread socio-economic transformations of global significance is taking place in India. An ambitious all-encompassing vision is being fast converted into reality. The vision comprises of a globally competitive manufacturing sector that contributes about 25% of the national GDP, a modernised railway network that redefines passenger and freight transport, a broadband proliferation program that connects 250,000 Gram Panchayats, a holistic agricultural uplift that doubles farmers' income, a vibrant urban infrastructure that makes the cities smarter with a perfect blend of technology and amenities, and an inclusive social progress agenda that ensures housing and power for all in the country.

It is a matter of great privilege for us to be part of such a grand vision and make our enhanced contribution in realising the India of our dreams. At HFCL, we are spreading our operational universe to leverage our technological, manufacturing and telecom infrastructure development prowess in order to profitably serve a larger part of the opportunity universe.

The year gone by was a year of greater significance for our Company. Building upon the strategic groundwork of the previous year, we made decisive foray into railway and smart city segments while also making some inroads in long-gestation defence segment. We strengthened our OFC business with capacity, capability, range and market expansion while adding a few marquee deliveries in our turnkey business.

Strengthening our OFC offerings

FY17 proved to be a year of significant achievement for our OFC business. We modernized and expanded the installed capacity of our Goa plant. Capacity expansion was also undertaken at the Chennai facility of HTL Limited, a subsidiary company. Addition of FTTX cable in our manufacturing capability and increasing contribution of margin accretive value-added products and export sales augurs well for future. Recording a handsome growth of 25% in export revenue, OFC business clocked consolidated annual revenue of Rs.700 crore.

Worldwide shortage of optical fibre, a key raw material has been posing a challenge of sustainable sourcing for OFC manufacturing in the recent years. In order to reduce our dependence on external sourcing, we are entering into in-house manufacturing of optical fibre with an initial installed capacity of 6 MFkm per annum. With an estimated investment of Rs.225 crore, the new plant at Hyderabad shall commence production by the end of FY19.

Raising Turnkey Business Capabilities

In Turnkey business, our ability to develop and deliver telecom networks, even in difficult terrains such as LWE area and hilly

terrains in Jammu & Kashmir has won appreciation from our customers. Our track record of delivering projects in a timely manner and cost competitiveness continues to win promising projects for us. Procedural delays at our customers' end in flagging off two sizeable projects adversely impacted the performance of turnkey business in FY17, while its carry forward impact has strengthened our order book for the current year.

Emerging Business Segments

Winning two significant orders in both the dedicated freight corridors –Eastern and Western, marked a good beginning for our strategy of developing railway signalling and telecom segment as a focused business vertical. A slew of initiatives towards raising our value proposition and expanding our target market to metro rails and also international geographies are gradually shaping up.

Winning another two orders in smart and safe city segment, one in Ludhiana and other in Jaipur marked an auspicious beginning for this segment. From digital surveillance to traffic management systems to energy management systems, our opportunity universe in this segment appears quite wider. Considering the vastness of unfolding demand in the immediate future, we are fast scaling up our capabilities.

Developing a defence eco-system commensurate with country's vision of indigenized defence manufacturing matching global benchmarks is a time consuming one. Thankfully, the government and regulators are addressing the stumbling blocks with urgency and decisiveness. Your Company's efforts are aligned with the steady stabilisation of the policy framework. During the year, we signed an MoU with a French conglomerate for opto-electronic night vision devices, manufacturing facility for which has been planned at our Solan unit. We are exploring more such partnerships with global OEMs and are optimistic of carving a sizeable defence manufacturing business for our Company.

Strengthening Organisational Capabilities

Sustaining our growth momentum over a longer period of time requires strengthening of organisational capabilities, beyond production and marketing. We are holistically upgrading our talent management system, information sharing and data management system, corporate governance, enterprise risk management framework and business responsibility across environment, community, employees and customers. We are benchmarking our practices against those of the best of our global peers.

Business Performance and Outlook

The fiscal year 2016-17, for the reasons mentioned above, witnessed a drop in our immediate performance. Our net revenue decreased to Rs.2015.24 crore in FY17 in comparison to Rs.2569.53 crore in FY16. Our net profit decreased to Rs.123.72 crore in FY17 from Rs.150.45 crore in FY16. The EBITDA stood at Rs.197.89 crore in FY17 as compared to Rs.233.77 crore in previous financial year.

On the back of carry forward impact of our turnkey order pipeline coupled with promising prospects for our newer businesses and added strengths of our OFC business, we are confident of steadily improving our operational performance over the coming years.

Acknowledgement

FY17 marked significant advancement of our strategic goals and I congratulate every member of team HFCL for making it happen. I extend my sincere thanks to our lenders and customers for their continued trust and patronage. It is your unstinting backing of our business plans and potential that fuels our journey from strength to strength, dear shareholders. I call upon your continued participation in HFCL's journey on the path of continued evolution and progress.

With best regards,

Mahendra Nahata
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS



ECONOMIC OVERVIEW

The year 2016-17 was marked by many policy developments of historic significance. In India, a constitutional amendment paved the way for the long-awaited and transformational Goods and Services Tax (GST), while demonetisation heralded an era of digital transaction, pushing the country towards a less cash economy. In a year that witnessed steady recovery in commodity prices along with global trade and activities, Brexit and outcome of the US elections indicate of a growing protectionist stance in the highly globalised economic order of the world.

In recent years, the Indian economy has grown at a strong pace, owing to the implementation of critical structural reforms, favourable terms of trade and lower external vulnerabilities. An economy, poised to become the fourth largest globally, coupled with an increasing per capita income, growing middle class and working population, has seen a surge in the domestic demand. Despite prolonged impact of demonetisation, the GDP growth of 7.1% reflects country's potential of clocking a much faster growth in the coming years.

The GST roll out will create a uniform Indian market; improve tax compliance and governance, and provide boost to investments and economic growth. Continuance of policy reforms coupled with steady investments in infrastructure and manufacturing sector augurs well for accelerated job creation and economic growth.

The country is witnessing a steady increase in inflow of foreign direct investment. Between April 2014 and March 2017, FDI inflows clocked USD 161 billion. At USD 60.1 billion, FY17 figure represented an increase of 8% over FY16 and also the highest annual FDI in this period. As a major national initiative to boost manufacturing and investment in India, Make in India has ushered multiple reforms in the sphere of FDI, thus rendering positivity to the investment climate in India.

The Central Government has been making consistent efforts to make India an investor-friendly destination. From measures to improve Ease of Doing Business to reforms under the FDI policy regime, all Government initiatives on this front have received worldwide acknowledgement. In 2017, India was ranked 8th in the A.T. Kearney's FDI Confidence Index, one spot up. At numerous investor surveys in recent times, India has also been ranked as the world's most attractive investment destinations, 1st among 110 investment destinations polled globally, 1st among the world's best countries to invest in and a top destination for Greenfield FDI. Nielsen reported India's consumer confidence score rising three points to 136 during fourth quarter of 2017, the highest level recorded in 10 years. All these rankings clearly reflect investor optimism in India's economic outlook. India therefore, is not only among the world's fastest growing major economies but it is also one of the few economies enacting major structural reforms. Economic growth is projected to remain strong and India is poised to remain the fastest growing G20 economy. IMF has projected the growth rate to be 7.8% for the year 2018.

INDUSTRY OVERVIEW

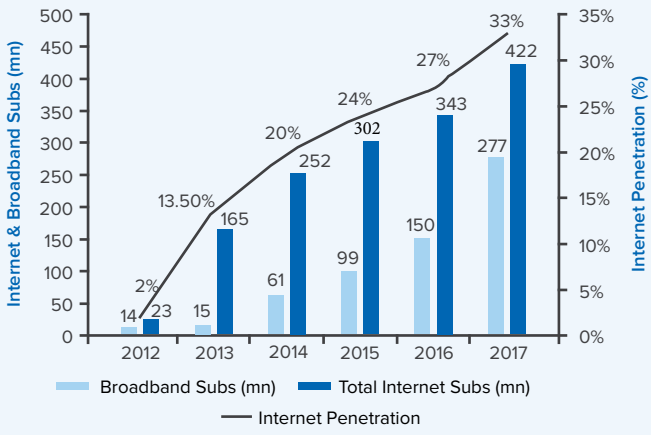
INDIAN TELECOM INDUSTRY

With 1.1 billion mobile phone subscribers, India has emerged as one of the fastest growing telecom markets in the world bearing tremendous growth potential. Technological innovations and regulatory changes have been the twin factors responsible for setting the stage right for the evolution in this space.

As the second largest global telecom market, India has registered a compound annual growth rate (CAGR) of 19.96% in its subscriber base during the last ten years. The mobile tele-density grew more than six times in this period, reaching 91% in FY17 from 14.6% in FY07. The Internet subscriber base grew at a CAGR of about 80% with the number reaching 422 million in March 2017. However, internet penetration has to go a long way considering the exponential growth that data consumption is poised to witness. Base of broadband internet subscribers is growing at a faster pace. According to Telecom Regulatory Authority of India (TRAI), the total number of broadband subscribers in the country at the end of March 2017, was 277 million, a vast majority of which access it on mobile devices or through dongles. With a projected addition of another 324 million internet users, the internet subscriber base is projected to grow at CAGR of 20.91% to reach 746 million by 2020. A significantly large number of internet users are expected

to use digital platform towards purchase of goods and services including healthcare, governance and regulatory filings.

Internet Subscribers & Penetration

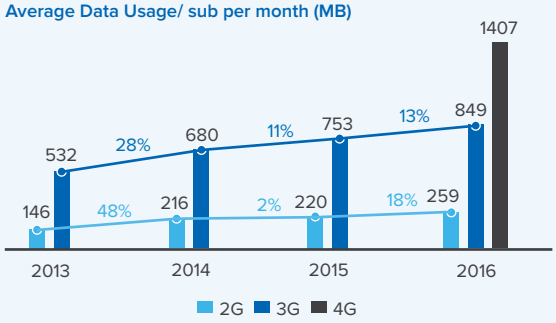


Source: TRAI

Data Consumption surge

Increasing adoption of smartphones, influx of appealing content in social media and lowering of data tariff is leading to steady growth in data consumption. From 338 MB per month in 2011, 3G data consumption per user has grown to 849 MB per month in 2016. Data usage per subscriber continued to increase across technologies and current levels of 4G vs 3G usage per subscriber indicate significant incremental opportunity.

Average Data Usage/ sub per month (MB)



Source: Nokia MbiT

Telecom continues to be at the epicentre of digitization growth, innovation, and disruption for virtually any industry. Mobile, Cloud, analytics and broadband/IP connectivity continue to be more and more embedded in the fabric of society today, and they are key to driving the momentum around some key trends such as video streaming, Internet of Things (IoT), and digital payments.

The Indian telecom sector has traditionally been voice driven. Commoditising voice calls and offering tiered data tariffs would shift the business model from a voice to a data centric one.

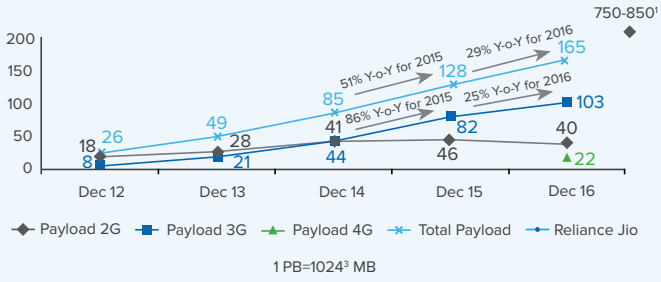
4G and 3G data usages on cellular networks are predicted to reach 5-6 GB and 1.5-2.0 GB per month respectively, by 2020. The volume of wireless broadband data consumed by Indians has risen sharply, from less than 200 million GB per month in June 2016 to around 1.3 billion GB per month in March 2017, according to the Internet Trends 2017 report by Kleiner Perkins Caufield Byers (KPCB).

According to the Nokia Mobile Broadband Index, the growth of 3G/4G traffic has led to overall data traffic growth of 29% y-o-y in 2016. The continued growth in 3G traffic coupled with a faster rise



in 4G traffic would drive the growth in network traffic at a much faster pace.

Pan-India Mobile Data Usage (in Petabytes PB, December)

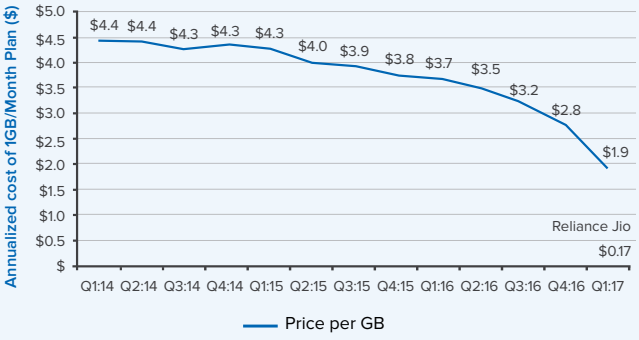


Source: Nokia MbiT

Data Tariff on the Falling Trend

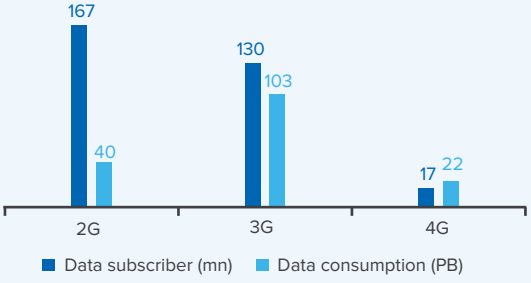
Data tariff in India remains one of the lowest among developed and emerging economies. With the entry of Reliance Jio and data as its central offering, the data tariff is poised to head southwards in coming times.

Data Price per GB, Q1:14-Q1:17



Source: Various Reports

Data subscribers and data consumption by technology

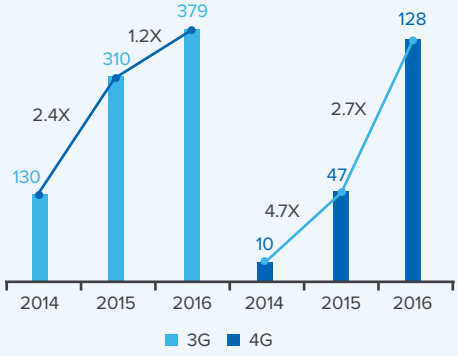


Source : Nokia MBiT

Smartphones play Smart

A change in the growth direction of the smartphone industry is in the offing. Currently, less than 10% of the Indian subscribers have 4G-enabled handsets. Demand will inevitably spike here as data and phone prices plummet and penetration grows. That represents a manufacturing opportunity that dovetails neatly with the Make in India initiative. 4G enabled devices are growing at a very fast pace which grew 2.7 times of 2016 in 2017. Affordable devices with better specifications, coupled with consumer preference for high resolution content, are aiding higher data consumption. With the new operator of 2016 offering 4G VoLTE, 80% of the population shall be able to afford 4G device by 2020.

3G/4G Device Base in India (MN)



Source : Nokia MBiT

Government reforms providing a Digital push

Promotion of an increasingly digital economy is an integral part of the Government's strategy to clean the system and weed out corruption and black money. It has a transformative impact in terms of greater formalisation of the economy and mainstreaming of financial savings into the banking system. This, in turn, is expected to energise private investment in the country through lower cost of credit. India is now on the cusp of a massive digital revolution. Already, there is evidence of increased digital transactions. The Government has launched the BHIM App to unleash the power of mobile phones for digital payments and financial inclusion. Mobile banking transaction volume and value between FY13 and FY16 have increased at a CAGR of 90% and 306%, respectively. This reflects that wireless smart devices are becoming a preferred medium for banking transactions. Digital wallets witnessed exponential growth in the back of the recent demonetization drive. The proportion of mobile wallet transaction volume to total payment transactions has increased from 0.4% in FY13 to 4% in FY16, and is expected to grow significantly in future. Further, with the launch of Payments Bank by a leading operator in 2016, financial inclusion for the unbanked would get a major boost.

Indian Government has embarked upon a journey of establishing a connected ecosystem for its people and industries. Deploying a country-wide fibre network and providing public Wifi connectivity are crucial mandates for driving the Digital India and Make in India initiatives. Under the BharatNet Project, OFC has been laid in 155,000 kms. Government has stepped up the allocation for BharatNet Project to Rs.10,000 crore in FY18. By the end of FY18, high speed broadband connectivity on optical fibre will be available in more than 150,000 gram panchayats, with Wifi hot spots and access to digital services at low tariffs. A DigiGaon initiative will be launched to provide tele-medicine, education and skill development through digital technology.

The Government is also creating an eco-system to make India a global hub for electronics manufacturing. Over 250 investment proposals for electronics manufacturing have been received in the last 2 years, totalling an investment of Rs.1.26 lakh crore. A number of global leaders and mobile manufacturers have set up production facilities in India. The Government has exponentially increased the allocation for incentive schemes like M-SIPS and EDF to an all-time high level of Rs.745 crore for FY18.

Therefore, the Telecom Sector is expected to witness an extremely high growth rate in the coming years, given the favourable regulatory support by the government and the introduction of 4G. The Indian telecom sector might be at an inflection point as significant as the first mobile phone revolution, centred this time around data. The year 2017 is poised to be the best year for the Consumer in terms of pricing and plans. Home to over a billion mobile subscribers and the second largest internet user base in the world, India will become a key force of reckoning for global business, policy, and technology advancement.

RAILWAY INDUSTRY

With a 66,000 route km length, India's rail network is the third largest in the world. India is the fourth-largest carrier of freight by rail, globally. Indian Railways carries 23 million passengers on 12,000 passenger trains while its 7,000 freight trains transport 3 million tonnes of freight, daily. The rail network transports over 90% of coal produced in the country. Undeniably, the sector plays a critical role in the development of the Indian economy.

The Indian Railway Budget 2017-18 addressed key aspects of the railway ecosystem with increased budgetary outlay of Rs.131,000 crore, representing a massive increase over the budgets of previous years. Indian Railways' modernisation plan involves laying of 3,500 kilometers of new tracks in 2017-18 and equipping 7,000 stations with solar power over the medium term amongst many other new initiatives.

With an aim to multiply its freight transportation capacity and volumes, Indian Railways is developing the Eastern and Western Dedicated Freight Corridors. Spanning 3,360 route km, these



corridors are being developed at an estimated investment of Rs.78,000 crore. With overall progress of over 35% achieved so far, these corridors would bring a paradigm shift in Railway Freight Operations in the country.

In view of the above, there lies immense opportunity for the Company to participate in providing end-to-end telecom network solutions associated with signalling to Indian Railways.

SMART & SAFE CITIES

Increasing urbanisation needs to be taken care with appropriate infrastructure including security measures. As per estimates, about 25–30 people will migrate every minute to major Indian cities leading to about 843 million people in urban areas by 2050. To accommodate this massive urbanization, India needs to find smarter ways to manage complexities, reduce expenses, increase efficiency and improve the quality of life. Indian Government's Smart City Mission for creating 100 smart cities is a step in this direction. Cities in the future will be built based on availability of optical fibre networks and next-generation infrastructure. Till date 60 Smart City proposals have been selected and the total cost of projects across these cities is estimated at Rs.131,762 crore. Cities that attract economic power and foster growth also spawn crime, violence and overall insecurity and therefore, a Safe City initiative leverages partnerships and technology to help communities and businesses reduce crime and create an environment where people feel safe and secure. An urban center is to be treated like an establishment that requires equivalent of a perimeter security, protection of the citizens residing there in and safe-guarding of the sensitive pockets and establishments within, through prevention, quick detection and speedy response.

Safe city solutions therefore, incorporate a wide array of technology driven security solutions.



India therefore, offers a large potential for firms looking to leverage the opportunities apparent in the electronic security.

INDIAN DEFENCE INDUSTRY

As the largest importer of major arms between 2012 and 2016, India accounted for 13% of the total global trade of defence equipment according to a recent study conducted by Stockholm International Peace Research Institute (SIPRI). Between two five-year periods of 2007-11 and 2012-16, country's arms import has grown by 43%.

The situation is likely to change as the Government aims to reverse its import component from current 70% to 30% by 2020. A greater focus is on developing indigenous capabilities through technology transfers and joint production projects involving international partners. The possibility of making defence as the central lever of 'Make in India' program is aggressively being explored with a slew of policy measures and concessions. The Government is opening up this largely government-run industry to private players including the foreign ones.

Country's total defence budget allocation is estimated to be USD 620 billion between FY14-FY22, out of which 50% would be on capex. The annual opportunity for Indian companies is expected to reach USD 41 billion in size by FY22, a seven fold increase from FY14. The cumulative opportunity between FY14-FY22 is estimated to be USD 168 billion, driven by domestic and external demand. The Government is also planning to reverse the current opex capex ratio of 60:40 to 40:60 in the long term.

The Government's recent policy changes and reforms coupled with the country's attractiveness to global defence companies and the tremendous export potential in engineering services and components sourcing seem to steer the country in the right direction.

In order to achieve things on the ground, all the three key stakeholders namely the Government, Foreign OEMs and Domestic Indian Industry, need to play their respective roles to perfection. It is important to focus on manufacturing and technology transfer as well as creating a broader ecosystem that includes co- design, co-development, co-manufacturing and support. This entails capability creation and skilling rather than just technology transfer.

COMPANY'S PERFORMANCE REVIEW

The Company continued to build upon its core strengths of Optical Fibre Cable (OFC) and telecom equipment manufacturing. In Turnkey business, where the Company undertakes to design, develop and maintain telecom networks, the Company raised its capabilities of delivering next generation networks in challenged terrains such as Himalayan hilly topographies in Jammu & Kashmir, Left Wing Extremist regions in Chhattisgarh, Madhya Pradesh, Uttar Pradesh, Maharashtra, Andhra Pradesh and Telangana.

The Company made significant progress in new verticals of Railways, Smart Cities and Defence during the year. But for the procedural delays at our customers' end in flagging off two sizeable projects, Company's financial performance could have been much better. However, these orders and bids add to the health of our pipeline in the current year and shall help raise our performance in FY18 and coming years.

OFC MANUFACTURING

During FY17, our Goa plant underwent a wholesome modernisation. The annual capacity also was raised from 5 MFkm to 7.2 MFkm, adding some new cable variants in the process.

The year also marked the first full year of operations for the recently commissioned Chennai facility of HTL, a subsidiary company. Consequently, we doubled the capacity of Spiral Wire Armoured cable and raised the annual capacity for traditional Armoured Cables from 3 MFkm to 4.5 MFkm. Moving up the value chain, we also added FTTH cable in our Chennai facility during the year. There was an acute global shortage of fibre supply in the year gone by and the same moderated our capacity utilisation. In order to de-risk ourselves from such shortages in future and also enhance our profitability margins, we are going ahead to develop a optical fibre manufacturing facility as a measure of backward integration.

Despite the fibre supply constraint, our OFC division maintained India market share in the year and achieved consolidated annual revenue of Rs.700 crore. Achieving a healthy growth of nearly 25% in exports, the Company raised its export revenue to Rs.94 crore and got recognised as a Star export house.

TURNKEY BUSINESS

The Company accomplished a challenging feat of developing and commissioning a GSM network in Left Wing Extremist (LWE) region.



The mammoth exercise involved the deployment of more than 500 sites across 6 states. We are currently executing extension order for 48 sites towards extended reach of the network. The successful delivery was met with customer appreciation and shall open the doors for similar orders in future.

The Company also won a Wifi network turnkey project worth Rs.200 crore from BSNL for roll out of Wifi services across 16 states in the Northern and Eastern India. The project involves deployment of 14,000 access points and comes with a provision of 100% repeat order upon successful delivery.

In order to increase its network's backhaul capacity, BSNL Mobile Network floated two separate tenders for microwave backhaul radios. The Company bagged both these tenders involving supply, commissioning and maintenance of about 10,000 radios to be deployed across India. The order value is Rs.180 crore out of which order of Rs.20 crore are received and is under implementation. The balance order is expected to be received and completed with full deployment in FY18.

The Company has also participated in another tender worth Rs.500 crore under Network For Spectrum (NFS) scheme for the deployment of Microwave Radio. This turnkey project is aimed at delivering broadband connectivity in hilly terrains of Jammu & Kashmir and North eastern (NE) states, which are not yet covered by the fibre network. The Company has also participated in NFS tenders worth Rs.3900 crore approx. and has already received APO for Rs.1250 crore. APO/PO for the other order worth Rs.2650 crore is also expected to be received in the current year. According higher priority to provide mobile services in uncovered parts of NE states, the Government floated another tender to provide connectivity in around 4,118 villages in Arunachal Pradesh and Assam. The Company has successfully bagged the tender for the Assam region involving setting up of GSM network by deploying 924 towers and related green energy solar-based GSM infrastructure.



RAILWAY TELECOM & SIGNALLING

Building upon the strengths of recently added Railway Business Vertical, the Company has bagged certain orders for a variety of railway signalling linked applications during the year. There are also certain bids that have been submitted, results of which shall come in the current year.

The Company signed two contracts totalling Rs.113 crore to execute Trenching & Laying of Signalling Cables and also for Design, Manufacture, Supply, Installation, Testing, Commissioning and incidental services of telecommunication System for the Bhaupur-Khurja section of the Eastern Dedicated Freight Corridor covering route length of 343 km as a sub-contractor to Alstom Systems India Pvt. Ltd.

In another success, the Company signed a contract worth Rs.95 crore with Larsen & Toubro Limited for Design, Manufacture, Supply, FAT, Installation, Testing & Commissioning, Training and DLP at site of the Telecommunication System comprising of various sub-systems viz. OFC, SDH, Data Networking, Dispatch Telephone, EPABX, Master Clock System and Power Supply for STP-17 of the Western Dedicated Freight Corridor Phase 2.

Accelerating momentum of new-found successes, the Company has submitted a few tenders to the Indian Railways as a sub-contractor to a major OEM, for Train Protection and Warning



Systems. The Company has also bid for few overseas projects as a sub-contractor to one of the India's leading EPC company. Besides, the Company is also exploring co-development of some technology products with international players from Europe and South-East Asia.

With a view to penetrate into similar scope of work in fast growing Metro Rail Projects, the Company has submitted some bids in India and Overseas. The Company is in discussion with a global OEM and Design Company towards co-developing and patenting certain technologies for railway signalling and automatic train control systems. The Company is also assessing few products to be indigenized in the railway signalling segment as import substitution under Make in India program.

SMART & SAFE CITIES

Our recently incubated Smart City business vertical has met with encouraging success. It achieved an overall order booking of Rs.70 crore and revenue of Rs.23.67 crore in FY17. It bagged two projects in FY17 one for Ludhiana Smart Surveillance & Intelligent Traffic Management Systems and the other for Jaipur regarding Provisioning & Integration of Wifi Hotspots, Interactive Information Kiosks, Surveillance Cameras, Environmental Sensors, Structural Sensors, Smart Lighting Solutions and Remote Kiosks along with the Facility Management Services.



These two successes significantly strengthened our eligibility in evolving a diverse mix of product, network integration and support services towards making our cities Safe & Smart with effective traffic management system for enhanced connectivity and clutter-free mobility. We have equipped ourselves for greater and much diverse business opportunities, unfolding in the next 2-5 years. The Government has already declared 60 cities to fall under its Smart City Mission with an outlay of Rs 1,31,762 crore. This provides a huge market opportunity in the segments addressable by the Company.

The Company has participated in large turnkey ICT Systems Integration project from RailTel spanning 4 regions for Video (CCTV) Surveillance of approximately 1,000 Railways stations for enhancing the safety & security of the passengers.

The Company is focusing on making CCTV Surveillance, Traffic Enforcement and Adaptive Traffic Management System, City Command and Control Centers including Data Centers, ICT Infrastructure as its core strength in order to shape Smart Cities that comprise Smart Elements of ICT across hardware, software, data and analytics. An equal focus is also being allotted towards building a strong foothold in the System Integration space.

DEFENCE BUSINESS

Considering the immense opportunities in the Indian Defence Industry, all the three key stakeholders–Government, Foreign OEMs and Indian Corporates (both the Government backed as well as private sector) are fast conversing to develop a robust defence ecosystem in India. Considering country's estimated defence spending of USD 620 billion between FY14-22 and the Government's resolve to source 70% of it's arms requirement domestically, defence industry is appearing to replicate what automotive established in 1980s and Information Technology achieved in 1990s.

Our Defence Business division made steady progress across identification of its opportunity segment as well as foreign OEM and technological partners. We signed an MOU with a French MNC, as our Technology Partner, for Portable Opto Electronics during the year for manufacturing wide range of Portable Night Vision Devices. The Company is planning to create facility for manufacturing of Opto Electronics equipment at its Solan plant.

Among many emerging opportunities, we have identified manufacture of Weapon Sights for various weapons to include Light Machine Guns, AK 47, Rocket Launchers, Mini UAVs and Medium Altitude Long Endurance UAVs, and Electronic Fuses for Artillery Ammunition, etc. as our areas of immediate focus. During the year, we submitted RFIs for Weapon Night Sights for various weapons, Electronic Fuses for Artillery Ammunition, Manufacture of Mini UAVs; and are working on the RFP for Electronic fuses and some weapon sights for the Indian Army. We have also received the RFP issued for manufacture of Mini UAVs and are under discussions



for the same. In addition, we are actively pursuing the Border Management and Surveillance System and Radio Communication Equipment due for implementation by the Indian Government.

FINANCIAL REVIEW

Revenue from Operations

The net sales during FY17 stood at Rs.2,015.24 crore as compared to Rs.2,569.53 crore in FY16. The net revenue from the Turnkey Contracts and Services in FY17 decreased to Rs.1,658.01 crore from Rs.2,191.99 crore in the previous year. The net sales from Telecom Products for FY17 stood at Rs.583.43 crore as compared to Rs.666.38 crore in the previous year.

Operating expenses

The total operating expenses for the FY17 decreased from Rs.2335.76 crore in FY16 to Rs.1817.35 crore.

EBITDA

During FY17, EBITDA stood at Rs.197.89 crore as against Rs.233.77 crore in FY16.

Net Profit

Net Profit in FY17 stood at Rs.123.72 crore as against Rs.150.45 crore recorded in FY16. Net Profit margin for the year under review was 6.14% marginally up from 5.86% in FY16. The earnings per share for FY17 stood at Rs.1.01 per share as against Rs.1.27 in the previous year.

Net worth

The net worth of Company has increased during the year under review to Rs.1,043.52 crore from Rs.917.93 crore in the previous year.

Gross debt

The total debt in FY17 has decreased from Rs.473.93 crore in FY16 to Rs.402.93 crore.

Capital structure

The paid up equity share capital of the Company stood at Rs.123.94 crore.

RISK MANAGEMENT

In an ever changing and evolving operating environment of today's highly globalized and competitive world, enterprise risk management is allotted significant management attention at HFCL. A Risk Management Committee of Directors has also been constituted by the Company to monitor the risks. While Company's business risks are similar to those of its peers in varied business domains, the Company is well placed and continuously monitors the internal and external environment and takes concrete measures to mitigate the risks. While there are no major risks that will hamper the performance of the Company, it stays prepared to tackle some operating risks that might pose business challenges, as and when they surface.

Economic Risk: The economic risks such as the slowdown in the economy or industry may have an impact on the fundamentals of Company.

Mitigation: The Company has diversified its business streams beyond core telecom products and services which additionally cater to defence, railways and smart city segment today. This diversification coupled with the healthy balance sheet shield the Company from slowdown in a particular sector.

Competition Risk: The Company has many competitors, which will be competing for the potential business opportunities available to the Company. This might decrease the chances of winning orders.

Mitigation: The Company stands out as a total solution provider with proven track record among its customers. It has successfully implemented turnkey projects which help in getting repeat as well as new projects from the same and new customers.

Risk of Delay in Completion of Order: There might be delay in completion of orders due to various reasons resulting into imposition of penalties on the Company.

Mitigation: The Company has strong operational policies with talented pool of professionals who are capable of delivering the projects in scheduled / extended time period.

Foreign Exchange Risk: The Company deals in imports and exports of raw materials and goods, which are susceptible to currency fluctuations leading to forex losses.

Mitigation: The Company has professional consultants who

monitor the currency fluctuations and help the Company to take measures like forward contracts and hedging activities to mitigate risk.

Technology Risk: There is continuous up-gradation in the technology which may lead to some of the Company's technology becoming obsolete.

Mitigation: The Company deals with a lot of innovation and makes relentless efforts to upgrade the technology to stay ahead in the market.

Government policy Risk: The Company deals in several government projects and any change in policies might impact the business adversely.

Mitigation: The incumbent Government's pro-reform policies are in favour of the industry which promotes ease of doing business.

INTERNAL CONTROL SYSTEMS

Your Company has a sound internal control system to ensure that all assets are protected against loss from any unauthorised use. All transactions are recorded and reported correctly. The Company's internal control system is further supplemented by the internal audit carried out by M/s Atul Kulshrestha & Co., Chartered Accountants. Comprehensive policies, guidelines and procedures are laid down for all business processes. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets. The Audit Committee monitors the internal audit system on regular intervals and directs necessary steps to further improve the Internal Control System.

HUMAN RESOURCE DEVELOPMENT

In an ever-evolving technological world of today, the Company treats its human capital as the most vital harbinger of growth and sustainable stakeholder value creation. Possessing a competent and committed pool of professionals, the Company recognizes the need for training and retaining this talent pool. Employees continuously update their technical and managerial skills towards enhanced Individual ability and organizational capability. Employees are given regular feedback on their performance and are encouraged to raise the bar of performance and delivery. The reward and recognition culture of the Company ensures employees to remain motivated and encouraged to build a culture of high performance.



During FY17, the Company has made significant progress on its journey of transformational change in the Company's talent management policy and practices. Few of the notable accomplishments this year have been the Learning & Development Roadmap, Reward & Recognition Programs, Hiring and building young talent pipeline through Graduate Engineer Trainee (GET) and Management Trainee (MT) SPARK Program, Skills and Competency mapping and Resource mapping.

In addition, the Company also initiated automation of HR processes through adoption of HUB, it's new Human Resource Management System (HRMS). HUB is poised to improve service delivery, efficiency and time in data retrieval.

Special attention is being given on promoting flexi-working, effective and fair line management and strengthening trust in the Management. Propagating health and awareness campaigns, safety policy and guidelines, constituting performance awards and management interaction through townhall practices remain the important work in progress. Zero tolerance to sexual harassment, discrimination against disability, motivational programs and on the job training, sports and cultural activities at our plants and sites, employee communication and newsletters, telemedicine are the tools and practices through which the Company is aiming to raise it's trust among existing employees and create appeal among the potential employees.

The Company employed a total of 1,325 employees including 113 female employees on its roll as at March 31, 2017.

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to improve socio-economic quality of life of the community and society in which it operates. The Company intends to make preventive healthcare, sanitation & potable water, hunger & malnutrition eradication, rural development and education quality improvement as the key areas of CSR intervention.

The Company undertakes CSR activities through its registered society, HFCL Social Services Society, which was established in 1986. The Society has joined hands with the three NGOs namely HelpAge India, Extramarks Education Foundation and Lok Bharti Education Society to undertake the CSR Projects of HFCL.

Portable Healthcare Delivery

We started our structured CSR journey by launching Specialized





Mobile Medicare Unit (SMMU)/Mobile Medicare Unit (MMU) project to provide modern preventive healthcare facilities to the underprivileged community living in and around our business impact area. For the implementation of the aforesaid project, HFCL and HFCL Social Services Society (HSSS) joined hands with HelpAge India, a pioneer NGO into preventive health care delivery through MMU.

Under these initiatives we launched our first SMMU at our Solan Plant on 7th June 2016. SMMU is facilitated with the on-board healthcare facilities such as Medical Consultation, General Lab Test (37 kinds), Medicines and Physiotherapy, all of which are extended free of cost to the beneficiaries. The SMMU's highly qualified team consists of a MBBS Doctor, a pharmacist, a lab technician and a physiotherapist. The team also has a qualified Social Protection Officer and experienced driver. Subsequently, we launched MMU with every other SMMU facility on-board except physiotherapy and deployed two MMUs, one at our Goa Plant and one at Sardarshahar in Churu district of Rajasthan.

HelpAge India's recruited Social Protection Officers possess vast experience in mobilising the participation of the targeted communities through regular communication, special drive and mass mobilisation through Nukkar Natak, health camps and pamphlet distribution. We conduct impact assessment and stakeholders' satisfaction survey to ensure that the projects are meeting its desired goal.

Vocational Training

We have partnered Lok Bharti Education Society to provide job-oriented skill training for 100 youth from under-privileged section of the society in Delhi. The first pilot project "Documentations Assistant" training is under implementation, where our partner is aiming to achieve about 70% placements for the trained youth. We have deployed a daily reporting framework and CCTV monitoring of the classes as our monitoring mechanism.

Digital Learning

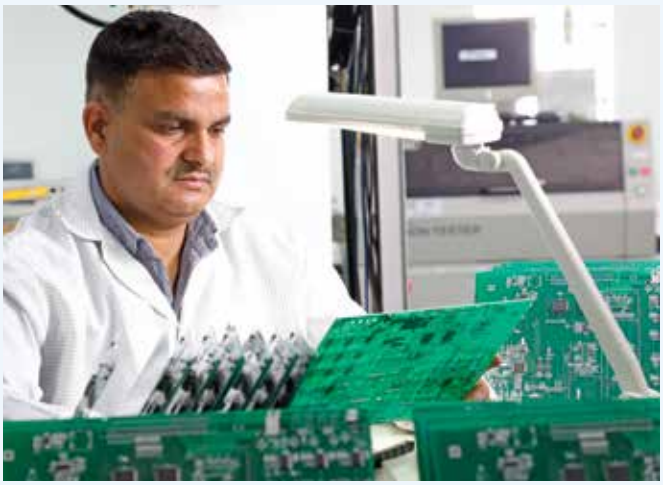
We adopted Government Girls Inter-College, Ghaziabad and aimed to provide quality education through new age digital learning solutions. We equipped 14 classrooms with state-of-the-art digital learning solutions with the global standards digital contents developed by Extramarks Education Foundation, our implementation partner. They have deployed a technical trainer to train the teachers for operating the digital learning system. We monitor the development through frequent interactions with the principal and also surprise visits. The implementing agency will provide half yearly students' development report, benchmarked against their respective average educational performances in the last three years.

BUSINESS OUTLOOK

Major initiatives taken by the Government like 'Make in India', 'Smart Cities', Modernisation of railways and Digital India are going to provide immense benefits to the Company by providing significant opportunities to its different business verticals. Deploying a country-wide fibre network, providing public Wifi connectivity and stablishing a strong wireless technology ecosystem are crucial mandates for driving these initiatives.

Expansion of 4G networks, increased usage of smart phones and exponential use of data present an opportunity for the infrastructure providers to establish fiberisation of backhaul networks and improve radio access sites. Operators will focus on investments in optical fibre and small cells for expanding 4G coverage and capacity. Moving away from microwave technology for backhaul is another feature. Besides this, the service providers will also be making improvements on the application side.

India is expected to record an increase in capex spending this year, compared with 2016. Growth in capex this year would follow several years of spending increases in the country. According to the GSM Association (GSMA) , service providers have invested a



total of USD 23 billion in the last five years, and this figure is likely to increase to around USD 34 billion by the end of 2020.

Tremendous head room for growth in rural penetration, capacity constraints in urban areas, choking of network causing frequent call drops and inconsistent data coverage are creating demand for more infrastructure investments. Outdoor BTS are going to be the key rollout strategy for operators from an economic proposition front.

Nationwide connectivity projects launched by the Government such as National Optical Fiber Network (NOFN) and Network for Spectrum (NFS) and the rollout of 4G in the country are bound to boost data transmission volumes, thereby making expansion of OFC installations critical for supporting the planned network expansions. Under BharatNet programme, many State Government are taking initiative and planning to create 100 GB core network, to provide high speed data connectivity to gram panchayats. The projects worth Rs.20,000 crore, planned by several State Governments, are under different stages of approval in State and Central Government. The Company is preparing turnkey telecom solution to address these opportunities and expect to acquire sizable business over next 1-2 year. In addition, next generation technologies such as LTE and FTTx, which require last mile connectivity, is expected to propel the demand for optical fibre cables in the coming years. According to a report of TechSci Research, a global management consulting firm, the optical fibre cables market in India is anticipated to grow at a CAGR of over 13% during 2016-2021. The Company has benefited by Optic Fibre Cables (OFC) business and has been continuously getting orders from new customers. It has started a new plant in HTL Limited a subsidiary company at Chennai to meet the growing demand for OFC.

All the above infrastructure investments provide opportunities to the Company for its Turnkey, Equipment and OFC Business Vertical. The Company has already expanded in OFC manufacturing capacity and this contributes to around Rs.700 crore of consolidated revenue. The Company has commissioned GSM network in Left Wing Extremist (LWE) region. Over 45,000 villages & remote locations are still uncovered with any kind of telecommunication services and Government, out of USOF fund, is committed to provide mobile coverage to these areas. The Company has turnkey solution for this opportunity and expect good business out of this Government initiative. It has also won WiFi network turnkey project from BSNL and orders to increase network's backhaul capacity. The Company has also participated in NFS tenders worth Rs.3,900 crore and has already received APO for Rs.1,250 crore. Overall, the outlook looks good for the coming year with swelling order book as the operators and the Government continue to upgrade and expand the networks and capacity.

With the ever-growing thrust of the Government on modernizing and expanding the Railway networks, budget allocations have been increasing year on year. Railways plan to lay 3,500 kilometers of new tracks in the coming year (2017-18). Opportunities in the railways are opening up for the Company which is evident from the fact that it has bagged certain orders for a variety of railway signalling linked applications during the year. The Company has also submitted certain bids during FY17. The Company expects to grow more in this vertical during the current year.

Government's Smart City Vision provides ample opportunities to the recently incubated Smart City business vertical of the Company. The Company has achieved order booking of Rs.70 crore and revenue of Rs.23.67 crore in FY17. It has also bagged prestigious orders for the City of Ludhiana and Jaipur which strengthen the Company's presence in the business domain.

India's vision of Make in India and achieving better defence preparedness, indigenous advanced technology and a robust manufacturing footprint creates opportunities for various Indian companies to collaborate with foreign industries in the sector. Apart from focusing on manufacturing and technology transfer there shall be opportunities for co-designing, co-development, co-manufacturing and support. With the current focus on Make in India and strategic partnerships, there is immense potential available for collaborations and technology sharing for OEMs. The Company after having secured licenses for defence equipment manufacturing is making progress towards identifying opportunities and making collaborations.

The overall outlook for the Company, therefore, look very positive and it shall continue to grow in all of its business verticals. The Company has readiness to meet all the opportunities that shall come on way.

Directors' Report

To the Members,

The Directors have pleasure in presenting the 30th Annual Report and Audited Accounts for the financial year ended 31st March, 2017.

FINANCIAL RESULTS

(₹ in crore)

Particulars	Standalone		Consolidated	
	2016-2017	2015-2016	2016-2017	2015-2016
Revenue from Operations	2241.44	2858.37	2377.56	2872.38
Other Income	19.42	22.35	222.93	34.79
Total Income	**2260.86**	2880.72	**2400.49**	2907.17
Expenses	1553.18	1918.60	1644.26	1932.23
Operating Expenditure	509.78	618.40	548.93	621.09
Depreciation and amortization	15.71	24.90	21.75	26.18
Exceptional Items	-	109.95	-	109.95
Total Expenses	**2078.67**	2671.85	**2214.94**	2689.31
Profit before finance cost and tax	182.19	208.87	185.55	217.86
Finance cost*	58.47	58.42	61.33	61.50
Profit before tax (PBT)	123.72	150.45	124.22	156.36
Tax Expense net of MAT credit entitlement	-	-	0.50	0.01
Other Comprehensive Income	1.87	6.46	1.80	6.88
Total Comprehensive Income	**125.59**	156.92	**125.52**	163.23
Attributable to :				
Shareholders of the Company	-	-	124.78	162.36
Non-controlling interests	-	-	0.74	0.87
Opening balance of retained earnings	393.88	236.96	315.30	152.83
Adjustment with other equity	-	-	-	-
Amount available for appropriation	**519.47**	393.88	**440.82**	316.06
Appropriations				
Debenture redemption reserve	7.37	0.00	7.37	0.00
Non controlling interest	-	-	0.79	0.76
Closing Balance of retained earnings	**512.10**	393.88	**432.66**	315.30

*Dividend of ₹5.23 crore (excluding tax) on Preference Share is a part of Finance Cost.

INDIAN ACCOUNTING STANDARDS (IND AS)

Your Company, its subsidiaries, associate and joint venture had adopted Ind AS with effect from 1st April, 2016 pursuant to Ministry of Corporate Affairs notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standards) Rules, 2015. Your Company has published Ind AS Financials for the year ended 31st March, 2017 along with comparable as on 31st March 2016.

DIVIDEND

During the year under review, the Board of Directors at its meeting held on 28th November, 2016 has declared and paid first Interim Dividend of ₹3.25 per share on 80,50,000, 6.50% Cumulative Redeemable Preference Shares (CRPS) of ₹100/- each. The Board of Directors at its meeting held on 10th May, 2017 also declared Second Interim Dividend of ₹3.25 per share on above CRPS for financial year ended 31st March, 2017. The Company has made the payment of ₹5.23 crore towards Interim Dividend (excluding tax) on CRPS for financial year 2016-17.

RE-CLASSIFICATION OF PROMOTERS/PROMOTER GROUP

The Shareholders at its 29th Annual General Meeting held on 29th September, 2016 has approved the re-classification of the Promoters/ Promoter Group pursuant to the Regulation 31 A(2) read with Regulation 31A(7) and other relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). BSE Limited **("BSE")** vide its letter no. LIST/COMP/VK/04/2017-18 dated 3rd April, 2017 & LIST/COMP/VK/31/2017-18 dated 20th April, 2017 & National Stock Exchange of India Limited (**"NSE"**) vide its letter no. NSE/LIST/01057 dated 6th April, 2017 have approved Company's application for re-classification of following promoter shareholders as public shareholders under the provisions of Regulations 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sr. No.	Name of Shareholders	No. of equity shares held	% of total equity share capital
1	Anil Kumar Nahata	540	0.00004
2	Vaibhav Credit & Portfolio Pvt. Ltd.	2800	0.00023
3	Babulal Nahata	82407	0.00665
4	Yashodham Merchants Pvt. Ltd.	350000	0.02824
5	Kalyan Vyapaar Pvt. Ltd.	1098174	0.08861
6	Apex Enterprises (India) Ltd.	5871195	0.47372
7	Amrit Sales Promotion Pvt. Ltd.	172700	0.01393
8	Burlington Finance Ltd.	664200	0.05359
	Total	**8242016**	**0.66501**

MANAGEMENT DISCUSSION & ANALYSIS (MDA)

Management Discussion & Analysis (MDA) Report for the year under review as stipulated under Regulation 34(2)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is presented in a separate section forming part of this Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

As per Regulation 33 of the Listing Regulations and applicable provisions of the Companies Act, 2013 read with the rules issued thereunder, the Consolidated Financial Statements of your Company for the financial year 2016-17 have been prepared in compliance with the applicable Accounting Standards and on the basis of Audited Financial Statements of the Company, its subsidiaries, associate company and joint venture as approved by the respective Board of Directors. The Audited Consolidated Financial Statements together with the Auditors' report form part of this Annual Report.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

M/s HTL Limited, M/s Moneta Finance Private Limited and M/s HFCL Advance Systems Private Limited continue to be the subsidiaries of your Company. The Company has acquired 1,60,000 equity shares of Polixel Security Systems Private Limited ("Polixel"), thereby the total equity holding of the Company reached upto 94% and Polixel became the subsidiary of the Company w.e.f 9th August, 2016. The Company has further acquired 10,856 equity shares of the Polixel, thereby the total equity holding of the Company in Polixel has reached to 100% and accordingly Polixel has become the wholly owned subsidiary of the Company w.e.f. 31st March, 2017.

A separate statement containing the salient features of financial statements of all subsidiaries of your Company as on 31st March, 2017 forms part of consolidated financial statements in compliance with Section 129 and other applicable provisions, if any, of the Companies Act, 2013. The financial statements of the subsidiary companies and related information are available for inspection by the members at the Registered Office of your Company during business hours on all days except Saturdays, Sundays and Public Holidays up to the date of the Annual General Meeting (AGM) as required under Section 136 of the Companies Act, 2013. Any shareholder desirous of obtaining the Annual Accounts and related information of the above subsidiary companies may write to the Company Secretary at M/s Himachal Futuristic Communications Ltd. 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi – 110048 and the same shall be sent by post. The financial statements including the consolidated financial statements, financial statements of subsidiaries and all other documents required to be attached to this report have been uploaded on the website of the Company **www.hfcl.com**.

A report on the performance and financial position of each of subsidiaries, associate and joint venture company as per the Companies Act, 2013 is provided as "**Annexure-A**" to the consolidated financial statements and hence not repeated here for sake of brevity. The policy for determining material subsidiaries as approved by the Board of Directors may be accessed on the Company's website at the link **http://www.hfcl.com/wp-content/uploads/2017/05/Policy-on-Material-Subsidiaries.pdf.**

FIXED DEPOSITS

During the financial year 2016-17, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

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

The remuneration paid to the Directors is in accordance with the Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). The salient aspects covered in the Remuneration Policy have been outlined in the Corporate Governance Report which forms part of this Report.

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

The Nomination and Remuneration Committee and Board of Directors of the Company at their respective meetings held on 10th May, 2017 has considered the proposal of revision in remuneration payable to Shri Mahendra Nahata, Managing Director for his remaining tenure i.e. 1st April, 2017 to 30th September, 2018 subject to the approval of Members at this Annual General Meeting. The Notice of Annual General Meeting will contain the item for the revision of remuneration payable to Shri Mahendra Nahata, Managing Director for his remaining tenure i.e. 1st April, 2017 to 30th September, 2018.

The information required under Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) in respect of Directors/employees of the Company is set out in "**Annexure - A**" to this Report and is also available on the website of the Company.

DIRECTORS & KEY MANAGERIAL PERSONNEL

APPOINTMENTS/RE-APPOINTMENTS

The present term of Shri Arvind Kharabanda, Whole-time Director designated as Director (Finance) had expired on 31st May, 2016 and he has shown his unwillingness to continue as a Whole-time Director. However, he continues to hold the position of a Non-Executive Director of the Company.

Shri Arvind Kharabanda, Non-Executive Director is liable to retire by rotation at this ensuing Annual General Meeting (AGM) pursuant to Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible offers himself for re-appointment. Appropriate resolution for his re-appointment is being placed for your approval at the ensuing AGM. The Brief resume of him and other related information are being given in the Notice convening the 30th AGM of your Company. Your Directors recommend his re-appointment as a Non-Executive Director of your Company.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company and related matters are put up on the website of the Company at the link: **http://www.hfcl.com/wp-content/uploads/2017/04/HFCL-Familiarisation-Prog.-Idependent-Director.pdf.**

ANNUAL EVALUATION OF BOARD PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued thereunder, Regulation 17(10) of the Listing Regulations and the circular issued by SEBI on 5th January, 2017 with respect to Guidance Note on Board Evaluation, the evaluation of the annual performance of the Directors/Board/Committees was carried out for the financial year 2016-17.

The details of the evaluation process are set out in the Corporate Governance Report which forms part of this Report.

KEY MANAGERIAL PERSONNEL

During the year under review, Shri Mahendra Nahata, Managing Director, Shri V R Jain, CFO and Shri Manoj Baid, Vice-President (Corporate) & Company Secretary remained the Key Managerial Personnel in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder. During the year under review, Shri Arvind Kharabanda, Director (Finance) ceased to be a Whole-time Director of the Company with effect from 1st June 2016 and hence also ceases to be a Key Managerial Personnel of the Company from that date. However, Shri Arvind Kharabanda continues to be a Non-Executive Director of the Company.

PARTICULARS OF EMPLOYEES' AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), a statement showing the names of top ten employees of the Company in terms of remuneration drawn and other particulars of the employees drawing remuneration in excess of the limits set out in said rules are given in "**Annexure-A**" annexed herewith.

NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE

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

AUDIT COMMITTEE

The details pertaining to Composition of Audit Committee are included in the Corporate Governance Report which forms part of this Report.

DECLARATION OF INDEPENDENCE

The Company has received declaration from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 read with the Schedule and Rules issued thereunder as well as Regulation 16(1)(b) of the Listing Regulations.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;

(b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profits of the Company for the financial year ended 31st March, 2017;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared the annual accounts on a 'going concern' basis;

(e) the Directors have laid down proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

At the 29th Annual General Meeting (AGM) of the Company, Khandelwal Jain & Company, Chartered Accountants (Firm Registration No. 105049W) was appointed as the Statutory Auditors to hold office till the conclusion of the 30th AGM of the Company.

Section 139 of the Companies Act, 2013 ('the Act') was notified effective April 1, 2014. Section 139 of the Act lays down the criteria for appointment and mandatory rotation of statutory auditors. Pursuant to Section 139 of the Act and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of two terms of five consecutive years. The Rules also lay down the transitional period that can be served by the existing auditors depending on the number of consecutive years for which an audit firm has been functioning as auditor in the same company. The existing auditors, Khandelwal Jain & Co., Chartered Accountants

(Firm Registration No. 105049W) have served the Company for over 10 years before the Act was notified and will be completing the maximum number of transitional period (three years) at the ensuing 30th Annual General Meeting.

The Audit Committee of the Company at its meeting held on 10th August, 2017 has proposed and on 10th August 2017, the Board has recommended the appointment of S. Bhandari & Co., Chartered Accountants (Firm registration number 000560C) ('SBC') and Oswal Sunil & Company, Chartered Accountants (Firm registration number 016520N) ('Oswal') as the statutory auditors of the Company. SBC & Oswal will hold office for a period of five consecutive years from the conclusion of the 30th Annual General Meeting of the Company till the conclusion of the 35th Annual General Meeting to be held in 2022. The first year of audit will be of the financial statements for the year ending 31st March, 2018, which will include the audit of the quarterly financial statements from second quarter onwards for the financial year ending 31st March, 2018.

The Company has received consent from SBC & Oswal and certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that appointment if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and rules made thereunder.

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

Information and explanations on qualifications/observations in the Consolidated Auditors' Report are as under:

Auditor's Observations in the main Auditors' Report:

Para 4:

In case of the subsidiary, HTL Limited, as mentioned in note no. 61 (iv)(b) in the note forming part of CFS, the subsidiary has not made the provision of interest amounting to Rs.1,50,21,120/- for the year ended 31st March, 2017, pending the adjustment of ETP compensation against the interest portion of outstanding Government of India loan. Had the provisions for the same has been made, finance cost and liability as on 31.03.2017 would have been higher by Rs.1,50,21,120/- and profit for the year and total equity would have been lower by Rs.1,50,21,120/-.

Reply

The provision for interest on certain borrowings has not been made by the subsidiary company pending the reworking of the interest on account of adjustment of one of claim of Rs.347 lakhs against the outstanding interest on certain loans, the subsidiary company has not provided for the interest amounting to Rs.150.21 lakhs during the year. The final adjustment for interest, if any, will be done by the subsidiary company once the reconciliation is agreed upon.

Though the auditor has mentioned the maximum impact of Rs.150.21 Lakhs, however the management of the subsidiary company is discussing the matter with the concerned lender for the adjustment/ reversal of excess interest, as the case may be. Hence the impact is not ascertainable at present.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Shri Baldev Singh Kashtwal, Practicing Company Secretary having Membership No. F3616 and C.P. No. 3169 to conduct the Secretarial Audit of your Company for the financial year 2016-17. The Secretarial Audit Report is annexed herewith as "**Annexure -B**" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

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

RELATED PARTY TRANSACTIONS

During the financial year 2016-17, the Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, which were in the ordinary course of business and on arms' length basis and in accordance with the provisions of the Companies Act, 2013, Rules issued thereunder and Regulation 23 of the Listing Regulations. During the year, the Company has also entered into transactions with related parties which were at arms' length basis but not in ordinary course of business as per details given hereunder:

(In ₹)

Sr. No.	Names of the Related Party & nature of relationship	Nature of transactions	Written down value/ Cost of acquisition	Amount of consideration
1	HTL Limited (Subsidiary under Section 2(87) of the Companies Act, 2013)	Sale of Old Plant & Machineries	2,03,20,624	4,65,42,709
2	-do-	Purchase of Old Plant & Machineries	16,030	5,00,000
3	-do-	High Sea Sale of Plant & Machineries	51,98,400	54,58,320

Above related party transactions were entered into after obtaining approval of Audit Committee as well as Board of Directors of the Company.

During the financial year 2016-17, there were no transactions with related parties which qualify as material transactions under the Listing Regulations.

The details of the related party transactions as required under Ind AS – 24 are set out in Note - 51 to the standalone financial statements forming part of this Annual Report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link **http://www.hfcl.com/wp-content/uploads/2017/05/POLICY-ON-link-PARTY-TRANSACTIONS.pdf.**

LOANS, GUARANTEES AND INVESTMENTS

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 outstanding as at 31st March, 2017 are as follows:

(₹ in crore)

Particulars	Amount
Loans given	31.25
Guarantees given	38.66
Investments made	64.83

Loans, Guarantees and Investments made during the financial year 2016-17

(₹ in crore)

Name of the entity	Relation	Amount	Particulars of Loans, Guarantees and Investments	Purpose for which the Loans, Guarantees and Investments are proposed to be utilized
HTL Limited	Subsidiary under Section 2(87) of the Companies Act, 2013	13.50	Loan	Short term loan given for working capital requirements.
Polixel Security Systems Private Limited	Wholly owned subsidiary under Section 2(87) of the Companies Act, 2013	11.75	Investment	Investment was made for the benefit of operational synergies. The Company will be able to explore untapped high growth in electronics surveillance & electronic security business and monitoring system etc.
Owens-Corning (India) Private Limited	Supplier	3.00	Guarantee	Corporate Guarantee given to M/s Owens-Corning (India) Private Limited on behalf of HTL Limited, a subsidiary of the Company, for the supply of glass roving for manufacturing FRP Rods.
E.I. Dupont India Private Limited	Supplier	3.00	Guarantee	Corporate Guarantee given to M/s E.I. Dupont India Private Limited on behalf of HTL Limited, a subsidiary of the Company, for the supply of Products.
PS Group Realty Limited	Un-related entity	5.00	Loan	To earn interest on surplus funds
Moneta Finance Private Limited	Wholly owned subsidiary under Section 2(87) of the Companies Act, 2013	1.98	Investment	Financial assistance to wholly owned subsidiary to carry on its business.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the financial year 2016-17 are set out in "**Annexure–D**" of this Report in the format prescribed under the Companies (Corporate Social Responsibility) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which forms part of this Report. The CSR Policy is available on the website of the Company and may be accessed at the URL **http://www.hfcl.com/wp-content/uploads/2016/01/CSR-Policy.pdf.**

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

BUSINESS RESPONSIBILITY REPORT

The Regulation 34(2) (f) of the Listing Regulations mandate the inclusion of Business Responsibility Report as part of Annual Report for the top 500 listed entities based on the market capitalization. Your Company's name appear in the top 500 listed companies based on market capitalization as on 31st March, 2016. In compliance with the Listing Regulations, we have integrated maiden Business

Responsibility Report disclosures into our Annual Report. The Business Responsibility Report has been marked as "**Annexure E"**.

VIGIL MECHANISM

The Board of Directors of the Company have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. The Company, through this policy envisages to encourage the Directors and Employees of the Company to report to the appropriate authorities any unethical behaviour, improper, illegal or questionable acts, deeds, actual or suspected frauds or violation of the Company's Code of Conduct for Directors and Senior Management Personnel. The Policy on Vigil Mechanism/ Whistle blower policy may be accessed on the Company's website at the link **http://www.hfcl.com/wp-content/uploads/2017/05/Whistle-Blower-Policy.pdf.**

DEPOSITORY SYSTEMS

The Company's scrip has come under compulsory dematerialization w.e.f. 29th November, 1999 for Institutional Investors and w.e.f. 17th January, 2000 for all Investors. So far, 99.96% of the equity shares have been dematerialized. The ISIN allotted to the equity shares of the Company is INE548A01028.

CORPORATE GOVERNANCE

In Compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with certificate from the Auditors on its compliance, forms an integral part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is set out herewith as "**Annexure–F**" to this Report.

SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

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

GENERAL

a) Your Company has not issued equity shares with differential rights as to dividend, voting or otherwise;

b) The Company did not have any Stock Option Scheme till 31st March, 2017;

c) Neither the Managing Director nor the Whole-time Director of the Company receives any remuneration or commission from any of its subsidiaries;

d) No fraud has been reported by the Auditors to the Audit Committee or the Board of the Directors of the Company; and

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

CAUTIONARY STATEMENT

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

M P Shukla
Chairman
DIN: 00052977

Place: New Delhi
Date: 10th August, 2017

Annexure (A) to Directors' Report

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

A. Ratio of remuneration of each director to the median remuneration of all the employees of your Company for the financial year 2016-17 is as follows:

(in ₹)

Sl. No.	Name of Director	Total Remuneration	Ratio of remuneration of Director to the Median remuneration
1.	Shri M P Shukla	5,75,000*	0.90
2.	Shri Mahendra Nahata	4,70,43,000	73.38
3.	Shri Arvind Kharabanda#	15,46,164**	2.41
4.	Dr. R M Kastia	3,75,000*	0.58
5.	Shri Rajiv Sharma	25,000*	0.04
6.	Smt. Bela Banerjee	3,75,000*	0.58

* Represents to Sitting Fee.

** Includes sitting fee of ₹4,75,000/- paid to him as Non-Executive Director w.e.f. 1st June, 2016. Ceased as whole-time Director designated as Director (Finance) w.e.f. 1st June, 2016 and continuing as Non-Executive Director (NED) thereafter.

Notes:

1. The information provided above is on standalone basis.
2. Remuneration to Directors includes sitting fees paid to Non-executive Directors.
3. Median remuneration of the Company for all its employees is ₹ 6,41,054/- for the financial year 2016-17.

B. Details of percentage increase in the remuneration of each Director, CFO and Company Secretary in the financial year 2016-17 are as follows:

(in ₹)

Sl. No.	Name	Category	Remuneration		Increase (%)
			2016-17	2015-16	
1.	Shri M P Shukla	Independent Director	5,75,000*	4,75,000*	NA
2.	Shri Mahendra Nahata	Managing Director	4,70,43,000	3,58,38,000	31.27
3.	Shri Arvind Kharabanda#	Non-Executive Director	15,46,164**	64,26,985	#
4.	Dr. R M Kastia	Non-Executive Director	3,75,000*	3,50,000*	NA
5.	Shri Rajiv Sharma	Non-Executive Director	25,000*	1,20,000*	NA
6.	Smt. Bela Banerjee	Independent Director	3,75,000*	2,95,000*	NA
7.	Shri V R Jain	CFO	1,12,20,000	84,00,000	33.57
8.	Shri Manoj Baid	Vice President (Corporate) & Company Secretary	40,16,082	31,61,025	27.04

* Represents to sitting fee.

**Includes sitting fee of ₹4,75,000/- paid to him as Non-Executive Director w.e.f. 1st June, 2016.

Ceased as a Whole-time Director designated as Director (Finance) w.e.f. 1st June, 2016 and continuing as Non-Executive Director (NED) thereafter and hence increase in remuneration has not been given.

Note : The remuneration paid to Directors is within the overall limits approved by the shareholders.

C. Percentage increase in the median remuneration of all employees in the financial year 2016-17:

(in ₹)

Particulars	2016-17	2015-16	Increase (%)
Median remuneration of all employees per annum	6,41,054	6,00,303	6.79%

D. Number of permanent employees on the rolls of the Company as on March 31, 2017: 1325

E. Comparison of average percentage increase in salary of employee other than the key managerial personnel and the percentage increase in the key managerial remuneration:

(in ₹)

Particulars	2016-17	2015-16	Increase (%)
Average salary of all employees (other than key managerial personnel)	9,40,886	8,76,372	7.36%
Average Salary of Managing Director & Director (Finance)	2,40,57,082	2,11,32,493	13.84%
Average Salary of CFO and Company Secretary	76,18,041	57,80,513	31.79%

F. Affirmation:

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

G. Statement containing the particulars of employees in accordance with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 or amendments made thereto:

Names of the top ten employees of the Company in terms of remuneration drawn and the names of employees who were employed through out the financial year 2016-17 and were paid remuneration not less then ₹1,02,00,000/- and employees who were employed for a part of financial year 2016-17 and were paid remuneration not less then ₹8,50,000/- per month

Sl. No.	Name	Remuneration received (in ₹)	Nature of employment	Designation	Qualifications & experience	Date of commencement of employment	Age (Years)	Last employment held
1.	Shri Mahendra Nahata	4,56,00,000	Contractual	MD	B.Com (Hons.) 34 years	01.10.1992	58	Himachal Telematics Ltd. Vice Chairman
2.	Shri Ashwani Gupta	2,50,10,374	Permanent	ED	B.Tech, MBA 36 years	18.05.2015	59	Crompton Greaves Ltd. President
3.	Shri Y S Choudhary	1,34,61,129	Contractual	CEO	B.E. (Telecom) M.E. (Electronics) 48 years	01.06.2009	74	Exicom Tele-Systems Ltd. MD
4.	Shri V R Jain	1,05,21,859	Permanent	CFO	CA, CS 30 years	15.07.2011	53	Teracom Ltd. CFO
5.	Shri Harshwardhan Pagay	1,03,50,209	Permanent	President	B.E., MBA 22 years	22.10.2012	46	Teracom Ltd. CEO
6.	Shri S K Garg	95,55,820	Permanent	President	B.E., M.Tech 43 years	01.10.2015	66	Infotel Business Solution Ltd. Chief Project Officer
7.	Shri Sushil K Wadhwa	90,08,988	Permanent	Sr. VP	CS, ICMA 35 years	21.07.2011	57	Aircel Ltd. Head Commercial
8.	Shri Gurdial Singh Khandpur	89,37,523	Permanent	Chief Project Officer	B.E. 24	01.01.2016	46	Digivive Services Pvt. Ltd. President
9.	Shri Karan Bamba	89,32,265	Permanent	VP	MBA (Finance) 28 years	01.03.2012	50	Nokia Siemens Ltd. Transformation Programme Manager
10.	Shri Kuldeep Kohli	79,33,811	Permanent	President	LL.B 37 years	06.10.2014	62	Punj Lloyd Ltd. President

Notes:

(i) The remuneration shown above comprises salary, allowances, perquisites, performance linked incentive/ Ex-gratia, medical, Company's contribution to provident fund and all other reimbursements, if any.

(ii) None of the employees is related to any director of the Company.

(iii) None of above employee draws remuneration more than the remuneration drawn by Managing Director and Whole-time Director and holds by himself or along with his spouse and dependent children not less than two percent of equity shares of the Company.

Annexure (B) to Directors' Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

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

The Members
Himachal Futuristic Communications Limited
CIN : L64200HP1987PLC007466
8, Electronics Complex, Chambaghat
Solan - 173 213 (H. P.)

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Himachal Futuristic Communications Limited (hereinafter called "the Company") for the year ended 31st March, 2017. The secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board - Processes and Compliance – Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of :–

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and bye - laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings; **(Not applicable to the Company during the financial year 2016-17)**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable as the Company has not issued any shares during the financial year 2016-17)**;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Financial Year 2016-17)**;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Financial Year 2016-17)**;

  (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Financial Year 2016-17)**;

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **(Not applicable to the Company during the Financial Year 2016-17)**;

  (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, (Listing Regulations); and

(vi) Employees Provident Fund and Miscellaneous Provisions Act, 1952;

(vii) Employees State Insurance Act, 1948;

(viii) Factories Act, 1948;

(ix) Indian Contract Act, 1872

(x) Minimum Wages Act, 1948;

(xi) Payment of Bonus Act, 1965;

(xii) Payment of Gratuity Act, 1972;

(xiii) Payment of Wages Act, 1936;

(xiv) Industrial Dispute Act, 1947;

(xv) Maternity Benefit Act, 1961;

(xvi) Contract Labour (Regulation and Abolition) Act, 1970;

(xvii) Apprentices Act, 1961;

(xviii) Industrial Employment (Standing Orders) Act, 1946 and other applicable labour laws.

I have also examined the compliance with the applicable clauses of the following :-

(i) Secretarial Standards issued by the Institute of Company Secretaries of India

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I FURTHER REPORT THAT the compliance by the Company of applicable fiscal laws, such as direct and indirect tax laws, has not been reviewed in this audit, since the same have been subject to review by the statutory auditors.

I FURTHER REPORT THAT:-

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

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

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

Place : New Delhi
Dated : August 3, 2017

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

Note : This report is to be read with my letter of even date which is annexed as an "Annexure-A" and forms an integral part of this report.

"Annexure-A"

The Members
Himachal Futuristic Communications Limited
CIN : L64200HP1987PLC007466
8, Electronics Complex
Chambaghat
Solan - 173 213 (H. P.)

I report that :-

a) Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

b) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that audit evidence and information obtained from the Company's management and the processes and practices, I followed provide a reasonable basis for my opinion.

c) I have not verified the correctness and appropriateness of the financial statements of the Company.

d) I have obtained the management representation about the compliance of laws, rules and regulations, wherever required.

e) The Compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on random test basis.

f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : New Delhi
Dated : August 3, 2017

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

Annexure (C) to Directors' Report

FORM NO. MGT-9

EXTRACTS OF ANNUAL RETURN

as on financial year ended on 31st March, 2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I	**REGISTRATION & OTHER DETAILS:**	
i	CIN	L64200HP1987PLC007466
ii	Registration Date	11th May, 1987
iii	Name of the Company	Himachal Futuristic Communications Limited
iv	Category/Sub-category of the Company	Listed and Company having Share Capital
v	Address of the Registered Office & contact details	8, Electronics Complex Chambaghat, Solan Himachal Pradesh-173213 Tel: + 91-1792-230644 Fax: + 91-1792-231902 E-mail: secretarial@hfcl.com Website: www.hfcl.com
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any	MCS Share Transfer Agent Limited F-65, 1st Floor Okhla Industrial Area, Phase - I New Delhi – 110020 Tel: + 91-11-41406149 Fax: + 91-11-41709881 Email: admin@mcsregistrars.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name & Description of main Products/Services	NIC Code of the Product /Service	% to total turnover of the Company
1	Optical Fibre Cable	27310*	23.26%
2	Turnkey Contracts and services	42202	76.74%

* As per IEM issued by Department of Industrial Policy and Promotion, Ministry of Commerce, New Delhi

III	**PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES:**	As per Attachment A
IV	**SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):**	
a)	Category-wise Shareholding	As per Attachment B
b)	Shareholding of Promoters	As per Attachment C
c)	Change in Promoters' Shareholding	As per Attachment D
d)	Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)	As per Attachment E
e)	Shareholding of Directors & KMPs	As per Attachment F
V	**INDEBTEDNESS:**	
	Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Attachment G

VI	**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**	
a)	Remuneration to Managing Director, Whole-time director and/or Manager	As per Attachment H
b)	Remuneration to other directors	As per Attachment I
c)	Remuneration to Key Managerial Personnel other than MD/ WTD/Manager	As per Attachment J
VII	**PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:**	As per Attachment K

ATTACHMENT - A

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Polixel Security Systems Private Limited D-7, Dhawandeep Appartment 6, Jantar Mantar Road New Delhi–110001	U93000DL2010PTC199073	Subsidiary	100	2(87)
2	HFCL Advance Systems Private Limited 8, Electronics Complex, Chambaghat Solan, Himachal Pradesh–173213	U29253HP2015PTC000880	Subsidiary	100	–do–
3	Moneta Finance Private Limited 8, Electronics Complex, Chambaghat Solan, Himachal Pradesh–173213	U65921HP1995PTC017088	Subsidiary	100	–do–
4	HTL Limited G.S.T. Road, Guindy, Chennai–600032	U93090TN1960PLC004355	Subsidiary	74	–do–
5	DragonWave HFCL India Pvt. Ltd. 8, Commercial Complex, Masjid Moth Greater Kailash-II, New Delhi–110048	U64200DL2010PTC211117	Joint Venture	49.90	2(6)
6	HFCL Bezeq Telecom Limited 8, Commercial Complex, Masjid Moth Greater Kailash-II, New Delhi–110048	U74899DL1995PLC066338	Associate	0.19	As per the provisions of Ind AS

ATTACHMENT - B

IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % TO TOTAL EQUITY)

(a) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	638344	0	638344	0.051	638344	0	638344	0.051	0.00
b) Central Govt. or State Govt.	0	0	0	0.000	0	0	0	0.000	0.00
c) Bodies Corporates	482284770	1100	482285870	38.914	482284770	1100	482285870	38.914	0.00
d) Bank/FIs	0	0	0	0.000	0	0	0	0.000	0.00
e) Any other	0	0	0	0.000	0	0	0	0.000	0.00
SUB TOTAL:(A) (1)	**482923114**	**1100**	**482924214**	**38.965**	**482923114**	**1100**	**482924214**	**38.965**	**0.00**
(2) Foreign									
a) NRI- Individuals	0	0	0	0.000	0	0	0	0.000	0.00
b) Other Individuals	0	0	0	0.000	0	0	0	0.000	0.00
c) Bodies Corp.	0	0	0	0.000	0	0	0	0.000	0.00
d) Banks/FIs	0	0	0	0.000	0	0	0	0.000	0.00
e) Any other	0	0	0	0.000	0	0	0	0.000	0.00
SUB TOTAL: (A) (2)	**0**	**0**	**0**	0.000	**0**	**0**	**0**	0.000	**0.00**
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**482923114**	**1100**	**482924214**	**38.965**	**482923114**	**1100**	**482924214**	**38.965**	**0.00**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	1743249	3830	1747079	0.141	1159771	3830	1163601	0.094	-0.05
b) Banks/FIs	106157837	1100	106158937	8.566	85475902	1100	85477002	6.897	-1.67
c) Central Govt.	0	0	0	0.000	0	0	0	0.000	0.00
d) State Govt.	0	0	0	0.000	0	0	0	0.000	0.00
e) Venture Capital Funds	0	0	0	0.000	0	0	0	0.000	0.00
f) Insurance Companies	521000	0	521000	0.042	521000	0	521000	0.042	0.00
g) FIIs	10838205	5620	10843825	0.875	3120649	5620	3126269	0.252	-0.62
h) Foreign Venture Capital Funds	0	0	0	0.000	0	0	0	0.000	0.00
i) Others (specify)									
Foreign Banks	1705	3600	5305	0.000	1705	3600	5305	0.000	0.00
Foreign Portfolio Investors	37748135	0	37748135	3.046	41102600	0	41102600	3.316	0.27
SUB TOTAL: (B)(1)	**157010131**	**14150**	**157024281**	**12.670**	**131381627**	**14150**	**131395777**	**10.602**	**-2.07**
(2) Non Institutions									
a) Bodies corporates	263687366	31070	263718436	21.278	262609494	31070	262640564	21.191	-0.09
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	256110388	377914	256488302	20.695	268512314	364987	268877301	21.695	1.00
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakhs	68889479	0	68889479	5.558	85886263	0	85886263	6.930	1.37
c) Others									
Trusts	93644	0	93644	0.008	103144	0	103144	0.008	0.00
Overseas Corporate Bodies	37250	1000	38250	0.003	37250	1000	38250	0.003	0.00
Foreign Nationals	4720	0	4720	0.000	8000	0	8000	0.001	0.00
Clearing Members	4779200	0	4779200	0.386	1871690	0	1871690	0.151	-0.23
NRIs	5290748	125920	5416668	0.437	5507331	124660	5631991	0.454	0.02
SUB TOTAL: (B)(2)	**598892795**	**535904**	**599428699**	**48.365**	**624535486**	**521717**	**625057203**	**50.433**	**2.07**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**755902926**	**550054**	**756452980**	**61.035**	**755917113**	**535867**	**756452980**	**61.035**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.000**	**0**	**0**	**0**	**0.000**	**0.00**
Grand Total (A + B + C)	**1238826040**	**551154**	**1239377194**	**100.000**	**1238840227**	**536967**	**1239377194**	**100.000**	**0.00**

ATTACHMENT - C

IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % TO TOTAL EQUITY)

(b) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2016)			Shareholding at the end of the year (As on 31.03.2017)			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	MN Ventures Pvt. Ltd.	23,83,90,000	19.24	51.00	23,83,90,000	19.24	51.00	0.00
2	NextWave Communications Pvt. Ltd.	23,47,65,000	18.94	51.00	21,23,65,000	17.13	56.38	-1.81
3	Fitcore Tech-Solutions Pvt. Ltd.	0	0.00	0.00	2,24,00,000	1.81	0.00	1.81
4	Apex Enterprises (India) Ltd.	58,71,195	0.47	6.81	58,71,195	0.47	6.81	0.00
5	Kalyan Vyapaar Pvt. Ltd.	10,98,174	0.09	0.00	10,98,174	0.09	0.00	0.00
6	Vinsan Brothers Pvt. Ltd.	6,71,600	0.06	0.00	6,71,600	0.06	0.00	0.00
7	Burlington Finance Ltd.	6,64,200	0.05	98.77	6,64,200	0.05	98.77	0.00
8	Anant Nahata	4,70,000	0.04	51.00	4,70,000	0.04	51.00	0.00
9	Yashodham Merchants Pvt. Ltd.	3,50,000	0.03	0.00	3,50,000	0.03	0.00	0.00
10	Shankar Sales Promotion Pvt. Ltd.	3,00,201	0.02	0.00	3,00,201	0.02	0.00	0.00
11	Amrit Sales Promotion Pvt. Ltd.	1,72,700	0.01	0.00	1,72,700	0.01	0.00	0.00
12	Babulal Nahata	82,407	0.01	0.00	82,407	0.01	0.00	0.00
13	Mahendra Nahata	73,477	0.01	0.00	73,477	0.01	0.00	0.00
14	Manik Lal Nahata (Since deceased)	11,920	0.00	0.00	11,920	0.00	0.00	0.00
15	Vaibhav Credit & Portfolio Pvt. Ltd.	2,800	0.00	0.00	2,800	0.00	0.00	0.00
16	Anil Kumar Nahata	540	0.00	0.00	540	0.00	0.00	0.00
	Total	**48,29,24,214**	**38.97**	**50.24**	**48,29,24,214**	**38.97**	**50.24**	**0.00**

ATTACHMENT - D

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

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

Particulars	Share holding at the beginning of the Year (As on 01.04.2016)		Cumulative Share holding during the year (01.04.2016 to 31.03.2017)	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	48,29,24,214#	38.97	48,29,24,214	38.97
02.11.2016 NextWave Communications Pvt. Ltd. (inter-se sale through off market amongst the promoter group)	2,24,00,000 (Sale)	1.81	46,05,24,214	37.16
02.11.2016 Fitcore Tech-Solutions Pvt. Ltd. (inter-se purchase through off market amongst the promoter group)	2,24,00,000 (Purchase)	1.81	48,29,24,214	38.97
At the end of the year	48,29,24,214	38.97	48,29,24,214	38.97

There is no change in the total shareholding of promoters between 01.04.2016 to 31.03.2017.

ATTACHMENT - E

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

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

Sl No.	Name	Shareholding at the beginning of the year (As on 01.04.2016)		*Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding at the end of the year (As on 31.03.2017)	
		No. of Shares	% of the total shares of the Company			No. of Shares	% of total shares of the Company
1	IDBI BANK LIMITED	96032745	7.75	-16695244	Sale	79337501	6.40
2	RELIANCE INDUSTRIAL INVESTMENTS AND HOLDINGS LIMITED	48532764	3.92	0	NA	48532764	3.92
3	MKJ ENTERPRISES LIMITED	23785461	1.92	4600000	Purchase	28385461	2.29
4	INFOTEL TELECOM INFRASTRUCTURE PRIVATE LIMITED	11068876	0.89	0	NA	11068876	0.89
5	JAIKARNI HOLDINGS PRIVATE LIMITED	8965890	0.72	1638346	Purchase	10604236	0.86
6	DIMENSIONAL EMERGING MARKET VALUE FUND	8459228	0.68	632192	Purchase	9091420	0.73
7	WISDOMTREE INDIA INVESTMENT PORTFOLIO, INC.	7782185	0.63	-1132169	Sale	6650016	0.54
8	MARYADA BARTER PRIVATE LIMITED	7728680	0.62	-4654169	Sale	3074511	0.25
9	EMERGING MARKETS CORE EQUITY PORTFOLIO	7678781	0.62	0	NA	7678781	0.62
10	GLOBAL CAPITAL MARKET LIMITED	7084368	0.57	-4979543	Sale	2104825	0.17
11	VISHANJI SHAMJI DEDHIA	7030000	0.57	1150000	Purchase	8180000	0.66
12	SHAREKHAN FINANCIAL SERVICES PRIVATE LIMITED	1236000	0.10	7666650	Purchase	8902650	0.72
13	ICICI BANK LIMITED	3532348	0.29	592087	Purchase	4124435	0.33

* The shares of the Company are traded on daily basis and hence datewise increase / decrease in shareholding is not indicated.

ATTACHMENT - F

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

(e) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01.04.2016) / at the end of the year (31.03.2017)	% of the total shares of the Company				No. of Shares	% of total shares of the Company
A	**DIRECTORS**							
1	Shri M P Shukla Non-Executive Independent Chairman	0	0.00	1-Apr-16	0	Nil movement during the year		
		0	0.00	31-Mar-17			0	0.00
2	Shri Mahendra Nahata Managing Director	73477	0.01	1-Apr-16	0	Nil movement during the year		
		73477	0.01	31-Mar-17			73477	0.01
3	Shri Arvind Kharabanda Non-Executive Director	0	0.00	1-Apr-16	0	Nil movement during the year		
		0	0.00	31-Mar-17			0	0.00
4	Dr. R M Kastia Non-Executive Director	0	0.00	1-Apr-16	0	Nil movement during the year		
		0	0.00	31-Mar-17			0	0.00
5	Shri Rajiv Sharma Nominee Director IDBI Bank Ltd	0	0.00	1-Apr-16	0	Nil movement during the year		
		0	0.00	31-Mar-17			0	0.00
6	Smt. Bela Banerjee Non-Executive Independent Director	0	0.00	1-Apr-16	0	Nil movement during the year		
		0	0.00	31-Mar-17			0	0.00
B	**KEY MANAGERIAL PERSONNEL (KMP)**							
1	Shri V R Jain CFO	0	0.00	1-Apr-16	0	Nil movement during the year		
		0	0.00	31-Mar-17			0	0.00
2	Shri Manoj Baid Vice President (Corporate) & Company Secretary	0	0.00	1-Apr-16	0	Nil movement during the year		
		0	0.00	31-Mar-17			0	0.00

ATTACHMENT - G

V INDEBTEDNESS

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

(₹in crore)

Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (As at 01.04.2016)				
i) Principal Amount	456.02	75.91	-	531.93
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	12.86	-	12.86
Total (i + ii + iii)	456.02	88.77	-	544.79
Change in Indebtedness during the financial year				
Additions	57.45	3.11	-	60.56
Reduction	61.97	49.40	-	111.37
Net Change	(4.52)	(46.29)	-	(50.81)
Indebtedness at the end of the financial year (As at 31.03.2017)				
i) Principal Amount	451.50	42.48	-	473.86
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.62	0.46	-	1.08
Total (i + ii + iii)	**452.12**	**42.94**	**-**	**474.94**

ATTACHMENT - H

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) Remuneration to Managing Director, Whole-time Director and/or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Shri Mahendra Nahata Managing Director	Shri Arvind Kharabanda Director (Finance)*	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax. 1961.	3,58,98,261	23,92,834	3,82,91,095
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	60,56,768	1,39,709	61,96,477
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	as % of profit	-	-	-
	others (specify)	-	-	-
5	Others, please specify	-	-	-
	Total	**4,19,55,029**	**25,32,543**	**4,44,87,572**
	Ceiling as per the Act	₹12,58,26,093/- (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

* Ceased as a whole-time Director designated as Director (Finance) w.e.f. 1st June, 2016 and continuing as Non-Executive Director (NED) thereafter.

ATTACHMENT - I

(B) Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Shri M P Shukla	Smt. Bela Banerjee	Dr. R M Kastia	Shri Rajiv Sharma	Shri Arvind Kharabanda*	
1	Independent Directors						
	(a) Fee for attending board/ committee meetings	5,75,000	3,75,000	-	-	-	9,50,000
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	5,75,000	3,75,000	-	-	-	9,50,000
2	Other Non-Executive Directors						
	(a) Fee for attending board committee meetings	-	-	3,75,000	25,000	4,75,000	8,75,000
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-	-
	Total (2)			3,75,000	25,000	4,75,000	8,75,000
	Total (B) = (1 + 2)	**5,75,000**	**3,75,000**	**3,75,000**	**25,000**	**4,75,000**	**18,25,000**
	Overall Ceiling as per the Act.	₹1,25,82,609/- (being 1% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)					

*Ceased as a whole-time Director designated as Director (Finance) w.e.f. 1st June, 2016 and continuing as Non-Executive Director (NED) thereafter.

ATTACHMENT - J

(C) Remuneration to Key Managerial Personnel other than MD/Whole-time Director/Manager

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Shri V R Jain CFO	Shri Manoj Baid Vice- President (Corporate) & Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	98,58,720	32,44,250	1,31,02,970
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	39,600	32,400	72,000
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total	**98,98,320**	**32,76,650**	**1,31,74,970**

ATTACHMENT – K

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

None

Annexure (D) to Directors' Report

Annual Report on CSR Activities

1. Brief outline of the Company's CSR Policy

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

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

(i) Promoting preventive health care.

(ii) Sanitation and making available safe drinking water.

(iii) Eradicating hunger, poverty and malnutrition.

(iv) To arrange establish, run, manage, control, look after and supervise the widows homes, old age homes, orphanages, child welfare center and to provide medical relief and/or aid to the suffering human body.

(v) To establish sponsor, administer and provide funds, stipends, scholarships and study grants to enable poor deserving and /or meritorious students and teachers to pursue their studies, research and training in any fields in India.

(vi) Rural Development Projects.

The CSR Policy of the Company is available on the website of the Company and can be accessed through the following link:**http://www.hfcl.com/wp-content/uploads/2016/01/CSR-Policy.pdf**.

2. The composition of the CSR Committee:

The composition of the CSR Committee as on 31st March, 2017 is as under:

Name of the Member	Status
Shri Mahendra Nahata Managing Director	Chairman
Shri M P Shukla Chairman	Member
Shri Rajiv Sharma Nominee Director (IDBI Bank Ltd.)	Member

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

3. Average Net Profit of the Company for last three financial years:₹182.77 crore

4. Prescribed CSR Expenditure: ₹3.66 crore

5. Details of CSR spent for the financial year:

a) Total amount to be spent for the financial year : ₹3.66 crore

b) Amount unspent, if any : NIL

c) Manner in which the amount spent during the financial year is detailed below:

(In ₹)

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Project or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the projects or programs Sub-head : (1) Direct Expenditure on projects or programs (2) Overheads during the year under reveiw:	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
1.	Basic Health Care	Promoting Preventive Health Care	Solan, Himachal Pradesh	1,27,49,196	20,20,950	40,05,900	HelpAge India (Implementing Agency)
2.	Basic Health Care	-do-	Goa	97,47,401	12,58,168	41,94,006	HelpAge India (Implementing Agency)
3.	Basic Health Care	-do-	Sardarshahar, Rajasthan	1,05,62,771	30,93,593	30,93,593	HelpAge India (Implementing Agency)
4.	Disaster Relief	Flood Relief	Uttar Pradesh, Assam	56,39,989	56,39,989	56,39,989	Directly
5.	Education	Quality education through digital age learning Solutions	Ghaziabad	26,92,000	25,12,000	25,12,000	Extramarks Education Foundation (Implementing Agency)
		Total		**4,13,91,357**	**1,45,24,700**	**1,94,45,488**	

Since the Company is undertaking CSR activities through its Registered Society i.e. HFCL Social Services Society ("HSSS") established by the Company in the year 1996, entire amount of ₹3.66 crore being CSR expenditure has been given to HSSS. The HSSS has engaged implementing agencies who have good background of doing CSR activities. Your Company is taking necessary steps in the right direction and is committed to actively engage with the implementing agencies to execute the projects and programmes as per the Company's CSR Policy and incur expenditure in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

HSSS had signed the Memorandum of Understanding with HelpAge India, a society registered under the Societies Registration Act, 1860, having its Registered office at C-14, Qutab Institutional Area, New Delhi – 110 016 for providing medical facilities for the benefit of marginalized older persons and their communities of Solan where the Company has its Telecom Equipment Plant. The project i.e. "Specialised Mobile Medicare Unit" will address the problems of inaccessibility to, inability to afford and non-availability of basic health care to the poor older segment of society and the communities in and around Solan, Himachal Pradesh. The HSSS will spent ₹1,27,49,196/- (Rupees One crore Twenty Seven Lakhs Forty Nine Thousand One Hundred Ninety Six Only) under this project effective from 28th March, 2016 to 27th March, 2019.

The HSSS had also signed another Memorandum of Understanding with HelpAge India to provide basic health care facility under the programme called "Mobile Medicare Unit" to our rural vulnerable community with special focus on the elderly people of Goa where the Company has its Optical Fibre Cable Plant. The total project cost is ₹97,47,401 (Rupees Ninety Seven Lakhs Forty Seven Thousand Four Hundred One Only) which will be spent by 27th March, 2019.

The HSSS has also signed Memorandum of Understanding with HelpAge India to provide basic health care facility under the programme called "Mobile Medicare Unit" to our rural vulnerable community with special focus on the elderly people of Sardarshahar, in Churu District of Rajasthan. The total project cost is ₹1,05,62,771 (Rupees One Crore Five Lakhs Sixty Two Thousand Seven Hundred Seventy One Only) which will be spent from 9th September, 2016 to 8th September, 2019.

HSSS has already funded ₹1,12,93,499/- (Rupees One Crore Twelve Lakhs Ninety Three Thousand Four Hundred Ninety Nine Only) till date to HelpAge India to carry out aforesaid projects.

Free of cost services such as consultations, medicines, physiotherapy services, blood/ urine tests, counselling for patients, elders, family members and caretakers, community awareness on the rights of elderly community, linkage with Govt. schemes/ programmes to optimize the benefits were provided through aforesaid SMMU, MMU(s).

Performance at glance of above SMMU, MMU(s) during the financial year 2016-17

Particulars	Total Beneficiaries treated	Total Physiotherapy conducted	Total Lab Test conducted	Average Beneficiaries per day
SMMU - Solan, Himachal Pradesh	17806	3659	3604	82
MMU - Goa	9652	-	3259	54
MMU - Sardarshahar, Churu, Rajasthan (w.e.f. 18th January, 2017)	3047	-	386	73

HSSS has donated a sum of ₹56,39,989/- (Rupees Fifty Six Lakhs Thirty Nine Thousand Nine Hundred Eighty Nine only) to help flood victims in the State of Uttar Pradesh and Assam.

HSSS had signed the Memorandum of Understanding with Extramarks Education Foundation, a non-profit organization under Section 8 of the Companies Act, 2013 having its Registered office at 506, Surya Kiran Building, 19 K.G. Marg, Connaught Place, New Delhi – 110 001 to provide quality education through new age digital learning solutions at Government Girls Inter College, Ghaziabad. The HSSS has already spent ₹25,12,000/- (Rupees Twenty Five Lakhs Twelve Thousand Only) under this project.

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

Annexure (E) to Directors' Report

Business Responsibility Report

Pursuing business objectives in a responsible manner has been the most wide spread global theme of the 21st century. A business ought to broaden its impact domain to also include the environment and a larger section of society, going beyond its employees, customers and shareholders. While the framework of sustainability reporting and a relatively nascent integrated reporting continues to evolve, the essence of National Voluntary Guidelines (NVG) has been aptly captured in the Business Responsibility Report (BRR) framework promulgated by the Securities and Exchange Board of India (SEBI). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates the top 500 companies based on market capitalization (calculated as on March 31 of every financial year) to include BRR as part of their Annual Report.

As a responsible corporate citizen, Himachal Futuristic Communications Limited (HFCL) has always conducted its business operations in an environmentally sensitive manner while also discharging its responsibilities towards social well-being of its employees, customers and the adjoining communities.

The Company is presenting its maiden Business Responsibility Report forming part of its Annual Report 2016-17 hereunder:

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

S. No	Particulars	Remarks
1.	Corporate Identity Number (CIN) of the Company	L64200HP1987PLC007466
2.	Name of the Company	Himachal Futuristic Communications Limited
3.	Registered Address	8, Electronics Complex, Chambaghat, Solan – 173 213, Himachal Pradesh Tel: +91-1792-230644
4.	Website	www.hfcl.com
5.	E-mail id	secretarial@hfcl.com
6.	Financial year reported	2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code wise): [Source: National Industrial Classification Code (NIC)]	Optical Fibre Cable-27310* Turnkey Contracts and services-42202
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	The Company is into the manufacturing of telecom products and providing of turnkey contracts & services.
9.	Total no. of locations where business activity is undertaken by the Company	**National locations:** Plants located at Solan (Himachal Pradesh) and Salcete (Goa), Turnkey contracts and services are provided on Pan India basis. **International locations:** Nil
10.	Markets served by the Company	Local: √ | State: √ | National: √ | International: √

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up equity share capital	Rs.123.94 crore
2.	Total turnover	Rs.2241.44 crore
3.	Total profit after tax	Rs.123.72 crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%)	During the year, the Company has given Rs.3.66 crore to HFCL Social Services Society (HSSS) through which Company carries its CSR activities. This amounts to 2.96% of the profit after tax for the year 2016-17.
5.	List of activities in which expenditure in 4 above has been incurred	i. Running Specialized Mobile Medicare Unit (SMMU) Solan, Himachal Pradesh ii. Running Mobile Medicare Unit (MMU) Goa iii. Running Mobile Medicare Unit (MMU) Sardarshahar in Churu District of Rajasthan iv. Providing quality education through digital age learning solutions, Ghaziabad. v. Disaster relief in Uttar Pradesh and Assam

* As per IEM issued by Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, New Delhi.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?

The Company has four subsidiaries viz. HTL Limited, Moneta Finance Private Limited, HFCL Advance Systems Private Limited and Polixel Security Systems Private Limited.

2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary companies:

Subsidiary Companies are not directly involved in the Company's BR initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%,More than 60%]:

Other entities are not directly involved with the Business Responsibility initiatives of the Company.

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1) Details of Director(s) responsible for BR

a). Details of Director responsible for implementation of BR policy(ies):

S. No.	Particulars	Details
1.	DIN number	00052977
2.	Name	Shri M P Shukla
3.	Designation	Chairman

b). Details of BR head

S. No.	Particulars	Details
1.	DIN number (if applicable)	-
2.	Name	Shri Manoj Baid
3.	Designation	Vice President (Corporate) & Company Secretary
4.	Telephone Number	011-30882624
5.	E-mail id	secretarial@hfcl.com

2) Principle-wise (as per NVGs) BR Policy / policies

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs (MCA) have identified nine areas of Business Responsibility which have been coined in the form of nine business principles. These principles (P1 to P9) are as under:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of and be responsive towards all the stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of compliance (Reply in Y / N):

S. No.	Questions	Ethics, Transparency and Accountability	Product responsibility	Wellbeing of Employees	Stakeholders' Engagement	Human Rights	Environment	Public Policy	Inclusive Growth	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies on the BR principles?	Y	Y	Y	Y	N	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	N	Y	Y	N	Y	N	Y	Y
3	Does the policy confirm to any national/ international standards? If yes, specify?	Y	Y	Y	Y	N	Y	N	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	Y	N	N	Y	N	N	N	Y	N

S. No.	Questions	Ethics, Transparency and Accountability	Product responsibility	Wellbeing of Employees	Stakeholders' Engagement	Human Rights	Environment	Public Policy	Inclusive Growth	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
5	Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	N	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online?	Code of Conduct (i)	Internal	Internal	CSR Policy (ii)	N	Internal	N	CSR Policy (ii)	Internal
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Business Responsibility Policy has been communicated to all key internal stakeholders of the Company.								
8	Does the company have in-house structure to implement the policy/policies.	The Committee of Board of Directors is responsible for implementation of the BRR Policy at macro level. At micro level the business heads are responsible for its implementation.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	The Company has a vigil mechanism policy which provides redressal mechanism for different stakeholders. The existing Business Reponsibility policy also contains grievance redressal mechanism.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

(i) a. http://www.hfcl.com/wp-content/uploads/2016/02/Code-of-business-conducts-Ethics_Directors.pdf
b. http://www.hfcl.com/wp-content/uploads/2017/05/Code-of-Business-Conduct-and-Ethics-Senior-Management-Personnel.pdf

(ii) http://www.hfcl.com/wp-content/uploads/2016/01/CSR-Policy.pdf

Note:

Elements of all above referred 9 (nine) national voluntary guideline principal are enshrined in our Business Responsibility Policy. Business Responsibility Policy is available online for both internal and external stakeholders and has been approved by the Board of Directors of the Company.

b) If answer to question at Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principle(s).									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3	The Company does not have financial or manpower resources available for the task.									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year.									
6	Any other reason (please specify).					*		*		

* Suitable Decision for policies will be taken at an appropriate time.

3) Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Business Responsibility Policy has been approved by the Board of Directors of the Company vide its Resolution passed on 10th May, 2017, subsequent to declaration of list of relevant companies based on market capitalization as on 31st March, 2017. As such the information is not relevant as on the date of this report. However, Business Responsibility performance will be assessed by the Committee annually.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first annual Business Responsibility Report of the Company. The policy can be accessed at

http://www.hfcl.com/wp-content/uploads/2017/05/Principles-and-Policies-of-Business-Responsibility.pdf

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

HFCL's practices highest standard of ethics, transparency and accountability in its business conduct. Its code of conduct mandates that every directors and senior management shall conduct himself with utmost professionalism, honesty and integrity, while conforming to high moral and ethical standards.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   Anti-bribery and Anti-corruption policy applies to all individuals worldwide working for all affiliates and subsidiaries of HFCL at all level and grades.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   The Company has a Grievance Redressal mechanism for receiving complaints from different stakeholders, viz. shareholders, customers, employees, vendors, etc. There are dedicated resources to respond to the complaints within a stipulated time. During the year under review, the Company did not receive any complaints relating to ethics, bribery and corruption from any stakeholders.

Principle2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Safety and sustainability guides HFCL across all its business operations. The Company endeavours to minimize the consumption of natural resources and energy in its offices, manufacturing units, transportation of raw material and finished goods and Engineering, Procurement and Construction (EPC) of telecom networks on behalf of its customers. Optimising copier paper by using the both sides of it, usage of recyclable cardboard or wooden boxes for packaging, route optimisation and sharing of vehicles for staff and product transportation, laying of underground OFC cables without removing any tree, etc. depict Company's ethos and sensitivity towards safer and sustainable delivery of its products and services.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   HFCL manufactures Optical Fiber Cables (OFC) with various type of designs and always take care of environmental concerns, while designing cables by selecting raw material which meets compliance obligations.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product:**

a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

a. All the raw materials which are used to manufacture optical fiber cables are RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) compliance. HFCL also got CPR compliance (DCA & ECA Class) for its popular product families and is further working to achieve higher classes of CPR Complaince.

b. Reduction in diameter of Optical Fiber Cables (Micro Cables) by approx. 10% which has resulted in reduction in various raw materials for manufacturing of Optical fiber Micro cables and helped in conservation of resources.

c. New Designs manufactured where use of Jelly, which is a petroleum product is eliminated and instead dry water blocking tape is introduced and used. These dry tube/ dry core designs helps in reduction in use of petroleum products.

d. Water which is used in manufacturing process is continuously recycled with effective effluent recycling process and hence there is reduction in fresh water consumption.

e. During manufacturing process, noise level reduction done by providing enclosure to all machines which produces Noise.

f. HFCL always looking at ways to reduce scrap generation. The Company has several internal projects which targets reduction in waste generation during cable manufacturing. At product purchase end, the Company is using recyclable filling gel drums, plastic spools and steel drums to reduce scrap generation.

g. Rubber wood used in packaging of finished product and it does not create any hazardous impact to environment as it is a biodegradable material.

b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

We have used Solar Power at all the 521 BTS sites in LWE project thereby avoiding the use of Diesel Generators which are normally used as backup power supply for the BTS and Microwave radios. In fact in our case, almost all the sites have no electricity supply from State Electricity Boards so far and we are running the network using Solar power only.

Each site needs approx 350 watts of power. Assuming a 12 hour consumption of this power per day, we are saving about 126 KWHr energy per month per site

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   The key focus of the Company's supply chain management remains on identifying and associating with established vendors with a proven track record of product and/or service delivery over a longer period of time. Most of the raw materials are sourced through long-term contracts with reputed suppliers.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities**

surrounding the place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

While the Company sources most of its input material and services from the organized sector, it endeavours to deploy localized sourcing whenever possible. In its EPC business, it sources construction material like cement, sand, aggregate, bricks etc. from vendors operating in vicinity of each project site. While professional and skilled manpower of the project management team comprises of permanent employees of the Company and/ or its contract vendors, the Company tries to source semi-skilled and unskilled manpower from local community.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Packing cardboards	>10%
Waste wooden & plastic pallets	>10%
Empty metal barrels & plastic containers	>10%
Polythene bags	>10%
Plastic bobbins	>10%
Waste cable pieces	>10%

Principle 3: Businesses should promote the well-being of all employees.

The Company considers its Human Capital as one of the most valuable assets. The Company ensures strict adherence to safety policies by all its employees. In order to achieve a healthy, happy and productive employee pool, the Company extends Pre-Employment & Annual Health Check-ups, Occupational and Skill Enhancement Training, Maternity/ Paternity benefits, Insurance (Health, Accident, Life) etc.

The Company fosters a spirit of higher camaraderie and higher performance levels through a host of initiatives including celebration of birthdays, bestowing of rewards & recognitions, etc.

1. **Please indicate the total number of employees.**

   As on March 31, 2017, the Company employed 1,325 people on its rolls.

2. **Please indicate the total number of employees hired on temporary/contractual/casual basis.**

   A total of 53 employees were hired on temporary/contractual/ casual basis.

3. **Please indicate the number of permanent women employees.**

   As on March 31, 2017, the Company had 113 permanent women employees.

4. **Please indicate the number of permanent employees with disabilities.**

   The Company has no permanent employees with disabilities.

5. **Do you have an employee association that is recognized by the management?**

   The Company has one employee association.

6. **What percentage of your permanent employees are members of the recognised employee associations?**

   Out of the total 1,325 workforce, about 8% of the total employees are members of recognized trade unions.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

   The Company received no complaints pertaining to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment during the FY17. There are no such pending cases as on March 31, 2017.

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

   Safety and skill enhancement training is provided to all permanent employees, permanent women employees, contractual/temporary/casual employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all the stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

In its pursuit of sustainable development of its business and also telecom network of India and the other international geographies of its interest, HFCL recognizes and respects the interest of all its stakeholders - employees, customers, telecom using consumers, shareholders, lenders, vendors, governments, regulators, and community at large. No discriminatory treatment is given to any of the stakeholders. Various social initiatives viz providing medical facilities to the marginalized older person and their communities living around Solan, Goa, Sardarshahar have been taken under Company's CSR activities. The Company is also providing quality education through digital age learning solutions to the marginalized section of Ghaziabad. The Company is also providing job oriented skill training as a first pilot project in Delhi

1. **Has the Company mapped its internal and external stakeholders? Yes/No.**

   Yes.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Out of its diverse stakeholders, the Company has identified the community surrounding its business operations as the disadvantaged, vulnerable and marginalized stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof in maximum 50 words.**

   The Company has identified the target communities and community-specific empowerment programs, devised an

implementation plan, aligned with the implementation partners and has rolled out some community benefit programs with a impact assessment mechanism being put in place. The details of Company's Community Development Initiatives are provided in the CSR section as an annexure to the Board's Report.

Principle 5: Businesses should respect and promote human rights.

The Company respects and promotes human rights.

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

   Clause 5.1 of the Business Responsibility Policy deals with the provision relating to the promotion of human rights. The Company recognized and respects human rights of all relevant stakeholders and groups.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company received no stakeholder complaints in the year gone by relating to human rights violation.

Principle 6: Businesses should respect, protect and make efforts to restore the environment.

The Company conducts its business operations in highly environment sensitive manner with a sharper focus on conservation and restoration of environment.

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors /NGOs/others?**

   The said policy covers only the Company.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming etc? Yes/No. If yes, please give hyperlink for web page etc.**

   Yes. A safe and healthy working environment is the Company's top priority. The Company shall continuously seek to improve environmental performance by adopting cleaner production methods, promoting use of energy efficient and environmental friendly technologies.

3. **Does the Company identify and assess potential environmental risks? Yes/No**

   Yes. The Company's Environmental Management System is ISO 14000 certified. Environmental impacts are studied for all various activities. All the raw materials used to manufacture optical fiber cables are RoHS complaint.

4. **Does the Company have any project on Clean Development Mechanism? If so, provide details thereof, in maximum 50 words. Also, if yes, whether any environmental compliance report is filed?**

   No

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   The Goa plant has taken many initiatives towards Energy conservation including installation of power efficient LED mid-bay fitting, optimising natural light through efficient roof sky lighting and rain water harvesting. HFCL's OFC contracts division has deployed Solar Power in setting up GSM network for BSNL. The Company use VOC free material in PCB assembly instead of alcohol based material. Presently, Solar street lighting project and Solar roof top panels power generation project is under technical study.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB (Central Pollution Control Board)/SPCB (State Pollution Control Board) for the financial year being reported?**

   Yes.

7. **Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   The Company has not received any show cause/ legal notices in relation to emission/pollution regulators for the financial year 2016-17.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

The Company practices utmost responsibility in policy advocacy.

1. **Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with.**

   Yes. The Company is a member of several key Indian industry associations namely, The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Federation of Indian Chamber of Commerce and Industry (FICCI), Confederation of Indian Industry (CII), Goa Chamber of Commerce and Industry & Verna Industrial Association.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others, etc.)**

   The Company actively participates in discussions pertaining to issues/policies related to Telecom and IT.

Principle 8: Businesses should support inclusive growth and equitable development.

The Company strongly believes in an even and fair distribution of created economic value towards homogenizing socio-economic development in an inclusive and equitable manner.

1. **Does the Company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes provide the details thereof.**

   The Company is following a well-defined CSR roadmap and undertakes CSR activities through its registered society i.e. HFCL Social Services Society, which was established by the Company in 1986. The Company intends to make preventive healthcare, medical relief, sanitation & potable water, hunger & malnutrition eradication, rural development and quality education as the key areas of CSR intervention.

   Portable Healthcare Delivery

   Specialized Mobile Medicare Unit (SMMU)/Mobile Medicare Unit (MMU) project provides modern preventive healthcare facilities to the underprivileged community living in and around our business impact area. The Company launched its first SMMU at Solan Plant on 7th June 2016. SMMU is facilitated with the on-board healthcare facilities such as Medical Consultation, General Lab Test (37 kinds), Medicines and Physiotherapy, all of which are extended free of cost to the beneficiaries. Subsequently, the Company launched Mobile Medicare Unit (MMU) with every other SMMU facility on-board except physiotherapy and deployed two MMUs, one at Goa Plant and one Sardarshahar in Churu district of Rajasthan respectively.

   Vocational Training

   HFCL is providing job-oriented skill training for 100 youth from under-privileged section of the society in Delhi. The first pilot project "Documentation Assistant" training is under implementation, where the Company's partner is aiming to achieve about 70% placements for the trained youth.

   Digital Learning

   HFCL adopted Government Girls Inter-College, Ghaziabad and aimed to provide quality education through new age digital learning solutions. The Company equipped 14 classrooms with state-of-the-art digital learning solutions with the global standards digital contents. A technical trainer is deployed to train the teachers for operating the digital learning system.

   Others

   The Company also donated blankets, food items to flood victims in the state of Uttar Pradesh and Assam.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/ any other organisation?**

   The Company undertakes its CSR initiatives through its registered society i.e. HFCL Social Services Society ("HSSS") established by the Company in the year 1986. HFCL and HSSS have joined hands with the three NGOs namely HelpAge India, Extramarks Education Foundation and Lok Bharti Education Society to undertake the CSR Projects of HFCL.

3. **Have you done any impact assessment of your initiative?**

   While the time to go for a detailed impact assessment of these initiatives is still some distance away, HFCL pit in place a detailed monitoring mechanism to enhance their efficacy on a daily basis. HelpAge India has recruited a Social Protection Officer with each of the three SMMU/MMUs to mobilise greater participation of the targeted communities. In vocational training initiative, the Company deployed a daily reporting framework and CCTV monitoring of the classes as monitoring mechanism whereas the digital learning initiative monitors the development through frequent interactions with the principal and also surprise visits.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   Necessary particulars in connection with contribution towards CSR activities are provided in the "Report on CSR activities" forming part of this Annual Report, hence not repeated for the sake of brevity.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   Based on experience and on-the-ground learning from CSR programmes, we plan to devise specific ways for enhancing participation and adoption towards the target communities.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Cognizant of the powerful role that telecommunication plays in unlocking the latent socio-economic potential of any society, HFCL serve all its customers with best in class products and/or services with complete transparency, dependability and responsibility.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

   The Company does not have any customer complaints or consumer cases pending as at March 31, 2017. Instead, the Company received letter of appreciation for deliveries exceeding the customers' expectations.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).**

   The Company's products are not meant for direct consumption by the retail consumers. The Company does not display product information over and above those mandated.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of financial year. If so, provide details thereof, in about 50 words or so.**

   There is no case filed/pending against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behavior as on March 31, 2017.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   No. The Company's business is of B2B nature and hence does not entail any retail consumer interface. However, the Company seeks structured feedback from its customers from time to time.

Annexure (F) to Directors' Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

(A) CONSERVATION OF ENERGY:

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

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

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

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

(B) TECHNOLOGY ABSORPTION:

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

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

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

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

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished:

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

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in crore)

Particulars	Financial Year Ended 31.03.2017	Financial Year Ended 31.03.2016
Foreign exchange earned in terms of actual inflows	48.91	68.98
Foreign exchange outgo in terms of actual outflows	133.97	143.56

Corporate Governance Report

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

A report on compliance with the implementation of Regulation 34(3) read with Chapter IV and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations") is given below:

1. HFCL Philosophy on Corporate Governance

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

"Transparency, professionalism and Accountability With an Ultimate aim of value creation"

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

2. Board of Directors

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations as well as the Companies Act, 2013. As on 31st March, 2017, Company had 6 (six) Directors on the Board. More than fifty percent of the Board comprised of Non-Executive Directors. Out of 6 (six) Directors, 2 (two) are Non-Executive Independent Directors including 1 (one) Woman Director, 3 (three) Non-Executive Directors including 1 (one) Nominee Director of IDBI Bank Limited, a Lender and 1 (one) Promoter Managing Director as on 31st March, 2017. The Chairman of the Board is a Non- Executive Independent Director.

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

2.1 Board Meetings

During the financial year ended 31st March, 2017, 4 (four) Board Meetings were held on 10.05.2016, 22.08.2016, 28.11.2016 and 14.02.2017. The Last Annual General Meeting was held on 29th September, 2016.

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

Name of the Director	Director Identification No.	Category	No. of other present Directorships held in public companies	No. of Board Meetings		Attended last AGM (29.09. 2016)	Shareholdings in the Company
				Held	Attended		
Shri Mahendra Pratap Shukla	00052977	NEID	1	4	4	No	Nil
Shri Mahendra Nahata	00052898	PD [MD]	3	4	4	No	73477
Shri Arvind Kharabanda*	00052270	NED	-	4	4	Yes	Nil
Dr. Ranjeet Mal Kastia	00053059	NED	3	4	3	No	Nil
Shri Rajiv Sharma (IDBI Bank Ltd. - Nominee)	01342224	NED	-	4	1	No	Nil
Smt. Bela Banerjee	07047271	NEID	3	4	4	No	Nil

*ceased as a Whole-time Director designated as Director (Finance) w.e.f. 1st June, 2016 and continuing as a Non-Executive Director thereafter.

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

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

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

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

** Subsidiaries of Public Limited companies.

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

2.3 Disclosure of relationship between directors inter-se

None of the Directors of the Company are related to each other.

2.4 Number of shares and convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors holds any share or convertible instrument of the Company.

2.5 Information Placed before the Board

The Board has complete access to all information of the Company, including inter-alia, the information to be placed before the Board of Directors as required under the Listing Regulations.

The important decisions taken at the Board/Board Committee Meetings are communicated to the concerned Departments/Divisions.

2.6 Evaluation of Board

Listing Regulations mandate the Board of listed companies to monitor and review the Board Evaluation framework. Section 134(3) of the Companies Act, 2013 read with the Rule 8 of the Companies (Accounts) Rules, 2014 issued thereunder further provides that a formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and individual Directors. The Schedule IV of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 17(10) of the Listing Regulations states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

After taking into consideration the Guidance Note on Performance Evaluation of Board dated 5th January, 2017 published by SEBI, a questionnaire was prepared to evaluate the performance of the Board, Committees of the Board and individual performance of each Director including the Chairman of the Company.

The Questionnaire for evaluation of performance of the Directors were prepared based on various aspects which amongst other parameters included the level of participation of the Directors, understanding of the roles and responsibilities of Directors, understanding of the business and competitive environment in which the Company operates, understanding of the strategic issues and challenges for the Company, protecting the legitimate interest of the Company, shareholders and employees, implementation of best corporate governance practice etc.

The parameters for performance evaluation of Board includes composition of the Board, process of appointment to the Board of directors, common understanding that the different Board members have understanding of the roles and responsibilities of the Board, timeliness for circulating the board papers, content and the quality of information provided to the Board, attention to the Company's long term strategic issues, evaluating strategic risks, overseeing and guiding major plans of action, acquisitions, divestment.

Some of the performance indicators for the Committees include understanding of the terms of reference, effectiveness of the discussions at the Committee meetings, information provided to the Committee to discharge its duties and performance of the Committee vis-à-vis its responsibilities, composition of the Committee with the appropriate mix of experience, knowledge and skills.

Pursuant to Regulation 17(10) of the Listing Regulations, the performance evaluation of independent directors was done by the entire Board of Directors excluding independent director being evaluated. Broad parameters for reviewing the performance of Independent Directors amongst other include participation at the Board/Committee meetings, understanding their roles and responsibilities and business of the Company, effectiveness of their contribution/commitment, effective management of relationship with stakeholders, integrity and maintaining of confidentiality, exercise of independent judgment in the best interest of the Company, ability to contribute to and monitor corporate governance practice, adherence to the code of conduct for independent directors, bringing independent judgement during board deliberations on strategy, performance, risk management, etc.

Basis the feedback received on questionnaire from all the Directors, the performance evaluation of the Board as a whole, Committees of the Company, Chairperson of the Company and individual directors was found satisfactory.

2.7 Independent Directors

Your Company had at its 29th Annual General Meeting (AGM) held on 29th September, 2016 has appointed Shri Mahendra Pratap Shukla and Smt. Bela Banerjee as Independent Directors to hold office for second term of 2 (two) consecutive years for a term up to the conclusion of 31st Annual General Meeting, pursuant to Section 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force).

Independent Directors have submitted a declaration that they meet the criteria of Independence as per the provisions of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and none of the Independent Directors is holding directorships in more than 7 listed companies. The Company has issued the formal letter of appointment to the Independent Directors in the manner provided under the Companies Act, 2013.

2.8 Meeting of Independent Directors

The Independent Directors of the Company meet at least once in every financial year without the presence of Executive Directors or management personnel's. All Independent Directors strive to be present at such meetings. Independent Directors at their meeting interact and discuss matters including review of the performance of the Non-Independent

Directors and the Board as a whole, review of the performance of the Chairman of the Company taking into account views of Executive/Non-Executive Directors and assessing the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During the financial year ended 31st March, 2017, 1 (one) meeting was held on 28th March, 2017.

2.9 Familiarization Programme for Independent Directors

Regulation 25(7) of the Listing Regulations mandates the Company to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. through various programmes.

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

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

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

The Familiarization programme for Independent Directors in terms of Regulation 25(7) of the Listing Regulations is uploaded on the website of the Company and can be accessed through the following link: **http://www.hfcl.com/wp-content/uploads/2017/04/HFCL-Familiarisation-Prog.-Idependent-Director.pdf** .

3. Committees of the Board

In terms of the Listing Regulations, the Board of the Company has constituted the following Committees:-

Audit Committee

Nomination & Remuneration Committee

Stakeholders Relationship Committee

Corporate Social Responsibility Committee

Risk Management Committee

3.1 Audit Committee

The brief description of terms of references of Audit Committee is as under: -

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

The Composition of the Audit Committee is in line with the provision of Section 177 of the Companies Act, 2013 and

Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have requisite experience in financial management. Shri Mahendra Pratap Shukla, Non-Executive Independent Director is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

The following are the members and their attendance at the Committee Meetings held during the financial year ended 31st March, 2017:-

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri M P Shukla	Chairman	6	6
Shri Arvind Kharabanda	Member	6	6
Smt. Bela Banerjee	Member	6	6

During the financial year ended 31st March, 2017, the Audit Committee met 6 (six) times on 10.05.2016, 11.06.2016, 22.08.2016, 28.11.2016, 14.02.2017 and 16.03.2017.

3.2 Nomination & Remuneration Committee

The Board of Directors of the Company has constituted a Nomination & Remuneration Committee which amongst others is responsible for determining the Company's policy on specific remuneration package for Directors/KMPs and other employees of the Company.

The brief description of term of reference of this Committee amongst others includes the following:-

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

The following are members of the Committee and their attendance at the Committee Meetings held during the financial year ended 31st March, 2017.

Name of Director	Status	No. of Meetings	
		Held	Attended
Smt. Bela Banerjee	Chairperson	4	4
Shri M P Shukla	Member	4	4
Dr. R M Kastia	Member	4	3

During the financial year ended 31st March, 2017, the Nomination & Remuneration Committee met 4 (four) times on 10.05.2016, 22.08.2016, 28.11.2016 and 14.02.2017.

3.3 Remuneration of Directors:

Details of pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company

Nil

Criteria of making payments to Non- Executive Directors/ Whole-time Director:

The Company has adopted a Remuneration Policy for Directors, Key Managerial Personnel and other Employees, regulated by the Nomination and Remuneration Committee of the Board.

The Non-Executive Directors are entitled to sitting fees for attending Meeting of the Board and its Committees. The remuneration to the Managing Director and Whole-Time Director is paid on the scale determined by the Nomination and Remuneration Committee/Board of Directors within limits approved by the shareholders at the General Meeting.

The details of remuneration paid to the Executive and Non-Executive Directors during the financial year 2016-17 are given below:-

(in ₹)

Name of Director	Salary	Allowances	Perks etc.	Contribution to PF	Sitting Fee	Total
Category A - Executive Directors						
Shri Mahendra Nahata Managing Director	3,00,00,000	95,69,061	24,30,939	36,00,000	-	4,56,00,000
Shri Arvind Kharabanda Non-Executive Director *	15,30,000	4,03,501	4,95,272	63,600	-	24,92,373
Category B – Nominee Director (Non-Executive Director)						
Shri Rajiv Sharma Non-Executive Director (IDBI Bank Ltd.)	-	-	-	-	25,000	25,000
Category C – Non-Executive Independent Directors/ Non-Executive Directors						
Shri M P Shukla Non-Executive Independent Director-Chairman	-	-	-	-	5,75,000	5,75,000
Smt. Bela Banerjee Non-Executive Independent Director	-	-	-	-	3,75,000	3,75,000
Dr. R M Kastia Non-Executive Director	-	-	-	-	3,75,000	3,75,000
Shri Arvind Kharabanda Non-Executive Director *	-	-	-	-	4,75,000	4,75,000

* Ceased as a Whole-time Director designated as Director (Finance) w.e.f. 1st June, 2016 and continuing as Non-Executive Director (NED) thereafter.

The non-executive directors were paid sitting fee of ₹25,000/- for every Board / Committee meeting attended by them up to 09.05.2017. The Board of Directors increased the payment of sitting fee from ₹25,000/- to ₹35,000/- (excluding service tax) w.e.f. 10.05.2017.

Details of fixed components and performance linked incentives along with the performance criteria

The details of fixed components are mentioned aforesaid in the table and there is no performance linked incentive along with the performance criteria for Managing Director/Whole Time Director.

Service contracts, notice period, severance fees:

The appointment of the Executive Directors is governed by resolutions passed by the Shareholders of the Company, which covers the terms and conditions of such appointment, read with the service rule of the Company. A separate service contract is not entered into by the Company with Executive Directors. The office of the Managing Director may be terminated by the Company or by the Managing Director by giving the other 6 (six) months' prior notice in writing. The office of the Whole-time Director can be terminated by giving three months' notice or on payment of three months' basic salary in lieu thereof from either side. No severance fee is payable to any Director.

Stock option details, if any and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:

The Company did not have any stock option scheme till 31st March, 2017.

Nomination & Remuneration Policy of the Company

The Nomination & Remuneration Policy of the Company is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The Policy emphasize on promoting talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for Shareholders.

The Remuneration Policy applies to Directors, Senior Management Personnel including its Key Management Personnel (KMPs) and other employees of the Company. When considering the appointment and remuneration of Whole-time Directors, the Nomination and Remuneration Committee inter–alia considers pay and employment conditions in

the industry, merit and seniority of person and the paying capacity of the Company. The Non-Executive Directors are paid remuneration in the form of sitting fees for attending the Board and its Committees. Presently, Non-Executive Directors are paid ₹35,000/- for attending each Board and its committee meetings. Remuneration of KMPs and senior management personnel is decided by the Managing Director. The remuneration to other employees is fixed as per principles outlined above.

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

3.4 Stakeholders Relationship Committee

The composition of the Stakeholders Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

As on 31st March, 2017, the Committee consists of one Non-Executive Independent Director, two Non-Executive Directors and is chaired by Shri M P Shukla, Chairman and Non-Executive Independent Director of the Company. This Committee looks into transfer and transmission of shares/debentures/bonds etc., issue of duplicate share certificates, issue of shares on re-materialization, consolidation and sub-division of shares and investors' grievances etc. This Committee particularly looks into the investors grievances and oversees the performance of the Share Department /Share Transfer Agent and to ensure prompt and efficient investors' services. During the financial year ended 31st March, 2017, the Stakeholders Relationship Committee met 4 (four) times on 18.06.2016, 05.11.2016, 16.01.2017 and 24.03.2017. The followings are the members and their attendance at the Committee Meetings:

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

Details of the Shareholders' complaints:

Number of Shareholders' complaints received during the financial year 2016-17	37
Number of complaints not resolved to the satisfaction of shareholders as on 31st March, 2017	Nil
No. of pending complaints as at 31st March, 2017	Nil

The Company has attended to the investor's grievances/ correspondence within a period of 15 days from the date of receipt of the same during the financial year 2016-2017 except in cases which are constrained by disputes and legal impediments. There were no investor grievances remaining unattended/pending as at 31st March, 2017.

The Board in its meeting held on 31st October, 2006 has designated Shri Manoj Baid, Company Secretary as the Compliance Officer. The Board has delegated powers of share transfer and dematerialization to Shri Manoj Baid, Company Secretary to expedite the process of share transfer/ dematerialization work.

3.5 Corporate Social Responsibility (CSR) Committee

The broad terms of reference of the CSR Committee are as follows:

- To formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act.
- Recommending the amount of expenditure to be incurred on CSR activities of the Company.
- Monitoring the CSR policy of the Company from time to time.

The Composition of the CSR Committee is in alignment with the provisions of Section 135 of the Companies Act, 2013.

The following are the members and their attendance at the CSR Committee Meeting held during the financial year ended 31st March, 2017:

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri Mahendra Nahata, Managing Director	Chairman	1	1
Shri M P Shukla, Non-Executive Independent Director	Member	1	1
Shri Rajiv Sharma, Nominee Director (IDBI Bank Ltd.)	Member	1	0

During the financial year ended 31st March, 2017, 1 (One) meeting of the Corporate Social Responsibility Committee was held on 22.03.2017.

The details of the CSR initiatives of the Company and expenditure incurred on it have been given in the Directors' Report which forms part of the Annual Report. The CSR policy has been placed on the website of the Company and can be accessed through the following links: **http://www.hfcl.com/wp-content/uploads/2016/01/CSR-Policy.pdf**.

3.6 Risk Management Committee

The Board of Directors has constituted a Risk Management Committee and defined its roles and responsibilities in accordance with Regulation 21 of the Listing Regulations. Roles and Responsibilities of the Committee include the followings:

- Framing of Risk Management Policy.
- Overseeing implementation of Risk Management Plan and Policy.

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

Though Regulation 21 of the Listing Regulations is applicable to top 100 listed entities determined on the basis of market capitalization at the end of immediate previous financial year, the Board constituted the Risk Management Committee of Directors of the Company for effective risk management.

The following are the members and their attendance at the Risk Management Committee Meeting held during the financial year ended 31st March, 2017:

Name of Director	Status	No. of Meetings	
		Held	Attended
Shri Mahendra Nahata	Chairman	1	1
Shri M P Shukla	Member	1	1
Shri Arvind Kharabanda	Member	1	1

During the financial year ended 31st March, 2017, meeting of the Risk Management Committee was held on 28.03.2017.

4. General Body Meetings

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

Year	AGM	Location	Date	Time
2015-2016	AGM	Mushroom Centre, Solan	29-09-2016	11:00 A.M.
2014-2015	AGM	Mushroom Centre, Solan	30-09-2015	10:00 A.M.
2013-2014	AGM	Mushroom Centre, Solan	30-09-2014	2:30 P.M.

No EGM was held in last three years.

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

Year	AGM	Subject matter of Special Resolutions	Date	Time
2015-2016	AGM	• To re-appoint Shri Mahendra Pratap Shukla (DIN:00052977) as an Independent Director • To re-appoint Smt. Bela Banerjee (DIN:07047271) as an Independent Director • To consider and approve re-classification of Promoters of the Company • To issue 10.30% 33,72,750, Secured, Unlisted Non Convertible Debentures (NCD's) on a Private Placement basis by way of conversion of outstanding recompense amount payable to the Lenders	29-09-2016	11:00 A.M.
2014-2015	AGM	• Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013	30-09-2015	10:00 A.M.
2013-2014	AGM	• Authorizing the Board of Directors to borrow money from time to time under Section 180 (1) (c) of the Companies Act, 2013 • Authorizing the Board of Directors to provide security under Section 180 (1) (a) of the Companies Act, 2013	30-09-2014	2:30 P.M.

Postal Ballot

No special resolution was put through postal ballot during the financial year 2016-17.

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

5. Means of Communications

Quarterly results

The quarterly/ half-yearly/ annual financial results are regularly submitted to the Stock Exchanges where the securities of the Company are listed pursuant to the Listing Regulations requirements and are published in the newspapers. The financial results are displayed on the Company's website www.hfcl.com.

Newspapers wherein results normally published

The quarterly/ half-yearly/ annual financial results are generally published in Financial Express, Jansatta and Divya Himachal.

Website, where displayed

The financial results and the official news releases are also placed on the Company's website www.hfcl.com in the 'Investors' section.

Whether website also displays official news releases:

The Company has maintained a functional website www.hfcl.com containing basic information about the Company e.g. details of its business, financial information, shareholding pattern, codes, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievance, etc.

Presentations made to institutional investors or to the analysts:

NIL

6. General Shareholders' Information

6.1 Date, time and venue of Annual General Meeting

25th September, 2017 at 11:00 A.M. at Mushroom Centre, Chambaghat, Solan - 173213 (H.P.)

6.2 Financial Year

1st April, 2016 to 31st March,2017

6.3 Dividend Payment Date

Not Applicable

6.4 Date of Book Closing

19th September, 2017 to 23rd September, 2017 (both days inclusive)

6.5 Registered Office

8, Electronics Complex
Chambaghat
Solan - 173 213 (H.P.)
Tel : +91-1792-230644
Fax : +91-1792-231902

6.6 Corporate Office

8, Commercial Complex
Masjid Moth, Greater Kailash - II
New Delhi - 110 048
Tel : +91-11-30882624
Fax : +91-11-30689013

6.7 Corporate Identity Number (CIN)

L64200HP1987PLC007466

6.8 Website/Email

www.hfcl.com / secretarial@hfcl.com & investor@hfcl.com

6.9 Depositories

National Securities Depository Ltd.
4th Floor, 'A' Wing, Trade World
Kamla Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai - 400 013
Tel : +91-22-24994200
Fax : +91-22-24972993

Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers
28th Floor, Dalal Street
Mumbai - 400 023
Tel : +91-22-22723333
Fax : +91-22-22723199

6.10 ISIN

INE548A01028

6.11 Name and address of Stock Exchanges at which the Company's securities are listed

BSE Ltd
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Tel : +91-22-22721233
Fax : +91-22-22723121

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051
Tel : +91-22-26598235
Fax : +91-22-26598237

The Company has paid the listing fees to the above Stock Exchange (s) for the financial year 2017-2018.

6.12 Stock Codes

BSE: 500183 & NSE: HFCL

6.13 Stock Market Price Data on NSE and Performance in comparison to broad-based indices:

(in ₹)

Month	NSE		NIFTY INDEX	
	Highest	Lowest	Highest	Lowest
April, 2016	19.90	16.05	7992.00	7516.85
May, 2016	19.15	15.70	8213.60	7678.35
June, 2016	19.20	16.00	8308.15	7927.05
July, 2016	20.25	17.50	8674.70	8287.55
August, 2016	17.75	15.85	8819.20	8518.15
September, 2016	17.55	14.60	8968.70	8555.20
October, 2016	16.50	14.65	8806.95	8506.15
November, 2016	15.60	11.00	8669.60	7916.40
December, 2016	13.55	11.90	8274.95	7893.80
January, 2017	14.80	12.45	8672.70	8133.80
February, 2017	15.60	13.10	8982.15	8537.50
March, 2017	14.40	12.50	9218.40	8860.10

6.14 In case, the securities are suspended from trading, reason thereof:

Not applicable, since the securities of the Company have not been suspended from trading.

6.15 Registrar and Share Transfer Agents (RTA):

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

6.16 Share transfer Systems

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

The Total Number of equity shares transferred/transposed in physical forms during the financial year 2016-17

Number of Transfer	2
Number of shares	120

6.17 Distribution of Equity shareholdings as on 31st March, 2017

No. of Equity Share held (₹)	No. of Shareholders	% of Shareholders	Shares Amount (₹)	% of Shareholdings
Up to 5000	227,068	95.641	133,013,568	10.732
5001 – 10000	5,165	2.176	39,543,832	3.191
10001 – 20000	2,402	1.012	35,326,281	2.850
20001 – 30000	918	0.387	23,093,218	1.863
30001 – 40000	381	0.160	13,579,387	1.096
40001 – 50000	264	0.111	12,402,307	1.001
50001 – 100000	512	0.216	37,559,661	3.030
100001 & above	544	0.229	942,987,250	76.086
Clearing Members	162	0.068	1,871,690	0.151
TOTAL	**237,416**	**100.000**	**1,239,377,194**	**100.000**

6.18 Categories of Equity Shareholding as on 31st March, 2017:

Sl. No.	Category	Shares	%
A	**Promoters Holding**		
1	Indian Promoters	482924214	38.96507
2	Foreign Promoters	-	-
	Sub Total (A)	**482924214**	**38.96507**
B	**Public Shareholding**		
1	Institutional Investors		
a)	Mutual Funds/UTI	1163601	0.09389
b)	Venture Capital Funds	-	-
c)	Alternate Investment Funds	-	-
d)	Foreign Venture Capital Investors	-	-
e)	Foreign Portfolio Investors	41102600	3.31639
f)	Financial Institutions and Banks	85477002	6.89677
g)	Insurance Companies	521000	0.04204
h)	Provident Funds/Pension Funds	-	-
i)	Any Others(specify)		
	Foreign Institutional Investors	3126269	0.25225
	Foreign Banks	5305	0.00042
	Sub Total (B1)	**131395777**	**10.60176**
2	Central Government/State Government(s)/President of India	-	-
	Sub Total (B2)	**0**	**0**
3	Non Institutional Investors		
a)	Indian Public	354763564	28.62434
b)	NBFCs Registered with RBI	-	-
c)	Employee Trusts	-	-
d)	Overseas Depositories (holding DRs)	-	-
e)	Any Other		
i)	Bodies Corporates	262640564	21.19133
ii)	OCBs	38250	0.00309
iii)	NRIs	5631991	0.45442
iv)	Foreign Nationals	8000	0.00065
v)	Trusts	103144	0.00832
vi)	Clearing Members	1871690	0.15102
	Sub Total (B3)	**625057203**	**50.43317**
	Total Public Shareholding (B = B1+B2+B3)	**756452980**	**61.03493**
C	**Non Promoter-Non Public Shareholders**		
1	Custodian /DR Holder – Name of DR Holders	-	-
2	Employee Benefit Trustee (Under SEBI (Share based Employee Benefits) Regulations, 2014)	-	-
	Total Non-Promoter- Non Public Shareholders (C=C1+C2)	-	-
	Grand Total (A+B+C)	**1239377194**	**100.00000**

6.19 Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form as per SEBI Guidelines. As on 31st March, 2017, 99.96% of the equity shares have been dematerialized. The equity shares of the Company are frequently traded in BSE and NSE and hence provide liquidity to the investors.

6.20 Outstanding GDRs / ADRs or warrants or any Convertible Instruments, conversion date and any likely impact on equity:

N.A.

6.21 Commodity price risk or foreign risk and hedging activities

During the financial year 2016-17, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company entered into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 63 to the Standalone Financial Statements.

6.22 Plant Locations

Telecom Equipment Plant
Electronics Complex, Chambaghat
Solan - 173 213 (H.P.)
Tel : +91-1792-230644
Fax : +91-1792-231902

Optical Fibre Cable Plant
L 35-37, Industrial Area, Phase - II
Verna Electronic City, Salcete
Goa - 403 722
Tel : +91-832-6697000
Fax : +91-832-2783444

6.23 Address for correspondence

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

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

6.24 Debenture Trustee

IDBI Trusteeship Services Limited
Reg. office: Asian Building, Ground Floor
17. R. Kamani Marg Ballard Estate
Mumbai, Maharashtra – 400 001
Tel.: 022 4080 7000
Fax: 022 6631 1776
Email: itsl@idbitrustee.com/ response@idbitrustee.com

7. Other Disclosures:

7.1 Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large:

None of the materially significant transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosures of transactions with related parties set out in Note No. 51 of the Standalone Financial Statements forming part of the Annual Report. The Board has approved a policy for related party transactions which has been uploaded on the Company's website and can be accessed through the following links: **http://www.hfcl.com/wp-content/uploads/2017/05/POLICY-ON-link-PARTY-TRANSACTIONS.pdf** .

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

None.

7.3 Details of establishment of Vigil Mechanism and Whistle-Blower Policy of the Company

The Board of Directors of the Company has adopted Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of the Listing Regulations. The management of the Company, through this policy envisages to encourage the employees of the Company to report to the higher authorities any unethical, improper, illegal or questionable acts, deeds and things which the management or any superior may indulge in. This Policy has been circulated to employees of the Company and is also available on Company's website **www.hfcl.com**.

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

7.4 Details of compliance with mandatory requirements and adoption of non-mandatory requirements

Company has complied with the all mandatory requirements specified in Listing Regulations and the status of compliance with non-mandatory requirements of this Regulation has been detailed hereunder:

i) Separate Post of Chairman and CEO: The Chairman of the Board is Non-Executive Independent Director and his position is separate from that of Managing Director.

ii) Reporting of Internal Auditor: The Internal Auditor has direct access to Audit Committee.

7.5 Web link where policy for determining 'material' subsidiaries is disclosed

The Company has adopted a Policy for determining material subsidiaries, which has been uploaded on the Company's website and can be accessed at the following links: **http://www.hfcl.com/wp-content/uploads/2017/05/Policy-on-Material-Subsidiaries.pdf** .

7.6 Dividend Distribution Policy

The Board of Directors has adopted dividend distribution policy under Regulation 43A of the Listing Regulations. The Policy has been uploaded on the Company's website and can be accessed through the following links: **http://www.hfcl.com/wp-content/uploads/2017/05/Dividend_Distribution_Policy.pdf**.

7.7 Disclosure of Compliance of Regulation 17 To 27 and Clauses (b) to (i) of Sub-Regulations (2) of Regulations 46

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulations (2) of Regulation 46 of the Listing Regulations.

7.8 Code of conduct for Board Members and Senior Management Personnel

Pursuant to Regulation 17 of the Listing Regulations, the Company has adopted a Code of Conduct for Directors and Senior Management Personnel and the same has been posted on the Company's website. Pursuant to Regulation 26(3) of the Listing Regulations, the Directors and the Senior Management Personnel affirm the Compliance of the Code annually. A certificate to this effect is attached to this Report duly signed by the Managing Director.

7.9 Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance

The certificate from the statutory auditors of the Company regarding compliance of conditions of corporate governance is annexed with the Corporate Governance Report and forms an integral part of the Annual Report.

7.10 Company's Policy on Prohibition of Insider Trading

Your Company has adopted a "Code of Internal procedure and conduct for regulating, monitoring and reporting of trading in securities by Insiders" as required under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Company formulated a Code of Conduct to Regulate, Monitor, and Report trading by Insiders to deter the Insider trading in the securities of the Company based on the unpublished price sensitive information. The Code envisages procedures to be followed and disclosures to be made while dealing in the securities of the Company. During the year under review there has been due compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

7.11 Subsidiary companies

The Audit Committee reviews the consolidated financial statements of the Company and the investment made by its unlisted subsidiary companies. The minutes of the Board Meetings of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

The Company does not have any material non-listed Indian subsidiary companies as on 31st March,2017.

7.12 Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, Shri Baldev Singh Kashtwal, Practicing Company Secretary, holding Membership No. FCS 3616 and C.P. No. 3169 was appointed as the Secretarial Auditor of the Company to carry out the secretarial audit for the year ending 31st March, 2017.

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

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

7.13 Secretarial Certificates

(i) Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates on half- yearly basis, have been issued by a Company Secretary in-Practice certifying that all certificates have been issued within time prescribed under the Listing Regulations for lodgement for transfer, sub-division, consolidation, renewal and exchange etc.

(ii) A Company Secretary in-Practice carries out a reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited ("Depositories") and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and total number of shares in dematerialized form held with Depositories.

7.14 CEO & CFO certification

The Managing Director and Chief Financial Officer (CFO) give annual certifications on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations.

7.15 Financial Calendar (tentative and subject to change) 2017-2018:

Financial Reporting for the first quarter ending **30th June, 2017: on or before second week of August, 2017**

Financial Reporting for the second quarter and half year ending **30th September, 2017: on or before Second week of November, 2017**

Financial Reporting for the third quarter ending **31st December, 2017: on or before Second week of February, 2018**

Audited Accounts for the year ending **31st March, 2018: on or before Last week of May, 2018**

Annual General Meeting for the year ending **31st March, 2018: on or before September, 2018**

Declaration regarding Compliance of Code of Conduct

I, Mahendra Nahata, Managing Director of Himachal Futuristic Communications Ltd. hereby declare that all Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct as on 31st March, 2017 pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: New Delhi
Date : 10th May, 2017

(Mahendra Nahata)
Managing Director

Certificate on Corporate Governance

To The Members of

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Himachal Futuristic Communications Limited ("the Company"), for the year ended on 31st March, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the financial year ended 31st March, 2017.

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. We have examined the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

4. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

5. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

(Manish Kumar Singhal)
Partner
Membership No.: 502570

Place: New Delhi
Date: 3rd August, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

1. Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Indian Acccounting Standards (Ind AS) financial statements of HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

A. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

(e) on the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 43 to the financial statements.

ii. The Company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts – Refer Note 43 to the financial statements.

iii. There has been no any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 60 to the standalone Ind AS financial statements.

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

Manish Kumar Singhal
Partner
Membership No: 502570

Place: New Delhi
Dated: 10th May, 2017

ANNEXURE - A TO THE AUDITOR'S REPORT

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March, 2017, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situations of its Fixed Assets.

   (b) Fixed assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.

   (c) In our opinion and according to the information and explanation given to us, the title deeds of immovable properties are held in the name of the Company except the following

Particular of Assets	Gross Value of Assets	WDV of Assets	Remark
Leasehold Land at Solan	Rs. 2,829,496/-	Rs. 2,188,400/-	Refer Note No. 11

2. As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.

3. As per the information furnished, the Company has not granted any secured or unsecured loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

   In view of the above, provisions of clause 3(iii)(b) and (c) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, the company has, in respect of loans, investments, guarantees, and security provisions, complied with section 185 and 186 of the Companies Act, 2013.

5. According to the information and explanation given to us, The Company has not accepted any deposits, whether the directives issued by the Reserve Bank of India, and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013. Hence the provisions of clause 3(v) are not applicable to the Company.

6. Pursuant to the rules made by the Central Government, the maintenance of Cost Records have been prescribed u/s. 148(1) of the Companies Act, 2013. We are of the view that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

7. (a) According to the information and explanations given to us and records examined by us, the Company has been regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income-tax, VAT, service tax, excise duty and other material statutory dues, *though there have been a slight delay in a few cases*. According to the information and explanations given to us no undisputed arrears of statutory dues were outstanding as at 31st March, 2017 from the date they become payable.

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

Name of the Statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
1. Sales Tax Act	Sales Tax	18,742,719	1997-1998 & 1998-1999	Hon'ble High Court of Punjab & Haryana.
2. Value Added Tax Act	VAT	19,476,838	2009-2010 & 2010-2011	Addl. Commissioner, Department of Trade & Taxes, New Delhi
3. Central Excise Act	Excise Duty	806,000	2003-2004 & 2004-2005	Central Excise and Service Tax Appellate Tribunal, New Delhi
4. Service Tax	Service Tax	1,397,894	2006-2007 & 2007-2008	Central Excise and Service Tax Appellate Tribunal, New Delhi
5. Central Excise Act	Excise Duty	34,92,343	2006-2007	Central Excise and Service Tax Appellate Tribunal, Mumbai

8. According to the information and explanations given to us and records examined by us, the Company has not defaulted in repayment of dues to financial institution or banks or government or debenture holders as to the Balance Sheet date, in view of the Reworked Package approved by the Corporate Debt Restructuring (CDR) Empowered Group as explained in Note. 58.

9. Based on our examinations of the records and information and explanations given to us, the Company has applied the term loans for the purpose for which they were obtained. Also, during the year the Company has raised inter corporate loans which on an overall basis, have been applied for the purposes for which they were obtained.

10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

11. According to the information and explanation given to us and the books of accounts verified by us, the Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with the Schedule V to the Companies Act.

12. The Company is not a Nidhi Company, hence the provisions of clause 3(xii) are not applicable to the Company.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act 2013 where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.

14. According to information and explanations given to us, the Company during the year, has not made any preferential allotment as private placement of shares or fully or partly convertible debentures, hence the provision of clause 3(xiv) are not applicable to the Company.

15. According to the information and explanation given to us and the books of accounts verified by us, the company has not entered into any non-cash transaction with directors or persons connected with him and hence the provision of clause 3(xv) are not applicable to the Company.

16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence the provision of clause 3(xvi) are not applicable to the Company.

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

Manish Kumar Singhal
Partner
Membership No: 502570

Place: New Delhi
Dated: 10th May, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED AS ON 31ST MARCH, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

TO THE MEMBERS OF
HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

We have audited the internal financial controls over financial reporting of HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED ("the Company") as of March, 31, 2017 in conjunction with our audit of the Standalone Ind AS financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on Audit of Internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing as specified under Section 143 (10) of the companies act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Manish Kumar Singhal
Partner
Membership No: 502570

Place: New Delhi
Dated: 10th May, 2017

Balance Sheet as at March 31, 2017

(₹ in Crore)

Particulars	Note No(s)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. ASSETS				
Non-current Assets				
(a) Property, Plant and Equipment	4	106.15	103.89	117.65
(b) Capital work-in-progress	5	1.39	0.11	0.45
(c) Other Intangible assets	6	4.14	2.19	3.23
(d) Intangible assets under development	7	-	0.55	-
(e) Investment in Subsidiaries, associates/ joint ventures	8	18.64	4.49	59.24
(f) Financial Assets				
(i) Investments	9	44.44	45.22	63.95
(ii) Others	10	91.52	10.52	24.84
(g) Other non-current assets	11	0.72	0.70	0.72
Total non-current assets		**267.00**	**167.67**	**270.08**
Current Assets				
(a) Inventories	12	217.59	259.87	236.04
(b) Financial Assets				
(i) Investments	13	1.75	1.25	1.50
(ii) Trade receivables	14	1,147.16	1,118.65	367.42
(iii) Cash and cash equivalents	15	2.41	5.85	20.26
(iv) Bank balances other than (iii) above	16	77.47	67.92	102.41
(v) Loans	17	14.45	13.75	3.00
(vi) Others	18	264.24	287.85	461.18
(c) Current Tax Assets (Net)	19	179.72	149.16	118.03
(d) Other current assets	20	55.13	39.98	44.39
Total current assets		**1,959.92**	**1,944.28**	**1,354.23**
Total Assets		**2,226.92**	**2,111.95**	**1,624.31**
II. EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	21	123.94	123.94	123.94
(b) Other Equity		919.58	793.99	637.11
Total Equity		**1,043.52**	**917.93**	**761.05**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	22	237.64	331.67	242.73
(ii) Financial guarantee Obligations	23	0.58	0.46	0.21
(b) Provisions	24	16.39	11.02	13.78
Total non-current liabilities		**254.61**	**343.15**	**256.72**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	25	165.29	142.26	109.32
(ii) Trade payables				
(a) total outstanding dues of micro enterprises and small enterprises; and	26	10.53	8.56	9.81
(b) total outstanding dues of creditors other than micro enterprises and small enterprises."	26	381.91	437.24	285.01
(iii) Other financial liabilities	27	243.37	158.93	85.52
(b) Other current liabilities	28	125.50	99.78	110.52
(c) Provisions	29	2.19	4.10	6.36
Total current liabilities		**928.79**	**850.87**	**606.54**
Total Liabilities		**1,183.40**	**1,194.02**	**863.26**
Total equity and liabilities		**2,226.92**	**2,111.95**	**1,624.31**

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 10th May, 2017

For and on behalf of the Board

M P Shukla — Chairman
Mahendra Nahata — Managing Director
Arvind Kharabanda — Director

V. R. Jain — Chief Financial Officer
Manoj Baid — Vice-President (Corporate) & Company Secretary

New Delhi, 10th May, 2017

Statement of Profit and Loss for the year ended March 31, 2017

(₹ in Crore)

	Particulars	Note No(s)	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
I.	**INCOME**			
	Revenue from operations (gross)	30	2,241.44	2,858.37
	Other Income	31	19.42	22.35
	Total Revenue (I)		**2,260.86**	**2,880.72**
II.	**EXPENSES**			
	Cost of Materials Consumed	32	381.72	377.06
	Other Direct costs	33	849.68	1,184.27
	Purchase of goods for resale		150.74	238.78
	(Increase) / Decrease in stock		39.30	(37.67)
	Employee benefits expense	34	131.74	156.16
	Finance Costs	35	58.47	58.42
	Depreciation and Amortization		15.70	24.90
	Other Expenses	36	509.79	618.40
	Total Expenses (II)		**2,137.14**	**2,620.32**
III	**Profit / (loss) before exceptional items and income tax (I-II)**		**123.72**	**260.40**
IV	Exceptional item (net of tax)	**37**	-	109.95
V	**Profit / (Loss) before tax (III - IV)**		**123.72**	**150.45**
VI	**Tax expense**			
	Current tax		25.05	26.90
	MAT Credit Entitlement		(25.05)	(26.90)
	Deferred Tax		-	-
VII	**Profit/(loss) for the year (V + VI)**		**123.72**	**150.45**
VIII	**Other comprehensive Income:**			
	A.) Items that will not be reclassified to profit or loss			
	(i) Remeasurement of defined benefit plans;		1.20	5.44
	(ii) Equity Instruments through OCI		0.67	1.02
	B.) Items that will be reclassified to profit or loss;		-	-
	Other comprehensive income for the year after tax (VIII)		**1.87**	**6.46**
IX	**Total comprehensive income for the year (VII + VIII)**		**125.59**	**156.91**
	Earnings per share from continuing and discontinued operations attributable to the equity holders of the Company during the year			
	Basic earnings per share	38	₹1.01	₹1.27
	Diluted earnings per share	38	₹1.01	₹1.27

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 10th May, 2017

For and on behalf of the Board

M P Shukla — Chairman
Mahendra Nahata — Managing Director
Arvind Kharabanda — Director

V. R. Jain — Chief Financial Officer
Manoj Baid — Vice-President (Corporate) & Company Secretary

New Delhi, 10th May, 2017

Cash Flow Statement for the year ended March 31, 2017

(₹ in Crore)

Particulars			For the year ended March 31, 2017	For the year ended March 31, 2016
I.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Total Comprehensive Income		125.59	156.91
	Adjustments for :			
	Depreciation and Amortization expenses	15.70		24.90
	Gain on disposal of property, plant and equipment	(2.54)		(2.06)
	Gain on sale of investments	(0.16)		(1.51)
	Changes in fair value of financial assets at fair value through profit or loss	(0.12)		(1.53)
	Dividend and interest income classified as investing cash flows	(19.33)		(51.83)
	Finance costs	58.47		206.89
			52.02	174.86
	Change in operating assets and liabilities			
	(Increase)/decrease in Trade and other receivables	(28.52)		(751.23)
	(Increase)/decrease in Inventories	42.28		(23.83)
	Increase/(decrease) in Trade payables	(53.36)		150.98
	(Increase)/decrease in other financial assets	(59.89)		218.51
	(Increase)/decrease in other non-current assets	9.22		3.90
	(Increase)/decrease in other current assets	(10.24)		4.68
	Increase/(decrease) in provisions	3.46		(5.02)
	Increase/(decrease) in other current liabilities	87.64		21.46
			(9.41)	(380.55)
	Cash generated from operations		168.20	(48.78)
	Income taxes paid		(30.56)	(31.13)
	Prior period adjustments		-	(0.03)
	Net cash inflow from/ (used) operating activities		137.64	(79.94)
II	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Payment for acquisition of subsidiary, net of cash acquired		(13.37)	-
	Payments for property, plant and equipment		(19.29)	(12.65)
	Payments for software development costs		(2.66)	(0.05)
	Loans to related parties/others		(17.50)	(10.75)
	Proceeds from sale of investments		0.30	76.51
	Proceeds from sale of property, plant and equipment		5.23	3.98
	Dividends received		6.30	0.01
	Interest received		3.15	42.53
	Decrease/(Increase) in Term Deposits with Banks		-	-
	Net Cash flow from / (used) in investing activities		**(37.84)**	**99.58**

(₹ in Crore)

Particulars			For the year ended March 31, 2017	For the year ended March 31, 2016
III	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from borrowings	60.57		139.49
	Repayment of borrowings	(87.94)		(22.00)
			(27.37)	117.49
	Interest paid (net)		(65.29)	(47.38)
	Recompense paid		(10.58)	(104.16)
	Net Cash flow from/ (used in) financing activities		**(103.24)**	**(34.05)**
IV	**NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS**		(3.44)	(14.41)
V	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR**		5.85	20.26
	Effects of exchange rate changes on cash and cash equivalents		-	-
VI	**CASH AND CASH EQUIVALENTS AT END OF THE YEAR**		2.41	5.85

Notes:

1 The Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" issued by the Institute of Chartered Accountants of India.

2 Figures in bracket indicate cash outflow.

3 Cash and cash equivalents (note 15)

Cash on hand	0.08	0.17
Cheques in hand	-	0.01
Balances with Scheduled banks in		
Current accounts	2.33	5.67
Fixed Deposits with Bank	-	-
Balances per statement of cash flows	**2.41**	**5.85**

As per our report of even date attached

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 10th May, 2017

For and on behalf of the Board

M P Shukla
Chairman

Mahendra Nahata
Managing Director

Arvind Kharabanda
Director

V. R. Jain
Chief Financial Officer

Manoj Baid
Vice-President (Corporate) &
Company Secretary

New Delhi, 10th May, 2017

Statement of Changes in Equity for the period ended 31st March, 2017

(₹ in Crore)

EQUITY SHARE CAPITAL	Amount
As at April 1, 2015	123.94
Changes in equity share capital	-
As at March 31, 2016	123.94
Changes in equity share capital	-
As at March 31, 2017	123.94

(₹ in Crore)

OTHER EQUITY	Reserves and Surplus					Other Comprehensive Income				
	Share application money pending allotment	Equity component of compound financial instruments	Securities Premium Reserve	Other Reserves (Debenture Redemption Reserve)	Retained Earnings	Debt instrument through other comprehensive income	Changes in fair value of FVOCI equity instruments	Exchange differences on translating the financial statements of a foreign operation	Remeasurement of defined benefit plans - Other Comprehensive Income	Total
Balance as at April 1, 2015	**-**	**-**	**400.12**	**-**	**407.09**	**(46.91)**	**(124.42)**	**-**	**1.23**	**637.11**
Changes in accounting policy or prior period errors	-	-	-	-	(0.03)	-	-	-	-	(0.03)
Restated balance at the beginning of the reporting period	-	-	-	-				-	-	-
Total Comprehensive Income for the year	-	-	-	-	150.45	-	1.02	-	5.44	156.91
Dividends	-	-	-	-		-	-	-	-	-
Transfer to retained earnings	-	-	-	-		-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2016	**-**	**-**	**400.12**	**-**	**557.51**	**(46.91)**	**(123.40)**	**-**	**6.67**	**793.99**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-		-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	123.72	-	0.67	-	1.20	125.59
Dividends	-	-	-	-		-	-	-	-	-
Transfer to retained earnings	-	-	-	-		-	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	7.37	(7.37)	-	-	-	-	-
Balance as at March 31, 2017	**-**	**-**	**400.12**	**7.37**	**673.86**	**(46.91)**	**(122.73)**	**-**	**7.87**	**919.58**

i) 1,45,50,000 (previous year 1,45,50,000) shares of Re.1/- each issued for consideration other than cash pursuant to the amalgamation of erstwhile Himachal Telematics Ltd with the Company.

ii) 52,96,01,640 shares of Re. 1/- each have been allotted for a consideration other than cash pursuant to the composite scheme of arrangement and amalgamation between Sunvision Engineering Company Private Limited (SECPL) , its shareholder & the Optionally Convertible Debenture (OCD) holders and the company & its shareholders , sanctioned by the Hon'ble High Court of Himachal Pradesh at Shimla vide its order passed on January 5,2011.

As per our report of even date attached

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 10th May, 2017

For and on behalf of the Board

M P Shukla
Chairman

Mahendra Nahata
Managing Director

Arvind Kharabanda
Director

V. R. Jain
Chief Financial Officer

Manoj Baid
Vice-President (Corporate) &
Company Secretary

New Delhi, 10th May, 2017

Notes Forming Part of the Financial statements

NOTE 1. CORPORATE INFORMATION

Himachal Futuristic Communication Limited ('HFCL' or 'the Company') is a public limited company domiciled and incorporated in India having its registered office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213. . The Company's shares are listed and traded on Stock Exchanges in India. Established in 1987, Himachal Futuristic Communications Limited (HFCL) is a diverse telecom infrastructure enabler with active interest spanning telecom infrastructure development, system integration, and manufacture and supply of high-end telecom equipment and Optic Fiber Cable (OFC).

The financial statements are approved for issue by the Company's Board of Directors on May 10, 2017

NOTE 2. APPLICATION OF NEW AND REVISED IND -AS

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 to the extent applicable have been considered in preparing these financial statements.

Recent accounting pronouncements:-

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and its effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The company is evaluating the requirements of the amendment and its impact on the financial statements is being evaluated.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of preparation

3.1.1. Compliance with Ind AS

In accordance with the notification dated 16th February, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016.

The Standalone Financial Statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first Ind AS Standalone Financial Statements. The date of transition to Ind AS is April 1, 2015. Refer Note 66 for details of First-time adoption - mandatory exceptions and optional exemptions availed by the Company.

Up to the year ended March 31, 2016, the Company had prepared the Standalone Financial Statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (Previous GAAP) applicable in India and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

Reconciliations and descriptions of the effect of the transition has been summarized in note 67.

3.1.2. Historical Cost Convention

The Standalone Financial Statements have been prepared on the historical cost basis except for the followings:

- certain financial assets and liabilities and contingent consideration that is measured at fair value;
- assets held for sale measured at fair value less cost to sell;
- defined benefit plans plan assets measured at fair value; and

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Standalone Financial Statements are presented in Indian Rupees except where otherwise stated.

3.2. Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit obligations are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

3.3. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle.

b) Held primarily for the purpose of trading, or

c) Expected to be realised within twelve months after the reporting period other than for (a) above, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in normal operating cycle

b) It is held primarily for the purpose of trading

c) It is due to be settled within twelve months after the reporting period other than for (a) above, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

3.4. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company categorizes assets and liabilities measured at fair value into one of three levels as follows:

- Level 1 — Quoted (unadjusted)

This hierarchy includes financial instruments measured using quoted prices.

- Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include the following:

a) quoted prices for similar assets or liabilities in active markets.

b) quoted prices for identical or similar assets or liabilities in markets that are not active.

c) inputs other than quoted prices that are observable for the asset or liability.

d) Market – corroborated inputs.

- Level 3

They are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

3.5. Investments in subsidiaries, associates and joint ventures

The Company records the investments in subsidiaries, associates and joint ventures at cost.

When the Company issues financial guarantees on behalf of subsidiaries, initially it measures the financial guarantees at their fair values and subsequently measures at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

The Company records the initial fair value of financial guarantee as deemed investment with a corresponding liability recorded as deferred revenue. Such deemed investment is added to the carrying amount of investment in subsidiaries.

Deferred revenue is recognized in the Statement of Profit and Loss over the remaining period of financial guarantee issued.

3.6. Non-current assets held for sale

Non-current assets and disposal group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

3.7. Property Plant and Equipment

Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

For transition to Ind AS, the Company has elected to continue with the carrying value of its Property, Plant and Equipment (PPE) recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date.

PPE are stated at actual cost less accumulated depreciation and impairment loss. Actual cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses for bringing the asset to its working conditions for its intended use (net of CENVAT) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It include professional fees and borrowing costs for qualifying assets.

Significant Parts of an item of PPE (including major inspections) having different useful lives & material value or other factors are accounted for as separate components. All other repairs and maintenance costs are recognized in the statement of profit and loss as incurred.

Depreciation of these PPE commences when the assets are ready for their intended use.

Depreciation is provided for on Buildings (including buildings taken on lease) and Plant & Machinery on straight line method and on other PPE on written down value method on the basis of useful life. On assets acquired on lease (including improvements to the leasehold premises), amortization has been provided for on Straight Line Method over the period of lease.

The estimated useful lives and residual values are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

The useful life of property, plant and equipment are as follows:-

Asset Class	Useful Life
Freehold Buildings	Office Building : 60 years Factory Building : 30 years
Leasehold Buildings	Over the period of lease
Plant & Machinery	7.5 - 15 years
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computers	3 – 6 years
Office Equipments	5 years
Vehicles	8 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the shorter of the assets useful life and the lease term if there is an uncertainty that the company will obtain ownership at the end of the lease term.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

3.8. Intangible Assets

(i) Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of intangible assets recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost as on the transition date.

(ii) Intangible assets

- **Recognition of intangible assets**

a. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

b. Research and development

Research and development expenditure that do not meet the criteria as below, are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

The company initially recognizes development expenses as intangible assets when the company can demonstrate that:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

It is amortized over the period of expected future benefit. Amortization expense is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

c. Computer software

Purchase of computer software used for the purpose of operations is capitalized. However, any expenses on software support, maintenance, upgrade etc. payable periodically is charged to the Statement of Profit & Loss.

- **De-recognition of intangible assets**

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognized.

(iii) Intangible assets under development

All costs incurred in development, are initially capitalized as Intangible assets under development **-** till the time these are either transferred to Intangible Assets on completion or expensed as Software Development cost (including allocated depreciation) as and when determined of no further use.

3.9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.9.1. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories based on business model of the entity:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments are measured at fair value. Equity Instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. This amount is not recycled from OCI to P & L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

De-recognition

A financial asset is de-recognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of Impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

e) Loan commitments which are not measured as at FVTPL

f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).

3.9.2 Financial liabilities

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Financial guarantee contracts

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.10. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of Company's assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

A previously recognized impairment loss (except for goodwill) is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the carrying amount of the asset.

3.11. Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost Method.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost Method.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Contract Work in Progress : It is valued at cost
- Loose Tools (Consumable) : It is valued at cost after write-off at 27.82% p.a.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.12. Revenue recognition

- **Sale of Goods and rendering of Services**

  Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

  Sales & services include sales during trial run and excise duty/service tax recoverable. Liquidated damages are accounted for as and when they are ascertained.

  Revenue in respect of long term turnkey works contracts is recognised under percentage of completion method

subject to such contracts having progressed to a reasonable extent. Revenue in respect of other works contracts and services is recognised on completed contract method.

- **Interest income**

  For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR).

- **Dividends**

  Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

- **Rental income**

  Rental income arising from operating leases or on investment properties is accounted for on a straight-line basis over the lease terms and is included in other non-operating income in the statement of profit and loss.

- **Insurance Claims**

  Insurance claims are accounted for as and when admitted by the concerned authority.

3.13. Excise and custom duty

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

3.14. Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

3.15. Foreign currency transactions

The functional currency of the Company is Indian Rupees which represents the currency of the economic environment in which it operates.

Transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currency at the year end and not covered under forward exchange contracts are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized in the profit and loss account as income or expense.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation difference on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortized as income or expense over the life of the contract. Further exchange difference on such contracts i.e. difference between the exchange rate at the reporting /settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/expense for the period.

3.16. Employee Obligations

Short term employee benefits:-

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Long-Term employee benefits

Compensated expenses which are not expected to occur within twelve months after the end of period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Post-employment obligations

i. Defined contribution plans

Provident Fund and employees' state insurance schemes

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

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

ii. Defined benefit plans

Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 (revised), "Employee Benefits". The Company makes annual contributions to the HDFC Standard Life Insurance Company Ltd for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Defined retirement benefit plans comprising of gratuity, un-availed leave, post-retirement medical benefits and other terminal benefits, are recognized based on the present value of defined benefit obligation which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

Leave Encashment

The company has provided for the liability at period end on account of un-availed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

Actuarial gains and losses are recognized in OCI as and when incurred.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest as defined above), are recognized in other comprehensive income except those included in cost of assets as permitted in the period in which they occur and are not subsequently reclassified to profit or loss.

The retirement benefit obligation recognized in the Financial Statements represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred.

3.17. Borrowing Costs

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

Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.18. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

3.19. Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Company are segregated.

3.20. Cenvat Credit

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

3.21. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.22. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Standalone Financial Statement. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Dividend distribution tax paid on the dividends is recognized consistently with the presentation of the transaction that creates the income tax consequence.

(₹ in Crore)

NOTE 4. PROPERTY, PLANT AND EQUIPMENT	Plant and Machinery	Building Freehold	Building Leasehold	Electrical Installations	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Land Freehold	Total
As at April 1, 2015 (Deemed Cost)	**46.77**	**30.21**	**19.91**	**6.91**	**2.67**	**0.65**	**4.63**	**3.50**	**2.40**	**117.65**
As at April 1, 2015 (Deemed Cost)	**285.03**	**35.35**	**25.65**	**14.36**	**6.83**	**4.98**	**20.30**	**10.07**	**2.40**	**404.97**
Additions	2.66	-	-	0.01	0.60	0.26	0.92	7.52	-	11.97
Disposals / Adjustments	23.52	-	-	-	-	-	4.43	4.11	-	32.06
As at March 31, 2016	**264.17**	**35.35**	**25.65**	**14.37**	**7.43**	**5.24**	**16.79**	**13.48**	**2.40**	**384.88**
Additions	16.24	-	0.04	0.07	0.88	0.33	0.72	1.12	-	19.40
Disposals / Adjustments	35.67	-	-	-	-	-	0.64	0.19	-	36.50
As at March 31, 2017	**244.74**	**35.35**	**25.69**	**14.44**	**8.31**	**5.57**	**16.87**	**14.41**	**2.40**	**367.78**
Accumulated depreciation and impairment										
As at April 1, 2015 (Deemed Cost)	**238.26**	**5.14**	**5.74**	**7.45**	**4.16**	**4.33**	**15.67**	**6.57**	**-**	**287.32**
Depreciation for the year	13.90	1.56	0.05	1.84	0.77	0.37	2.73	2.59		23.81
Disposals / Adjustments	22.75	-	-	-	-	-	4.07	3.32		30.14
As at March 31, 2016	**229.41**	**6.70**	**5.79**	**9.29**	**4.93**	**4.70**	**14.33**	**5.84**	**-**	**280.99**
Depreciation for the year	6.47	0.70	0.79	1.39	0.69	0.29	1.38	2.73	-	14.44
Disposals / Adjustments	33.00	-	-	-	-	-	0.62	0.18	-	33.80
As at March 31, 2017	**202.88**	**7.40**	**6.58**	**10.68**	**5.62**	**4.99**	**15.09**	**8.39**	**-**	**261.63**
Net Book Value										
As at April 1, 2015 (Deemed Cost)	**46.77**	**30.21**	**19.91**	**6.91**	**2.67**	**0.65**	**4.63**	**3.50**	**2.40**	**117.65**
As at March 31, 2016	**34.76**	**28.65**	**19.86**	**5.08**	**2.50**	**0.54**	**2.46**	**7.64**	**2.40**	**103.89**
As at March 31, 2017	**41.86**	**27.95**	**19.11**	**3.76**	**2.69**	**0.58**	**1.78**	**6.02**	**2.40**	**106.15**

1 Gross block and Net block of fixed assets are net of provision for impairment in respect of Plant & Machinery Rs.113.81 Crore, Electrical Installation Rs.0.12 Crores and Office Equipments Rs.1.24 Crores. During the year company has scraped Plant &Machinery amounting to Rs.3.94 Crores and its accumulated depreciation of Rs.3.56 Crores which was obsolete/redundant.

2. The Company has elected to continue with the carrying value of its Property, Plant & Equipment (PPE) recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date except for decommissioning liabilities included in the cost of other Property, Plant & Equipment (PPE) which has been adjusted in terms of para D 21 of Ind AS 101.

3. Significant estimate: Useful life of tangible assets.

The Company has estimated the useful life of the tangible assets based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than the life taken, depending on technical innovations and competitor actions.

(₹ in Crore)

NOTE 5. CAPITAL WORKS-IN-PROGRESS	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Buildings	1.39		0.11		-	
Plant	-	1.39	-	0.11	0.45	0.45
		1.39		0.11		0.45

(₹ in Crore)

NOTE 6. OTHER INTANGIBLE ASSETS	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Application software						
Cost or deemed cost						
Opening balance	5.86		5.81		4.53	
Additions during the year	3.21		0.05		1.28	
Disposals/ adjustments / transfer		9.07	-	5.86	-	5.81
Less:Accumulated amortisation and impairment						
Accumulated amortization						
Opening balance	3.67		2.58		1.61	
Additions during the year	1.26		1.09		0.97	
Disposal / adjustment / transfer		4.93	-	3.67	-	2.58
		4.14		2.19		3.23

1. The Company has elected to continue with the carrying value of its Intangible Assets, recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date.
2. Significant estimate: Useful life of intangible assets.
   The Group estimates the useful life of the software to be 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations and competitor actions.

(₹ in Crore)

NOTE 7. INTANGIBLE ASSETS UNDER DEVELOPMENT	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Application Software						
Gross cost						
Opening balance	0.55		-	-		-
Expenditure during the year	-		0.55		-	
Less: Sale proceeds	0.55		-			
		-		0.55		-
Intangible Assets under Development		-		0.55		-

Significant estimate: Useful life of intangible assets under development.

The Company has completed the configuration of various software that is used to in its various business processes. The Company estimates the useful life of the software to be 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations.

(₹ in Crore)

NOTE 8. INVESTMENT IN SUBSIDIARIES, ASSOCIATES/ JOINT VENTURE	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unquoted Investments			
Investment in Equity Instruments			
(i) Subsidiaries	15.15	1.00	55.75
(ii) Associates	-	-	-
(iii) Joint Ventures	3.49	3.49	3.49
Total	**18.64**	**4.49**	**59.24**

(₹ in Crore)

NOTE 8.1 Investment in Subsidiaries	Face value per share	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
Unquoted Investments							
Investment in Equity Instruments							
(a) HTL Ltd.							
Equity Share	100	1,110,000	0.74	1,110,000	0.62	1,110,000	55.37
Deemed Equity							
(b) Polixel Security Systems Pvt. Ltd.							
Equity Share	10	180,856	12.05	-	-	-	-
Deemed Equity							
(c) Moneta Finance Pvt. Ltd.							
Equity Share	10	1,020,000	2.35	300,000	0.37	300,000	0.37
Deemed Equity							
(d) HFCL Advance Systems Pvt. Ltd.							
Equity Share	10	10,000	0.01	10,000	0.01	10,000	0.01
Deemed Equity							
Total aggregate unquoted investments			**15.15**		**1.00**		**55.75**
Total investments carrying value			**15.15**		**1.00**		**55.75**
Aggregate carrying value of unquoted investments			15.15		1.00		55.75
Aggregate amount of impairment in value of investments			-		-		-

1. The Company has elected to continue with the carrying value of its investment in subsidiaries measured as per the Previous GAAP and used that carrying value on the transition date April 1, 2015 in terms of Para D15(b)(ii) of Ind AS 101.

NOTE 8. 2 Details of Subsidiaries	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Company		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
HTL Limited	Manufacturing of Optical Fibre Cable	India	74%	74%	74%
Polixel Security Systems Pvt. Ltd.	EPC Business in Security and Surveillance	India	100%	0%	0%
Moneta Finance Pvt. Ltd.	Financing and Investing Services	India	100%	100%	100%
HFCL Advance Systems Pvt. Ltd.	Manufacturing of Telecommunication Equipments	India	100%	100%	100%

(₹ in Crore)

NOTE 8.3 Investments in Associates	Face value per share	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
Unquoted Investments							
Investment in Equity Instruments							
HFCL Bezeq Telecom Ltd.	10	100	-	100	-	100	-
Total aggregate unquoted investments			**-**		**-**		**-**
Total investments carrying value			**-**		**-**		**-**
Aggregate carrying value of unquoted investments							
Aggregate amount of impairment in value of investments			-		-		-

Note 8.4 Details of Associates	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Company		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
HFCL Bezeq Telecom Ltd.	Basic Telephone Services but operations not yet started	India	0.19%	0.19%	0.19%

(₹ in Crore)

NOTE 8.5 Investments in Joint Ventures	Face value per share	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
Unquoted Investments							
Investment in Equity Instruments							
(a) DragonWave HFCL India Pvt. Ltd.	10	3,493,000	3.49	3,493,000	3.49	3,493,000	3.49
Total aggregate unquoted investments			**3.49**		**3.49**		**3.49**
Total investments carrying value			**3.49**		**3.49**		**3.49**
Aggregate carrying value of unquoted investments			3.49		3.49		3.49
Aggregate amount of impairment in value of investments			-		-		-

NOTE 8.6 Details of Joint Ventures	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Company		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
DragonWave HFCL India Pvt. Ltd.	Radio Communication Systems	India	49.90%	49.90%	49.90%

(₹ in Crore)

NOTE 9. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial Assets			
Investments			
A Investments in Equity shares			
(i) Others*	44.41	45.19	43.92
B Investments in debentures or bonds	0.03	0.03	20.03
Total	**44.44**	**45.22**	**63.95**

(₹ in Crore)

Financial Assets - investments	Face value	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Shares/ Debentures/ Units	Amount	No. of Shares/ Debentures/ Units	Amount	No. of Shares/ Debentures/ Units	Amount
Financial assets measured at FVTOCI							
(a) Investment in equity instruments							
Unquoted Equity Shares							
(i) Exicom Tele-Systems Ltd. ##	10	630,223	9.13	630,223	9.13	630,223	8.08
(ii) Microwave Communications Ltd. (MCL)*	10	12,187,440	-	12,187,440	-	12,187,440	-
(iii) AB Corp Ltd.#	10	13,250,000	35.22	13,300,000	35.34	13,300,000	35.34
(iv) Polixel Security Systems Pvt. Ltd.##	10	-	-	10,000	0.66	10,000	0.45
(v) Midas Communication Technologies Pvt. Ltd.	10	2,642	-	2,642	-	2,642	-
(vi) The Greater Bombay Co-Op Bank Ltd.	25	4,000	0.06	4,000	0.06	4,000	0.05
(b) Investment in Debt Instruments							
Unquoted Debt Instruments							
(i) APJR Traders & Commission Agent Pvt. Ltd.	100	-	-	-	-	100,000	-
(ii) Bachhawat Share Broking Pvt. Ltd.	100	-	-	-	-	147,000	-
(iii) Basant Marketing Pvt. Ltd.	100	-	-	-	-	2,000,000	-
(iv) Database Software Technology Pvt. Ltd.	100	-	-	-	-	4,500,000	-
(v) Shyam Basic Infrastructure Projects Pvt. Ltd.	100	-	-	-	-	6,434,000	20.00
(vi) Senior Consulting Pvt Ltd.	1000	26,000	0.03	26,000	0.03	26,000	0.03
Total Investment FVTOCI			**44.44**		**45.22**		**63.95**
Total Non-Current Financial Investments			**44.44**		**45.22**		**63.95**

* Shares held in Microwave Communications Ltd. are pledged with IDBI Bank Ltd. as a security for the term loan given by IDBI Bank Ltd. to MCL. Accordingly, the Company is not able to exercise significant influence.

\# 6500,000 share pledged as security for the term loan given by Oriental Bank of Commerce (OBC) to the Company. The shares are held by OBC in their own name and the Company is not able to exercise significant influence.

Considering the adoption of Ind AS Standards, Exicom Tele-Systems Ltd. has not been considered as an Associate.

(₹ in Crore)

NOTE 10. NON-CURRENT FINANCIAL ASSETS - OTHERS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed Deposits with Bank (Maturity more than 12 months)	2.51	3.43	13.13
Receivable under Assignment	-	6.88	11.50
Loans to related parties (refer note no. 44)	16.80	-	-
Advances to related parties (refer note no. 44)	72.00	-	-
Financial guarantee Fees receivable (refer note no 43 C)	0.21	0.21	0.21
Total	**91.52**	**10.52**	**24.84**

(₹ in Crore)

NOTE 11. OTHER NON-CURRENT ASSETS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	0.10	0.06	0.08
Unexpired leases*	0.62	0.64	0.64
Total	**0.72**	**0.70**	**0.72**

*One of the Lease hold land situated at Solan (H.P.) is pending for registration of title in the name of the Company.

(₹ in Crore)

NOTE 12. INVENTORIES	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inventories (As certified and valued by the management)			
Raw Material	47.74	53.74	50.57
Raw Materials in transit	3.08	0.80	10.54
Work-in-progress	157.86	229.78	194.28
Finished goods	10.67	1.32	0.91
Stock-in-trade securities	2.39	2.25	2.64
Stock-in-trade Goods	26.14	3.15	2.01
Stores and spares	2.32	1.81	1.56
Loose tools;	0.41	0.54	0.60
Others (Packing Material)	0.74	0.24	0.03
Less : Provisions for Non-Moving	(33.76)	(33.76)	(27.10)
Total	**217.59**	**259.87**	**236.04**

*Work in progress includes contract work in progress Rs. 153.63 Crore (previous year Rs.217.58 Crore)

(₹ in Crore)

NOTE 13. CURRENT FINANCIAL ASSETS - INVESTMENTS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments in Equity shares	1.73	1.23	1.48
Investments in Mutual Funds	0.02	0.02	0.02
Total	**1.75**	**1.25**	**1.50**

(₹ in Crore)

Financial Assets - investments	Face value	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Shares/ Units	Amount	No. of Shares/ Units	Amount	No. of Shares/ Units	Amount
Financial assets carried at fair value through profit or loss							
Investments in mutual funds							
Quoted Investment							
Principal Cash Management fund - Dividend reinvestment plan	1000	213	0.02	203	0.02	193	0.02
Total FVTPL Investment			**0.02**		**0.02**		**0.02**
Financial assets measured at FVTOCI							
Investment in equity instruments							
Quoted Equity Shares							
(i) Sumedha Fiscal Services Ltd.	10	18,200	0.03	18,200	0.03	18,200	0.03
(ii) Valiant Communications Ltd.	10	8,700	0.08	8,700	0.07	8,700	0.02
(iii) Magma Fincorp Ltd	2	152,830	1.62	152,830	1.13	152,830	1.43
Total Investment FVTOCI			**1.73**		**1.23**		**1.48**
Total Current Financial Investments			**1.75**		**1.25**		**1.50**

(₹ in Crore)

NOTE 14. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good;	1,147.16	1,118.65	367.42
Total	**1,147.16**	**1,118.65**	**367.42**

(₹ in Crore)

NOTE 14.1. Age of receivable:	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within the credit period			
1- 180 days past due	742.97	794.92	292.78
181-365 days past due	220.14	255.15	23.27
More than 365 days past due	184.05	68.58	51.37
Total	**1,147.16**	**1,118.65**	**367.42**

(₹ in Crore)

NOTE 15. CURRENT FINANCIAL ASSETS - CASH & CASH EQUIVALENTS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance with banks;	2.33	5.67	20.23
Cheques, drafts on hand;	-	0.01	-
Cash on hands;	0.08	0.17	0.03
Fixed Deposits with Bank (Original maturity less than 3 months)	-	-	-
Total	**2.41**	**5.85**	**20.26**

(₹ in Crore)

NOTE 16. CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed Deposits with Bank (Maturity less than 12 months)	77.47	67.92	102.41
Total	**77.47**	**67.92**	**102.41**

(₹ in Crore)

NOTE 17. CURRENT FINANCIAL ASSETS - LOANS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans to related parties			
(a) Unsecured, considered good;	7.70	11.00	-
Other Loans			
(a) Unsecured, considered good;	6.75	2.75	3.00
(b) Doubtful	-	6.00	6.00
	6.75	8.75	9.00
Less : Provision for doubtful loans	-	6.00	6.00
	6.75	2.75	3.00
Total	**14.45**	**13.75**	**3.00**

(₹ in Crore)

NOTE 18. CURRENT FINANCIAL ASSETS -OTHER ASSETS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances other than capital advances;			
a. Security Deposits			
(i) Secured, considered good;	-	-	-
(i) Unsecured, considered good;	6.38	4.38	4.49
(iii) Doubtful	-	-	-
b. Advances to related parties			
(i) Secured, considered good;	-	-	-
(i) Unsecured, considered good;	-	73.44	63.01
(iii) Doubtful	-	-	-
c.) Other advances			
(i) Secured, considered good;	-	-	-
(ii) Unsecured, considered good;	257.86	210.03	393.68
Total	**264.24**	**287.85**	**461.18**

(₹ in Crore)

NOTE 19. CURRENT TAX ASSETS (NET)	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Advance tax/TDS(net of tax)	57.36	51.86	47.63
MAT credit entitlement	122.36	97.30	70.40
Total	**179.72**	**149.16**	**118.03**

(₹ in Crore)

NOTE 20. OTHER CURRENT ASSETS	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Balance with Central Excise & customs authorities	27.37	17.13	8.31
Interest Receivables	27.76	22.85	22.58
Receivable under Assignment	-	-	13.50
Total	**55.13**	**39.98**	**44.39**

(₹ in Crore)

NOTE 21(a). EQUITY SHARE CAPITAL	No of Shares	Amount
Authorised Share Capital		
As at April 1, 2015	5,100,000,000	510.00
Increase during the year		
As at March 31, 2016	5,100,000,000	510.00
Increase during the year		
As at March 31, 2017	5,100,000,000	510.00

(₹ in Crore)

Movement in Equity Share Capital	No of Shares	Equity Share Capital par value
As at April 1, 2015	1,239,377,194	123.94
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2016	1,239,377,194	123.94
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2017	1,239,377,194	123.94

Equity Shares

1,45,50,000 (Previous year 1,45,50,000) shares of Re. 1/- each issued for consideration other than cash pursuant to the amalgamation of erstwhile Himachal Telematics Ltd. with the Company.

52,96,01,640 shares of Re. 1/- each have been allotted for a consideration other than cash pursuant to the Composite Scheme of Arrangement and Amalgamation between Sunvision Engineering Company Private Limited (SECPL), its Share holders & the Optionally Convertible Debenture (OCD) holders and the Company & its Shareholders, sanctioned by the Hon'ble High Court of Himachal Pradesh at Shimla vide its Order passed on 5th January, 2011.

The Company had received the notice for conversion of Optionally Fully Convertible Debentures (OFCDs) into Equity Shares on 27th February, 2006. Accordingly during the year 2006-2007, 2,000,000 OFCDs were converted into 11,802,739 equity shares of the face value of Rs. 10/- at a premium of Rs.11.90 per equity share and Rs.14.05 Crore has been transferred to securities premium account.

(i) Shareholders holding more than 5 percent of Equity Shares		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		No. of share held	No. of share held	No. of share held
NextWave Communications (P) Ltd		212,365,000	234,765,000	234,765,000
	% of Holding	17.13%	18.94%	18.94%
M N Ventures (P) Ltd (Erstwhile ANM Enginnering & Works (P) Ltd)		238,390,000	238,390,000	238,390,000
	% of Holding	19.23%	19.23%	19.23%
IDBI Bank Limited		79,337,501	96,033,845	117,534,018
	% of Holding	6.40%	7.74%	9.48%

Terms/right attached to Equity/Preference Shares

The Company has issued equity share of Re.1/- each and 6.5% cumulative redeemable preference share of Rs.100/- each. On a show of hands, every holder of equity shares is entitled for one vote and upon a poll shall have voting rights in proportion to the shares of the paid up capital of the Company held by them. Preference shareholders shall have voting right in proportion to the shares of the paid up capital provided if the dividend due on such capital or any part of such dividend has remained unpaid. The Company declares dividend, if any, in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount in proportion to their shareholdings.

(₹ in Crore)

NOTE 21(b). Other Equity	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Securities Premium	400.12	400.12	400.12
Retained Earnings	512.09	393.87	236.99
Debenture Redemption Reserve	7.37	-	-
	919.58	**793.99**	**637.11**

(₹ in Crore)

(i) Securities Premium	Amount
As at April 1, 2015	400.12
Increase during the year	-
As at March 31, 2016	400.12
Increase during the year	-
As at March 31, 2017	400.12

(₹ in Crore)

(ii) Retained Earnings	As at March 31, 2017	As at March 31, 2016
Opening Balance	393.87	236.99
Changes in accounting policy or prior period errors	-	(0.03)
Net profit for the period	123.72	150.45
Items of Other Comprehensive Income recognised directly in Retained Earnings	-	-
Remeasurement of Defined benefit plans	1.20	5.44
Equity Instruments through OCI	0.67	1.02
Transfer into Debenture redemption reserve	(7.37)	-
Closing Balance	512.09	393.87

(₹ in Crore)

(iii) Debenture Redemption Reserve	Amount
As at April 1, 2015	-
Increase during the year	-
As at March 31, 2016	-
Increase during the year	7.37
As at March 31, 2017	7.37

(₹ in Crore)

22 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a)	Non- Convertible Debentures	29.50	-	-
b)	Preference shares	60.38	80.50	80.50
c)	Term Loans			
	from Banks	144.45	247.72	161.03
d)	Vehicle Loans	3.31	3.45	1.20
e)	Financial guarantee obligations	-	-	-
Total		**237.64**	**331.67**	**242.73**

a.) During the year Company has allotted 10.30% 29,49,750 Non-Convertible Debenture (NCDs) of Rs.100/- each aggregating Rs. 29.50 Crore by way of conversion of outstanding right of recompense amount payable by the Company. NCDs are secured by way of first pari-passu charge on movable & immovable fixed assets of Company with existing term loans and are redeemable at face value in installment in the ratio of 33.33%, 33.33% and 33.34% at the end of 30th September, 2019 (FY 2019-20), 2020 (FY 2020-21), 2021(FY 2021-22) respectively.

b.) The 6.5% Cumulative Redeemable Preference Shares (CRPS) aggregating to Rs. 80.50 Crore shall be redeemed at the rate of 25% and 75% of the face value in the financial years ending 31st March 2018 and 31st March, 2019, respectively and will carry the coupon rate of 6.50% from new cut off date i.e. 1st January, 2011 as mentioned in the rework package approved by the CDR EG on 29.03.2011. However, dividend accrued on notional basis, as same has not been declared and fallen due for payment, and penal interest thereon, till the cut-off date, stands waived as per CDR rework package.

c.) Term loan of Rs.131.64 Crore (Previous year Rs.143.51 Crore) and Funded interest term loan of Rs.17.61 Crore (Previous year Rs. 28.92 Crore) from one of the bank are secured on pari passu basis by way of first charge on all the immovable properties, both present and future, by way of equitable mortgage and first charge on the entire sales proceeds of the contracts covered under the aforesaid loan to be credited to the Escrow/designated account.

d.) Term loan of Rs.9.34 Crore (Previous year Rs.12.85 Crore) from a bank, Working capital term loan of Rs.7.28 Crore (Previous year Rs.10.01 Crore) and Funded interest term loan of Rs.20.70 Crore (Previous year Rs. 31.06 Crore) are secured by way of pledge of shares and also secured on pari passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. as well as by way of second charge on immovable properties pertaining to the Company.

e.) Working capital term loans of Rs.10.03 Crore (Previous year Rs.13.79 Crore) from banks and Funded interest term loans of Rs.13.85 Crore (Previous year Rs.20.78 Crore) are secured on pari-passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. as well as by way of second charge on immovable properties of the Company.

f.) Part of term loan and FITL from Banks & Financial Institutions amounting to Rs.110.46 Crore (Previous year Rs.160.91 Crore) are secured by Pledge of equity shares up to 51% (241548750) of new co-opted promoters and also personally guaranteed by Managing Director of the Company and further by way of corporate Guarantee of M/s M N Ventures Pvt. Ltd. (erstwhile M/s ANM Enginnering and Works Pvt. Ltd.)

g.) Vehicle loan of Rs. 4.00 Crore (Previous Year Rs.3.95 Crore) from banks is secured by way of hypothecation of respective assets.

(₹ in Crore)

Particulars	F.Y. 2017-18	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2021-22	F.Y. 2022-23
Other Loans	0.69	0.76	0.76	0.80	0.78	0.21

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

(₹ in Crore)

Particulars	F.Y. 2017-18	F.Y. 2018-19
Term Loans	29.15	29.15
Funded Interest Term Loan	28.59	23.59

i.) Term Loan amount to Rs.100 Crore with rate of Interest @ 10.75% p.a. re- payable as under:

(₹ in Crore)

Particulars	F.Y. 2017-18	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2021-22
Term Loans	12.50	12.50	25.00	25.00	25.00

(₹ in Crore)

NOTE 23. NON-CURRENT FINANCIAL LIABILITIES - OTHER LIABILITIES	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial guarantee Obligations (refer note no 43 C)	0.58	0.46	0.21
Total	**0.58**	**0.46**	**0.21**

(₹ in Crore)

NOTE 24.PROVISIONS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provisions for Employee Benefits	16.39	11.02	13.78
Total	**16.39**	**11.02**	**13.78**

(₹ in Crore)

NOTE 25. CURRENT FINANCIAL LIABILITIES - BORROWINGS	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Loans repayable on demands			
(i) from Banks	122.61	71.21	41.97
(ii) from other parties	34.50	71.05	67.35
(iii) buyers credit	8.18	-	-
Total	**165.29**	**142.26**	**109.32**

Working capital loans from banks aggregating to Rs.117.64 crore (Previous year Rs. 66.35 crore) are secured on pari-passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. as well as by way of second charge on immovable properties pertaining to Wireline, Wireless and Cable divisions of the Company and further secured by way of pledge of equity shares up to 51% (241548750) of new co-opted promoters and are also personally guaranteed by Managing Director of the Company and further by way of corporate guarantee of M/s M N Ventures Pvt. Ltd. (erstwhile M/s ANM Enginnering and Works Pvt. Ltd.).

(₹ in Crore)

NOTE 26. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
(a) total outstanding dues of Micro Enterprises and Small Enterprises; and	10.53	8.56	9.81
(b) total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises.	381.91	437.24	285.01
Total	**392.44**	**445.80**	**294.82**

(₹ in Crore)

NOTE 27. CURRENT FINANCIAL LIABILITIES - OTHER LIABILITIES	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Retention Money	148.63	85.45	53.97
Other Financial Liabilities			
a) Current maturities of long-term debts	70.92	50.94	22.00
b) Preference Shares	20.12	-	-
c) Interest accrued	1.08	12.86	6.93
d) Dividend on Preference Share	2.62	2.62	2.62
e) Recompense amount payable	-	7.06	-
Total	**243.37**	**158.93**	**85.52**

(₹ in Crore)

NOTE 28. OTHER CURRENT LIABILITIES	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
a) Advances from Customers;	-	0.26	52.14
b) Others			
Creditors for Capital Goods	2.06	0.68	1.16
Expenses Paybles	95.50	65.85	40.83
Other Employees related liabilities	6.46	5.14	3.35
Statutory Liabilities	21.48	27.85	13.04
Total	**125.50**	**99.78**	**110.52**

(₹ in Crore)

NOTE 29. PROVISIONS	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Provisions for Employee Benefits	2.12	4.10	6.34
Provisions - Others	0.07	-	0.02
Total	**2.19**	**4.10**	**6.36**

(₹ in Crore)

NOTE 30. REVENUE FROM OPERATIONS (GROSS)	For the year ended March 31, 2017	For the year ended March 31,2016
Sale of products	583.43	666.38
Sale of services	1,658.01	2,191.99
Total	**2,241.44**	**2,858.37**

(₹ in Crore)

NOTE 31. OTHER INCOME	For the year ended March 31, 2017	For the year ended March 31,2016
Other non-operating income		
Interest Income	5.08	13.30
Dividend Income	6.30	0.01
Others	8.04	9.04
Total	**19.42**	**22.35**

(₹ in Crore)

NOTE 32. COST OF MATERIALS CONSUMED	For the year ended March 31, 2017	For the year ended March 31,2016
Opening Stock	53.74	50.57
Add : Purchases during the year	**375.72**	**380.23**
	429.46	430.80
Less: Closing Stock	**47.74**	**53.74**
Total	**381.72**	**377.06**

(₹ in Crore)

NOTE 33. OTHER DIRECT COSTS	For the year ended March 31, 2017	For the year ended March 31,2016
Project and labour service charges	833.21	1,166.99
Consumption of Packing Material	12.57	14.07
Consumption of stores and spares parts	3.74	3.01
Loose Tools written off	0.16	0.20
Total	**849.68**	**1,184.27**

(₹ in Crore)

NOTE 34. EMPLOYEE BENEFITS EXPENSES	For the year ended March 31, 2017	For the year ended March 31,2016
Salaries, bonus and allowances	119.84	143.30
Contribution to Provident and other funds	6.10	6.51
Staff welfare expenses	5.80	6.35
Total	**131.74**	**156.16**

(₹ in Crore)

NOTE 35. FINANCE COSTS	For the year ended March 31, 2017	For the year ended March 31,2016
Bank Loan Interest	38.44	36.53
Other Interest	4.12	7.87
Bank Charges	10.68	8.39
Finance Charges of redeemable preference shares	5.23	5.23
Financial Guarantee Impairment	-	0.40
Total	**58.47**	**58.42**

(₹ in Crore)

NOTE 36. OTHER EXPENSES	For the year ended March 31, 2017	For the year ended March 31,2016
Rent	8.23	8.42
Rates and Taxes	1.62	1.98
Auditors' Remuneration		
Audit Fees	0.65	0.60
In Other Capacity	0.20	0.20
Out of pocket expenses	0.01	0.03
Legal and Professional Charges	35.33	25.02
Excise Duty and Service Charges	226.20	288.84
Communication Expenses	3.55	4.45
Travelling and Conveyance Expenses	157.29	185.33
Power, Fuel & Water Charges	6.06	6.65
Repairs and Maintenance	1.61	1.84
Insurance Expenses	4.43	4.41
Exchange Fluctuation Loss (Net)	(0.43)	1.36
Miscellaneous Expenditure	15.22	10.86
Balances Write Off	-	7.73
Distribution Expenses	14.19	17.63
Bad debts, Loans and Advances, other balances written off (net)	9.17	6.06
Less: provision for doubtful advances	(6.00)	-
Directors Sitting Fee	0.21	0.14
Liquidated Damages on Sales	28.59	45.50
Corporate Social Responsibility Expenses	3.66	2.86
Loss on sale of Investments	-	(1.51)
Total	**509.79**	**618.40**

(₹ in Crore)

NOTE 37. EXCEPTIONAL ITEMS	For the year ended March 31, 2017	For the year ended March 31,2016
Claims against investment	-	(38.52)
CDR exit - recompense	-	148.47
Total	**-**	**109.95**

(₹ in Crore)

NOTE 38. EARNINGS PER SHARE (EPS)- IN ACCORDANCE WITH THE INDIAN ACCOUNTING STANDARD (IND AS-33)		For the year ended March 31, 2017	For the year ended March 31,2016
(a)	Basic & Diluted Earnings per share before extra ordinary items		
	Profit /(Loss) after tax	125.59	156.91
	Profit attributable to ordinary shareholders	125.59	156.91
	Weighted average number of ordinary shares	1,239,377,194	1,239,377,194
	(used as denominator for calculating basic EPS)		
	Weighted average number of ordinary shares	1,239,377,194	1,239,377,194
	(used as denominator for calculating diluted EPS)		
	Nominal value of ordinary share	Re.1	Re.1
	Earnings per share basic	₹1.01	₹1.27
	Earnings per share diluted	₹1.01	₹1.27
(b)	Basic & Diluted Earnings per share after extra ordinary items		
	Profit /(Loss) after tax	125.59	156.91
	Profit attributable to ordinary shareholders	125.59	156.91
	Weighted average number of ordinary shares	1,239,377,194	1,239,377,194
	(used as denominator for calculating basic EPS)		
	Weighted average number of ordinary shares	1,239,377,194	1,239,377,194
	(used as denominator for calculating diluted EPS)		
	Nominal value of ordinary share	Re.1	Re.1
	Earnings per share basic	₹1.01	₹1.27
	Earnings per share diluted	₹1.01	₹1.27

NOTE 39. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

1. Estimation of useful life of tangible asset **Note 4**.
2. Estimation of useful life of intangible asset **Note 6**.
3. Estimation of useful life of intangible asset under development **Note 7.**
4. Estimation of fair value of unlisted securities **Note 62**.
5. Estimation of defined benefit obligation **Note 41**.
6. Estimation of contingent liabilities refer **Note 43**.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

NOTE 40. BUSINESS COMBINATION

During the year the Company has acquired 88.47% (1,60,000 shares) on 09-08-2016 and 6.00% (10,856 shares) on 31-03-2017, of the equity share capital of M/s Polixel Security Systems Pvt. Ltd., a company engaged in safe & smart city business. The Company's total holding alongwith the shares held as on 1.4.2016 increased to 100% during the year. The business acquisition was conducted by entering into share purchase agreements for a Cash consideration of Rs.11 crore and Rs. 0.75 crore respectively.

NOTE 41. During the year, Company has recognised the following amounts in the financial statements as per Ind AS - 19 "Employees Benefits" issued by the ICAI :

a) Defined Contribution Plan

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

(₹ in Crore)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31,2016
Employer's Contribution to Provident Fund	4.30	3.87
Employer's Contribution to Pension Scheme	1.53	1.81

b) Defined Benefit Plan

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

(₹ in Crore)

Actuarial assumptions	**For the year ended March 31, 2017**	For the year ended March 31,2016	**For the year ended March 31, 2017**	For the year ended March 31,2016
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy)				
Discount rate (per annum)	6.75%	8.04%	6.75%	7.75%
Rate of increase in Compensation levels	6.75%	8.00%	6.75%	7.75%
Rate of Return on plan assets	8.04%	8.04%	N.A.	N.A.
Average remaining working lives of employees (Years)	18	15	17.17	16.78
Table showing changes in present value of obligations				
Present value oft obligation as at the beginning of the year	9.57	10.94	6.83	10.40
Acquisition adjustment	Nil	Nil	Nil	Nil
Interest Cost	0.77	0.87	0.50	0.81
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Current Service Cost	1.85	2.97	2.50	2.19
Curtailment cost / (Credit)	Nil	Nil	Nil	Nil
Settlement cost /(Credit)	Nil	Nil	Nil	Nil
Benefits paid	(0.40)	(0.15)	(0.93)	(5.56)
Actuarial (gain)/ loss on obligations	(0.35)	(5.06)	(0.38)	(1.02)
Present value of obligation as at the end of the period	11.44	9.57	8.52	6.83
Table showing changes in the fair value of plan assets :				
Fair value of plan assets at beginning of the year	1.28	1.23	Nil	Nil
Acquisition adjustments	Nil	Nil	Nil	Nil
Expected return of plan assets	0.10	0.10	N.A.	N.A.
Employer contribution	Nil	Nil	Nil	Nil
Benefits paid	(0.40)	Nil	Nil	Nil
Actuarial gain/ (loss) on obligations	0.47	(0.05)	Nil	Nil
Changes deducted	-	Nil	Nil	Nil
Fair value of plan assets at year end	1.45	1.28	Nil	Nil

(₹ in Crore)

Actuarial assumptions	For the year ended March 31, 2017	For the year ended March 31,2016	For the year ended March 31, 2017	For the year ended March 31,2016
Table showing actuarial gain /loss - plan assets				
Actual return of plan assets	0.47	(0.05)	Nil	Nil
Expected return on plan assets	0.10	0.10	Nil	Nil
Excess of actual over estimated return on plan assets	Nil	Nil	Nil	Nil
Actuarial (gain)/ loss-plan assets	0.57	0.05	Nil	Nil
Other Comprehensive Income				
Actuarial (gain) / loss for the period - Obligation	(0.35)	(5.06)	(0.38)	(1.02)
Actuarial (gain) / loss for the period - Plan assets	(0.47)	0.05	Nil	Nil
Total (gain) / loss for the period	(0.82)	(5.01)	(0.38)	(1.02)
Actuarial (gain) / loss recognized in the period	(0.82)	(5.01)	(0.38)	(1.02)
Unrecognised actuarial (gains) / losses at the end of the period	Nil	Nil	Nil	Nil
The amounts to be recognized in Balance Sheet				
Present value of obligation as at the end of the period	11.44	9.57	8.52	6.83
Fair value of plan assets as at the end of the period	1.45	1.28	Nil	Nil
Funded Status	(9.99)	(8.30)	(8.52)	(6.83)
Unrecognised actuarial (gains) / losses	Nil	Nil	Nil	Nil
Net asset / (liability) recognised in Balance Sheet	(9.99)	(8.30)	(8.52)	(6.83)
Expenses recognised in Statement of Profit and Loss				
Current service cost	1.85	2.97	2.50	2.19
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Interest Cost	0.77	0.87	0.50	0.81
Expected return on plan assets	(0.10)	(0.10)	Nil	Nil
Curtailment and settlement cost /(credit)	Nil	Nil	Nil	Nil
Expenses recognised in the Statement of Profit and Loss	2.52	3.75	3.00	3.00
Maturity profile of defined benefit obligation				
March 2017 to March 2018	0.79	0.55	1.27	0.42
March 2018 to March 2019	0.21	0.47	0.11	0.65
March 2019 to March 2020	0.23	0.31	0.13	0.10
March 2020 to March 2021	0.36	0.69	0.15	0.44
March 2021 to March 2022	0.18	0.86	0.09	0.12
March 2022 to March 2023	0.45	0.45	0.27	0.12
March 2023 onwards	9.79	7.55	6.61	5.40

Investment Details

HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy

Note-1: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

NOTE 42. DISCLOSURE REQUIRED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (THE ACT) ARE GIVEN AS FOLLOWS :

(₹ in Crore)

	Particulars	As at March 31, 2017	As at March 31, 2016
a.	Principal amount due	10.53	8.56
	Interest due on above	0.14	0.06
b.	Interest paid during the period beyond the appointed day	Nil	Nil
c.	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
d.	Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
e.	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act	Nil	Nil

Note: The above information and that given in Note No. 26 ' Trade Payables' regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.

NOTE 43. COMMITMENTS AND CONTINGENCIES

(a) Contingent Liabilities not provided for in respect of :

(₹ in Crore)

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i)	Unexpired Letters of Credit (margin money paid Rs.32.95 crore; Previous year Rs.17.26 crore)	102.17	32.29	44.75
(ii)	Guarantees given by banks on behalf of the Company (margin money kept by way of fixed deposits Rs.39,32 crore; Previous year Rs.53.40 crore)	201.40	107.88	102.00
(iii)	Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest Rs.2.64 crore - shown as advance)	7.15	7.65	7.89

(a) The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.

(b) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.

(c) As at 31st March, 2016, the Company did not have any outstanding term derivative contracts.

(b) Capital Commitments

(₹ in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.10	0.62	0.03

(c) Financial Guarantees

(₹ in Crore)

Sr No	Issued in favour of	Issued to	Amount of guarantee	Purpose	Carrying amount as per Ind AS 109 **31st March 2017**	Carrying amount as per Ind AS 109 31st March 2016	Carrying amount as per Ind AS 109 1st April 2015
1	Microwave Communications ltd.	Credit Lyonnais bank	9.60	Ad-hoc L/C	0.17	0.17	0.17
2	Microwave Communications ltd.	The Vysya Bank Ltd	4.06	Working Capital	-	-	-
3	Exicom Tele-Systems Ltd	Punjab National Bank	6.50	Working Capital	0.03	0.03	0.03
4	HTL Ltd.	Corning Finolex Optical Pvt. Ltd.	12.50	Working Capital	0.25	0.25	-
5	HTL Ltd.	E.I. Dupont India Pvt. Ltd.	3.00	Working Capital	0.06	-	-
6	HTL Ltd.	Owens-Corning (India) Pvt. Ltd.	3.00	Working Capital	0.06	-	-

NOTE 44. HTL Ltd., one of the Subsidiary of the company, has proposed right issue of equity shares for Rs. 120.00 Crore to its existing shareholders i.e GOI (26%) and the Company (74%).The Subsidiary company is in the process of obtaining in principal concurrence from GOI for the proposed right issue of shares. Pending such formal concurrence, loan and advances given by the Company have been shown under Non-Current Financial Assets as against Current Financial Assets shown in the previous year.

NOTE 45. Pursuant to the disinvestment by the Government of India, the Company had acquired 11,10,000 equity shares of Rs.100/- each of HTL Limited representing 74% of its equity capital at total consideration of Rs. 55.00 crore in terms of Shareholders Agreement dated 16.10.2001. The above consideration paid by the Company was subject to post closing adjustments on account of difference in net worth of HTL Limited as on 31.03.2001 and as on the date of purchase of shares in terms of Share Purchase Agreement dated 16.10.2001. The claim filed by the Company has been settled during the previous year and the amount of Rs.93.52 Crore received in the previous year has been adjusted against cost of investment amounting to Rs.55.00 Crore and balance being interest credited to Profit & Loss account during the previous year.

NOTE 46. During the previous year, the Exceptional items consist of : (i) Impact of recompense amount on account of waivers under rework package of CDR - Rs.148.47 Crore. Recompense amount payable has been worked out by Monitoring Institution (MI) of lenders i.e. IDBI Bank Ltd. and approved by CDR -EG and (ii) Claims in regard to one of investment made in earlier years amounting to Rs.38.52 Crore settled and recovered.

NOTE 47. The Company has reviewed the outstanding receivables and has written off a sum of Rs. 2.44 Crore(Previous year Rs.11.50 Crore) during the year as bad, which in the opinion of the Management is adequate and sundry balances also written back amounting to Rs. 0.73 Crore (Previous year Rs.5.44 Crore)

NOTE 48. Lease payments under cancellable operating leases have been recognized as an expense in the Statement of profit & loss. Maximum obligation on lease amount payable as per rentals stated in respective agreements are as follows:-

(₹ in Crore)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31,2016
Not later than one year	5.74	5.68
Later than one year but not later than five years	16.86	11.56
More than five years	5.36	1.88

NOTE 49. During the year, the Company has paid first interim dividend of Rs.3.25 per 6.5% Cumulative Redeemable Preference Share (CRPS) of par value of Rs.100/- each for the year 2016-17. Further Company has proposed second interim dividend of Rs.3.25 per CRPS of par value of Rs.100/- each for the year 2016-17. Thus, the total dividend for the financial year is Rs.6.50 per CRPS of Rs. 100/- each.

NOTE 50. INVESTMENT IN JOINT VENTURE ENTITIES:

a) The disclosures relating to the Joint Venture Companies viz. DragonWave HFCL India Pvt. Ltd. (hereinafter referred to as JV) is as follows:

(₹ in Crore)

Particulars	Investment in Share			Ownership interest (in percentage)		
	2017	2016	2015	2017	2016	2015
DragonWave HFCL India Pvt. Ltd.	3.49	3.49	3.49	49.90%	49.90%	49.90%

b) The proportion of interest in the Company in the JV is by way of equity participation with DragonWave Pte. Ltd., Singapore.

c) The aggregate amount of interests in the JV as at 31st March, 2017 is as follows:

(₹ in Crore)

Particular	Year	Assets	Liability	Income	Expenses	Capital, other Commitment & contingencies
DragonWave HFCL India Pvt. Ltd.	2017	15.11	6.42	24.66	19.71	-
	2016	30.19	9.70	64.47	52.87	-

NOTE 51. AS REQUIRED BY IND AS - 24 "RELATED PARTY DISCLOSURES"

(i) Name and description of related parties.

Relationship	Name of Related Party
(a) Subsidiaries:	HTL Ltd.
	Moneta Finance Pvt. Ltd.
	HFCL Advance Systems Pvt. Ltd.
	Polixel Security Systems Pvt. Ltd. (w.e.f. 09.08.2016)
(b) Associates:	HFCL Bezeq Telecom Ltd.
(c Joint Venture:	DragonWave HFCL India Pvt. Ltd.
(d) Key management personnel :	Shri Mahendra Nahata, Managing Director
	Shri Arvind Kharabanda, Whole-time Director (upto 31.05.2016)
	Shri Vijay Raj Jain, Chief Financial Officer
	Shri Manoj Baid, Vice President (Corporate) & Company Secretary
	Shri Mahendra Pratap Shukla, Chairman
	Dr. Ranjeet Mal Kastia, Director
	Smt. Bela Banerjee, Director
	Shri Rajiv Sharma, Director

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

(ii). Nature of transactions - The transactions entered into with the related parties during the year along with related balances as at 31st March, 2017 are as under:

(₹ in Crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31,2016
Purchases/receiving of Goods & services		
HTL Ltd.	27.59	7.38
Polixel Security Systems Pvt. Ltd.	2.98	-
Sales/rendering of Goods and Materials		
HTL Ltd.	57.89	9.29
Polixel Security Systems Pvt. Ltd.	0.03	-
Fixed Assets		
HTL Ltd. (purchase)	0.05	-
HTL Ltd. (Sales)	5.19	1.69
Income - Rent /Other expenses		
HFCL Advance Systems Pvt. Ltd.	-	0.01
Polixel Security Systems Pvt. Ltd.	0.55	-
Income - Interest on loan given		
HTL Ltd.	3.08	0.05
Expenses - Rent /Other expenses		
HTL Ltd.	0.05	0.07
Advances		
HTL Ltd.	-	11.00
Polixel Security Systems Pvt. Ltd.	10.50	-
Loan Given		
HTL Ltd.	13.50	11.00
Loans & Advances and Receivables		
HTL Ltd.	148.58	93.42
Moneta Finance Pvt. Ltd.	-	1.44
Polixel Security Systems Pvt. Ltd.	9.06	-
HFCL Advance Systems Pvt. Ltd.	0.01	0.01
Guarantees and collaterals		
HTL Ltd.	18.50	12.50
Remuneration of Key Management Personnel's		
Shri Mahendra Nahata (Managing Director)	4.56	3.35
Shri Arvind Kharabanda (Whole-time Director upto 31.05.2016)	0.25	0.65
Shri Vijay Raj Jain (Chief Financial Officer)	1.05	0.75
Shri Manoj Baid (Company Secretary)	0.34	0.30
Sitting Fee for Non Executive and Independent directors		
Shri Mahendra Pratap Shukla	0.06	0.05
Dr. Ranjeet Mal Kastia	0.04	0.04
Smt. Bela Banerjee	0.04	0.03
Shri Rajiv Sharma	-	0.01

NOTE 52. SEGMENT REPORTING

The chief operational decision maker monitors the operating results of its business segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The operating segments have been identified on the basis of nature of products.

i. Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue.

ii. Expenses that are directly identifiable with the segment are considered for determining the segment result.

iii. Expenses / Incomes which are not directly allocable to the segments are included under un-allocable expenditure / incomes.

iv. Segment results include margins on inter-segment sales which are reduced in arriving at the profit before tax of the company.

v. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

Inter – Segment revenue :- Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

(a) Primary segment information

The Company's operations primarily relates to manufacturing of telecom products, executing turnkey contracts and providing services relating thereto. Accordingly segments have been identified in line with Indian Accounting Standard on Segment Reporting 'Ind AS-108'. Telecom products and Turnkey contracts and services are the primary business segments. Details of business segments are as follows:

(₹ in Crore)

Particulars	Business Segments				Total	
	Telecom Products		Turnkey Contracts and Services			
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Segment Revenue						
Turnover (Net of Excise duty)	583.43	666.38	1,658.01	2,191.99	2,241.44	2,858.37
Segment Result	24.23	71.91	155.49	250.79	179.72	322.70
Unallocated Finance charges					58.47	58.42
Unallocated expenses					4.82	152.37
Unallocated Income					7.29	38.54
Profit before tax					123.72	150.45
Income tax (net)					-	-
Profit after tax					123.72	150.45
Other Information						
Segment assets	726.48	582.49	1,231.85	1,219.16	1,958.33	1,801.65
Unallocated other assets	-	-	-	-	268.59	310.30
Total assets	726.48	582.49	1,231.85	1,219.16	2,226.92	2,111.95
Segment liabilities	170.64	148.85	470.83	501.87	641.47	650.72
Unallocated other liabilities	-	-	-	-	541.93	543.31
Total liabilities	170.64	148.85	470.83	501.87	1,183.40	1,194.03
Depreciation	14.12	22.04	1.58	2.86	15.70	24.90
Capital Expenditure	22.18	11.87	0.42	0.36	22.60	12.23
Non-cash expenses other than Deprecation	6.77	6.06	2.40	-	9.17	6.06

(b) Secondary segment information

The Company caters mainly to the needs of Indian market and the export turnover being 4.03% (Previous year 2.91%) of the total turnover of the Company, there are no reportable geographical segments.

NOTE 53. DEFERRED TAX

In accordance with Ind AS 12 on 'Income Taxes', issued by the Institute of Chartered Accountants of India, on conservative basis, deferred tax assets have not been accounted for in the books, as the estimation of future taxable profits cannot be made with virtual certainty supported by convincing evidences, against which such deferred tax assets would be realized.

NOTE 54. CORPORATE SOCIAL RESPONSIBILITY EXPENSES:

(₹ in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016
Gross amount to be spent by the Company during the year	3.66	2.86
Amount spent during the year:		
Contribution on acquisition of assets	-	-
On other purposes	3.66	2.86
	3.66	2.86

NOTE 55. Interest charges on loans is net of Interest income from loans and advances amounting to Rs.3.71 crore (Previous year Rs.0.45 crore).

NOTE 56. STOCK IN TRADE - SECURITIES INCLUDE EQUITY SHARES OF THE FOLLOWING COMPANIES

(₹ in Crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Qty	Amount	Qty	Amount	Qty	Amount
Adinath Bio Labs Ltd.	6,408,000	0.19	6,408,000	0.12	6,408,000	0.12
Granules India Ltd.	-	-	-	-	1,000,000	0.32
Manvens Biotech Ltd.	17,000	-	17,000	-	17,000	-
Media Matrix Worldwide Ltd.	4,750	-	4,750	-	4,750	-
Optimates Textile Industries Ltd.	1,302,500	0.27	1,302,500	0.27	1,302,500	0.27
Rashel Agrotech Ltd.	478,500	0.04	478,500	0.04	478,500	0.04
Sahara One Media and Entertainment Ltd.	250,950	1.88	250,950	1.80	250,950	1.89
Total		**2.38**		**2.23**		**2.64**

NOTE 57. THE DISCLOSURES AS PER THE IND AS 11 ON 'CONSTRUCTION CONTRACTS' ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA ARE AS UNDER

(₹ in Crore)

Particulars	2016-2017	2015-2016
Contract revenue recognized as revenue in the year / period	1,657.85	1,689.28
Aggregate amount of costs incurred and profit up to the reporting date on the contract under progress	1,811.48	1,906.85
Advance received on contract under progress	-	-
Retention amounts on contract under progress	-	-
Gross amount due from customers for the contract work as on assets	153.63	217.58
Gross amount due to the customers for contract work as a liability	-	-

NOTE 58. (a) Debt of the Company were earlier restructured under Corporate Debt Restructuring (CDR) mechanism in April 2004 which was subsequently modified in June 2005 with cut-off date as 1st April, 2005. CDR Empowered Group at its meeting held on 9th February, 2011 has approved the Rework Package of the Company with the cut off date as 1st January 2011 and communicated its sanction vide their letter No. BY CDR(JCP)/No 8643/2010-11 dated 29th March, 2011. The Rework Package includes inter-alia reduction in the existing rate of interest, re-schedulement for repayment of loans, conversion of overdue interest into funded interest term loan (FITL), conversion of Zero Coupon Premium Bonds (ZCPB's), part of their premium and part of working capital loans into Equity, conversion of part of working capital loan into working capital term loan (WCTL), waiver of unpaid dividend on preference shares, waiver of penal interest etc. The conditions as stipulated by CDR EG while sanctioning Rework Package have been complied with by the Company. Accordingly, the impact of the rework package has been considered in the Financial Statements.

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

(c) Further, lenders have the right to claim recompense from the Company on account of various sacrifices & waivers made by them in the CDR Rework Package upon exit by the Company from CDR. The Company's proposal for CDR exit was

considered by the Monitoring Institution (MI) of lenders i.e. IDBI Bank Ltd which recommended the recompense amount of Rs.148.47 Crore on term loans and working capital loans. The said recompense amount was approved by CDR-EG vide its order CDR(PMG) No.740/2015-16 dated March 22, 2016 subject to confirmations by the respective lenders. The Company has accordingly made provision of the said recompense amount in the previous year. The Board of Directors in their meeting held on 10th May, 2016 has approved the recompense amount so that the Company can exit from CDR mechanism. Company has paid the recompense amount to the CDR lenders as per exit terms and has requested to MI to put up the status before CDR-EG for formal approval for exit of the Company from CDR mechanism.

NOTE 59. DETAILS OF BUSINESS ADVANCES OUTSTANDING FROM SUBSIDIARY FOR THE YEAR ENDED 31ST MARCH, 2017-DISCLOSURE REQUIRED UNDER REGULATION 34(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

(₹ in Crore)

Particulars	Outstanding as at			Maximum amount outstanding during the year	
	March 31, 2017	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016
HTL Ltd	72.00	72.00	62.57	72.00	72.00
Moneta Finance Pvt. Ltd.	-	1.44	1.91	1.44	1.91
Polixel Security Systems Pvt. Ltd	9.06	-	-	9.06	-
HFCL Advance Systems Pvt. Ltd.	0.01	0.01	-	0.01	0.01

NOTE 60. DISCLOSURE OF SPECIFIED BANK NOTES (SBNs)

During the year the Company had specified bank notes or other denomination note as defined in MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(₹ in Crore)

Particulars	SBNs*	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	0.24	-	0.24
(+) Permitted receipts		0.13	0.13
(-) Permitted payments		0.11	0.11
(-) Amount deposited in Banks	0.24	-	0.24
Closing cash in hand on December 30, 2016	-	0.02	0.02

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

NOTE 61. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

(₹ in Crore)

Particulars	Notes Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2017					
Trade payables	26	392.44	392.44		392.44
Deposits (Retention Money)	27	148.63	148.63		148.63
Obligations under finance lease		-			-
Other liabilities	22,23,25,27	498.25	260.03	238.22	498.25
As at March 31, 2016					
Trade payables	26	445.80	445.80		445.80
Deposits (Retention Money)	27	85.45	85.45		85.45
Obligations under finance lease		-			-
Other liabilities	22,23,25,27	547.87	215.74	332.13	547.87
As at April 1, 2015					
Trade payables	26	294.83	294.83		294.83
Deposits (Retention Money)	27	53.97	53.97		53.97
Obligations under finance lease					-
Other liabilities	22,23,25,27	383.81	140.87	242.94	383.81

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments.

The sensitivity analyses in the following sections relate to the position as at 31 March, 2017 and 31 March, 2016.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. PRICE RISK		
The company is mainly exposed to the price risk due to its investment in equity instruments. The price risk arises due to uncertainties about the future market values of these investments.	In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.	As an estimation of the approximate impact of price risk investments in equity instruments, the Company has calculated the impact as follows.
Equity Price Risk is related to the change in market reference price of the investments in equity securities.	The use of any new investment must be approved by the Chief Financial Officer.	For equity instruments, a 10% increase in prices would have led to approximately an additional gain of Rs.4.44 Crore for year ending March 2017 (Rs.4.52 Crore for year ending March 2016) in other comprehensive income. A 10% decrease in prices would have led to an equal but opposite effect.
The fair value of some of the Company's investments in fair value through other comprehensive income securities exposes to equity price risks. In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities. The fair value of unquoted equity instruments classified as fair value through other comprehensive income as at March 31st,2017 was Rs.44.41Crore, (March 31st, 2016 was Rs.45.20 Crore), the fair value of which is determined using valuation techniques.		

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
2. INTEREST RATE RISK		
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. Company has Fixed deposits with Banks amounting to Rs. 79.94 Crore as at March 31st, 2017 (Rs.71.35 Crore as at March 31st, 2016) Interest Income earned on fixed deposit for year ended March 31st, 2017 is Rs. 5.08 Crore	In order to manage its interest rate risk. The Company diversifies its portfolio in accordance with the risk management policies.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Company has calculated the impact of a 0.25% change in interest rates. A 0.25% increase in interest rates would have led to approximately an additional Rs. 0.20 Crore gain for year ended March 31st, 2017 (Rs.0.18 Crore gain for year ended March 31st 2016) in Interest income. A 0.25% decrease in interest rates would have led to an equal but opposite effect.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Company established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 31 March 2017, the Company had top10 customers (31 March 2016: top 10 customers, 1 April 2015: top 10 customers) that owed the Company more than Rs. 1112.37 Crore(31 March 2016: 1091.36 Crore, 1 April 2015: 320.34 Crore) and accounted for approximately 96.97% (31 March 2016: 97.56 %, 1 April 2015: 87.19 %) of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 14. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the management in accordance with the Company's policy. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 and 31 March 2016 is the carrying amounts as illustrated in Note 15 except for financial guarantees. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note 43 (c) and the liquidity table below.

Capital management

Capital includes issued equity capital and share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

(₹ in Crore)

Particulars	31-March-17 INR	31-March-16 INR	1-April-15 INR
Borrowings (Excl preference shares)(Note 22 & 25)	342.55	393.43	271.55
Redemable preference shares (Note 22 & 27)	80.50	80.50	80.50
Trade Payables (Note 26)	392.44	445.80	294.83
Other Payables (Note 27 & 28)	200.12	173.26	142.07
Less : Cash and Cash equivalents (Note 15)	(2.41)	(5.85)	(20.26)
Deposits (Note 27)	148.63	85.45	53.97
Total Debt	1,161.83	1,172.59	822.66
Convertible preference shares	-	-	-
Equity	1,043.52	917.93	761.05
Total Capital	**1,043.52**	**917.93**	**761.05**
Capital and Total debt	**2,205.35**	**2,090.52**	**1,583.71**
Gearing ratio	**52.68%**	**56.09%**	**51.95%**

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 40% and 50%.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March, 2017, 31 March, 2016 and 31 March, 2015.

NOTE 62. FINANCIAL INSTRUMENTS BY CATEGORY

(₹ in Crore)

Particulars	March 2017			March 2016			April 1, 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets									
I) Investments									
A) Equity Instruments									
i) Structured entity Equity Instrument	-	44.41	-	-	45.19	-	-	43.92	-
ii) Structured entity									
a) Sumedha Fiscal Services Ltd.	-	0.03	-	-	0.03	-	-	0.03	-
b) Valiant Communications Ltd.	-	0.08	-	-	0.07	-	-	0.02	-
c) Magma Fincorp Ltd	-	1.62	-	-	1.13	-	-	1.43	-
B) Mutual funds	0.02	-	-	0.02	-		0.02	-	-
C) Debentures & Bonds	-	-	0.03	-	-	0.03	-	-	20.03
D) Bank deposits	-	-	2.51	-	-	3.43	-	-	13.13
II) Trade receivables	-	-	1,147.16	-	-	1,118.65	-	-	367.42
III) Cash and Cash equivalents	-	-	2.41	-	-	5.85	-	-	20.26
IV) Other Bank balances			77.47			67.91			102.41
V) Security deposit for utilities and premises	-	-	6.38	-	-	4.38	-	-	4.49
VI) Other receivables	-	-	361.32	-	-	230.87	-	-	408.39
Total financial assets	0.02	46.14	1,597.28	0.02	46.42	1,431.12	0.02	45.40	936.12

(₹ in Crore)

Particulars	March 2017			March 2016			April 1, 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
2) Financial liabilities									
I) Borrowings									
A) From Banks	-	-	378.97	-	-	373.32	-	-	226.20
B) From Others	-	-	34.50	-	-	71.05	-	-	67.35
C) Preference Shares	-	-	80.50	-	-	80.50	-	-	80.50
II) Obligations under Finance Lease	-	-	-	-	-	-	-	-	-
III) Deposits	-	-	148.63	-	-	85.45	-	-	53.97
IV) Trade payables	-	-	392.44	-	-	445.80	-	-	294.82
V) Other liabilities	-	-	4.28	-	-	23.00	-	-	9.76
Total Financial liabilities	**-**	**-**	**1,039.32**	**-**	**-**	**1,079.12**	**-**	**-**	**732.60**

1. Fair Value measurement

Fair Value Hierarchy and valuation technique used to determine fair value :

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and are categorized into Level 1 , Level 2 and Level 3 inputs.

A) Year Ending 31st March 2017

(₹ in Crore)

Particulars	Note Nos.	Level 1	Level 2	Level 3
Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2017				
Financial Assets				
FVTPL				
Mutual Funds	13	0.02	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Ltd.	13	0.03	-	-
b) Valiant Communications Ltd.	13	0.08	-	-
c) Magma Fincorp Ltd	13	1.62	-	-
d) Exicom Tele-Systems Ltd.	9			9.13
e) AB Corp Ltd	9			35.22
f) Midas Communication Technologies Pvt. Ltd.	9			-
g) The Greater Bombay Co-Op Bank Ltd.	9			0.06
Total Financial Assets		1.75	-	44.41

(₹ in Crore)

Particulars	Note Nos.	Level 1	Level 2	Level 3
Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2017				
Financial Assets				
Investments				
Debentures and bonds	9	-	-	0.03
Bank Deposits	10,16	-	79.98	-
Security deposit for utilities and premises	18	-	6.38	-
Total Financial Assets		-	86.36	0.03

B) Year Ending 31st March, 2016

(₹ in Crore)

Particulars	Note Nos.	Level 1	Level 2	Level 3
Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2016				
Financial Assets				
FVTPL				
Mutual Funds	13	0.02	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Ltd.	13	0.03	-	-
b) Valiant Communications Ltd.	13	0.07	-	-
c) Magma Fincorp Ltd	13	1.13	-	-
d) Exicom Tele-Systems Ltd.	9			9.13
e) AB Corp Ltd	9			35.34
f) Midas Communication Technologies Pvt. Ltd.	9			-
g) The Greater Bombay Co-Op Bank Ltd.	9			0.06
h) Polixel Security Systems Pvt. Ltd.	9			0.66
Total Financial Assets		1.25	-	45.19

(₹ in Crore)

Particulars	Note Nos.	Level 1	Level 2	Level 3
Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2016				
Financial Assets				
Investments				
Debentures and bonds	9	-	-	0.03
Bank Deposits	10,16	-	71.34	-
Security deposit for utilities and premises	18	-	4.38	-
Total Financial Assets		-	75.72	0.03

C) As on 1st April, 2015

(₹ in Crore)

Particulars	Note Nos.	Level 1	Level 2	Level 3
Financial Assets measured at Fair Value recurring fair Value measurements at 01-04-2015				
Financial Assets				
FVTPL				
Mutual Funds	13	0.02	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Ltd.	13	0.03	-	-
b) Valiant Communications Ltd.	13	0.02	-	-
c) Magma Fincorp Ltd	13	1.43	-	-
d) Exicom Tele-Systems Ltd.	9			8.08
e) AB Corp Ltd	9			35.34
f) Midas Communication Technologies Pvt. Ltd.	9			-
g) The Greater Bombay Co-Op Bank Ltd.	9			0.05
h) Polixel Security Systems Pvt. Ltd.	9			0.45
Total Financial Assets		1.50	-	43.92

(₹ in Crore)

Particulars	Note Nos.	Level 1	Level 2	Level 3
Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 01-04-2015				
Financial Assets				
Investments				
Debentures and bonds	9	-	-	20.03
Bank Deposits	10,16	-	115.54	-
Security deposit for utilities and premises	18	-	4.49	-
Total Financial Assets		-	120.03	20.03

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of the changes to these assumptions.

NOTE 63. DERIVATIVE INSTRUMENTS

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

b) Details of outstanding Hedging Contracts

Particulars	As at March 31, 2017		As at March 31, 2016	
Derivative Contracts	Amount in foreign Currency	Equivalent ₹ in Crore	Amount in foreign Currency	Equivalent ₹ in Crore
USD/INR	-	-	325,619	2.16

NOTE 64. TAX RECONCILIATION

(₹ in Crore)

Particulars	31.03.2017 Ind AS		31.03.2016 Ind AS	
Net Profit as per Profit and Loss Account (before tax)		123.72		150.45
Current Tax rate @ 34.608%		42.82		42.82
Adjustment:				
MAT Adjustment	-	15.57	-	16.72
Provision for diminution in value of Inventories/Advances	-	2.08		2.30
Dividend and Tax thereon		1.99		-
The amount of expenditure relatable income u/s 10		0.07		0.14
The amount of income u/s 10 - dividend	-	2.18	-	0.01
Ind AS Impact		-		10.88
Tax Provision as per Books		25.05		26.90

NOTE 65. OVERALL PRINCIPLES:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognized assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

NOTE 66. FIRST TIME ADOPTION OF IND AS

The accounting policies set out in Note 3 have been applied in preparing the Financial statements for the year ended March 31, 2017 and 2016.

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS as at the transition date, i.e. April 1, 2015.

A.1 Ind- AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Investment Property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

A.1.2 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated instead have been accounted as per previous GAAP. The Company has applied same exemption for investment in associates and joint ventures.

A.1.3 Designation of previously recognized financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity instruments.

A.1.4 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts / arrangements.

A.1.5 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made in for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, classification and measurement of financial asset has been based on the facts and circumstances that exist at the date of transition to Ind AS.

NOTE 67. RECONCILIATION OF IGAAP WITH IND AS STATEMENT

a Reconciliation of total equity

(₹. in Crore)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
Total equity under previous GAAP		1,125.55	1,012.88
Less: Restatement adjustment - prior period expenses		(0.03)	-
Less: Preference Shares		(80.50)	(80.50)
		1,045.02	932.38
Adjustments:			
Dividends and related distribution tax not recognised as liability until declared under Ind AS		-	-
Fair value of debtors assigned for more than 12 months	2	(1.12)	-
Security Deposits paid measured at Fair Value			
Effect of lease rentals (Advanced Lease Rental in case of Finance Lease now recognised as Operating Lease)			
Non-Current Loans & advances measured at fair value			
Employee loans measured at EIR			
Equity Classification of Convertible Debentures			
Fair Value impact of debt portion of Convertible Debentures			
Non-current investments measured at fair value	1	(171.37)	(172.65)
Current investments measured at fair value	1	1.06	1.32
Equity instruments measured at fair value			
Other Non-current financial liability measured at fair value			
Other Non-current financial asset measured at fair value			
Impact of Non-Current Investment sold at loss		44.34	-
Total adjustment to equity		**(127.08)**	**(171.33)**
Total equity under Ind AS		**917.93**	**761.05**

Note to Reconciliation Statement

1. Under the Previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in other equity as at the date of transition i.e. April 1, 2015.

   Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI equity instruments reserve as at the date of transition and subsequently in the other comprehensive income.

2. Under the previous GAAP the debtors assigned to third party were carried at cost, however under IND AS the debtors assigned for more than 12 months needs to be fair valued. Company has fair valued such debtors and the difference has been charged to profit and loss account as finance charge.

b Reconciliation of Profits as previously reported under IGAAP to IND AS (₹. in Crore)

Particulars	Note No.	For the year ended 31.03.2016
Net Profit as per IGAAP		119.02
Add: Restatement adjustment - prior period expenses		(0.07)
Adjustments During the year:		
Dividends and related distribution tax not recognised as liability until declared under Ind AS	1	(6.28)
Assigned Debtors measured at fair value	3	(1.11)
Impact of Reclassification of Leave encashment expenses	4	(0.43)
Impact of Reclassification of Gratuity	4	(5.01)
Impact of Non-Current Investment sold at loss		44.34
Total adjustment to equity		**31.43**
Net Profit as per IND-AS		**150.45**
Other Comprehensive Incomes		
A.) Items that will not be reclassified to profit or loss		
Changes in revaluation surplus;		
(i) remeasurement of defined benefit plans;	4	5.44
(ii) Equity Instruments through OCI;	2	1.02
B.) Items that will be reclassified to profit or loss;		-
Total of Other Comprehensive Incomes		**6.46**
Total Comprehensive income as per Ind-AS		**156.91**

Note to Reconciliation Statement

1. Proposed dividend

   Under the Previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend including dividend distribution tax was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend including dividend distribution tax included under provisions has been reversed with corresponding adjustment to in other equity.

   Under Previous GAAP, the entire dividend distribution tax paid by the Group was charged as an appropriation in equity along with the dividend proposed by the Parent company. As per Ind AS dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to profit or loss if the dividend itself is charged to profit or loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is also recognised in equity.

2. Under the Previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in other equity as at the date of transition i.e. April 1, 2015

   Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI equity instruments reserve as at the date of transition and subsequently in the other comprehensive income.

3. Under the previous GAAP the debtors assigned to third party were carried at cost, however under IND AS the debtors assigned for more than 12 months needs to be fair valued. Company has fair valued such debtors and the difference has been charged to profit and loss account as finance charge.

4. Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these re-measurements were forming part of the profit or loss for the year

c-1 Reconciliation of Equity as at March 31, 2016 **(₹ in Crore)**

Particulars	For the year ended 31.03.2016			
	Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Non-current Assets				
(a) Property, Plant and Equipment	104.53	(0.64)	-	103.89
(b) Capital work-in-progress	0.11	-	-	0.11
(c) Other Intangible assets	2.19	-	-	2.19
(d) Intangible assets under development	0.55	-	-	0.55
(e) Investment in associates/ joint venture accounted for using the equity method	-	-	4.49	4.49
(f) Financial Assets				
(i) Investments	176.50	(126.79)	(4.49)	45.22
(ii) Others	2.38	0.21	7.93	10.52
(g) Other non-current assets	0.06	0.64	-	0.70
Total non-current assets	**286.32**	**(126.58)**	**7.93**	**167.67**
Current Assets				
(a) Inventories	259.87	-	-	259.87
(b) Financial Assets				
(i) Investments	0.19	1.06	-	1.25
(ii) Trade Receivables	1,118.65	-	-	1,118.65
(iii) Cash & cash equivalents	5.85	-	-	5.85
(iv) Bank balances other than (iii) above	71.35	-	(3.43)	67.92
(v) Loans	460.00	-	(446.25)	13.75
(vi) Others	-	-	287.85	287.85
(c) Current Tax Assets (Net)	-	-	149.16	149.16
(d) Other current assets	36.35	-	3.63	39.98
Total current assets	**1,952.26**	**1.06**	**(9.04)**	**1,944.28**
Total Assets	**2,238.58**	**(125.52)**	**(1.12)**	**2,111.95**

Equity and Liabilities	Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Equity				
(a) Equity Share capital	204.44	-	(80.50)	123.94
(b) Other Equity	921.08	(127.09)	-	793.99
Total Equity	**1,125.52**	**(127.09)**	**(80.50)**	**917.93**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	251.17	-	80.50	331.67
(ii) Other financial liabilities	-	0.46	-	0.46
(b) Provisions	11.02	-	-	11.02
Total non-current liabilities	**262.19**	**0.46**	**80.50**	**343.15**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	142.26	-	-	142.26
(ii) Trade Payables				
(a) total outstanding dues of micro enterprises and small enterprises; and	8.56	-	-	8.56
(b) total outstanding dues of creditors other than micro enterprises and small enterprises.	461.47	-	(24.23)	437.24
(iii) Other financial liabilities	-	2.62	156.31	158.93
(b) Other current liabilities	231.32	0.54	(132.08)	99.78
(c) Provisions	7.26	(3.16)	-	4.10
Total current liabilities	**850.87**	**-**	**-**	**850.87**
Total Liabilities	**1,113.06**	**0.46**	**80.50**	**1,194.02**
Total equity and liabilities	**2,238.58**	**(126.63)**	**-**	**2,111.95**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

c-2 Reconciliation of Equity as at april 1, 2015 (₹ in Crore)

Assets	1-April-15			
	Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Non-current Assets				
(a) Property, Plant and Equipment	118.30	(0.65)	-	117.65
(b) Capital work-in-progress	0.45	-	-	0.45
(c) Other Intangible assets	3.23	-	-	3.23
(d) Intangible assets under development	-	-	-	-
(e) Investment in subsidiary associates/ joint venture	-	-	59.24	59.24
(f) Financial Assets	-	-	-	-
(i) Investments	295.84	(172.65)	(59.24)	63.95
(ii) Others	2.01	0.21	22.62	24.84
(g) Other non-current assets	0.08	0.64	-	0.72
Total non-current assets	**419.91**	**(172.45)**	**22.62**	**270.08**
Current Assets				
(a) Inventories	236.04	-	-	236.04
(b) Financial Assets	-	-	-	-
(i) Investments	0.18	1.32	-	1.50
(ii) Trade Receivables	367.42	-	-	367.42
(iii) Cash & cash equivalents	20.26	-	-	20.26
(iv) Bank balances other than (iii) above	115.54	-	(13.13)	102.41
(v) Loans	588.50	-	(585.50)	3.00
(vi) Others	-	-	461.18	461.18
(c) Current Tax Assets (Net)	-	-	118.03	118.03
(d) Other current assets	47.58	-	**(3.19)**	**44.39**
Total current assets	**1,375.52**	**1.32**	**(22.61)**	**1,354.23**
Total Assets	**1,795.43**	**(171.13)**	**0.01**	**1,624.31**

(₹. in Crore)

Equity and Liabilities	Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Equity				
(a) Equity Share capital	204.44	-	(80.50)	123.94
(b) Other Equity	808.44	(171.33)	-	637.11
Total Equity	**1,012.88**	**(171.33)**	**(80.50)**	**761.05**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	162.23	-	80.50	242.73
(ii) Other financial liabilities	-	0.21	-	0.21
(b) Provisions	13.78	-	-	13.78
Total non-current liabilities	**176.01**	**0.21**	**80.50**	**256.72**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	109.32	-	-	109.32
(ii) Trade Payables				
(a) total outstanding dues of micro enterprises and small enterprises; and	9.81	-	-	9.81
(b) total outstanding dues of creditors other than micro enterprises and small enterprises.	297.26	-	(12.25)	285.01
(iii) Other financial liabilities	-	2.62	82.90	85.52
(b) Other current liabilities	180.73	0.44	(70.65)	110.52
(c) Provisions	9.42	(3.06)	-	6.36
Total current liabilities	**606.54**	**-**	**-**	**606.54**
Total Liabilities	**782.55**	**0.21**	**80.50**	**863.26**
Total equity and liabilities	**1,795.43**	**(171.12)**	**-**	**1,624.31**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

d Reconciliation of Statement of Profit & Loss as at March 31, 2016 (₹ in Crore)

Assets	31-March-16			
	Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Income				
Revenue from Operation	2,569.54	-	288.83	2,858.37
Other Income	21.94	0.41	-	22.35
Total Income	**2,591.48**	**0.41**	**288.83**	**2,880.72**
Expenses				
Cost of Material Consumed	377.06	-	-	377.06
Other Direct costs	1,166.99	-	17.28	1,184.27
Purchase of goods for resale	238.78	-	-	238.78
(Increase) / Decrease in stock	(37.71)	-	0.04	(37.67)
Employee benefits expense	157.46	(1.30)	-	156.16
Finance Costs	44.92	13.50	-	58.42
Depreciation and amortisation	24.90	-	-	24.90
Other Expenses	390.10	(43.21)	271.51	618.40
Total Expenses (II)	**2,362.50**	**(31.01)**	**288.83**	**2,620.32**
Profit / (loss) before exceptional items and income tax (I-II)	**228.98**	**31.42**	**-**	**260.40**
Exceptional item (net of tax)	109.95	-	-	109.95
Profit / (Loss) before tax (III - IV)	**119.03**	**31.42**	**-**	**150.45**
Tax expense				
Current tax	26.90	-	-	26.90
MAT Credit entitlement	(26.90)	-	-	(26.90)
Deferred Tax	-	-	-	-
Profit/(loss) for the year	**119.03**	**31.42**	**-**	**150.45**
Other Comprehensive Income				
A.) Items that will not be reclassified to profit or loss				
(i) remeasurement of defined benefit plans;	-	5.44	-	5.44
(ii) Equity Instruments through OCI;	-	1.02	-	1.02
B.) Items that will be reclassified to profit or loss;	-			
Other comprehensive income for the year after tax	-	6.46	-	6.46
Total comprehensive income for the year	**119.03**	**37.88**	**-**	**156.91**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

As per our report of even date attached

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 10th May, 2017

For and on behalf of the Board

M P Shukla Chairman
Mahendra Nahata Managing Director
Arvind Kharabanda Director

V. R. Jain Chief Financial Officer
Manoj Baid Vice-President (Corporate) & Company Secretary

New Delhi, 10th May, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Himachal Futuristic Communications Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement for the year then ended the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements" (CFS)).

2. Management's Responsibility for the Consolidated Financial Statements

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

3. Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

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

4. Basis for Qualified Opinion

In the case of the subsidiary, HTL Ltd., as mentioned in Note No. 61(iv)(b) in the Notes forming part of CFS, the Subsidiary has not made the provision of interest amounting to Rs. 15,021,120 for the year ended 31st March, 2017, pending the adjustment of ETP compensation against the interest portion of outstanding Government of India loan. Had the provision for the same has been made, finance cost and liability as on 31.03.2017 would have been higher by Rs. 15,021,120 and profit for the year and total equity would have been lower by Rs. 15,021,120.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above,* the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

6. Emphasis of Matter

In the case of the subsidiary, HTL Ltd., as mentioned in Note No. 61(i) in the Notes forming part of CFS, the Subsidiary

has accumulated losses of Rs.1,146,937,789 as at March 31, 2017, resulting in negative net worth of Rs. 996,937,789. The Company's current liabilities exceed its current assets by Rs. 361,916,341 as of that date. Further, the Company has overdue loans from Government of India amounting to Rs.62,420,000 together with interest accrued and due thereon of Rs. 271,587,511. These factors raise doubts that the Company will not be able to continue as a going concern. The Company has set up a plant to manufacture Optical Fiber Cables and Fiber-to-home cables. During the year, the Company has achieved Sales Turnover of Rs. 2,014,406,627 as compared to previous year Rs. 306,375,920. In view of the above, the financial statements have been prepared on a going concern basis. Our report is not qualified in respect of this matter.

7. Other Matters

(a) We did not audit the financial statements of two subsidiaries whose financial statements information reflect total assets of Rs. 8,538,117 as at 31st March, 2017, total revenues of Rs. 30,260 and net loss after tax amounting to Rs. 398,886 for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditors.

(b) We have relied on the unaudited financial statements of one jointly controlled entity whose financial statements reflect total assets of Rs. 151,051,606 as at 31st March, 2017, total revenues of Rs. 246,607,992 and net profit after tax amounting to Rs. 32,754,108 for the year ended on that date. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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

8. Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and, *except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above,* obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, *except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above,* proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and consolidated statement of change in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, *except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above,* the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) *The matters described in paragraph 4(a) and (b) above, the Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Group.*

(f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the other directors of the Group's companies, its associate companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) *The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.*

(h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. *Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above,* the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated Ind AS financial position of the Group and its associates – Refer Note 45 to the consolidated Ind AS financial statements.

ii. *Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above,* the Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts – Refer Note 45 to the financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate companies incorporated in India.

iv. the Company has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 60 to the consolidated Ind AS financial statements.

2. Statement of non banking financial companies: In the case of the subsidiary, Moneta Finance Private Limited-

i. The subsidiary is registered with RBI and the certificate number is B-06.00384 dated 20/12/2000.

ii. a) The board of directors have passed resolution for non acceptance of public deposits;

b) The subsidiary has not accepted any public deposits during the year.

iii. The subsidiary has complied with the norms of income recognition accounting standard etc, as applicable to it.

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

Manish Kumar Singhal
Partner
Membership No: 502570

Place: New Delhi
Dated: 10th May, 2017

ANNEXURE – A - THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED AS ON 31ST MARCH, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

TO THE MEMBERS OF

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED ("the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing as specified under Section 143 (10) of the companies act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, one associate company and one jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **KHANDELWAL JAIN & CO.**
Chartered Accountants
Firm Registration No. 105049W
Manish Kumar Singhal
Partner
Membership No: 502570
Place: New Delhi
Dated: 10th May, 2017

Consolidated Balance Sheet as at March 31, 2017

(₹ in Crore)

Particulars	Note No(s)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current Assets				
(a) Property, Plant and Equipment	4	157.58	153.66	120.62
(b) Capital work-in-progress	5	1.69	0.11	3.69
(c) Goodwill		25.85	19.22	74.22
(d) Other Intangible assets	6	4.28	2.19	3.23
(e) Intangible assets under development	7	-	0.55	-
(f) Investment in associates/ joint venture	8	4.19	10.13	6.99
(g) Financial Assets				
(i) Investments	9	44.52	45.31	64.03
(ii) Others	10	7.40	14.81	30.67
(h) Deferred tax assets (net)	11	0.07	-	-
(i) Other non-current assets	12	1.57	0.70	0.72
Total non-current assets		**247.15**	**246.68**	**304.17**
Current Assets				
(a) Inventories	13	245.36	276.19	236.10
(b) Financial Assets				
(i) Investments	14	1.75	1.25	1.50
(ii) Trade Receivables	15	1,179.37	1,112.65	365.64
(iii) Cash & cash equivalents	16	5.91	9.07	26.57
(iv) Bank balances other than (iii) above	17	91.56	77.92	116.52
(v) Loans	18	6.75	2.75	3.00
(vi) Others	19	257.20	217.23	399.30
(c) Current Tax Assets (Net)	20	181.67	151.31	120.11
(d) Other current assets	21	58.69	46.34	48.00
Total current assets		**2,028.26**	**1,894.71**	**1,316.74**
Total Assets		**2,275.41**	**2,141.39**	**1,620.91**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	22	123.94	123.94	123.94
(b) Other Equity	22	841.69	716.18	553.94
Total Equity		**965.63**	**840.12**	**677.88**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	23	267.57	331.67	242.76
(iii) Other financial liabilities	24	0.21	0.21	0.21
(b) Provisions	25	18.55	12.68	15.98
Total non-current liabilities		**286.33**	**344.56**	**258.95**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	26	180.12	161.52	133.13
(ii) Trade Payables	27			
(a) total outstanding dues of micro enterprises and small enterprises; and		10.53	8.56	9.81
(b) total outstanding dues of creditors other than micro enterprises and small enterprises."		437.58	486.78	303.60
(iii) Other financial liabilities	28	243.78	187.22	118.27
(b) Other current liabilities	29	148.90	108.21	112.48
(c) Provisions	30	2.54	4.42	6.79
Total current liabilities		**1,023.45**	**956.71**	**684.08**
Total Liabilities		**1,309.78**	**1,301.27**	**943.03**
Total equity and liabilities		**2,275.41**	**2,141.39**	**1,620.91**

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 10th May, 2017

For and on behalf of the Board

M P Shukla
Chairman

Mahendra Nahata
Managing Director

Arvind Kharabanda
Director

V. R. Jain
Chief Financial Officer

Manoj Baid
Vice-President (Corporate) &
Company Secretary

New Delhi, 10th May, 2017

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

(₹ in Crore)

	Particulars	Note No(s)	For the year ended March 31, 2017	For the year ended March 31, 2016
I.	**INCOME**			
	Revenue from operations (Gross)	31	2,377.56	2,872.38
	Other Income	32	23.35	34.78
	Total Income (I)		**2,400.91**	**2,907.16**
II.	**EXPENSES**			
	Cost of Materials Consumed	33	439.92	393.55
	Other Direct costs	34	851.02	1,184.28
	Purchase of goods for resale		161.51	238.78
	(Increase) / Decrease in stock		39.32	(43.83)
	Employee benefits expense	35	152.49	159.45
	Finance Costs	36	61.33	61.50
	Depreciation and Amortisation		21.75	26.18
	Other Expenses	37	543.42	624.09
	Total Expenses (II)		**2,270.76**	**2,644.00**
III	**Profit / (loss) before Share of profit/ (loss) of an associate and a joint venture, exceptional items and income tax (I-II)**		**130.15**	**263.16**
IV	Share of profit/ (loss) of an associate and a joint venture (IV)		(5.94)	3.15
V	**Profit / (loss) before exceptional items and income tax (III+IV)**		**124.21**	**266.31**
VI	Exceptional item (net of tax)	38	-	109.95
VII	**Profit / (Loss) before tax (V - VI)**		**124.21**	**156.36**
VIII	**Tax expense**			
	Current tax		25.65	26.91
	MAT Credit Entitlement		(25.18)	(26.90)
	Deferred Tax		0.03	-
IX	**Profit/(loss) for the period (VII-VIII)**		**123.71**	**156.35**
X	**Other Comprehensive Income**			
	A.) Items that will not be reclassified to profit or loss			
	(i) remeasurement of defined benefit plans;		1.13	5.86
	ii) Equity Instruments measured at fair value through OCI		0.67	1.02
	B.) Items that will be reclassified to profit or loss;		-	-
	(i) Equity Instruments measured at fair value through OCI			
	Other comprehensive income for the year after tax (X)		**1.80**	**6.88**
XI	**Total comprehensive income for the year (IX + X)**		**125.51**	**163.23**
XII	**Profit attributable to:**			
	Owners of the Parent		122.93	155.59
	Non-controlling interests		0.78	0.76
XIII	**Total comprehensive income for the year attributable to:**			
	Owners of the Parent		124.77	162.36
	Non-controlling interests		0.74	0.87
	Basic earnings per share	39	₹1.00	₹1.26
	Diluted earnings per share	39	₹1.00	₹1.26

The accompanying notes form an integral part of the consalited financial statements

As per our report of even date attached

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 10th May, 2017

For and on behalf of the Board

M P Shukla — Chairman
Mahendra Nahata — Managing Director
Arvind Kharabanda — Director

V. R. Jain — Chief Financial Officer
Manoj Baid — Vice-President (Corporate) & Company Secretary

New Delhi, 10th May, 2017

Consolidated Cash Flow Statement for the year ended March 31, 2017

(₹ in Crore)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
I.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Total comprehensive income	125.51	163.23
	Adjustments for		
	Depreciation and Amortization expenses	21.75	26.18
	Gain on disposal of property, plant and equipment	(3.00)	(3.25)
	Gain on sale of investments	(0.16)	(1.51)
	Share of profit of associate and joint ventures	5.94	(3.15)
	Dividend and interest income classified as investing cash flows	(12.31)	(13.93)
	Finance costs	61.33	209.98
	Change in operating assets and liabilities		
	(Increase)/Decrease in trade receivables	(66.72)	(747.01)
	(Increase)/Decrease in inventories	30.83	(40.09)
	Increase/(decrease) in trade payables	(47.23)	181.93
	(Increase) in other financial assets	(54.11)	20.93
	(Increase)/decrease in other non-current assets	6.47	15.88
	(Increase)/decrease in other current assets	(9.33)	1.89
	Increase/(decrease) in provisions	3.99	(5.67)
	Increase/ (decrease) in other current liabilities	103.54	27.21
	Cash generated from operations	**166.50**	**32.62**
	Income taxes paid	(30.83)	(31.21)
	Prior Period Adjstments	-	(0.99)
	Net cash inflow from operating activities	**135.67**	**0.42**
II	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Payments for property, plant and equipment	(32.64)	(57.68)
	Payments for purchase of investments	(5.97)	(1.28)
	Payments for software development costs	(2.82)	(0.60)
	Loans to employees and related parties	(4.00)	0.25
	Proceeds from sale of investments	0.30	76.51
	Proceeds from sale of property, plant and equipment	9.68	6.37
	Dividends received	6.30	0.01
	Interest received	3.45	13.70
	Net cash outflow from investing activities	**(25.70)**	**37.28**

(₹ in Crore)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
III	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from borrowings	117.61	109.86
	Repayment of borrowings	(143.20)	(0.86)
	Interest paid	(76.96)	(60.04)
	Recompense paid	(10.58)	(104.16)
	Net cash inflow (outflow) from financing activities	**(113.13)**	**(55.20)**
IV	**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**	**(3.16)**	**(17.50)**
V	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR**	9.07	26.57
	EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	-
VI	**CASH AND CASH EQUIVALENTS AT END OF THE YEAR**	**5.91**	**9.07**

	March 31, 2017	March 31, 2016
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents (note 16)	5.91	9.07
Bank overdrafts	-	-
Balances per statement of cash flows	**5.91**	**9.07**

As per our report of even date attached

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 10th May, 2017

For and on behalf of the Board

M P Shukla
Chairman

Mahendra Nahata
Managing Director

Arvind Kharabanda
Director

V. R. Jain
Chief Financial Officer

Manoj Baid
Vice-President (Corporate) &
Company Secretary

New Delhi, 10th May, 2017

Consolidated Statement of Changes in Equity

for the period ended 31st March, 2017

(₹ in Crore)

EQUITY SHARE CAPITAL	Amount
As at April 1, 2015	123.94
Changes in equity share capital	-
As at March 31, 2016	123.94
Changes in equity share capital	-
As at March 31, 2017	123.94

(₹ in Crore)

OTHER EQUITY	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus			Items of Other Comprehensive Incomes			Total	Non-Controlling Interest	Total Equity
			Securities Premium Reserve	Other Reserves (Debenture Redemption Reserve)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Remeasurement of defined benefit plans - Other Comprehensive Income			
Balance as at April 1, 2015	**-**	**-**	**400.12**	**-**	**323.93**	**(46.91)**	**(124.42)**	**1.23**	**553.95**		**553.95**
Changes in accounting policy or prior period errors	-	-	-	-	(0.99)	-	-	-	**(0.99)**		
Restated balance at the beginning of the reporting period	-	-	-	-		-	-	-	**-**		
Total Comprehensive Income for the year	-	-	-	-	155.59	-	1.02	5.86	**162.47**	0.76	163.23
Dividends	-	-	-	-		-	-	-	**-**		
Transfer to retained earnings	-	-	-	-		-	-	-	**-**		
Any other change (to be specified)	-	-	-	-		-	-	-	**-**		
Balance as at March 31, 2016	**-**	**-**	**400.12**	**-**	**478.53**	**(46.91)**	**(123.40)**	**7.09**	**715.43**	**0.76**	**716.19**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	**-**		
Restated balance at the beginning of the reporting period	-	-	-	-		-	-	-	**-**		
Total Comprehensive Income for the year	-	-	-	-	122.92	-	0.67	1.13	**124.72**	0.78	125.50
Dividends	-	-	-	-		-	-	-	**-**		
Transfer to retained earnings	-	-	-	-		-	-	-	**-**		
Transfer to Debenture Redemption Reserve	-	-	-	7.37	(7.37)	-	-	-	**-**		
Balance as at March 31, 2017	**-**	**-**	**400.12**	**7.37**	**594.08**	**(46.91)**	**(122.73)**	**8.22**	**840.15**	**1.54**	**841.69**

i) 1,45,50,000 (previous year 1,45,50,000) shares of Rs 1/- each issued for consideration other than cash pursuant to the amalgamation of erstwhile Himachal Telematics Ltd with the Company.

ii) 52,96,01,640 shares of Rs 1/- each have been alloted for a consideration other than cash pursuant to the composite scheme of arrangement and amalgamation between Sunvision Engineering Company Private Limited (SECPL), its shareholder & the Optionally Convertible Debenture (OCD) holders and the company & its shareholders , sanctioned by the Hon'ble High Court of Himachal Pradesh at Shimla vide its order passed on January 5, 2011.

As per our report of even date attached

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 10th May, 2017

For and on behalf of the Board

M P Shukla
Chairman

Mahendra Nahata
Managing Director

Arvind Kharabanda
Director

V. R. Jain
Chief Financial Officer

Manoj Baid
Vice-President (Corporate) &
Company Secretary

New Delhi, 10th May, 2017

Notes Forming Part of the Consolidated Financial statements

1. CORPORATE INFORMATION

Himachal Futuristic Communication Limited ('HFCL' or 'the Company') is a public limited company domiciled and incorporated in India having its registered office at 8, Electronics Complex , Chambaghat, Solan, Himachal Pradesh-173213. . The Company's shares are listed and traded on Stock Exchanges in India. Established in 1987, Himachal Futuristic Communications Limited (HFCL) is a diverse telecom infrastructure enabler with active interest spanning telecom infrastructure development, system integration, and manufacture and supply of high-end telecom equipment and Optic Fiber Cable (OFC).

The financial statements are approved for issue by the Company's Board of Directors on May 10, 2017.

2. APPLICATION OF NEW AND REVISED IND -AS

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 to the extent applicable have been considered in preparing these financial statements.

Recent accounting pronouncements:-

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and its effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-Market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The company is evaluating the requirements of the amendment and its impact on the financial statements is being evaluated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of preparation

3.1.1. Compliance with Ind AS

In accordance with the notification dated 16th February, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016.

The Standalone Financial Statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first Ind AS Standalone Financial Statements. The date of transition to Ind AS is April 1, 2015. Refer Note 66 for details of First-time adoption - mandatory exceptions and optional exemptions availed by the Company.

Up to the year ended March 31, 2016, the Company had prepared the Standalone Financial Statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (Previous GAAP) applicable in India and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

Reconciliations and descriptions of the effect of the transition has been summarized in note 67.

3.1.2. Historical Cost Convention

The Standalone Financial Statements have been prepared on the historical cost basis except for the followings:

- certain financial assets and liabilities and contingent consideration that is measured at fair value;
- assets held for sale measured at fair value less cost to sell;
- defined benefit plans plan assets measured at fair value; and

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Standalone Financial Statements are presented in Indian Rupees except where otherwise stated.

3.2. Basis of Consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

ii. Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

iii. Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. HFCL has only joint venture with DragonWave HFCL.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognized at cost in the consolidated balance sheet.

iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described below.

v. Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.3. Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit obligations are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

3.4. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle

b) Held primarily for the purpose of trading, or

c) Expected to be realised within twelve months after the reporting period other than for (a) above, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in normal operating cycle

b) It is held primarily for the purpose of trading

c) It is due to be settled within twelve months after the reporting period other than for (a) above, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

3.5. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between Market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a Market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another Market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company categorizes assets and liabilities measured at fair value into one of three levels as follows:

- Level 1 — Quoted (unadjusted)

  This hierarchy includes financial instruments measured using quoted prices.

- Level 2

  Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include the following:

a) quoted prices for similar assets or liabilities in active Markets.

b) quoted prices for identical or similar assets or liabilities in Markets that are not active.

c) inputs other than quoted prices that are observable for the asset or liability.

d) Market – corroborated inputs.

- Level 3

  They are unobservable inputs for the asset or liability reflecting significant modifications to observable related Market data or Company's assumptions about pricing by Market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current Market transactions in the same instrument nor are they based on available Market data.

3.6. Investments in subsidiaries, associates and joint ventures

The Company records the investments in subsidiaries, associates and joint ventures at cost.

When the Company issues financial guarantees on behalf of subsidiaries, initially it measures the financial guarantees at their fair values and subsequently measures at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

The Company records the initial fair value of financial guarantee as deemed investment with a corresponding liability recorded as deferred revenue. Such deemed investment is added to the carrying amount of investment in subsidiaries.

Deferred revenue is recognized in the Statement of Profit and Loss over the remaining period of financial guarantee issued.

3.7. Non-current assets held for sale

Non-current assets and disposal group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

3.8. Property Plant and Equipment

Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

For transition to Ind AS, the Company has elected to continue with the carrying value of its Property, Plant and Equipment (PPE) recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date.

PPE are stated at actual cost less accumulated depreciation and impairment loss. Actual cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses for bringing the asset to its working conditions for its intended use (net of CENVAT) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It include professional fees and borrowing costs for qualifying assets.

Significant Parts of an item of PPE (including major inspections) having different useful lives & material value or other factors are accounted for as separate components. All other repairs and maintenance costs are recognized in the statement of profit and loss as incurred.

Depreciation of these PPE commences when the assets are ready for their intended use.

Depreciation is provided for on Buildings (including buildings taken on lease) and Plant & Machinery on straight line method and on other PPE on written down value method on the basis of useful life. On assets acquired on lease (including improvements to the leasehold premises), amortization has been provided for on Straight Line Method over the period of lease.

The estimated useful lives and residual values are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

The useful life of property, plant and equipment are as follows:-

Asset Class	Useful Life
Freehold Buildings	Office Building : 60 years Factory Building : 30 years
Leasehold Buildings	Over the period of lease
Plant & Machinery	7.5 - 15 years
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computers	3 – 6 years
Office Equipments	5 years
Vehicles	8 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the shorter of the assets useful life and the lease term if there is an uncertainty that the company will obtain ownership at the end of the lease term.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

3.9. Intangible Assets

(i) Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of intangible assets recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost as on the transition date.

(ii) Intangible assets

- **Recognition of intangible assets**

a. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

b. Research and development

Research and development expenditure that do not meet the criteria as below, are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

The company initially recognizes development expenses as intangible assets when the company can demonstrate that:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

It is amortized over the period of expected future benefit. Amortization expense is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

c. Computer software

Purchase of computer software used for the purpose of operations is capitalized. However, any expenses on software support, maintenance, upgrade etc. payable periodically is charged to the Statement of Profit & Loss.

- **De-recognition of intangible assets**

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognized.

(iii) Intangible assets under development

All costs incurred in development, are initially capitalized as Intangible assets under development - till the time these are either transferred to Intangible Assets on completion or expensed as Software Development cost (including allocated depreciation) as and when determined of no further use.

3.10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.10.1. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories based on business model of the entity:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments are measured at fair value. Equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. This amount is not recycled from OCI to P & L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

De-recognition

A financial asset is de-recognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of Impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

e) Loan commitments which are not measured as at FVTPL

f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).

3.10.2 Financial liabilities

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Financial guarantee contracts

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.11. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current Market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent Market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

A previously recognized impairment loss (except for goodwill) is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the carrying amount of the asset.

3.12. Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost Method.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost Method.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Contract Work in Progress : It is valued at cost
- Loose Tools (Consumable) : It is valued at cost after write-off at 27.82% p.a.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.13. Revenue recognition

- **Sale of Goods and Rendering of Service**

  Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

  Sales & services include sales during trial run and excise duty/service tax recoverable. Liquidated damages are accounted for as and when they are ascertained.

Revenue in respect of long term turnkey works contracts is recognised under percentage of completion method subject to such contracts having progressed to a reasonable extent. Revenue in respect of other works contracts and services is recognised on completed contract method.

- **Interest income**

  For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR).

- **Dividends**

  Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

- **Rental income**

  Rental income arising from operating leases or on investment properties is accounted for on a straight-line basis over the lease terms and is included in other non-operating income in the statement of profit and loss.

- **Insurance Claims**

  Insurance claims are accounted for as and when admitted by the concerned authority.

3.14. Excise and custom duty

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

3.15. Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

3.16. Foreign currency transactions

The functional currency of the Company is Indian Rupees which represents the currency of the economic environment in which it operates.

Transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currency at the year end and not covered under forward exchange contracts are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized in the profit and loss account as income or expense.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation difference on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortized as income or expense over the life of the contract. Further exchange difference on such contracts i.e. difference between the exchange rate at the reporting /settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/expense for the period.

3.17. Employee Benefits

Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Long-Term employee benefits

Compensated expenses which are not expected to occur within twelve months after the end of period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Post-employment obligations

i. Defined contribution plans

Provident Fund and employees' state insurance schemes

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

recognized and administered by the Government of India.

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

ii. Defined benefit plans

Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 (revised), "Employee Benefits " The Company makes annual contributions to the HDFC Standard Life Insurance Company Ltd for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Defined retirement benefit plans comprising of gratuity, un-availed leave, post-retirement medical benefits and other terminal benefits, are recognized based on the present value of defined benefit obligation which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

Leave Encashment

The company has provided for the liability at period end on account of un-availed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

Actuarial gains and losses are recognized in OCI as and when incurred.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest as defined above),are recognized in other comprehensive income except those included in cost of assets as permitted in the period in which they occur and are not subsequently reclassified to profit or loss.

The retirement benefit obligation recognized in the Financial Statements represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred.

3.18. Borrowing Costs

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

Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.19. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

3.20. Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Company are segregated.

3.21. Cenvat Credit

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

3.22. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.23. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Standalone Financial Statement. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Dividend distribution tax paid on the dividends is recognized consistently with the presentation of the transaction that creates the income tax consequence.

(₹ in Crore)

NOTE 4. PROPERTY, PLANT AND EQUIPMENT	Plant and Machinery	Building Freehold	Building Leasehold	Electrical Installations	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Land Freehold	Total
As at April 1, 2015 (Deemed Cost)	48.91	30.77	19.91	6.92	2.66	0.66	4.63	3.73	2.43	120.62
As at April 1, 2015 (Deemed Cost)	328.86	39.83	25.64	14.37	8.39	5.76	22.38	10.53	2.43	458.19
Additions	42.19	9.05	-	0.01	0.60	0.38	1.32	7.71	-	61.26
Disposals / Adjustments	66.39	1.00	-	-	1.57	0.77	6.50	4.12	-	80.35
As at March 31, 2016	304.66	47.88	25.64	14.38	7.42	5.37	17.20	14.12	2.43	439.10
Acquisition of Subsidiary	0.03	-	-	-	0.03	-	0.23	-	-	0.29
Additions	25.36	1.82	0.04	0.07	0.88	0.36	1.09	1.13	0.03	30.78
Disposals / Adjustments	39.63	-	-	-	-	-	0.66	0.42	-	40.71
As at March 31, 2017	290.42	49.70	25.68	14.45	8.33	5.73	17.86	14.83	2.46	429.17
Accumulated depreciation and impairment										
As at April 1, 2015 (Deemed Cost)	279.95	9.06	5.73	7.45	5.73	5.10	17.75	6.80	-	337.57
Depreciation for the year	14.83	1.81	0.05	1.84	0.77	0.38	2.77	2.66	-	25.11
Disposals / Adjustments	64.53	0.90	-	-	1.57	0.77	6.14	3.33	-	77.24
As at March 31, 2016	230.25	9.97	5.78	9.29	4.93	4.71	14.38	6.13	-	285.44
Depreciation for the year	11.19	1.26	0.79	1.39	0.69	0.36	1.85	2.93	-	20.46
Disposals / Adjustments	33.00	-	-	-	-	-	0.64	0.38	-	34.02
As at March 31, 2017	208.44	11.23	6.57	10.68	5.62	5.07	15.59	8.68	-	271.88
Net Book Value										
As at April 1, 2015 (Deemed Cost)	48.91	30.77	19.91	6.92	2.66	0.66	4.63	3.73	2.43	120.62
As at March 31, 2016	74.41	37.91	19.86	5.09	2.49	0.66	2.82	7.99	2.43	153.66
As at March 31, 2017	81.98	38.47	19.11	3.77	2.71	0.66	2.27	6.15	2.46	157.58

1. Gross block and Net block of fixed assets are net of provision for impairment in respect of Plant & Machinery ₹113.81 Crore, Electrical Installation ₹0.12 Crore and Office Equipments ₹1.24 Crore. During the year company has scraped Plant & Machinery amounting to ₹3.93 Crore and its accumulated depreciation of ₹3.56 Crore which was obsolete/redundant.
2. The Company has elected to continue with the carrying value of its Property Plant & Equipment (PPE) recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date except for decommissioning liabilities included in the cost of other Property Plant & Equipment (PPE) which has been adjusted in terms of para D 21 of Ind AS 101.
3. Significant estimate: Useful life of tangible assets.

   The Company has estimated the useful life of the tangible assets based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than the life taken, depending on technical innovations and competitor actions.

(₹ in Crore)

NOTE 5 CAPITAL WORKS-IN-PROGRESS	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Buildings	1.69		0.11		3.69	
Plant	-		-		-	
		1.69		0.11		3.69
Total		**1.69**		**0.11**		**3.69**

(₹ in Crore)

NOTE 6. INTANGIBLE ASSETS	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Application software						
Cost or deemed cost						
Opening balance (Deemed Cost)	5.86		5.81		4.53	
Acquisition of Subsidiary	0.02					
Additions during the year	3.35		0.05		1.28	
Disposals/ adjustments / transfer		9.23	-	5.86	-	5.81
Less:Accumulated amortisation and impairment						
Accumulated amortization						
Opening balance	3.67		2.58		1.61	
Additions during the year	1.28		1.09		0.97	
Disposal / adjustment / transfer		4.95	-	3.67	-	2.58
Total		**4.28**		**2.19**		**3.23**

1. The Company has elected to continue with the carrying value of its Intangible Assets, recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date.
2. Significant estimate: Useful life of intangible assets.

   The Group estimates the useful life of the software to be 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations and competitor actions.

(₹ in Crore)

NOTE 7. INTANGIBLE ASSETS UNDER DEVELOPMENT	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Application Software						
Gross cost						
Opening balance	0.55		-		-	
Expenditure during the year	-		0.55		-	
Less: Sale proceeds / Capitalized during the year	0.55		-		-	
		-		0.55		-
Intangible Assets under Development		**-**		**0.55**		**-**

Significant estimate: Useful life of intangible assets under development

The Company has completed the configuration of various software that is used to in its various business processes. The Company estimates the useful life of the software to be 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations.

(₹ in Crore)

NOTE 8. INVESTMENT IN ASSOCIATES/ JOINT VENTURE	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unquoted Investments			
Investment in Equity Instruments			
(i) Associates	-	-	-
(ii) Joint Venture	3.49	3.49	3.49
Add : Share of profits	0.70	6.64	3.50
Total	**4.19**	**10.13**	**6.99**

(₹ in Crore)

NOTE 8.1 Investments in Associates	Face value per share	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
Unquoted Investments							
Investment in Equity Instruments							
HFCL Bezeq Telecom Ltd.	10	100	-	100	-	100	-
Total aggregate unquoted investments			-		-		-
Total investments carrying value			-		-		-
Aggregate carrying value of unquoted investments							
Aggregate amount of impairment in value of investments			-		-		-

NOTE 8.2 Details of Associates	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Company		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
HFCL Bezeq Telecom Ltd.	Basic Telephone Services but operations not yet started	India	0.19%	0.19%	0.19%

(₹ in Crore)

NOTE 8.3 Investments in Joint Ventures	Face value per share	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
Unquoted Investments							
Investment in Equity Instruments							
DragonWave HFCL India Pvt. Ltd.	10	3,493,000	3.49	3,493,000	3.49	3,493,000	3.49
Add : Share of Profits			0.70		6.64		3.50
Total aggregate unquoted investments			**4.19**		**10.13**		**6.99**
Total investments carrying value			**4.19**		**10.13**		**6.99**
Aggregate carrying value of unquoted investments			4.19		10.13		6.99
Aggregate amount of impairment in value of investments			-		-		-

NOTE 8.4 Details of Joint Ventures	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Company		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
DragonWave HFCL India Pvt. Ltd.	Radio Communication Systems	India	49.90%	49.90%	49.90%

(₹ in Crore)

NOTE 9. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial Assets			
Investments			
A Investments in Equity shares			
(i) Others*	44.49	45.28	44.00
B Investments in debentures or bonds	0.03	0.03	20.03
Total	**44.52**	**45.31**	**64.03**

(₹ in Crore)

Other investments	Face value per share	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Shares/ Debentures/ Units	Amount	No. of Shares/ Debentures/ Units	Amount	No. of Shares/ Debentures/ Units	Amount
Financial assets measured at FVTOCI							
(a) Investment in equity instruments							
Unquoted Equity Shares							
(i) Exicom Tele-Systems Ltd. ##	10	630,223	9.13	630,223	9.13	630,223	8.07
(ii) Polixel Security Systems Pvt. Ltd.	10	-	-	10,000	0.66	10,000	0.45
(iii) Microwave Communications Ltd. (MCL)*	10	12,187,440	-	12,187,440	-	12,187,440	-
(iv) AB Corp Ltd.#	10	13,250,000	35.22	13,300,000	35.35	13,300,000	35.35
(v) Midas Communication Technologies Pvt. Ltd.	10	2,642	-	2,642	-	2,642	-
(vi) The Greater Bombay Co-Op Bank Ltd.	25	4,000	0.06	4,000	0.06	4,000	0.05
(vii) India Card Technologies Pvt. Ltd.	10	19,900	-	19,900	-	19,900	-
(viii) Shankar Sales Promotion Pvt. Ltd.	10	2,000	0.08	2,000	0.08	2,000	0.08
Total Investment in Equity Instruments measured at FVTOCI			44.49		45.28		44.00
(b) Investment in Debt Instruments							
Unquoted Debt Instruments							
(i) APJR Traders & Commission Agent Pvt. Ltd.	100	-	-	-	-	100,000	-
(ii) Bachhawat Share Broking Pvt. Ltd.	100	-	-	-	-	147,000	-
(iii) Basant Marketing Pvt. Ltd.	100	-	-	-	-	2,000,000	-
(iv) Database Software Technology Pvt. Ltd.	100	-	-	-	-	4,500,000	-
(v) Shyam Basic Infrastructure Projects Pvt. Ltd.	100	-	-	-	-	6,434,000	20.00
(v) Senior Consulting Pvt Ltd.	1000	26,000	0.03	26,000	0.03	26,000	0.03
(vi) Atul Properties Pvt. Ltd. (OFCD)	100	185,000	-	185,000	-	185,000	-
Total Investment in Debt Instruments measured at FVTOCI			0.03		0.03		20.03
Total investments			44.52		45.31		64.03

* Shares held in Microwave Communications Ltd. are pledged with IDBI Bank Ltd. as a security for the term loan given by IDBI Bank Ltd. to MCL. Accordingly, the Company is not able to exercise significant influence.

\# 6,500,000 share pledged as security for the term loan given by Oriental Bank of Commerce (OBC) to the Company. The shares are held by OBC in their own name and the Company is not able to exercise significant influence.

Considering the adoption of Ind AS Standards, Exicom Tele-Systems Ltd. has not been considered as an Associates.

(₹ in Crore)

NOTE 10. NON-CURRENT FINANCIAL ASSETS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loan			
Other Loans			
(a) Secured, considered good;	-	-	-
(b) Unsecured, considered good;	-	0.14	0.60
(c) Doubtful	0.20	0.20	0.20
	0.20	0.34	0.80
Less : Contingent Provision against standard assets	-	-	-
Less : Provision for doubtful loans	(0.10)	(0.10)	(0.10)
	0.10	0.24	0.70
Other Financial Assets			
Fixed Deposits with Bank (Maturity more than 12 months)	7.09	7.48	18.26
Receivable under Assignment	-	6.88	11.50
Financial guarantee Fees receivable	0.21	0.21	0.21
Total	**7.40**	**14.81**	**30.67**

(₹ in Crore)

NOTE 11. DEFERRED TAX ASSETS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred Tax Assets/ (Liabilities)	0.07	-	-
Total	**0.07**	**-**	**-**

(₹ in Crore)

NOTE 12. OTHER NON-CURRENT ASSETS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other Non-Current Assets			
Capital Advances	0.95	0.06	0.08
Unexpired Lease Premium*	0.62	0.64	0.64
Total	**1.57**	**0.70**	**0.72**

*One of the Lease hold Land situated at Solan (H.P.) is pending for registration of title in the name of the Company.

(₹ in Crore)

NOTE 13. INVENTORIES	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inventories (As Certified and valued by the management)			
Raw Material	65.72	63.21	50.64
Raw Materials in transit	3.08	0.80	10.54
Work-in-progress	159.32	231.31	194.28
Finished goods	16.42	6.64	0.91
Stock-in-trade securities	2.39	2.25	2.64
Stock-in-trade Goods	28.66	3.15	2.01
stores and spares	2.39	1.81	1.56
Loose tools;	0.40	0.54	0.60
Others (Packing Material)	0.74	0.24	0.02
Less : Provisions for Non Moving	(33.76)	(33.76)	(27.10)
Total	**245.36**	**276.19**	**236.10**

* Work in progress includes contract work in progress ₹ 153.63 Crore (previous year ₹217.57 Crore)

(₹ in Crore)

NOTE 14. CURRENT FINANCIAL ASSETS - INVESTMENTS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments			
Investments in Equity shares	1.73	1.23	1.48
Investments in Mutual Funds	0.02	0.02	0.02
Total	**1.75**	**1.25**	**1.50**

(₹ in Crore)

Financial Assets - investments	Face value	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Shares/ Units	Amount	No. of Shares/ Units	Amount	No. of Shares/ Units	Amount
Financial assets carried at fair value through profit or loss							
(a) Investments in mutual funds							
Quoted Investment							
Principal Cash Management fund - Dividend reinvestment plan	1000	213	0.02	203	0.02	193	0.02
Total FVTPL Investment			**0.02**		**0.02**		**0.02**
Financial assets measured at FVTOCI							
(a) Investment in equity instruments							
Quoted Equity Shares							
(i) Sumedha Fiscal Services Ltd.	10	18,200	0.03	18,200	0.03	18,200	0.03
(ii) Valiant Communications Ltd.	10	8,700	0.08	8,700	0.07	8,700	0.02
(iii) Magma Fincorp Ltd	2	152,830	1.62	152,830	1.13	152,830	1.43
Total Investment FVTOCI			**1.73**		**1.23**		**1.48**
Total Current Financial Investments			**1.75**		**1.25**		**1.50**

(₹ in Crore)

NOTE 15. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good;	1,179.37	1,112.65	365.64
Total	**1,179.37**	**1,112.65**	**365.64**

(₹ in Crore)

NOTE **15.1. Age of receivable:**	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within the credit period			
1- 180 days past due	826.49	808.46	292.78
181-365 days past due	232.35	258.24	29.43
More than 365 days past due	120.53	45.95	43.43
Total	**1,179.37**	**1,112.65**	**365.64**

(₹ in Crore)

NOTE 16. CURRENT FINANCIAL ASSETS - CASH & CASH EQUIVALENTS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash & Cash Equivalents			
Balance with banks	3.80	8.83	21.97
Cheques, drafts on hand	-	0.01	-
Cash on hand	0.11	0.21	0.06
Fixed Deposits with Bank (Original maturity less than 3 months)	2.00	0.02	4.53
Total	**5.91**	**9.07**	**26.57**

(₹ in Crore)

NOTE 17. CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Fixed Deposits with Bank (Maturity less than 12 months)	91.56	77.92	116.52
Total	**91.56**	**77.92**	**116.52**

(₹ in Crore)

NOTE 18. CURRENT FINANCIAL ASSETS - LOANS	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Loans			
Other Loans			
(a) Unsecured, considered good;	6.75	2.75	3.00
(b) Doubtful	-	6.00	6.00
	6.75	8.75	9.00
Less : Provision for doubtful loans	-	(6.00)	(6.00)
Total	**6.75**	**2.75**	**3.00**

(₹ in Crore)

NOTE 19. CURRENT FINANCIAL ASSETS-OTHER ASSETS	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Other Financial Assets			
Advances other than capital advances;			
a.) Security Deposits			
Unsecured, considered good;	6.96	4.64	4.96
b.) Other advances			
Unsecured, considered good;	250.24	212.59	394.34
Total	**257.20**	**217.23**	**399.30**

(₹ in Crore)

NOTE 20. CURRENT TAX ASSETS (NET)	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Advance tax/TDS(net of tax)	59.18	54.01	49.71
MAT credit entitlement	122.49	97.30	70.40
Total	**181.67**	**151.31**	**120.11**

(₹ in Crore)

NOTE 21. OTHER CURRENT ASSETS	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Other Current Assets			
Interest Receivables	25.37	22.80	22.58
Balance with Central Excise & customs authorities	30.16	17.25	8.31
Claims Receivable	-	3.47	3.47
Fixed Assets Held for Sale	1.40	1.73	0.14
Modvat Receivable	-	1.09	-
Receivable under assignment	-	-	13.50
Other Receivables	1.76	-	-
Total	**58.69**	**46.34**	**48.00**

(₹ in Crore)

NOTE 22(a). EQUITY SHARE CAPITAL	No of Shares	Amount
(a) Authorised Share Capital		
As at April 1, 2015	5,100,000,000	510.00
Increase during the year		
As at March 31, 2016	5,100,000,000	510.00
Increase during the year		
As at March 31, 2017	5,100,000,000	510.00

Movement in Equity Share Capital	No of Shares	Equity Share Capital par value
As at April 1, 2015	1,239,377,194	123.94
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2016	1,239,377,194	123.94
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2017	1,239,377,194	123.94

Equity Shares

1,45,50,000 (Previous year 1,45,50,000) shares of Re 1/- each issued for consideration other than cash pursuant to the amalgamation of erstwhile Himachal Telematics Ltd. with the Company.

52,96,01,640 shares of Re. 1/- each have been allotted for a consideration other than cash pursuant to the Composite Scheme of Arrangement and Amalgamation between Sunvision Engineering Company Private Limited (SECPL), its Share holders & the Optionally Convertible Debenture (OCD) holders and the Company & its Shareholders, sanctioned by the Hon'ble High Court of Himachal Pradesh at Shimla vide its Order passed on 5th January, 2011.

The Company had received the notice for conversion of Optionally Fully Convertible Debentures (OFCDs) into Equity Shares on 27th February, 2006. Accordingly during the year 2006-2007, 2,000,000 OFCDs were converted into 11,802,739 equity shares of the face value of ₹ 10/- at a premium of ₹11.90 Crore per equity share and ₹14.05 Crore has been transferred to securities premium account.

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

Name of Shareholder		As at March 31, 2017	As at March 31, 2016	As at April, 2015
		No. of share held	No. of share held	No. of share held
NextWave Communications (P) Ltd		212,365,000	234,765,000	234,765,000
	% of Holding	17.13%	18.94%	18.94%
M N Ventures (P) Ltd (Erstwhile ANM Enginnering & Works (P) Ltd)		238,390,000	238,390,000	238,390,000
	% of Holding	19.23%	19.23%	19.23%
IDBI Bank Limited		79,337,501	96,033,845	117,534,018
	% of Holding	6.40%	7.74%	9.48%

Terms/right attached to Equity/Preference Shares

The Company has issued equity share of Re.1/- each and 6.5% cumulative redeemable preference share of ₹100/- each. On a show of hands, every holder of equity shares is entitled for one vote and upon a poll shall have voting rights in proportion to the shares of the paid up capital of the Company held by them. Preference shareholders shall have voting right in proportion to the shares of the paid up capital provided if the dividend due on such capital or any part of such dividend has remained unpaid. The Company declares dividend, if any, in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount in proportion to their shareholdings.

(₹ in Crore)

NOTE 22(b). Other Equity	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Securities Premium	400.12	400.12	400.12
Retained Earnings	432.66	315.30	153.82
Debenture Redemption Reserve	7.37	-	-
Non-Controlling Interest	1.54	0.76	
Total	**841.69**	**716.18**	**553.94**

(₹ in Crore)

(i) Securities Premium	Amount
As at April 1, 2015	400.12
Increase during the year	-
As at March 31, 2016	400.12
Increase during the year	-
Acquisition of Subsidiary	-
As at March 31, 2017	**400.12**

(₹ in Crore)

(ii) Retained Earnings	As at March 31, 2017	As at March 31, 2016
Opening Balance	315.30	153.82
Less : Prior Period Errors	-	(0.99)
	315.31	152.83
Net profit for the period	123.71	156.35
Items of Other Comprehensive Income recognised directly in Retained Earnings		
Remeasurement of Defined benefit plans	1.13	5.86
Equity Instruments measured at Fair value	0.67	1.02
Transfer into Debenture redemption reserve	(7.37)	-
Non-Controlling Interest	(0.78)	(0.76)
Closing Balance	**432.66**	**315.30**

(₹ in Crore)

(iii) Debenture Redemption Reserve	Amount
As at April 1, 2015	-
Increase during the year	-
As at March 31, 2016	-
Increase during the year	7.37
As at March 31, 2017	7.37

(₹ in Crore)

NOTE 23. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS	As at March 31, 2017	As at March 31, 2016	As at Apr 1,2015
Borrowings			
a.) Non-Convertible Debentures	29.50	-	-
b) Term Loans			
(i) from Banks	144.46	247.71	161.03
(ii) from other parties	6.24	-	-
c) preference shares	60.38	80.50	80.50
d) Vehicle Loans	3.31	3.46	1.23
e) Interest on Loan from other parties	23.68	-	-
Total	**267.57**	**331.67**	**242.76**

a.) During the year Company has allotted 10.30% 29,49,750 Non-Convertible Debenture (NCDs) of ₹100/- each aggregating to ₹ 29.50 Crore by way of conversion of outstanding right of recompense amount payable by the Company. NCDs are secured by way of first pari-passu charge on movable & immovable fixed assets of Company with existing term loans and are redeemable at face value in installment in the ratio of 33.33%, 33.33% and 33.34% at the end of 30th September, 2019 (FY 2019-20), 2020 (FY 2020-21), 2021(FY 2021-22) respectively.

b.) The 6.5% Cumulative Redeemable Preference Shares (CRPS) aggregating to ₹ 80.50 Crore shall be redeemed at the rate of 25% and 75% of the face value in the financial years ending 31st March 2018 and 31st March, 2019, respectively and will carry the coupon rate of 6.50% from new cut off date i.e. 1st January, 2011 as mentioned in the rework package approved by the CDR EG on 29.03.2011. However, dividend accrued on notional basis, as same has not been declared and fallen due for payment, and penal interest thereon, till the cut-off date, stands waived as per CDR rework package.

c.) Term loan of ₹131.64 Crore (Previous year ₹143.51 Crore) and Funded interest term loan of ₹17.61 Crore (Previous year ₹ 28.92 Crore) from one of the bank are secured on pari passu basis by way of first charge on all the immovable properties, both present and future, by way of equitable mortgage and first charge on the entire sales proceeds of the contracts covered under the aforesaid loan to be credited to the Escrow/designated account.

d.) Term loan of ₹ 9.35 crore (Previous year ₹12.85 crore) from a bank, Working capital term loan of ₹7.28 crore (Previous year ₹10.01 Crore) and Funded interest term loan of ₹20.70 Crore (Previous year ₹ 31.06 Crore) are secured by way of pledge of shares and also secured on pari-passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. as well as by way of second charge on immovable properties pertaining to the Company.

e.) Working capital term loans of ₹10.03 Crore (Previous year ₹13.79 Crore) from banks and Funded interest term loans of ₹13.85 Crore (Previous year ₹20.78 Crore) are secured on pari-passu basis by way of hypothecation of stocks of raw materials, finished and semi-finished goods, stores and spares, book debts etc. as well as by way of second charge on immovable properties of the Company.

f.) Part of term loan and FITL from Banks & Financial Institutions amounting to ₹110.46 Crore (Previous year ₹160.91 Crore) are secured by Pledge of equity shares up to 51% (241548750) of new co-opted promoters and also personally guaranteed by Managing Director of the Company and further by way of corporate Guarantee of M/s M N Ventures Private Ltd (erstwhile M/s ANM Enginnering and Works Pvt. Ltd.).

g.) Vehicle loan of ₹4.00 Crore (Previous Year ₹3.95 Crore) from banks is secured by way of hypothecation of respective assets.

	F.Y. 2017-18	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2021-22	F.Y. 2022-23
Other Loans	0.69	0.76	0.76	0.80	0.78	0.21

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

	F.Y. 2017-18	F.Y. 2018-19
Term Loans	29.15	29.15
Funded Interest Term Loan	28.59	23.59

i.) Term loan amount to Rs. 100.00 crore with rate of interst @ 10.75% p.a. re - payable as under :

(₹ in Crore)

	F.Y. 2017-18	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2021-22
Term Loans	12.50	12.50	25.00	25.00	25.00

(₹ in Crore)

NOTE 24. NON-CURRENT FINANCIAL LIABILITIES - OTHER LIABILITIES	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Financial guarantee Obligations	0.21	0.21	0.21
Total	**0.21**	**0.21**	**0.21**

(₹ in Crore)

NOTE 25. PROVISIONS	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Provisions			-
Provisions for Employee Benefits	18.55	12.68	15.98
Total	**18.55**	**12.68**	**15.98**

(₹ in Crore)

NOTE 26. CURRENT FINANCIAL LIABILITIES - BORROWINGS	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Borrowings			
a.) Loans repayable on demands			
(i) from Banks	124.94	71.21	41.97
(ii) from other parties	47.00	90.31	91.17
b) Buyer's Credit	8.18	-	-
Total	**180.12**	**161.52**	**133.14**

Working capital loans from banks aggregating to ₹117.64 Crore (Previous year ₹ 66.35 Crore) are secured on pari-passu basis by way of hypothecation of stocks of raw materials, finished and semi- finished goods, stores and spares, book debts etc. as well as by way of second charge on immovable properties pertaining to Wireline, Wireless and Cable divisions of the Company and further secured by way of pledge of equity shares up to 51% (241548750) of new co-opted promoters and are also personally guaranteed by Managing Director of the Company and further by way of corporate guarantee of M/s M N Ventures Private Ltd. (erstwhile M/s ANM Enginnering and Works Pvt. Ltd.).

(₹ in Crore)

NOTE 27. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises; and	10.53	8.56	9.81
(b) total outstanding dues of creditors other than micro enterprises and small enterprises."	437.58	486.78	303.60
Total	**448.11**	**495.34**	**313.41**

(₹ in Crore)

NOTE 28. CURRENT FINANCIAL LIABILITIES - OTHER LIABILITIES	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Retention/ Earnest Money Payable;	148.51	85.65	54.17
Other Financial Liabilities			
a) Current maturities of long-term debts;	70.93	50.96	22.02
b) Preference Shares;	20.12	-	-
c) Interest accrued;	1.60	40.92	39.46
d) Dividend on Preference Shares;	2.62	2.62	2.62
e) Recompense amount payable;	-	7.07	-
Total	**243.78**	**187.22**	**118.27**

(₹ in Crore)

NOTE 29. OTHER CURRENT LIABILITIES	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Other Current Liabilities			
a) Advance from Customers;	17.96	0.27	52.14
b) others	0.01	-	-
Creditors for Capital Goods	2.06	0.68	1.16
Expenses Payable	97.68	73.07	42.28
Other Employees related liabilities	7.01	5.14	3.35
Statutory Liabilities	24.18	29.05	13.55
Total	**148.90**	**108.21**	**112.48**

(₹ in Crore)

NOTE 30. PROVISIONS	As at March 31, 2017	As at March 31, 2016	As at April 1,2015
Provisions for Employee Benefits	2.48	4.42	6.77
Provisions - Others	0.06	-	0.02
Total	**2.54**	**4.42**	**6.79**

(₹ in Crore)

NOTE 31. REVENUE FROM OPERATIONS	For the year ended March 31, 2017	For the year ended March 31,2016
Sale of products	705.48	680.34
Sale of services	1,672.08	2,192.04
Other Operating Revenues	-	-
Total	**2,377.56**	**2,872.38**

(₹ in Crore)

NOTE 32. OTHER INCOME	For the year ended March 31, 2017	For the year ended March 31,2016
Other non-operating income		
Interest Income	6.01	13.92
Dividend Income	6.30	0.01
Others		
Excess provision written back	0.11	6.08
Profit on sales of Assets	3.00	3.25
Recovery of debts, loans & advances earlier written off	1.23	4.14
Export Incentives	0.71	1.07
Insurance Claim Received	1.21	3.76
Scrap Sales	2.24	0.67
Rent Received	0.49	0.67
Foreign Exchange Fluctuation (Net)	0.93	-
Miscellaneous Income	0.72	0.81
Financial guarantee premium	0.40	0.40
Total	**23.35**	**34.78**

(₹ in Crore)

NOTE 33. COST OF MATERIALS CONSUMED	For the year ended March 31, 2017	For the year ended March 31,2016
Opening Balance	63.21	50.64
Add : Purchases during the year	**442.43**	**406.12**
	505.64	456.76
Less: Closing Stock	**65.72**	**63.21**
Total	**439.92**	**393.55**

(₹ in Crore)

NOTE 34. OTHER DIRECT COSTS	For the year ended March 31, 2017	For the year ended March 31,2016
Liabilities/ provisions no longer required written back		
Project and labour service charges	833.21	1,166.99
Cost of Site Survey, installation and commissioning services	0.68	-
Consumption of Packing Material	12.56	14.07
Consumption of stores and spares parts	4.41	3.02
Loose Tools written off	0.16	0.20
Total	**851.02**	**1,184.28**

(₹ in Crore)

NOTE 35. EMPLOYEE BENEFITS EXPENSES	For the year ended March 31, 2017	For the year ended March 31,2016
Salaries, bonus and allowances	138.67	145.97
Contribution to Provident and other funds	6.90	6.74
Staff welfare expenses	6.92	6.74
Total	**152.49**	**159.45**

(₹ in Crore)

NOTE 36. FINANCE COSTS	For the year ended March 31, 2017	For the year ended March 31,2016
Bank Loan Interest	38.53	36.53
Other Interest	6.34	10.87
Bank Charges	11.23	8.47
Dividend on redeemable preference shares	5.23	5.23
Financial Guarantee Impairment	-	0.40
Total	**61.33**	**61.50**

(₹ in Crore)

NOTE 37. OTHER EXPENSES	For the year ended March 31, 2017	For the year ended March 31,2016
Rent	8.12	8.37
Rates and Taxes	2.51	2.12
Auditors' Remuneration	1.09	0.99
Legal and Professional Charges	37.03	25.23
Communication Expenses	3.72	4.48
Travelling and Conveyance Expenses	158.46	185.52
Power, Fuel & Water Charges	9.94	7.47
Repairs and Maintenance	3.26	1.99
Insurance Expenses	4.97	4.48
Exchange Fluctuation Loss (Net)	-	1.54
Office and General Expenses	15.25	0.04
Miscellaneous Expenditure	0.61	10.88
Balances Write Off	0.02	7.73
Distribution	14.42	17.63
Bad debts, Loans and Advances, other balances written off (net)	9.76	6.06
Less: Provision for doubtful debts	(6.00)	-
Excise Duty and Service Charges	246.86	292.24
Directors Sitting Fees	0.21	0.14
Leasing Charges	0.05	0.07
Liquidated Damages on Sales	28.59	45.50
Vehicles- Running & Maintenance(CAR)	0.09	0.05
Security Charges	0.61	0.20
Printing and stationery	0.19	0.01
Corporate Social Responsibility Expenses	3.66	2.86
Loss on sale of Investments	-	(1.51)
Total	**543.42**	**624.09**

(₹ in Crore)

NOTE 38. EXCEPTIONAL ITEMS	For the year ended March 31, 2017	For the year ended March31,2016
Claims against investments	-	(38.52)
CDR exit - recompense	-	148.47
Total	**-**	**109.95**

(₹ in Crore)

NOTE 39. EARNING PER SHARE (EPS)- IN ACCORDANCE WITH THE INDIAN ACCOUNTING STANDARD (IND AS-33)		For the year ended March 31, 2017	For the year ended March31,2016
(a)	**Basic & Diluted Earnings per share before extra ordinary items**		
	Profit /(Loss) after tax	123.71	156.35
	Profit attributable to ordinary shareholders	123.71	156.35
	Weighted average number of ordinary shares	1,239,377,194	1,239,377,194
	(used as denominator for calculating basic EPS)		
	Weighted average number of ordinary shares	1,239,377,194	1,239,377,194
	(used as denominator for calculating diluted EPS)		
	Nominal value of ordinary share	Re.1	Re.1
	Earnings per share basic	₹1.00	₹1.26
	Earnings per share diluted	₹1.00	₹1.26
(b)	**Basic & Diluted Earnings per share after extra ordinary items**		
	Profit /(Loss) after tax	123.71	156.35
	Profit attributable to ordinary shareholders	123.71	156.35
	Weighted average number of ordinary shares	1,239,377,194	1,239,377,194
	(used as denominator for calculating basic EPS)		
	Weighted average number of ordinary shares	1,239,377,194	1,239,377,194
	(used as denominator for calculating diluted EPS)		
	Nominal value of ordinary share	Re.1	Re.1
	Earnings per share basic	₹1.00	₹1.26
	Earnings per share diluted	₹1.00	₹1.26

NOTE 40. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of restated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

1. Estimation of useful life of tangible asset Note 4

2. Estimation of useful life of intangible asset Note 6

3. Estimation of useful life of intangible asset under development Note 7

4. Estimation of fair value of unlisted securities Note 63

5. Estimation of defined benefit obligation Note 43

6. Estimation of contingent liabilities refer Note 45.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

NOTE 41 (a) Information of Subsidiary Companies :

The following is the list of all subsidiary companies along with the proportion of voting power held. Each of them is incorporated in India.

Name of the Subsidiary company	Percentage of Holding
HTL Limited ("HTL")	74%
Polixel Security Systems Private Limited (w.e.f. 09th August, 2016)	100%
Moneta Finance (P) Ltd.	100%
HFCL Advance Systems (P) Ltd.	100%

(b) Information of Associate Companies:

Name of Associates in which the company is holding less than 20% of voting power, however having significant influence:

HFCL Bezeq Telecom Ltd.

(c) Information of Joint Ventures:

(i) Name of the Joint - Venture Company	Percentage of Holding
DragonWave HFCL India Private Limited	49.90%

(d) Additional Information, as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as Subsidiaries / Associates / Joint Ventures.

Name of the Enterprises	Net assets i.e total assets minus total liabilities		Share in Profits & Loss	
	As % of Consolidated net assets	Amount (₹ in cr.)	As % of Consolidated profit & loss	Amount (₹ in cr.)
Parent				
Himachal Futuristic Communications Limited	108.07	1,043.52	100.06	125.59
Subsidiaries				
Indian				
HTL Limited	(10.32)	(99.69)	1.16	1.45
Polixel Security Systems Private Limited	0.97	9.37	2.96	3.71
Moneta Finance Private Limited	0.09	0.84	(0.02)	(0.03)
HFCL Advance Systems Private Limited	-	-	(0.00)	(0.01)
Non- Controlling interest in all subsidiaries	0.16	1.55	0.59	0.74
Associates (Investments as per equity method)				
HFCL Bezeq Telecom Ltd.	-	-	-	-
Joint Ventures (Investment as per equity method)				
DragonWave HFCL India Private Limited	0.43	4.20	(4.73)	(5.94)

NOTE 42. BUSINESS COMBINATION

(a) Summary of Acquisition

During the year the Company has acquired 88.47% (1,60,000 shares) on 09-08-2016 and 6.00% (10,856 shares) on 31-03-2017, of the equity share capital of M/s Polixel Security Systems Pvt Ltd., a company engaged in safe & smart city business. The Company's total holding alongwith the shares held as on 1.4.2016 increased to 100% during the year. The business acquisition was conducted by entering into share purchase agreements for Cash consideration of Rs.11 crore and Rs. 0.75 crore respectively.

(b) Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of M/s Polixel Security Systems Pvt Ltd as at the date of acquisition were:

(₹ in Crore)

Particulars	Fair Value as on acquisition Date
Assets	
Freehold Buildings	-
Property Plant and Equipment	0.30
Intangible assets	0.02
Investment Properties	-
Deferred Tax asset	0.09
Inventories	2.91
Trade Recievables	16.21
Short-term Loans & Advances	4.91
Cash & Cash Equivalent	4.41
Other current assets	0.30
Total Assets	**29.15**
Liabilities	
Long term provisions	0.46
Long term borrowings	3.00
Short term borrowings	4.89
Trade payables	11.73
Other current liabilities	1.39
Short term provisions	2.00
Total Liabilities	**23.47**
Total Net Identifiable assets acquired at fair value	5.68

(c) Calculation of Goodwill

Particulars	No of Shares	Amount
Purchase Consideration Transferred	160,000	11.00
Non-Controlling interest *	10,856	0.34
Acquisition date fair value of previously held equity interest	10,000	0.31
	180,856	11.65
Less :		
Net identifiable assets acquired		(5.68)
Goodwill	361,712	**5.97**

(* Non- controlling interest is measured based on proportionate share of net asset method)

(d) Purchase Consideration and Cash outflow

(i) Purchase consideration

Particulars	Amount
Shares Issued , at Fair value	-
Contingent consideration (if any)	-
Cash Consideration	11.00
Total Consideration	**11.00**

(ii) Cash outflow on acquisition

(₹ in Crore)

Particulars	Amount
Cash Consideration	11.00
Transaction costs of the acquisition	-
Transaction costs attributable to issuance of shares	-
Less :	
Net cash acquired with subsidiary	-
Net Cash outflow on acquisition	**11.00**

NOTE 43. During the year, Company has recognised the following amounts in the financial statements as per Ind AS - 19 "Employees Benefits" issued by the ICAI:

a) Defined Contribution Plan

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

(₹ in Crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31,2016
Employer's Contribution to Provident Fund	5.05	4.11
Employer's Contribution to Pension Scheme	1.71	1.91

b) Defined Benefit Plan

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

(₹ in Crore)

Actuarial assumptions	For the year ended March 31, 2017	For the year ended March 31,2016	For the year ended March 31, 2017	For the year ended March 31,2016
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy)				
Discount rate (per annum)	6.75%	8.04%	6.75%	7.75%
Rate of increase in Compensation levels	6.75%	8.00%	6.75%	7.75%
Rate of Return on plan assets	8.04%	8.04%	N.A.	N.A.
Average remaining working lives of employees (Years)	18	15	17.17	16.78
Table showing changes in present value of obligations				
Present value of obligation as at the beginning of the year	11.24	12.74	7.69	11.37
Acquisition adjustment	Nil	Nil	Nil	Nil
Interest Cost	0.89	1.00	0.56	0.88
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Current Service Cost	2.02	3.06	2.66	2.25
Curtailment cost / (Credit)	Nil	Nil	Nil	Nil
Settlement cost /(Credit)	Nil	Nil	Nil	Nil
Benefits paid	(0.63)	(0.54)	(1.15)	(5.74)
Actuarial (gain)/ loss on obligations	(0.31)	(5.25)	(0.36)	(1.25)
Present value of obligation as at the end of the period	13.21	11.01	9.40	7.51

(₹ in Crore)

Actuarial assumptions	**For the year ended March 31, 2017**	For the year ended March 31,2016	**For the year ended March 31, 2017**	For the year ended March 31,2016
Table showing changes in the fair value of plan assets				
Fair value of plan assets at beginning of the year	1.42	1.35	Nil	Nil
Acquisition adjustments	Nil	Nil	Nil	Nil
Expected return of plan assets	0.11	0.11	N.A.	N.A.
Employer contribution	Nil	0.01	Nil	Nil
Benefits paid	(0.40)	Nil	Nil	Nil
Actuarial gain/ (loss) on obligations	0.46	(0.05)	Nil	Nil
Changes deducted	-	Nil	Nil	Nil
Fair value of plan assets at year end	1.60	1.42	Nil	Nil
Table showing actuarial gain /loss - plan assets				
Actual return of plan assets	0.46	(0.06)	Nil	Nil
Expected return on plan assets	0.11	0.11	Nil	Nil
Excess of actual over estimated return on plan assets	-	Nil	Nil	Nil
Actuarial (gain)/ loss-plan assets	0.60	0.07	Nil	Nil
Other Comprehensive Income				
Actuarial (gain) / loss for the period - Obligation	(0.31)	(5.25)	(0.36)	(1.25)
Actuarial (gain) / loss for the period - Plan assets	(0.46)	0.05	Nil	Nil
Total (gain) / loss for the period	(0.77)	(5.20)	(0.36)	(1.25)
Actuarial (gain) / loss recognized in the period	(0.77)	(5.20)	(0.36)	(1.25)
Unrecognised actuarial (gains) / losses at the end of the period	Nil	Nil	Nil	Nil
The amounts to be recognized in Balance Sheet				
Present value of obligation as at the end of the period	13.21	11.01	9.40	7.51
Fair value of plan assets as at the end of the period	1.60	1.42	Nil	Nil
Funded Status	(11.61)	(9.59)	(9.40)	(7.51)
Unrecognised actuarial (gains) / losses	Nil	Nil	Nil	Nil
Net asset / (liability) recognised in Balance Sheet	(11.61)	(9.59)	(9.40)	(7.51)
Expenses recognised in Statement of Profit and Loss				
Current service cost	2.02	3.06	2.66	2.25
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Interest Cost	0.89	1.00	0.56	0.88
Expected return on plan assets	(0.11)	(0.11)	Nil	Nil
Curtailment and settlement cost /(credit)	Nil	Nil	Nil	Nil
Expenses recognised in the Statement of Profit and Loss	2.80	3.95	3.22	3.13
Maturity profile of defined benefit obligation				
March 2017 to March 2018	0.97	0.84	1.31	0.52
March 2018 to March 2019	0.26	0.50	0.12	0.66
March 2019 to March 2020	0.30	0.34	0.14	0.11
March 2020 to March 2021	0.39	0.72	0.16	0.47
March 2021 to March 2022	0.22	0.86	0.10	0.12
March 2022 to March 2023	0.45	0.45	0.27	0.12
March 2023 onwards	10.25	7.98	6.83	5.62

Investment Details

HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy

Note-1: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment Market. The above information is certified by the Actuary.

NOTE 44. DISCLOSURE REQUIRED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (THE ACT) ARE GIVEN AS FOLLOWS :

(₹ in Crore)

Particulars		As at March 31, 2017	As at March 31, 2016
a.	Principal amount due	10.53	8.56
	Interest due on above	0.14	0.06
b.	Interest paid during the period beyond the appointed day	Nil	Nil
c.	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
d.	Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
e.	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act	Nil	Nil

Note: The above information and that given in Note No. 27 ' Trade Payables' regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.

NOTE 45. COMMITMENTS AND CONTINGENCIES

(a) Contingent Liabilities not provided for in respect of :

(₹ in Crore)

Particulars		As at March31, 2017	As at March 31, 2016	As at April 1, 2015
(i)	Unexpired Letters of Credit (Margin money paid Rs.34.06 Crore; Previous year Rs.17.26 Crore)	107.69	32.29	44.75
(ii)	Guarantees given by banks on behalf of the Company (Margin money kept by way of fixed deposits Rs.42.30 Crore; Previous year Rs.53.40 Crore)	215.90	109.35	102.61
(iii)	Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest Rs.2.64 Crore/- shown as advance)	7.15	7.65	7.89
(iv)	Impact of pending litigations not acknowledged as debt in financial Statements	3.23	3.53	3.54

(a) The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.

(b) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.

(c) As at 31st March, 2017 the Company did not have any outstanding term derivative contracts.

(b) Capital Commitments

(₹ in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	4.45	0.62	0.03

(c) Financial Guarantees

(₹ in Crore)

Sr No	Issued in favour of	Issued to	Amount of guarantee	Purpose	Carrying amount as per Ind AS 109	Carrying amount as per Ind AS 109	Carrying amount as per Ind AS 109
					March 31, 2017	March 31, 2016	April 1, 2015
1	Microwave Communications ltd.	Credit Lyonnais bank	9.60	Ad-hoc L/C	0.17	0.17	0.17
2	Microwave Communications ltd.	The Vysya Bank Ltd	4.06	Working Capital	-	-	-
3	Exicom Tele-Systems Ltd	Punjab National Bank	6.50	Working Capital	0.03	0.03	0.03

NOTE 46. HTL Ltd., one of the Subsidiary of the company, has proposed right issue of equity shares for ₹ 120.00 Crore to its existing shareholders i.e GOI (26%) and the Company (74%).The Subsidiary company is in the process of obtaining in principal concurrence from GOI for the proposed right issue of shares. Pending such formal concurrence,loan outstanding from GOI alongwith interest have been shown under Non-Current Financial Liability as against Current Financial Liability shown in the previous year.

NOTE 47. Pursuant to the disinvestment by the Government of India, the Company had acquired 11,10,000 equity shares of Rs.100/- each of HTL Limited representing 74% of its equity capital at total consideration of ₹ 55.00 crore in terms of Shareholders Agreement dated 16.10.2001. The above consideration paid by the Company was subject to post closing adjustments on account of difference in net worth of HTL Limited as on 31.03.2001 and as on the date of purchase of shares in terms of Share Purchase Agreement dated 16.10.2001.The claim filed by the Company has been settled during the previous year and the amount of Rs.93.52 Crore received in the previous year has been adjusted against cost of investment amounting to Rs.55. Crore and balance being interest credited to Profit & Loss account during the previous year.

NOTE 48. During the previous year, the Exceptional items consist of : (i) Impact of recompense amount on account of waivers under rework package of CDR - Rs.148.47 Crore. Recompense amount payable has been worked out by Monitoring Institution (MI) of lenders i.e. IDBI Bank Ltd. and approved by CDR -EG and (ii) Claims in regard to one of investment made in earlier years amounting to Rs.38.52 Crore settled and recovered.

NOTE 49. The Company has reviewed the outstanding receivables and has written off a sum of ₹ 3.03 Crore (Previous year Rs.11.50 Crore) during the year as bad, which in the opinion of the Management is adequate and sundry balances has also written back amounting to ₹ 0.76 Crore (Previous year Rs.5.44 Crore).

NOTE 50. Lease payments under cancellable operating leases have been recognized as an expense in the Statement of profit & loss. Maximum obligation on lease amount payable as per rentals stated in respective agreements are as follows:-

(₹ in Crore)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31,2016
Not later than one year	6.29	5.68
Later than one year but not later than five years	17.34	11.56
More than five years	5.36	1.88

NOTE 51. During the year, the Company has paid first interim dividend of Rs.3.25/- per 6.50% Cumulative Redeemable Preference Share (CRPS) of par value Rs.100/ each for the year 2016-17. Further Company has proposed second interim dividend of Rs.3.25/- per CRPS of par value of Rs.100/- each for the year 2016-17. Thus, the total dividend for the financial year is Rs.6.50/-per CRPS of ₹ 100/- each.

NOTE 52. AS REQUIRED BY IND AS - 24 "RELATED PARTY DISCLOSURES"

(i) Name and description of related parties.

Relationship	Name of Related Party
(a) Associates:	HFCL Bezeq Telecom Ltd.
(b) Joint Venture:	DragonWave HFCL India Pvt. Ltd.
(c) Key management personnel :	Shri Mahendra Nahata, Managing Director
	Shri Arvind Kharabanda, Whole-time Director (upto 31.05.2016)
	Shri Vijay Raj Jain, Chief Financial Officer
	Shri Manoj Baid, Vice President (Corporate) & Company Secretary
	Shri Mahendra Pratap Shukla, Chairman
	Smt. Bela Banerjee, Director
	Shri Rajiv Sharma, Director
	Dr. R.M.Kastia, Whole-time Director
	Shri D.P.Gupta, COO & Manager (Upto 24.06.15)
	Shri G.S.Naidu, COO & Manager (From 25.06.15)
	Shri N Thangaraj, Chief Finance Officer (upto 04.07.16)
	Shri C. D. Ponnappa Chief Finance Officer (from 05.07.16)
	Shri S Narayanan, Company Secretary

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

(ii). Nature of transactions - The transactions entered into with the related parties during the year along with related balances as at 31st March, 2017 are as under:

(₹ in Crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31,2016
Remuneration of Key Management Personnel's		
Shri Mahendra Nahata, Managing Director	4.56	3.35
Shri Arvind Kharabanda, Whole-time director (upto 31.05.2016)	0.25	0.65
Shri Vijay Raj Jain, Chief Financial Officer	1.05	0.75
Shri Manoj Baid, Vice President, (Corporate) & Company Secretary)	0.34	0.30
Dr. R.M.Kastia, Whole Time Director	1.66	1.51
Shri D.P.Gupta, COO & Manager (Upto 24.06.15)	-	0.25
Shri G.S.Naidu, COO & Manager (From 25.06.15)	0.45	0.32
Shri N Thangaraj, Chief Finance Officer (upto 04.07.16)	0.03	0.11
Shri C. D. Ponnappa, Chief Finance Officer (from 05.07.16)	0.27	-
Shri S Narayanan, Company Secretary	0.27	0.15
Sitting Fee for Non Executive and Independent directors		
Shri Mahendra Pratap Shukla	0.06	0.05
Smt. Bela Banerjee	0.04	0.03
Shri Rajiv Sharma	-	0.01

NOTE 53. SEGMENT REPORTING

The chief operational decision maker monitors the operating results of its business segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The operating segments have been identified on the basis of nature of products.

i. Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue.

ii. Expenses that are directly identifiable with the segment are considered for determining the segment result.

iii. Expenses / Incomes which are not directly allocable to the segments are included under un-allocable expenditure / incomes.

iv. Segment results include Margins on inter-segment sales which are reduced in arriving at the profit before tax of the company.

v. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

Inter – Segment revenue :- Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired Margin or agreed on a negotiated basis.

(a) Primary segment information

The Company's operations primarily relates to manufacturing of telecom products, executing turnkey contracts and providing services relating thereto. Accordingly segments have been identified in line with Indian Accounting Standard on Segment Reporting 'Ind AS-108'. Telecom products and Turnkey contracts and services are the primary business segments. Details of business segments are as follows:

(₹ in Crore)

Particulars	Business Segments				Others		Total	
	Telecom Products		Turnkey Contracts and Services				Turnkey Contracts and Services	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Segment Revenue								
Turnover (Net of Excise duty)	**705.48**	**680.34**	**1,672.08**	**2,191.99**	**-**	**0.05**	**2,377.56**	**2,872.38**
Segment Result	**28.47**	**77.73**	**160.58**	**250.79**	**(0.04)**	**0.03**	**189.01**	**328.55**
Unallocated Finance charges							61.33	61.50
Unallocated expenses							4.82	152.37
Unallocated Income							7.29	38.54
Profit before tax							130.15	153.22
Income tax (net)							0.50	0.01
Profit after tax							**129.65**	**153.21**
Other Information								
Segment assets	758.79	712.37	1,249.81	1,219.16	(1.46)	0.04	2,007.14	1,931.57
Unallocated other assets	-	-	-	-	-	-	266.27	209.82
Total assets	**758.79**	**712.37**	**1,249.81**	**1,219.16**	**(1.46)**	**0.04**	**2,275.41**	**2,141.39**
Segment liabilities	284.00	362.00	484.20	501.87	0.01	1.48	768.21	865.35
Unallocated other liabilities	-	-	-	-	-	-	541.57	435.20
Total liabilities	**284.00**	**362.00**	**484.20**	**501.87**	**0.01**	**1.48**	**1,309.78**	**1,301.27**
Depreciation	20.07	23.32	1.68	2.86	-	-	21.75	26.18
Capital Expenditure	33.51	60.95	0.61	0.36	-	-	34.12	61.31
Non-cash expenses other than Deprecation	6.77	6.06	3.00	-	-	-	9.77	6.06

(b) Secondary segment information

The Company caters mainly to the needs of Indian Market and the export turnover being 4.03% (Previous year 2.91%) of the total turnover of the Company, there are no reportable geographical segments.

NOTE 54. DEFERRED TAX

(₹ in Crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Liability	Assets	Liability	Assets	Liability	Assets
Depreciation	(0.04)	-	-	-	-	-
Provision for Gratuity	-	0.06	-	-	-	-
Provision for Leave Encashment	-	0.05	-	-	-	-
Others	-	-	-	-	-	-
Total	(0.04)	0.11	-	-	-	-
Net Deferred Tax Assets / (Liabilities)		0.07		-		-

NOTE 55. CORPORATE SOCIAL RESPONSIBILITY EXPENSES:

(₹ in Crore)

Particulars	As at March 31, 2017		As at March 31, 2016	
Gross amount to be spent by the Company during the year				
Amount spent during the year:		3.66		2.86
Contribution on acquisition of assets	-		-	
On other purposes	3.66		2.86	
		3.66		**2.86**

NOTE 56. STOCK IN TRADE - SECURITIES INCLUDE EQUITY SHARES OF THE FOLLOWING COMPANIES

(₹ in Crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Qty	Amount(₹)	Qty	Amount(₹)	Qty	Amount(₹)
Adinath Bio Labs Ltd.	6,408,000	0.19	6,408,000	0.12	6,408,000	0.12
Granules India Ltd.	-		-	-	1,000,000	0.32
Manvens Biotech Ltd.	17,000	-	17,000	-	17,000	-
Media Matrix Worldwide Ltd.	4,750	-	4,750	-	4,750	-
Optimates Textile Industries Ltd.	1,302,500	0.27	1,302,500	0.27	1,302,500	0.27
Rashel Agrotech Ltd.	478,500	0.04	478,500	0.04	478,500	0.04
Sahara One Media and Entertainment Ltd.	250,950	1.88	250,950	1.80	250,950	1.89
Total		**2.38**		**2.23**		**2.64**

NOTE 57. THE DISCLOSURES AS PER THE IND AS 11 ON 'CONSTRUCTION CONTRACTS' ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA ARE AS UNDER

(₹ in Crore)

Particulars	2016-2017	2015-2016
Contract revenue recognized as revenue in the year / period	1,657.85	1,689.28
Aggregate amount of costs incurred and profit up to the reporting date on the contract under progress	1,811.48	1,906.85
Advance received on contract under progress		
Retention amounts on contract under progress		
Gross amount due from customers for the contract work as on assets	153.63	217.58
Gross amount due to the customers for contract work as a liability	-	-

NOTE 58. (a) Debt of the Company were earlier restructured under Corporate Debt Restructuring (CDR) mechanism in April 2004 which was subsequently modified in June 2005 with cut-off date as 1st April, 2005. CDR Empowered Group at its meeting held on 9th February, 2011 has approved the Rework Package of the Company with the cut off date as 1st January 2011 and communicated its sanction vide their letter No. BY CDR(JCP)/No 8643/2010-11 dated 29th March, 2011. The Rework Package includes inter-alia reduction in the existing rate of interest, re-schedulement for repayment of loans, conversion of overdue interest into funded interest term loan (FITL), conversion of Zero Coupon Premium Bonds (ZCPB's), part of their premium and part of working capital loans into Equity, conversion of part of working capital loan into working capital term loan (WCTL), waiver of unpaid dividend on preference shares, waiver of penal interest etc. The conditions as stipulated by CDR EG while sanctioning Rework Package have been complied with by the Company. Accordingly, the impact of the rework package has been considered in the Financial Statements.

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

(c) Further, lenders have the right to claim recompense from the Company on account of various sacrifices & waivers made by them in the CDR Rework Package upon exit by the Company from CDR. The Company's proposal for CDR exit was considered by the Monitoring Institution (MI) of lenders i.e. IDBI Bank Ltd which recommended the recompense amount of Rs.148.47 Crore on term loans and working capital loans. The said recompense amount was approved by CDR-EG vide its order CDR(PMG) No.740/2015-16 dated March 22, 2016 subject to confirmations by the respective lenders. The Company has accordingly made provision of the said recompense amount in the previous year. The Board of Directors in their meeting held on 10th May, 2016 has approved the recompense amount so that the Company can exit from CDR mechanism. Company has paid the recompense amount to the CDR lenders as per exit terms and has requested to MI to put up the status before CDR-EG for formal approval for exit of the Company from CDR mechanism.

NOTE 59. DETAILS OF BUSINESS ADVANCES OUTSTANDING FROM SUBSIDIARY FOR THE YEAR ENDED 31ST MARCH, 2017 - DISCLOSURE REQUIRED UNDER CLAUSE 32 OF THE LISTING AGREEMENT

(₹ in Crore)

Particulars	Outstanding as at			Maximum amount outstanding during the year	
	March 31, 2017	March 31, 2016	As at April 1, 2015	**March 31, 2017**	March 31, 2016
HTL Ltd	72.00	72.00	62.57	72.00	72.00
Moneta Finance (P) Ltd.	-	1.44	1.91	1.44	1.91
Polixel Security Systems Pvt. Ltd	9.06	-	-	9.06	-
HFCL Advance Systems Pvt. Ltd.	0.01	0.01	-	0.01	0.01

NOTE 60. DISCLOSURE OF SPECIFIED BANK NOTES (SBNS)

During the year the Company had specified bank notes or other denomination note as defined in MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(₹ in Crore)

Particulars	SBNs*	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	0.29	0.01	0
(+) Permitted receipts	-	0.16	0
(-) Permitted payents	-	0.13	0
(-) Amount deposited in Banks	0.29	-	0
Closing cash in hand on December 30, 2016	-	0.04	0

*For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

NOTE 61. IN RESPECT OF SUBSIDIARY COMPANIES, THE FOLLOWING ADDITIONAL NOTES TO ACCOUNTS ARE DISCLOSED:-

HTL LIMITED

i) The Subsidiary has accumulated losses of Rs.114.69 Crore (Previous year Rs.116.63 Crore) as at March 31, 2017, resulting in negative net worth of ₹ 99.69 Crore (Previous year ₹ 101.63 Crore). The Company's current liabilities exceed its current assets by ₹ 36.19 Crore (Previous year ₹ 153.99 Crore) as of that date. Further, the Subsidiary has overdue loans from Government of India amounting to Rs.6.24 Crore (Previous year: ₹ 6.24 Crore) together with interest accrued and due thereon of Rs.27.16 Crore (Previous year: ₹ 27.16 Crore). The net turnover during the period ended 31, March 2017 is ₹ 201.44 Crore (Previous Year: ₹ 30.64 Crore).

The Subsidiary has set up a manufacture plant of optical fibre cables and Fiber-to-home cables, and during the year, the Company has achieved Sales Turnover of Rs.18.95 Crore for OFC Cables (Previous year ₹ 26.64 Crore), Rs.5.88 Crore for FRP & IGFR (Previous year ₹ 4.00 Crore) and Sale of Services amounting to Rs.6.01 Crore (Previous Year NIL). The Management is confident for generating the cash flow from the expanded business. In view of above, the financial statements have been prepared on a going concern basis.

ii) Loan of ₹ 6.24 Crore (Previous year Rs.6.24 Crore) together with interest accrued and due thereon of ₹ 27.16 Crore (Previous year ₹ 27.16 Crore) is due to Government of India (GOI). As at March 31, 2017, total loan of ₹ 6.24 Crore (Previous year Rs 6.24 Crore) is overdue for payment. In addition to this, the Govt. of India has acceded the request to adjust ₹ 3.47 Crore compensation receivable by HTL in case of ETP claim against the outstanding interest portion in respect of GOI Loan. [Refer Note 60(iv) below]

iii) a) Out of the total land in possession of the Subsidiary at Guindy Industrial Area, Chennai, land measuring 35.89 acres is held by the Subsidiary in the capacity of assignee in terms of assignment deed dated 3.12.1968 executed by Government of Tamil Nadu for Industrial Development of Guindy Industrial Area, Chennai. In order to give title of the above assigned land in favour of the Subsidiary, the Government of Tamil Nadu had required the Subsidiary to surrender back 4.90 acres of unutilised land to the Small Industries Department, Chennai. The Subsidiary had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in earlier years. In respect of the land measuring 30.99 acres, the name of the Subsidiary has been entered in the revenue records of the Government of Tamil Nadu. Other necessary formalities to transfer the land in favour of the Subsidiary are in progress.

b) The Subsidiary has 15.09 acres of land at Hosur District, Tamil Nadu, which was acquired by the Subsidiary from State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) under Lease cum Sale agreement in 1983. The Estate Officer, SIPCOT issued order under Section 4 of the Tamil Nadu Public Premises Eviction Act, 1975 to surrender the unused portion of land measuring 11.50 acres out of the said land on 13.01.2010. The Subsidiary has filed a writ petition before the Hon'ble High Court of Madras against this order and obtained an interim stay on 22.2.2010 and the Court has passed final orders on 16.11.2010 while disposing of the writ filed by the Subsidiary with a direction to both the petitioner (HTL) and the respondents (CMD & Project Officer, SIPCOT) to go before the Dispute Resolution Committee for resolving the dispute. The Court also made it clear that the status quo as on date shall be maintained till then. It is open to the petitioner (HTL) to work out their remedy, depending upon the outcome of the proceedings of the Disputes Resolution Committee.

As per the above direction, the Industries Department of Government of Tamilnadu have constituted a Committee with two members from Government, two members representing SIPCOT and three members representing the Company under Chairmanship of the Principal Secretary to Government, Industries Department. The Disputes Resolution Committee has met and could not arrive at a mutually acceptable solution and hence the Company has filed a Writ Petition (WP no: 10532 /2012) before the Honorable High Court of Madras with a prayer to quash the resumption order of SIPCOT Official and to direct SIPCOT to execute and register Sale Deed in favour of the Subsidiary.

During the year SIPCOT has executed a registered Sale Deed for 15.09 acres of Land at SIPCOT Industrial Complex, Hosur on 12.05.2016 in favour of the Subsidiary.

iv) (a) The Subsidiary has taken unsecured loans from various parties and after repayment, the net amount outstanding as on 31st March, 2017 is ₹ 34.50 Crore (Previous Year ₹ 24.00 crore).

(b) Claims receivable includes ₹ 3.47 Crore receivable from BSNL against the compensation approved by Telecom Commission letter No. U-37012/3/97-FAC dated 1st May, 2001 for preclosure of ETP project. Department of Telecommunications (DoT) vide letter No.U-37012-3/97-FAC dated 02.12.2003 conveyed the decision of the competent authorities to adjust the above said amount against the interest portion of the outstanding Government

of India Loan. In reply, the Subsidiary requested DoT vide letter no. 43.12 ETP dated 08.12.2003 to adjust the compensation amount of ₹ 3.47 Crore against the principal amount of loan outstanding as on 01.05.2001, the date on which the compensation was approved. The Govt. of India has rejected this request and reiterated the adjustment of Rs.3.47 Crore compensation receivable by HTL in case of ETP claim against the interest portion of the outstanding in respect of GOI Loan while making payment of outstanding Govt. of India Loan with accrued interest thereon. Pending the reworking of the interest on account of adjustment of ETP compensation of Rs 3.47 Crore against the interest portion of outstanding Government of India (GOI) loan in terms of GOI letter dated 2nd December, 2003 and reconciliation of the total interest payable, the Subsidiary has not provided for the interest amounting to ₹ 1.50 Crore during the year. Further, in the financial statements, Subsidiary has adjusted the said claim receivable against the interest liability due to GOI. The final adjustment for interest, if any, will be done once the reconciliation is agreed upon. [Refer Note 60(ii) above]

NOTE 62. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, Market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in Market conditions and the Company's activities.

MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

(₹ in Crore)

Particulars	Notes Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2017					
Trade payables	27	448.11	448.11	-	448.11
Deposits	28	148.51	148.51	-	148.51
Obligations under finance lease		-	-	-	-
Other liabilities	23,24,26,28	543.17	267.78	275.39	543.17
As at March 31, 2016		-	-	-	
Trade payables	27	495.34	495.34	-	495.34
Deposits	28	85.65	85.65	-	85.65
Obligations under finance lease		-	-	-	-
Other liabilities	23,24,26,28	594.97	331.88	263.09	594.97
As at April 1, 2015		-	-	-	
Trade payables	27	313.41	313.41	-	313.41
Deposits	28	54.17	54.17	-	54.17
Obligations under finance lease		-	-	-	-
Other liabilities	23,24,26,28	440.20	242.96	197.24	440.20

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in Market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by Market risk include loans and borrowings, deposits, FVTOCI investments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. PRICE RISK		
The company is mainly exposed to the price risk due to its investment in equity instruments. The price risk arises due to uncertainties about the future Market values of these investments.	In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.	As an estimation of the approximate impact of price risk investments in equity instruments, the Company has calculated the impact as follows.
Equity Price Risk is related to the change in Market reference price of the investments in equity securities.	The use of any new investment must be approved by the Chief Financial Officer.	For equity instruments, a 10% increase in prices would have led to approximately an additional gain of Rs.4.45 Cr for year ending March 2017 (Rs.4.53 Cr for year ending March 2016) in other comprehensive income. A 10% decrease in prices would have led to an equal but opposite effect.
The fair value of some of the Company's investments in fair value through other comprehensive income securities exposes to equity price risks. In general, these securities are not held for trading purposes. These investments are subject to changes in the Market price of securities. The fair value of unquoted equity instruments classified as fair value through other comprehensive income as at March 31st,2017 was Rs.44.49Cr, (March 31st, 2016 was Rs.45.28 Cr), the fair value of which is determined using valuation techniques.		
2. INTEREST RATE RISK		
"Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in Market interest rates. The Company's exposure to the risk of changes in Market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. Company has Fixed deposits with Banks amounting to ₹ 100.65 Cr as at March 31st, 2017 (Rs.85.42 Cr as at March 31st , 2016) Interest Income earned on fixed deposit for year ended March 31st , 2017 is ₹ 6.00 Cr"	In order to manage its interest rate risk The Company diversifies its portfolio in accordance with the limits set by the risk management policies.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Company has calculated the impact of a 0.25% change in interest rates. A 0.25% increase in interest rates would have led to approximately an additional ₹ 0.25 Cr gain for year ended March 31st, 2017 (Rs.0.21 Cr gain for year ended March 31st 2016) in Interest income. A 0.25% decrease in interest rates would have led to an equal but opposite effect.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Company established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 31 March 2017, the Company had top 10 customers (31 March 2016: top 10 customers, 1 April 2015: top 10 customers) that owed the Group more than INR 1102.86 Cr (31 March 2016: 1087.39 Cr, 1 April 2015: 322.15 Cr) and accounted for approximately 93.51% (31 March 2016: 97.73 %, 1 April 2015: 88.11 %) of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 14. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent Market.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the management in accordance with the Company's policy. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 and 31 March 2016 is the carrying amounts as illustrated in Note 15 except for financial guarantees. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note 43 (c) and the liquidity table below.

Capital management

Capital includes issued equity capital and share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

(₹ in Crore)

Particulars	31-March-17	31-March-16	1-April-15
Borrowings (Excl preference shares)(Note 23 & 26)	387.31	412.69	295.40
Redemable preference shares (Note 23 & 28)	80.51	80.50	80.50
Trade Payables (Note 27)	448.11	495.34	313.41
Other Payables (Note 28 & 29)	224.05	209.78	176.58
Less : Cash and Cash equivalents (Note 16)	(5.91)	(9.07)	(26.57)
Deposits (Note 28)	148.51	85.65	54.17
Total Debt	1,282.57	1,274.89	893.48
Convertible preference shares	-	-	-
Equity	965.63	840.12	677.88
Total Capital	**965.63**	**840.12**	**677.88**
Capital and Total debt	**2,248.20**	**2,115.01**	**1,571.36**
Gearing ratio	**57.05%**	**60.28%**	**56.86%**

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 45% and 55%.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017, 31 March 2016 and 31 March 2015.

NOTE 63. FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	March-17			March-16			April 1,15		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets									
I) Investments									
A) Equity Instruments									
i) Structured entity	-	44.49		-	45.28	-	-	44.00	-
ii) Structured entity									
a) Sumedha Fiscal Services Ltd.	-	0.03	-	-	0.03	-	-	0.03	-
b) Valiant Communications Ltd.	-	0.08	-	-	0.07	-	-	0.02	-
c) Magma Fincorp Ltd	-	1.62	-	-	1.13	-	-	1.43	-
B) Mutual funds	0.02	-	-	0.02	-		0.02	-	-
C) Debentures & Bonds	-	-	0.03	-	-	0.03	-	-	20.03
D) Bank deposits	-	-	7.09	-	-	7.48	-	-	18.26
II) Trade receivables	-	-	1,179.37	-	-	1,112.65	-	-	365.64
III) Cash and Cash equivalents	-	-	5.91	-	-	9.07	-	-	26.57
IV) Other Bank balances			91.56			77.92			116.52
V) Security deposit for utilities and premises	-	-	6.96	-	-	4.64	-	-	4.96
VI) Other receivables	-	-	257.30	-	-	222.67	-	-	409.75
Total financial assets	**0.02**	**46.22**	**1,548.22**	**0.02**	**46.51**	**1,434.46**	**0.02**	**45.48**	**961.73**
2) Financial liabilities									
I) Borrowings									
A) From Banks	-	-	381.31	-	-	373.34	-	-	226.24
B) From Others	-	-	53.24	-	-	90.31	-	-	91.17
C) Preference Shares	-	-	80.51	-	-	80.50	-	-	80.50
II) Obligations under Finance Lease	-	-	-	-	-	-	-	-	-
III) Deposits	-	-	148.51	-	-	85.65	-	-	54.17
IV) Trade payables	-	-	448.11	-	-	495.34	-	-	313.41
V) Other liabilities	-	-	28.11	-	-	50.82	-	-	42.28
Total Financial liabilities	**-**	**-**	**1,139.79**	**-**	**-**	**1,175.96**	**-**	**-**	**807.78**

1. Fair Value measurement

Fair Value Hierarchy and valuation technique used to determine fair value :

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and are categorized into Level 1 , Level 2 and Level 3 inputs.

A) Year Ending 31st March 2017

(₹ in Crore)

Particulars	Note Nos.	Level 1	Level 2	Level 3
Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2017				
Financial Assets				
FVTPL				
Mutual Funds	14	0.02	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Ltd.	14	0.03	-	-
b) Valiant Communications Ltd.	14	0.08	-	-
c) Magma Fincorp Ltd	14	1.62		
d) Exicom Tele-Systems Ltd.	9			9.13
e) AB Corp Ltd	9			35.22
f) Midas Communication Technologies Pvt. Ltd.	9			-
g) The Greater Bombay Co-Op Bank Ltd.	9			0.06
h) India Card Technologies Pvt.Ltd.	9			-
i) Shankar Sales Promotion Pvt.Ltd.	9		-	0.08
Total Financial Assets		**1.75**	**-**	**44.49**

Particulars	Note Nos.	Level 1	Level 2	Level 3
Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2017				
Financial Assets				
Investments				
Debentures and bonds	9	-	-	0.03
Bank Deposits	10,17	-	98.65	-
Security deposit for utilities and premises	19	-	6.96	-
Total Financial Assets		**-**	**105.61**	**0.03**

B) Year Ending 31st March 2016

Particulars	Note Nos.	Level 1	Level 2	Level 3
Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2016				
Financial Assets				
FVTPL				
Mutual Funds	14	0.02	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Ltd.	14	0.03	-	-
b) Valiant Communications Ltd.	14	0.07	-	-
c) Magma Fincorp Ltd	14	1.13	-	-
d) Exicom Tele-Systems Ltd.	9	-	-	9.13
e) Polixel Security Systems Pvt. Ltd.	9	-	-	0.66
f) AB Corp Ltd	9	-	-	35.35
g) Midas Communication Technologies Pvt. Ltd.	9	-	-	-
h) The Greater Bombay Co-Op Bank Ltd.	9	-	-	0.06
i) India Card Technologies Pvt.Ltd.	9	-	-	-
j) Shankar Sales Promotion Pvt.Ltd.	9	-	-	0.08
Total Financial Assets		**1.25**	**-**	**45.28**

(₹ in Crore)

Particulars	Note Nos.	Level 1	Level 2	Level 3
Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2016				
Financial Assets				
Investments				
Debentures and bonds	9	-		0.03
Bank Deposits	10,17	-	85.40	-
Security deposit for utilities and premises	19	-	4.64	-
Total Financial Assets		**-**	**90.04**	**0.03**

C) As on 1st April 2015

Particulars	Note Nos.	Level 1	Level 2	Level 3
Financial Assets measured at Fair Value recurring fair Value measurements at 01-04-2015				
Financial Assets				
FVTPL				
Mutual Funds	14	0.02	-	-
FVTOCI				
Structured entity			-	-
a) Sumedha Fiscal Services Ltd.	14	0.03	-	-
b) Valiant Communications Ltd.	14	0.02	-	-
c) Magma Fincorp Ltd	14	1.43	-	-
d) Exicom Tele-Systems Ltd.	9	-	-	8.07
e) Polixel Securities Systems Pvt. Ltd.	9	-	-	0.45
f) AB Corp Ltd	9	-	-	35.35
g) Midas Communication Technologies Pvt. Ltd.	9	-	-	-
h) The Greater Bombay Co-Op Bank Ltd.	9	-	-	0.05
i) India Card Technologies Pvt.Ltd.	9	-	-	-
j) Shankar Sales Promotion Pvt.Ltd.	9	-	-	0.08
Total Financial Assets		**1.50**	**-**	**44.00**

Particulars	Note Nos.	Level 1	Level 2	Level 3
Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 01-04-2015				
Financial Assets				
Investments				
Debentures and bonds	9	-	-	20.03
Bank Deposits	10,17	-	134.78	-
Security deposit for utilities and premises	19	-	4.96	-
Total Financial Assets		**-**	**139.74**	**20.03**

Significant estimates

The fair value of financial instruments that are not traded in an active Market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on Market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of the changes to these assumptions.

NOTE 64. TAX RECONCILIATION

(₹ in Crore)

Particulars	31.03.2017 Ind AS	31.03.2016 Ind AS
Net Profit as per Profit and Loss Account (before tax)	124.21	156.36
	-	-
Current Tax rate @ 34.608%	42.99	54.11
Adjustment:		
MAT Adjustment	(15.57)	(16.72)
Income Tax rate adjustment	(0.07)	-
Provision for diminution in value of Inventories/Advances	(2.08)	2.30
Dividend and Tax thereon	2.00	-
Adjustment for Provision/ allowances as per normal Tax	0.49	(2.03)
The amount of expenditure relatable income u/s 10	0.07	0.14
The amount of income u/s 10 - dividend	(2.18)	(0.01)
Ind AS Impact	-	(10.88)
Tax Provision as per Books	25.65	26.91

NOTE 65. OVERALL PRINCIPLES:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognized assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

NOTE 66. FIRST TIME ADOPTION OF IND AS

The accounting policies set out in Note 3 have been applied in preparing the Financial statements for the year ended March 31, 2017 and 2016,

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS as at the transition date, i.e. April 1, 2015.

A.1 Ind- AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Investment Property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

A.1.2 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated instead have been accounted as per previous GAAP. The Company has applied same exemption for investment in associates and joint ventures.

A.1.3 Designation of previously recognized financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity instruments.

A.1.4 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

A.1.5 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made in for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, classification and measurement of financial asset has been based on the facts and circumstances that exist at the date of transition to Ind AS.

NOTE 67. RECONCILIATION OF IGAAP WITH IND AS STATEMENT

a Reconciliation of total equity

Consolidated

(₹ in Crores)

Particulars	Note No.	As at 31.03.2016	As at 01.04.2015
Total equity under previous GAAP		1,077.06	957.70
Less: Reclassification Adjustments		(0.99)	-
Preference Shares earlier classified under Share Capital now classified as Non-Current Financial Borrowings		(80.50)	(80.50)
		995.57	877.20
Adjustments:			
Share of profits of associates		(26.17)	(26.35)
Assigned Debtors measured at fair value	2	(1.11)	-
Non-current investments measured at fair value	1	(173.57)	(174.29)
Current investments measured at fair value	1	1.06	1.32
Impact of Non-Current Investment sold at loss		44.34	-
Total adjustment to equity		(155.45)	(199.32)
Total equity under Ind AS		840.12	677.88

Note to Reconciliation Statement

1. Under the Previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and reliability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments

(other than equity instruments designated as at FVOCI) have been recognised in other equity as at the date of transition i.e. April 1, 2015 Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI equity instruments reserve as at the date of transition and subsequently in the other comprehensive income.

2. Under the previous GAAP the debtors assigned to third party were carried at cost, however under IND AS the debtors assigned for more than 12 months needs to be fair valued. Company has fair valued such debtors and the difference has been charged to profit and loss account as finance charge.

b Reconciliation of profit as previously reported under IGAAP to Ind AS

Consolidated

(₹ in Crores)

Particulars	Note No.	As at 31.03.2016
Net Profit as per IGAAP		126.15
Prior Period Error		0.99
Joint-venture earlier consolidated as per proportionate consolidation method now consolidated on equity basis		(1.78)
		125.36
Adjustments During the year:		
Dividends and related distribution tax not recognised as liability until declared under Ind AS	1	(6.38)
Investment measured at fair value	2	-
Assigned Debtors measured at fair value	3	(1.11)
Impact of Reclassification of Leave encashment expenses	4	(0.66)
Impact of Reclassification of Gratuity	4	(5.20)
Impact of Non-Current Investment sold at loss		44.34
Total adjustment to profit		30.99
Net Profit as per IND-AS		156.35
Other Comprehensive Incomes		
A.) Items that will not be reclassified to profit or loss		
(i) remeasurement of defined benefit plans;	4	5.86
(ii) Equity investments measured at value through OCI	2	1.02
B.) Items that will be reclassified to profit or loss;		-
Total of Other Comprehensive Incomes		6.88
Total Comprehensive income as per Ind-AS		163.23

Note to Reconciliation Statement

1 : Proposed dividend

Under the Previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend including dividend distribution tax was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend including dividend distribution tax included under provisions has been reversed with corresponding adjustment to in other equity.

Under Previous GAAP, the entire dividend distribution tax paid by the Group was charged as an appropriation in equity along with the dividend proposed by the Parent company. As per Ind AS dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to profit or loss if the dividend itself is charged to profit or loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is also recognised in equity".

2 Under the Previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for

other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in other equity as at the date of transition i.e. April 1, 2015.

Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI equity instruments reserve as at the date of transition and subsequently in the other comprehensive income.

3 Under the previous GAAP the debtors assigned to third party were carried at cost, however under IND AS the debtors assigned for more than 12 months needs to be fair valued. Company has fair valued such debtors and the difference has been charged to profit and loss account as finance charge.

4. Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these re-measurements were forming part of the profit or loss for the year.

c-1 Reconciliation of Equity as at March 31, 2016

(₹ in Crores)

Assets	31-March-16			
	Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Non-current Assets				
(a) Property, Plant and Equipment	154.52	(0.64)	(0.22)	153.66
(b) Capital work-in-progress	0.11	-	-	0.11
(c) Goodwill	19.22	-	-	19.22
(d) Other Intangible assets	2.26	-	(0.07)	2.19
(e) Intangible assets under development	0.55	-	-	0.55
(f) Investment in associates/ joint venture accounted for using the equity method	10.13	-	-	10.13
(g) Financial Assets				
(i) Investments	191.91	(129.22)	(17.38)	45.31
(ii) Others	2.68	0.21	11.92	14.81
(h) Deferred tax assets (net)	-	-	-	-
(i) Other non-current assets	-	0.64	0.06	0.70
Total non-current assets	**381.38**	**(129.01)**	**(5.69)**	**246.68**
Current Assets				
(a) Inventories	276.19	-	-	276.19
(b) Financial Assets	-	-	-	
(i) Investments	0.19	1.06	-	1.25
(ii) Trade Receivables	1,118.27	-	(5.62)	1,112.65
(iii) Cash & cash equivalents	27.11	-	(18.04)	9.07
(iv) Bank balances other than (iii) above	75.40	-	2.52	77.92
(v) Loans & Advances	382.92	-	(380.17)	2.75
(vi) Others	-	-	217.23	217.23
(c) Current Tax Assets (Net)	-	-	151.31	151.31
(d) Other current assets	41.57	-	4.77	46.34
Total current assets	**1,921.65**	**1.06**	**(28.00)**	**1,894.71**
Total Assets	**2,303.03**	**(127.95)**	**(33.69)**	**2,141.39**

(₹ in Crores)

Equity and Liabilities	31-March-16			
	Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Equity				
(a) Equity Share capital	204.44	-	(80.50)	123.94
(b) Other Equity	872.62	(156.44)	-	716.18
Total Equity	**1,077.06**	**(156.44)**	**(80.50)**	**840.12**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	251.25	-	80.42	331.67
(iii) Other financial liabilities	-	0.21	-	0.21
(b) Provisions	12.68	-	-	12.68
Total non-current liabilities	**263.93**	**0.21**	**80.42**	**344.56**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	155.26	-	6.26	161.52
(ii) Trade Payable				
(a) total outstanding dues of micro enterprises and small enterprises; and	8.56	-	-	8.56
(b) total outstanding dues of creditors other than micro enterprises and small enterprises."	514.71	-	(27.93)	486.78
(iii) Other financial liabilities	-	2.62	184.60	187.22
(b) Other current liabilities	274.42	0.54	(166.75)	108.21
(c) Provisions	9.09	(3.16)	(1.51)	4.42
Total current liabilities	**962.04**	**-**	**(5.33)**	**956.71**
Total Liabilities	**1,225.97**	**0.21**	**75.09**	**1,301.27**
Total equity and liabilities	**2,303.03**	**(156.23)**	**(5.41)**	**2,141.39**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

c-2 Reconciliation of Equity as at April 01, 2015

(₹ in Crores)

Assets	1-Apr-15 Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Non-current Assets				
(a) Property, Plant and Equipment	121.29	(0.65)	(0.02)	120.62
(b) Capital work-in-progress	3.69	-	-	3.69
(c) Goodwill	74.22	-	-	74.22
(d) Other Intangible assets	3.23	-	-	3.23
(e) Intangible assets under development	-	-	-	-
(f) Investment in associates/ joint venture accounted for using the equity method	6.99	-	-	6.99
(g) Financial Assets				
(i) Investments	264.67	(174.29)	(26.35)	64.03
(ii) Others	2.80	0.21	27.66	30.67
(h) Deferred tax assets (net)	-	-	-	-
(i) Other non-current assets	-	0.64	0.08	0.72
Total non-current assets	**476.89**	**(174.09)**	**1.37**	**304.17**
Current Assets				
(a) Inventories	236.10	-	-	236.10
(b) Financial Assets				
(i) Investments	0.18	1.32	-	1.50
(ii) Trade Receivables	365.64	-	-	365.64
(iii) Cash & cash equivalents	26.57	-	-	26.57
(iv) Bank balances other than (iii) above	134.78	-	(18.26)	116.52
(v) Loans & Advances	528.69	-	(525.69)	3.00
(vi) Others	-	0.01	399.29	399.30
(c) Current Tax Assets (Net)	-	-	120.11	120.11
(d) Other current assets	51.19	-	(3.19)	48.00
Total current assets	**1,343.15**	**1.33**	**(27.74)**	**1,316.74**
Total Assets	**1,820.04**	**(172.76)**	**(26.37)**	**1,620.91**

Equity and Liabilities	1-Apr-15 Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Equity				
(a) Equity Share capital	204.44	-	(80.50)	123.94
(b) Other Equity	753.26	(199.32)	-	553.94
Total Equity	**957.70**	**(199.32)**	**(80.50)**	**677.88**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	162.29	-	80.47	242.76
(iii) Other financial liabilities	-	0.21	-	0.21
(b) Provisions	15.98	-	-	15.98
Total non-current liabilities	**178.27**	**0.21**	**80.47**	**258.95**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	126.87	-	6.26	133.13
(ii) Trade Payable				
(a) total outstanding dues of micro enterprises and small enterprises and	9.81	-	-	9.81
(b) total outstanding dues of creditors other than micro enterprises and small enterprises.	315.85	-	(12.25)	303.60
(iii) Other financial liabilities	-	2.62	115.65	118.27
(b) Other current liabilities	221.68	0.44	(109.64)	112.48
(c) Provisions	9.86	(3.06)	(0.01)	6.79
(d) Current Tax Liabilities (Net)				
Total current liabilities	**684.07**	**-**	**0.01**	**684.08**
Total Liabilities	**862.34**	**0.21**	**80.48**	**943.03**
Total equity and liabilities	**1,820.04**	**(199.11)**	**(0.02)**	**1,620.91**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

d Reconciliation of Statement of Profit and Loss as at March 31, 2016

(₹ in Crores)

	Assets	31-March- 2016			
		Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
I.	**INCOME**				
	Revenue from operations	2,611.06	-	261.32	2,872.38
	Other Income	34.74	0.40	(0.36)	34.78
	Total Income (I)	**2,645.80**	**0.40**	**260.96**	**2,907.16**
II.	**EXPENSE**				
	Cost of Material Consumed	393.55	-	-	393.55
	Other Direct cost	1,174.82	-	9.46	1,184.28
	Purchase of goods for resale	252.19	-	(13.41)	238.78
	(Increase) / Decrease in stock	(43.57)	-	(0.26)	(43.83)
	Employee benefits expense	162.60	(1.07)	(2.08)	159.45
	Finance Cost	47.82	13.68	-	61.50
	Depreciation	26.33	(0.01)	(0.14)	26.18
	Other Expenses	396.17	(44.18)	272.10	624.09
	Total Expenses (II)	**2,409.91**	**(31.58)**	**265.67**	**2,644.00**
III.	**Profit / (loss) before Share of profit/ (loss) of an associate and a joint venture, exceptional items and income tax (I-II)**	**235.89**	**31.98**	**(4.71)**	**263.16**
IV.	Share of profit/ (loss) of an associate and a joint venture (IV)	1.72	(1.78)	3.21	3.15
V.	**Profit / (loss) before exceptional items and income tax (III + IV)**	**237.61**	**30.20**	**(1.50)**	**266.31**
VI.	Exceptional item (net of tax)	109.95	-	-	109.95
VII.	**Profit / (Loss) before tax (V - VI)**	**127.66**	**30.20**	**(1.50)**	**156.36**
VIII.	**Tax expense**				
	Current tax	28.41	-	(1.50)	26.91
	MAT Credit Entitlement	(26.90)	-	-	(26.90)
	Deferred Tax	-	-	-	-
IX.	**Profit/(loss) for the year (VII - VIII)**	**126.15**	**30.20**	**-**	**156.35**
X.	Other Comprehensive Income				
	A.) Items that will not be reclassified to profit or loss				
	(i) remeasurement of defined benefit plans;	-	5.86	-	5.86
	ii) Equity Instruments measured at fair value through OCI	-	1.02	-	1.02
	B.) Itesm that will be reclassified to profit or loss;	-	-		-
	Other comprehensive income for the year after tax (X)	**-**	**6.88**	**-**	**6.88**
XI.	**Total comprehensive income for the year (IX + X)**	**126.15**	**37.08**	**-**	**163.23**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

As per our report of even date attached

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

(Manish Kumar Singhal)
Partner
M.No. 502570

New Delhi, 10th May, 2017

For and on behalf of the Board

M P Shukla Chairman
Mahendra Nahata Managing Director
Arvind Kharabanda Director

V. R. Jain Chief Financial Officer
Manoj Baid Vice-President (Corporate) & Company Secretary

New Delhi, 10th May, 2017

Form AOC-1

Annexure - A

(Statement pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries **(in ₹)**

Name of the Subsidiary	HTL Ltd.	Moneta Finance Pvt. Ltd.	HFCL Advance Systems Pvt. Ltd.	Polixel Security Systems P Ltd.
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	NA	NA	NA	NA
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA	NA
Share Capital	15,00,00,000	102,00,000	1,00,000	18,08,560
Reserves and Surplus	(114,69,37,789)	(18,02,580)	(141,779)	9,18,74,051
Total Assets	176,51,30,356	84,74,945	63,172	32,51,52,740
Total liabilities	276,20,68,146	77,525	1,04,950	23,14,70,129
Investments	Nil	8,49,827	Nil	Nil
Turnover	201,44,06,627	30,000	Nil	28,40,00,928
Profit before taxation	2,14,26,988	(3,47,147)	(51,739)	1,90,81,743
Provision for taxation	Nil	Nil	Nil	75,05,782
Profit after taxation	2,14,26,988	(3,47,147)	(51,739)	1,15,75,961
Proposed Dividend	Nil	Nil	Nil	Nil
% of Shareholding	74	100	100	100

(i) Name of Subsidiaries which are yet to commence operations: NA (ii) **Name of Subsidiaries which have been liquidated or sold during the year:** NA

Part "B" Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate companies and Joint Ventures **(in ₹)**

Name of Associates/Joint Ventures	DragonWave HFCL India Pvt. Ltd.	HFCL Bezeq Telecom Ltd.
Latest audited Balance Sheet Date	31/03/2017	31/03/2017
No. of Shares of Associates/Joint Venture held by the Company on the year end	34,93,000	100
Amount of Investments in Associates/Joint Venture	3,49,30,000	Nil
Extent of holding %	49.90	0.19
Description of how there is significant influence	Pursuant to Section 2(6) of the Companies Act, 2013	As per the provisions of Ind AS
Reason why the associates/joint venture is not consolidated	NA	NA
Networth attributable to Shareholding as per latest audited Balance Sheet	1,56,94,241 as per Balance sheet of 31.03.2017	Nil as per Balance Sheet of 31.03.2017
Profit / (Loss) for the year	4,80,57,458 (2016-17)	NA
i. Considered in Consolidation	Yes	Yes
ii. Not Considered in Consolidation	NA	NA

1. **Names of associates or joint ventures which are yet to commence operations.**
   HFCL Bezeq Telecom Ltd.
2. **Names of associates or joint ventures which have been liquidated or sold during the year:** NA

For and on behalf of the Board

M P Shukla Chairman
Mahendra Nahata Managing Director
Arvind Kharabanda Director (Finance)

V. R. Jain Chief Financial Officer

Manoj Baid Vice-President (Corporate) & Company Secretary

Date: 10th May, 2017 Place: New Delhi



CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Mahendra Pratap Shukla
Non-Executive Chairman

Shri Mahendra Nahata
Managing Director

Shri Arvind Kharabanda
Director

Dr. Ranjeet Mal Kastia
Director

Smt. Bela Banerjee
Director

Shri Rajiv Sharma
Director (Nominee - IDBI Bank Ltd.)

CHIEF FINANCIAL OFFICER

Shri Vijay Raj Jain

VICE-PRESIDENT (CORPORATE) & COMPANY SECRETARY

Shri Manoj Baid

BANKERS

IDBI Bank Limited
State Bank of India
Oriental Bank of Commerce
Punjab National Bank
Bank of Baroda
Union Bank of India
United Bank of India

AUDITORS

M/s Khandelwal Jain & Co.
Chartered Accountants
12-B, Baldota Bhawan
117, Maharshi Karve Road
Mumbai – 400 020

REGISTERED OFFICE & TELECOM EQUIPMENT PLANT

8, Electronics Complex
Chambaghat
Solan – 173 213
Himachal Pradesh

OPTICAL FIBRE CABLE PLANT

L 35-37, Industrial Area, Phase – II
Verna Electronics city
Salcete, Goa - 403 722

CORPORATE OFFICE

8, Commercial Complex
Masjid Moth, Greater Kailash - II
New Delhi – 110 048

SECRETARIAL DEPARTMENT & INVESTOR RELATION CELL

8, Commercial Complex
Masjid Moth, Greater Kailash - II
New Delhi – 110 048



HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

Registered Office
8, Electronics Complex
Chambaghat
Solan – 173 213
Himachal Pradesh

Corporate Office
8, Commercial Complex
Masjid Moth
Greater Kailash II
New Delhi – 110 048

CIN
L64200HP1987PLC007466

Website
www.hfcl.com

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

Regd. Office: 8, Electronics Complex, Chambaghat, Solan-173213 (H.P.)
Tel: +91-1792-230644, Fax: +91-1792-231902
Website: www.hfcl.com; e-mail: secretarial@hfcl.com
(Corporate Identity Number: L64200HP1987PLC007466)

NOTICE

Notice is hereby given that the 30th Annual General Meeting of the Members of Himachal Futuristic Communications Limited will be held on Monday the 25th day of September, 2017 at 11:00 A.M. at the Mushroom Centre, Chambaghat, Solan-173213, Himachal Pradesh to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt (a) The audited financial statements of the Company for the financial year ended 31st March, 2017, the reports of the Board of Directors and Auditors thereon; and (b) The audited consolidated financial statements of the Company for the financial year ended 31st March, 2017 and the reports of the Auditors thereon and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   a) "**RESOLVED THAT** the audited financial statements of the Company for the financial year ended 31st March, 2017 and the reports of the Board of Directors and Auditors thereon as laid before this meeting be and are hereby considered and adopted."

   b) "**RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended 31st March, 2017 and the reports of Auditors thereon laid before this meeting be and are hereby considered and adopted."

2. To confirm dividends paid on Cumulative Redeemable Preference Shares and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** the first interim dividend of Rs.3.25 per share and second interim dividend of Rs.3.25 per share on 6.50% Cumulative Redeemable Preference Shares of face value of Rs.100/- each for the financial year 2016-17 amounting to Rs.6.30 Crore (inclusive of tax of Rs.1.07 Crore) as declared by the Board of Directors on 28th November, 2016 and 10th May, 2017 respectively and already paid to preference shareholders be and is hereby confirmed and approved."

3. To appoint a Director in place of Shri Arvind Kharabanda (DIN:00052270), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** Shri Arvind Kharabanda (DIN:00052270), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment be and is hereby re-appointed as a Director of the Company".

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

   Explanation: Section 139 of the Companies Act, 2013 ('the Act') was notified effective April 1, 2014. Section 139 of the Act lays down the criteria for appointment and mandatory rotation of statutory auditors. Pursuant to Section 139 of the Act and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of two terms of five consecutive years. The Rules also lay down the transitional period that can be served by the existing statutory auditors depending on the number of consecutive years for which an audit firm has been functioning as auditor in the same company. The existing auditors, Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W) have served the Company for over 10 years before the Act was notified and will be completing the maximum number of transitional period of 3 (three) years at the ensuing 30th Annual General Meeting.

   The Audit Committee of the Company at its meeting held on 10th, August, 2017 has proposed and on 10th August 2017, the Board has recommended the appointment of S. Bhandari and Co., Chartered Accountants (Firm registration number 000560C) ('SBC') and Oswal Sunil & Company, Chartered Accountants (Firm registration number 016520N) ('Oswal') as the statutory auditors of the Company. SBC & Oswal will hold office for a period of five consecutive years from the conclusion of the 30th Annual General Meeting of the Company till the conclusion of the 35th Annual General Meeting to be held in the year 2022. The first year of audit will be of the financial statements for the year ending 31st March, 2018, which will include the audit of the quarterly financial statements from second quarter onwards for the financial year ending 31st March, 2018.

   Therefore, shareholders, are requested to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary resolution:

   "**RESOLVED THAT** pursuant to Sections 139 and 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time,

pursuant to the proposal of the Audit Committee of the Board and recommendation of the Board, S. Bhandari and Co., Chartered Accountants (Firm registration number 000560C and Oswal Sunil & Company, Chartered Accountants (Firm registration number 016520N) be and are hereby appointed as the statutory auditors of the Company, for a period of five years for auditing the accounts of the Company from the financial year 2017-2018 to 2021-2022, to hold office from the conclusion of this 30th Annual General Meeting until the conclusion of the 35th Annual General Meeting at such remuneration and out of pocket expenses that may be determined by the Audit Committee/Board of Directors."

SPECIAL BUSINESS:

5. To increase the remuneration of Shri Mahendra Nahata (DIN:00052898), the Managing Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act"), read with Schedule V to the said Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and as per the Articles of Association of the Company and subject to such other approval(s) or sanctions(s) as may be required, the consent of the Company be and is hereby accorded to the revision of salary and other perks of Shri Mahendra Nahata as the Managing Director of the Company w.e.f. 1st April, 2017 for the remaining period of his tenure i.e. up to 30th September, 2018 as per details given in the Statement annexed hereto.

   RESOLVED FURTHER THAT the Board of Directors (which term shall be deemed to include any Committee including the Nomination and Remuneration Committee of the Board) be and is hereby authorised to vary or increase the remuneration as specified in the Statement annexed hereto from time to time as it may deem fit and as may be acceptable to Shri Mahendra Nahata provided that such variation or increase, as the case may be, is within the overall limits as specified under the relevant provisions of the Act.

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

6. To consider and approve HFCL Employees' Long Term Incentive Plan-2017 and its implementation through trust and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) read with Section 67 of the Companies Act, 2013, Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (hereinafter referred to as "SEBI SBEB Regulations"), the provisions of the Memorandum and Articles of Association of the Company, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other prevailing statutory guidelines in that behalf (hereinafter together referred to as "the Extant Guidelines") and subject to such other approvals, permissions and sanctions as may be necessary from appropriate authorities and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee including the Nomination, Remuneration and Compensation Committee which the Board has constituted to exercise its powers, including the powers conferred by this resolution), approval and consent of the members of the Company be and is hereby accorded to the Board to approve, introduce and implement HFCL Employees' Long Term Incentive Plan- 2017 (hereinafter referred to as the "HFCL 2017 Scheme/ Scheme") and to create, offer and grant options/units/shares not exceeding 2,50,00,000 (Two Crore Fifty Lakh Only) convertible into equivalent number of equity shares of the Company to the present and future employees of the Company who are in permanent employment of the Company including Directors of the Company whether whole-time or not (except Independent Directors, Promoters or person belonging to Promoter Group and Directors who directly or indirectly holds more than 10% of the outstanding equity shares of the Company), and whether working in India or outside India as may be selected by the Board on the basis of criteria prescribed in the Scheme (collectively referred as "Eligible Employees") in one or more tranches, at such price and on such other criteria and terms and conditions as may be fixed or determined by the Board in accordance with Scheme, SEBI SBEB Regulations and in due compliance with other applicable laws and regulations.

   RESOLVED FURTHER THAT approval and consent of the members of the Company be and is hereby accorded to the Board to implement HFCL Employees' Long Term Incentive Plan-2017 through employees benefit Trust of the Company i.e. HFCL Employees Trust (hereinafter referred to as "Trust") and the Trust to subscribe, acquire, purchase, hold and deal in equity shares of the Company through subscription of the shares and Trust be and is hereby authorized to do all such acts, deeds and things as may be incidental or ancillary in this regard.

RESOLVED FURTHER THAT the Company shall confirm to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the HFCL Employees' Long Term Incentive Plan-2017.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do the following:-

i) administer, implement and superintend the HFCL Employees' Long Term Incentive Plan-2017 through HFCL Employees Trust;

ii) determine the terms and conditions of grant, issue, re-issue, cancel and withdrawal of stock options/ units/ shares from time to time;

iii) issue and allot equity shares upon exercise of options/ units from time to time in accordance with the Scheme and such equity shares shall rank pari-passu in all respects with the then existing equity shares of the Company.

iv) to take necessary steps for listing of the equity shares allotted under the HFCL Employees' Long Term Incentive Plan-2017 on the Stock Exchanges where the equity shares of the Company are listed as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the other applicable laws, guidelines, rules and regulations.

v) formulate, approve, evolve, decide upon and bring into effect, suspend, withdraw HFCL Employees' Long Term Incentive Plan-2017 and to make any modifications, changes, variations, alterations or revisions in it, as it may deem fit, from time to time in conformity with the provisions of the Companies Act 2013, the SEBI SBEB Regulations and other applicable laws, circulars and guidelines, unless such modifications, changes, variations, alterations, or revisions is detrimental to the material interest of the employees of the Company with regard to the options/units that may have already been granted or shares vested.

vi) do all such acts, deeds, things and matters as may be considered necessary or expedient including delegation of all or any of the powers herein conferred by this resolution to any committee of directors, director, officer or authorized representative of the Company; and

vii) settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company".

7. To consider and approve extending benefits of HFCL Employees' Long Term Incentive Plan-2017 to the employees of subsidiary companies and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (hereinafter referred to as "SEBI SBEB Regulations"), the provisions of the Memorandum and Articles of Association of the Company, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other prevailing statutory guidelines in that behalf (hereinafter together referred to as "the Extant Guidelines") and subject to such other approvals, permissions and sanctions as may be necessary from appropriate authorities and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee including the Nomination, Remuneration and Compensation Committee which the Board has constituted to exercise its powers, including the powers conferred by this resolution), approval and consent of the members of the Company be and is hereby accorded to the Board to extend the benefits of HFCL Employees' Long Term Incentive Plan-2017 (hereinafter referred to as the "HFCL 2017 Scheme/ Scheme"), within the overall ceiling of 2,50,00,000 (Two Crore Fifty Lakh Only) Options/Units convertible into equivalent number of equity shares of the Company to the present and future employees of the any existing and future subsidiary(ies) of the Company, who are in permanent employment of the subsidiary(ies) including its directors whether whole-time or not (except Independent Directors, Promoters or person belonging to Promoter Group and Directors who directly or indirectly holds more than 10% of the outstanding equity shares of the Company), and whether working in India or outside India as may be selected by the Board on the basis of criteria prescribed in the Scheme in one or more tranches and on such other criteria, terms and conditions as may be fixed or determined by the Board in accordance with Scheme, SEBI SBEB Regulations and in due compliance with other applicable laws and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of the Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company".

8. To consider and approve authorization to HFCL Employees Trust to subscribe, acquire, hold, transfer shares under the HFCL Employees' Long Term Incentive Plan-2017 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and Section 67 of the Companies Act, 2013, Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (hereinafter referred to as "SEBI SBEB Regulations"), the provisions of the Memorandum and Articles of Association of the Company, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other prevailing statutory guidelines in that behalf (hereinafter together referred to as "the Extant Guidelines") and subject to such other approvals, permissions and sanctions as may be necessary from appropriate authorities and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee including the Nomination, Remuneration and Compensation Committee which the Board has constituted to exercise its powers, including the powers conferred by this resolution), approval and consent of the members of the Company be and is hereby accorded to HFCL Employees Trust (hereinafter referred to as "Trust") to subscribe, acquire, hold, transfer and to deal in the shares of the Company up to 2,50,00,000 (Two Crore Fifty Lakh Only) fully paid up equity shares of the Company of face value of Re.1/- each for implementation of the Employees' Long Term Incentive Plan-2017 (hereinafter referred to as the "HFCL 2017 Scheme/ Scheme") in one or more tranches, at such price or prices and on such terms and conditions as may be decided by the Trust in accordance with the Scheme, SEBI SBEB Regulations and in due compliance with other applicable laws and regulations.

RESOLVED FURTHER THAT the Trustees of the Trust shall ensure compliances of the provisions of the SEBI SBEB Regulations, the Companies Act, 2013 and Rules made thereunder and all other applicable laws and regulations at all times in connection with dealing with the shares of the Company including but not limited to maintenance of proper books of accounts, records and documents as may be prescribed.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of the Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company".

9. To consider and approve to grant loans to HFCL Employees Trust for subscription of HFCL shares under HFCL Employees' Long Term Incentive Plan-2017 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the applicable provisions of the Section 67 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (hereinafter referred to as "SEBI SBEB Regulations"), the provisions of the Memorandum and Articles of Association of the Company, Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 as amended from time to time and subject to such other approvals, permissions and sanctions as may be necessary from appropriate authorities and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee including the Nomination, Remuneration and Compensation Committee which the Board has constituted to exercise its powers, including the powers conferred by this resolution), approval and consent of the members of the Company be and is hereby accorded to Board of Directors of the Company (hereinafter referred to as "Board") to grant loan to HFCL Employees Trust (hereinafter referred to as "Trust") in one or more tranches not exceeding 5% of the aggregate of paid-up capital and free reserves of the Company for the purpose of subscription of equity shares of the Company by the Trust for extending the benefits to employees of the Company under HFCL Employees' Long Term Incentive Plan-2017 (hereinafter referred to as the "HFCL 2017 Scheme/ Scheme") or any other employee stock option plan or share based employee benefit plan, which may be introduced by Company from time to time as permitted under and in due compliance with the provisions of SEBI SBEB Regulations, the Companies Act, 2013, Rules framed thereunder and other applicable rules and regulations.

RESOLVED FURTHER THAT in order to enable the Trust to acquire the Equity Shares of the Company, the amount of loan to be provided by the Company to the Trust, from time to time, shall be worked out based on the value of the shares to be allotted in terms of the HFCL 2017 Scheme.

RESOLVED FURTHER THAT the Company will compensate the Trust for the difference between exercise price received from employee and the price at which Trust acquired the shares of the Company.

RESOLVED FURTHER THAT any loan provided by the Company shall be repayable to and recoverable by the Company from time to time during the term of the Scheme.

RESOLVED FURTHER THAT the Trustees of the Trust shall ensure compliances of the provisions of the SEBI SBEB Regulations, Companies Act, 2013 and Rules made thereunder and all other applicable laws and regulations at all times in connection with dealing with the shares of the Company including but not limited to maintenance of proper books of accounts, records and documents as may be prescribed.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of the Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company".

10. To Issue Convertible Warrants on preferential basis and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (**"Act"**), the rules and regulations issued by the Securities and Exchange Board of India ("**SEBI**"), including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the **"SEBI ICDR Regulations"**), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the **"Listing Regulations")** and the policies, rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India or any other competent authority, from time to time, to the extent applicable including the provisions of the Memorandum of Association and Articles of Association of the Company, and subject to the permissions, consents, sanctions and approval by any authority, as may be necessary, and subject to such conditions and modifications as might be prescribed while granting such permissions, consents, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the **"Board"**, which term shall be deemed to include any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Company be and is hereby accorded to the Board to create, issue, offer, and allot, from time to time in one or more tranches, 4,50,00,000 (Four Crore Fifty Lakh Only) Convertible Warrants (**"Warrants"**) on a preferential basis to Promoters/ Promoter Group of the companies (as defined in the SEBI ICDR Regulations) and non-promoter persons / entity (**"Warrant Holder"**), with a right to Warrant Holder to apply for and get allotted one equity share of face value of Re.1/- (Rupee One Only) each (the **"Equity Shares"**) for each Warrant, within a period of 18 (Eighteen) months from the date of allotment of Warrants, at a price of Rs.16/- each (Rupees Sixteen Only) which is more than the price as arrived in accordance with SEBI ICDR Regulations aggregating to Rs.72 Crore (Rupees Seventy Two Crore Only).

RESOLVED FURTHER THAT in accordance with the provisions of Chapter VII of the SEBI ICDR Regulations, the "**Relevant Date**" for the purpose of determining the minimum issue price for the issue of warrants/equity shares arising on conversion of warrants is 24th August, 2017 (since 25th August, 2017 / 26th August, 2017 falls on holiday / weekend), which is 30 (Thirty) days prior to the date of the shareholders' meeting to be held on 25th September, 2017.

RESOLVED FURTHER THAT in accordance with the applicable provisions of the SEBI ICDR Regulations, the Warrant Holder shall pay an amount equivalent to at least 25% of the price fixed per Warrant on or before the allotment of the Warrants.

RESOLVED FURTHER THAT the said Warrants shall be issued and allotted by the Company within a period of 15 (Fifteen) days from the date of passing of this resolution, provided that where the allotment of the said Warrants is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 (Fifteen) days from the date of receipt of last of such approvals.

RESOLVED FURTHER THAT the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed issue of Warrants including reduction of the size of the issue, as it may deem expedient, in its discretion.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the issue of Warrants shall be subject to following terms:

(i) The Warrants may be exercised by the Warrant Holder at any time before the expiry of 18 (Eighteen) months from the date of allotment of the Warrants ("**Tenure**");

(ii) In the event the Warrant Holder does not exercise the Warrants within 18 (Eighteen) months from the date of allotment of the Warrants, the Warrants shall lapse and the amount paid on such Warrants shall stand forfeited by the Company;

(iii) The Warrant Holder shall be entitled to exercise the option of exercising any or all of the Warrants in one or more tranches by way of a written notice to the Company, specifying the number of Warrants

proposed to be exercised along with the aggregate amount thereon, without any further approval from the shareholders of the Company prior to or at the time of conversion. The Company shall accordingly, issue and allot the corresponding number of Equity Shares to the Warrant holder;

(iv) The Company shall procure that within 30 (Thirty) days of the issuance and allotment of any Equity Shares to the Warrant Holder upon exercise of Warrants, the listing and trading approvals for such Equity Shares are received from the relevant stock exchanges;

(v) The Equity Shares to be so allotted on exercise of the Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank pari-passu in all respects including dividend, with the existing Equity Shares of the Company;

(vi) Upon exercise of the Warrants by the Warrant Holder, the Company shall issue and allot appropriate number of Equity Shares and perform such actions as are required to credit the Equity Shares to the depository account of Warrant Holder and entering the name of Warrant Holder in the records of the Company as the registered owner of such Equity Shares;

(vii) A Warrant subscription price equivalent to 25% of the issue price of the Equity Shares will be payable at the time of subscription to the Warrants, as prescribed by Regulation 77 of the SEBI ICDR Regulations. A Warrant exercise price equivalent to the 75% of the issue price of the Equity Shares will be payable by the Warrant holder at the time of exercising the Warrant;

(viii) The issue of the Warrants as well as Equity Shares arising from the exercise of the Warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority as the case may be or any modifications thereof;

(ix) Subject to the provisions of Chapter VII of the SEBI ICDR Regulations, the Warrants and equity shares allotted on exercise of such Warrants will be transferable within the Promoters and persons forming part of Promoter Group;

(x) In the event that the Company completes any form of capital restructuring prior to the conversion of the Warrants, then, the number of Equity Shares that each Warrant converts into and the price payable for such Equity Shares, shall be adjusted accordingly in a manner that, to the extent permitted by applicable laws, Warrant holder: (a) receives such number of Equity Shares that Warrant holder would have been entitled to receive; and (b) pays such consideration for such Equity Shares to the Company which Warrant holder would have been required to pay, had the Warrants been exercised immediately prior to the completion of such capital restructuring;

(xi) The Warrants and the Equity Shares allotted pursuant to exercise of such Warrants shall be subject to a lock-in for such period as specified under Chapter VII of ICDR Regulations relating to preferential issues;

(xii) The Warrants by itself, until exercise of conversion option and Equity Shares allotted, does not give to the Warrant holder thereof any rights with respect to that of a shareholder(s) of the Company; and

(xiii) Until the Warrants are transferred, the Company shall treat Warrant Holder as the absolute owner for all purposes without being affected by any notice to the contrary.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares of the Company as may be required to be issued and allotted upon exercise of the option in the Warrants held by the holder(s) of the Warrants.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolution, including issue of offer letter, making necessary filings with the stock exchanges and regulatory authorities and execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any other professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as they may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents without being required to seek any fresh approval of the shareholders of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Warrants and Equity Shares and utilisation of proceeds of the Warrants and Equity Shares issued upon exercise of such Warrants, take all other steps which may be incidental, consequential, relevant or ancillary to give effect to the aforesaid resolution".

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

By order of the Board

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

Place: New Delhi
Date: 26th August, 2017

NOTES:

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

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

2. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.

3. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and share transfer books of the Company will remain closed from 19th September, 2017 to 23rd September, 2017 (both days inclusive) for the purpose of Annual General Meeting (AGM).

4. Members are requested:

   i) to kindly notify the change of address, if any, to the Company/their Depository Participant.

   ii) to bring their attendance slip along with their copy of the Annual Report in the Meeting.

   iii) to deposit the duly completed attendance slip at the Meeting.

5. Members may use the facility of nomination. A Nomination Form will be supplied to them on request.

6. Members desiring any information with regard to Annual Accounts/Report are requested to submit their queries addressed to the Company Secretary at least ten days in advance of the Meeting so that the information called for can be made available at the Meeting.

7. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

8. Relevant documents referred to in the accompanying Notice and Statement are open for inspection by the members at the Registered Office of the Company on all working days except Saturdays, Sundays and public holidays during business hours up to the date of the Annual General Meeting.

9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

10. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

11. Copies of Annual Report for financial year ended 31st March, 2017 including Notice of AGM, Attendance Slip, Proxy Form and instructions for e-Voting are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participant(s) unless any member has requested for a hard copy of the same. Members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses so that they can receive the Annual Report and other communications from the Company electronically in future. For members who have not registered their e-mail addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

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

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

    I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by Institute of Company Secretaries of India, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-Voting") will be provided by National Securities Depository Limited (NSDL).

    II. The facility for voting through polling paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-Voting shall be able to exercise their right at the meeting through polling paper.

III. The members who have cast their vote by remote e-Voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-Voting period commences on 22nd September, 2017 (9:00 A.M.) and ends on 24th September, 2017 (5:00 P.M.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18th September, 2017, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The process and manner for remote e-Voting are as under:

A. In case a Member receives an email from NSDL [for Members whose Email IDs are registered with the Company/Depository Participant(s)] :

(i) Open email and open PDF file viz; "HFCL e-Voting" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-Voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii) Click on Shareholder - Login

(iv) Put user ID and password as initial password/ PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of remote e-Voting opens. Click on remote e-Voting: Active Voting Cycles.

(vii) Select "EVEN" of "Himachal Futuristic Communications Limited".

(viii) Now you are ready for remote e-Voting as Cast Vote page opens.

(ix) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cut-off date.

(x) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(xi) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xii) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xiii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. who are authorized to vote, to the Scrutinizer through e-mail to scrutinizer@hfcl.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for Members whose Email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy] :

(i) Initial password is provided on the letter enclosed with the Annual Report.

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-Voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.:1800-222-990.

VII. If you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password/PIN for casting your vote.

VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 18th September, 2017.

IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 18th September, 2017 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer at secretarial@hfcl.com and /RTA at admin@mcsregistrars.com.

However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

Note: In case Shareholder are holding shares in demat mode, USER-ID is the combination of (DPID + ClientID). In case Shareholder are holding shares in physical mode, USER-ID is the combination of (Even No. + Folio No.).

X. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting as well as voting at the AGM through polling paper.

XI. Shri Baldev Singh Kashtwal, Company Secretary in whole-time-practice having Membership No. 3616 and C.P. No. F3169 has been appointed as the Scrutinizer to scrutinize the poll and remote e-Voting process in a fair and transparent manner.

XII. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-Voting facility.

XIII. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XIV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.hfcl.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

XV. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of Annual General Meeting i.e. 25th September, 2017.

XVI. Route Map of the venue of 30th Annual General Meeting is enclosed in the Notice of Annual General Meeting.

Details of Directors retiring by rotation and proposed to be re-appointed and increase in remuneration of Shri Mahendra Nahata, Managing Director Pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India.

Name of the Director	Shri Arvind Kharabanda	Shri Mahendra Nahata
DIN	00052270	00052898
Date of Birth	09.03.1947	19.05.1959
Date of first Appointment	30.10.2004	11.05.1987
Experience/Expertise in Specific Functional Areas	Shri Arvind Kharabanda has got over 42 years experience in managerial positions, projects implementation and finance.	Shri Mahendra Nahata is a Commerce Graduate from Calcutta University and has business experience of over 34 years. Shri Nahata is the promoter director of Himachal Futuristic Communications Ltd. Shri Nahata is the visionary behind the Company's R&D, technology partnerships, business development and marketing initiatives.
Qualification(s)	CA	B.Com (Hons.)
Directorship in other Companies	1. India Sign Private Ltd. 2. My Box Technologies Private Ltd.	1. HTL Ltd. 2. Reliance Jio Infocomm Ltd. 3. DragonWave HFCL India Private Ltd. 4. MN Ventures Private Ltd. 5. India Card Technology Private Ltd. 6. HFCL Advance Systems Private Ltd. 7. Krishiv Ventures Private Ltd. 8. Pranatharhi Ventures Private Ltd.

Name of the Director	Shri Arvind Kharabanda	Shri Mahendra Nahata
Chairmanship/ Membership of Committees (across all public Cos.)	**Himachal Futuristic Communications Ltd.** Audit - Member Stakeholders Relationship – Member	-
Shareholding in the Company	Nil	73,477 equity shares
Relationship with other Directors and KMPs of the Company	N.A.	N.A.
No. of Board Meetings held/ attended	4/4	4/4
Last Remuneration drawn (per annum)	Rs. 29,67,373/- (including Rs.4,75,000/- as sitting fees and Rs.10,00,000/- as gratuity)	Rs. 4,56,00,000/-

The above information may be treated as part of Statement annexed under Section 102 of the Companies Act, 2013 for item no(s) 3 and 5 of the AGM Notice. The Board of Directors recommends the re-appointment of Shri Arvind Kharabanda as a Director and increase in the remuneration of Shri Mahendra Nahata, Managing Director of the Company for remaining period of his tenure.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT")

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

ITEM NO. 5

The Nomination and Remuneration Committee and the Board of Directors of the Company (the "Board") at their respective meetings held on 10th May, 2017 has approved the increase in the remuneration of Shri Mahendra Nahata, Managing Director of the Company w.e.f. 1st April, 2017 for his remaining period of tenure i.e. up to 30th September, 2018 subject to the approval of members as per details given below:

(a) Salary: Rs.5.0 crore per annum

(b) Perquisites and Allowances: Rs.1.20 crore per annum

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

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

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

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

(d) General:

(i) The Managing Director will perform the duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respect and confirm to and comply with all such directions and regulations as may from time to time be given and made by the Board.

(ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

(iii) The office of the Managing Director may be terminated by the Company or by the Managing Director by giving the other 6 (six) months' prior notice in writing.

Shri Mahendra Nahata is a Commerce Graduate from Calcutta University and has business experience of over 34 years. Shri Nahata is the promoter director of Himachal Futuristic Communications Ltd. Shri Nahata is the visionary behind the Company's R&D, technology partnerships, business development and marketing initiatives. Shri Nahata is one of the Pioneer in the new age telecom sector in India and had been associated with many esteemed forums related to the telecom industry. In the past, Shri Nahata had been Member of Board of Governors of Indian Institute of Technology, Bombay and Indian Institute of Technology, Madras. He had also been the Member of the Board of Governors of Indian Institute of Information Technology, Allahabad and Member of Council of Scientific & Industrial Research, Government of India.

DISCLOSURES AS REQUIRED UNDER SCHEDULE V OF THE COMPANIES ACT, 2013 ARE GIVEN HEREUNDER:

I. General information:

(1) Nature of Industry

Himachal Futuristic Communications Limited (HFCL) is a leading telecom infrastructure developer, system integrator and manufacturer of high-end telecom equipment and optical fiber cables (OFC).

(2) Date or expected date of commencement of commercial production

Commercial production already started in October, 1989.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable.

(4) Financial performance based on given indicators

During the financial year ended 31st March, 2017, Company has made a total revenue of Rs.2260.86 Crores as compared to a total revenue of Rs.2880.72 Crores during the financial year ended 31st March, 2016. The Company has earned a net profit of Rs.123.72 Crores in the financial year ended 31st March, 2017 as against the profit of Rs.150.45 Crores in the previous financial year ended 31st March, 2016.

(5) Foreign investments or collaborations, if any.

Not Applicable.

II. Information about the appointee:

(1) Background details:

Already given in the foregoing paragraphs

(2) Past remuneration:

FY 2016-17 - Rs.3,35,20,000/-

FY 2015-16 – Rs.2,14,44,736/-

(3) Recognition or awards

In recognition of vast experience in the telecom industry, Shri Mahendra Nahata, Managing Director had been President of Telecom Equipment Manufacturing Association of India for a period of two years. He had been conferred with the "Telecom Man of the Millennium" awarded by Voice & Data Magazine in 2003.

(4) Job profile and his suitability

Shri Mahendra Nahata is the promoter and Managing Director of the Company. He leads the overall strategy and planning, business development and marketing activities of the Company. Shri Nahata has participated in large number of national/international conferences/ seminars on the telecom industry. Shri Nahata's contribution to the telecom sector are commendable and many milestones in the sector has been achieved due to his initiatives and entrepreneurship.

(5) Remuneration proposed

Already mentioned in the foregoing paragraphs.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expartriates the relevant details would be respect to the country of his origin)

From Annual revenue of Rs.288 Crores in financial year 2012, Company has come a long way in recording revenue of Rs.2260.86 Crores with net profit of Rs.123.72 Crores in the financial year 2017. During these years, Company's revenue and net profit has grown tremendously. Our thrust on turnkey contracts and services helped sustain our growth momentum, while also aiding growth of our telecom product business. Shri Nahata's experience and expertise in the telecom sector has brought the Company at this stage. It is Shri Nahata's sincere efforts that have drove the Company towards the growth path during these years. In view of above, the Nomination and Remuneration Committee and Board of Directors at its respective meetings held on 10th May, 2017 has approved the increase in the remuneration of Shri Nahata. The increased remuneration payable to Shri Nahata is commensurate with the other organization of the similar type, size and nature in the Telecom Industry.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Except for the proposed remuneration, Shri Mahendra Nahata does not have any pecuniary relationship with the Company or with any other key managerial personnel.

III. Other information:

(1) Reason of loss or inadequate profits

Presently, the Company has adequate profits to pay the proposed remuneration.

(2) Steps taken or proposed to be taken for improvement

As mentioned above our thrust on turnkey contracts and services helped sustain our growth momentum, while also aiding growth of our telecom product business. With both these segments attaining sizeable market share, customer confidence and financial independence, we have successfully added dedicated business divisions for Railways and Defence. The synergetic move is backed by our proven capabilities in telecom products and turnkey services, which map well with sizeable opportunities unfolding in Indian Railways and Defence sector. Electronic security and surveillance, a big enabler of homeland security and a must add feature for smart cities, offers another area of significant growth for us.

(3) Expected increase in productivity and profits in measurable terms

With the continued efforts of Government of India and political stability in the country, the business and consumer confidence are expected to improve further in the coming financial years. The various policy decisions taken would act as growth channel for the Company which would contribute in increased revenue and profits.

IV. Disclosures

The necessary disclosures on remuneration etc. have been made under Corporate Governance Report which forms the part of the Annual Report.

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

The above may be treated as a written memorandum setting out the terms of increase in remuneration of Shri Mahendra Nahata under Section 190 of the Act.

Shri Mahendra Nahata is interested in the resolution as set out at Item No. 5 of the Notice which pertains to his increase in remuneration payable to him. The relatives of Shri Mahendra Nahata may be deemed to be interested in this resolution to the extent of their shareholding interest, if any, in the Company.

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

Your directors commends the Special Resolution set out at Item no. 5 of the Notice for your approval.

ITEM NO.(s) 6,7,8 & 9

The human resource plays a vital role in growth and success of a Company. To enable employees to participate in the enhancement of shareholders' value, the Company proposes to provide Stock Options to its employees. Stock options are an effective instrument to align interests of employees with those of the Company and provides an opportunity to employees to participate in the growth of the Company, besides creating long term wealth in their hands. This also help the Company in attracting, motivating and retaining the best talent.

The Nomination, Remuneration and Compensation Committee and the Board of Directors in their respective meetings held on 26th August, 2017 subject to the approval of the members have approved the "HFCL Employees' Long Term Incentive Plan-2017" and have decided to implement this Plan via the trust route. The Company has formed a trust by the name and style of HFCL Employees Trust (hereinafter referred to as "Trust") and Trust will subscribe, acquire, hold, transfer and deal in the equity shares of the Company.

The Nomination Remuneration and Compensation Committee has recommended to introduce Employees Stock Option Plan in the Company to meet the following key objectives:

1. Promote entrepreneurial behaviour, foster ownership, innovation, creativity and responsibility.
2. Encourage collaboration for achievement of organizational performance goals and success by aligning the financial interest of employees with that of other shareowner of the Company.
3. Provide an avenue for reward and retention of key talents as the Company grows.
4. Providing employees an opportunity to acquire or expand equity interest in the Company.

The salient features and other details of the HFCL Employees' Long Term Incentive Plan-2017 as per the Regulation 6(2) of SEBI (Share Based Employee Benefits) Regulations, 2014 are as under:

a) Brief description of the Scheme:

The Scheme shall be called as the "HFCL Employees' Long Term Incentive Plan-2017" (hereinafter referred to as the "HFCL 2017 Scheme/ Scheme") and shall extend the benefits to the present and future employees of the Company, who are in permanent employment of the Company including Directors of the Company whether whole-time or not (except Independent Directors, Promoters or person belonging to Promoter Group and Directors who directly or indirectly holds more than 10% of the outstanding equity shares of the Company), and whether working in India or outside India as may be selected by the Board on the basis of criteria prescribed in the Scheme (collectively referred as "Eligible Employees")

HFCL 2017 Scheme will be implemented through HFCL Employees Trust which will subscribe, hold, transfer and deal in the shares of the Company.

The benefits of the Scheme shall also be extended to employees of the subsidiary company(ies) in India or outside India.

The HFCL 2017 Scheme comprises of the following three sub-set:

i) Employee Stock Option Plan (ESOP) under which Options would be granted;

ii) Restricted Stock Units Plan (RSUP) under which Units would be granted;

iii) Employee Stock Purchase Scheme (ESPS) under which shares would be issued.

b) The total number of options, units, shares or benefits, as the case may be, to be granted:

The total number of options/units/shares that may be granted would be such number which shall entitle the option/units/shares holders to acquire in one or more tranches not exceeding 2,50,00,000 equity shares of the Company of the face value of Re. 1/- each. Each such option/unit would confers a right upon the option/unit holder to apply for 1 (one) equity share of the Company in accordance with the terms and conditions of the Scheme.

c) Identification of classes of employees entitled to participate and be beneficiaries in the Scheme:

The present and future employees of the Company who are in permanent employment of the Company including Directors of the Company whether Whole-time or not (except Independent Directors, Promoters or person belonging to Promoter Group and Directors who directly or indirectly holds more than 10% of the outstanding equity shares of the Company), and whether working in India or outside India shall be entitled to participate and be beneficiaries in the Scheme. As stated above, employees of the subsidiary company(ies) in India or outside India shall also be eligible to participate and be beneficiary of the Scheme. The Nomination, Remuneration and Compensation Committee may consider the position and responsibilities of the employee, period of service, the nature and value to the Company of the employee's services and accomplishments, the employee's present and potential contribution to the success of the Company etc. While granting an option/unit the Committee may consider such performance conditions as may be prescribed by the Committee.

d) Requirement of vesting and period of vesting:

The Vesting Period of the options/units issued under the ESOP/RSUP respectively, shall be decided by Nomination, Remuneration and Compensation Committee from time to time but shall not be less than one year from the date of Grant(s) of Option(s)/Unit(s). The option/unit may vest in one or more tranche(s) subject to the terms and conditions as may be stipulated by the Nomination, Remuneration and Compensation Committee.

The lock-in period on the shares issued under the ESPS shall be decided by Nomination, Remuneration and Compensation Committee from time to time but shall not be less than one year from the date of issue.

e) Maximum period (subject to Regulation 18(1) and 24(1) of the Regulations, as the case may be) within which the options / units / shares / benefits shall be vested:

All the options/units will get vested within a maximum period of five years from the date of grant unless otherwise decided by the Nomination, Remuneration and Compensation Committee.

f) Exercise price, purchase price or pricing formula:

The exercise price of the options shall be determined by the Nomination, Remuneration and Compensation Committee at the time of grant of the options. Such price shall not be less than as per the closing market price of the share on the stock exchanges where the shares of the Company are listed, immediately prior to the date of grant of the options, subject to conformity of accounting policies specified in the Regulation 15 of SEBI (Share Based Employee Benefits) Regulations, 2014. The exercise price of restricted stock unit will be Re.1/-.

The shares issued under the Employee Stock Purchase Scheme (ESPS) will be issued at a 15% discount to the closing market price of the share of the Company as on the National Stock Exchange of India Limited (NSE) immediately prior to the date of issue.

g) Exercise period and process of Exercise:

The maximum exercise period for exercising the options/units shall be five years from the respective dates of the vesting of the options/units unless otherwise decided by the Nomination, Remuneration and Compensation Committee. The options/units granted under the Scheme would be exercisable by the employee within the maximum exercise period by submitting an exercise form to the authorized representative of the Company during the exercise window which will open on a quarterly basis. After the expiry of the exercise period, the unexercised options/units, if any shall lapse. The lapsed options/units shall be available for fresh grants to other eligible employees.

h) The appraisal process for determining the eligibility of employees for the Scheme:

The Nomination, Remuneration and Compensation Committee may consider the position and responsibilities of the employee, period of service, the nature and value to the Company of the employee's services and accomplishments, the employee's present and potential contribution to the success of the Company, the remaining period of employee's service with the Company, performance link parameters and/ or any such other criteria that may be determined by the Nomination, Remuneration and Compensation Committee in its sole discretion.

i) Maximum number of Options, Units, Shares as the case may be, to be issued per employee and in aggregate:

The maximum number of options/units/shares granted to any one employee in a year will not equal to or exceed 1% of the issued equity share capital of the Company (excluding outstanding warrants and conversions, if any) at the time of grant of the options. To grant options/units/shares in excess of the aforesaid limit, the approval of the shareholders would be sought by way of a separate resolution.

The aggregate of all grants of options /units/shares shall not exceed 2,50,00,000 equity shares.

j) Maximum quantum of benefits to be provided per employee under a Scheme:

The maximum quantum of benefit to be provided under the Scheme will be difference between the exercise price and the market value of share on the date of exercise of the options/units. Similarly, in the case of shares, the maximum quantum of benefits to be provided under the ESPS will be difference between the issue price and the market value of shares on the date of issue.

k) Whether the Scheme is to be implemented and administered directly by the Company or through a trust:

The Scheme shall be implemented and administered by the HFCL Employees Trust.

l) Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the trust or both:

The Company will issue new shares as required and HFCL Employees Trust to subscribe, hold, transfer and deal in the shares of the Company. The trust would not be making secondary acquisitions of shares.

m) The amount of loan to be provided for implementation of the Scheme by the Company to the Trust, its tenure, utilization, repayment terms etc.:

Amount of loan to be provided by the Company to the Trust shall not exceed 5% of the paid up equity capital and free reserves as at the end of financial year immediately prior to the year in which the shareholder approval is obtained. The tenure of the loan would be till the objects of the Trust are accomplished or the re-payment of the loan is made whichever is earlier. The loan amount shall be utilized by the Trust for its objects as mentioned in the Trust Deed including subscription of shares for implementation of the HFCL 2017 Scheme. The loan shall be repaid by the Trust in one or more installments, by utilising the proceeds received by it from the exercise price paid by the employees in respect of the options/units/ shares.

n) Maximum percentage of secondary acquisition (subject to limits specified under the Regulations) that can be made by the trust for the purpose of the Scheme:

Nil

o) A Statement to the effect that the Company shall conform to the accounting policies specified in Regulation 15:

The Company shall comply with the disclosures, the accounting policies and other requirements as prescribed under Regulation 15 of SEBI (Share Based Employee Benefits) Regulations, 2014.

p) The method which the Company shall use to value its options:

The Company shall adopt the fair value method or any of the method as per applicable accounting standards.

The disclosures as per Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014, are as under:

The class of employees for whose benefit the plan is being implemented and money is being provided for purchase of or subscription to shares	Present and future employees of the Company who are in permanent employment of the Company including Directors of the Company whether whole-time or not (except Independent Directors, Promoters or person belonging to Promoter Group and Directors who directly or indirectly holds more than 10% of the outstanding equity shares of the Company), and whether working in India or outside India. Employees of the subsidiary company(ies) in India or outside India are also included.
The particulars of the trustee or employees in whose favor such shares are to be registered	Name of the Trustees: i) Shri Brij Bihari Tandon ii) Shri Pankaj Jain
Particulars of trust	Name of the Trust: HFCL Employees Trust
Name, Address, Occupation and nationality of trustees	i) Shri Brij Bihari Tandon (Former Chief Election Commissioner of India) J-238, First Floor, Saket, New Delhi – 110017 ii) Shri Pankaj Jain Chartered Accountant 6-B, PIL Court, 6th Floor, 111 M, Karve Road, Near Aaykar Bhawan, Churchgate, Mumbai - 400020
Relationship of trustees with promoters, directors or key managerial personnel, if any	None
Any interest of key managerial personnel, directors or promoters in such Scheme or trust and effect thereof	The Key Managerial Personnel and Directors are interested in the HFCL 2017 Scheme to the extent the options/units/shares may be granted to them under the Plan.
The detailed particulars of benefits which will accrue to the employees from the implementation of the Scheme	1. Promote entrepreneurial behavior, foster ownership, innovation, creativity and responsibility. 2. Encourage collaboration for achievement of organizational performance goals and success by aligning the financial interest of employees with that of other shareowner of the Company. 3. Provide an avenue for reward and retention of key talents as the Company grows. 4. Providing employees an opportunity to acquire or expand equity interest in the Company.
The details about who would exercise and how the voting rights in respect of the shares to be purchased or subscribed under the scheme would be exercised	Once the shares are issued to the Trust, it would be considered as the registered shareholder of the Company till the date of transfer/ sale of shares upon exercise by the employees. However, the Trustees will not have any right to vote on the Equity Shares held by the Trust. Once the shares are transferred to the employees upon their exercise, the employees will be treated as the shareholder of the Company and shall exercise the right to vote in respect of such shares.

In terms of the Companies Act, 2013 and the SEBI(SBEB) Regulations, 2014, the approval of the shareholders is sought by way of Special Resolution for the approval of the HFCL Employees' Long Term Incentive Plan-2017 and for the provisioning of money to the Trust to meet the objectives of HFCL 2017 Scheme.

The Board recommends the resolution as set out at item no.(s) 6, 7, 8 and 9 for your approval by way of special resolutions.

None of the Directors of the Company, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested in these resolutions except to the extent of options/units/shares that may be offered to them under HFCL 2017 Scheme.

Item No.10

In order to augment the fund position of the Company, which will be utilised for the business purpose including but not limited to meet capital expenditure and working capital requirement of the Company and its subsidiaries, joint venture and affiliates including investment in subsidiaries, joint ventures and affiliates, repayment of debts, exploring acquisition opportunities and general corporate purposes, it is proposed to issue Warrants convertible into equity shares on preferential basis

Salient features of the preferential issue of Warrants are as under:

The proposed issue and allotment of Warrants, on a preferential basis, shall be governed by the applicable provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended SEBI ("**ICDR Regulations**") and the Companies Act, 2013 read with rules made there under ("**Act**"). Without generality to the above, the salient features of the preferential issue of Warrants are as under:

The "**Relevant Date**" as per the SEBI ICDR Regulations for determining the minimum price for the preferential issue of Warrants is 24th August, 2017 (since 25th August, 2017 / 26th August, 2017 falls on holiday / weekend) , which is 30 days prior to the date of the shareholders' meeting to be held on 25th September, 2017.

The minimum price as per the pricing formula prescribed under the SEBI ICDR Regulations for the preferential issue of Warrants is Rs.15.92 (Rupees Fifteen and Paisa Ninety Two Only), being higher of (a) the average of the high and low of the volume weighted average price at the National Stock Exchange of India Limited for 26 weeks prior to the relevant date viz. Rs.14.43 (Rupees Fourteen and Paisa Forty Three Only), and (b) the average of the high and low of the volume weighted average price at the National Stock Exchange of India Limited for 2 weeks prior to the relevant date viz. Rs.15.92 (Rupees Fifteen and Paisa Ninety Two Only). The Board at its meeting held on 26th August, 2017 has fixed issue price of the Warrants at Rs.16/- (Rupees Sixteen Only) per warrant which is more than the aforesaid minimum price.

25% of the consideration for preferential issue of Warrants shall be received by the Company prior to the allotment of said warrants.

The Warrants shall be exercised within a period of 18 (eighteen) months from the date of their allotment, in one or more tranches.

At the time of exercise, the Warrant Holder shall pay the balance 75% of the consideration payable in respect of the Warrants so being exercised.

Post conversion of the Warrants, the paid-up equity share capital would be Rs.128,43,77,194 /- (Rupees One Hundred Twenty Eight Crore Forty Three Lakh Seventy Seven Thousand One Hundred Ninety Four Only) and Securities premium would increase by Rs.67.50 Crores (Rupees Sixty Seven Crores and Fifty Lakh Only) on the assumption that entire 4,50,00,000 Warrants will be subscribed by Warrant Holder and converted into equity shares by the Company on application being made by the Warrant Holder to that effect. The aforesaid increase in paid up equity share capital and Securities premium does not take into account any allotment of equity shares to be made by the Company under the HFCL Employees' Long Term Incentive Plan -2017. The Company has not made any preferential issue of securities in this financial year, other than the proposed issue of Warrants as stated in this notice.

The Warrant Holder has not sold any equity shares during the six months preceding the Relevant Date. The Warrant Holder has not subscribed to any warrants of the Company during last one year.

The other information prescribed under Regulation 73 of the SEBI ICDR Regulations is as follows:

a. ***Object of the preferential issue of Warrants and details of utilization of proceeds:***

To meet capital expenditure and working capital requirement of the Company and its subsidiaries, joint venture and affiliates including investment in subsidiaries, joint ventures and affiliates, repayment of debt, expansion and modernization of plants, exploring acquisition opportunities and general corporate purposes.

b. The proposal or intention of the Promoter/ Directors/ Key Management Personnel to subscribe to the proposed preferential issue, if any:

Except Warrant Holder, companies forming part of the Promoter/ Promoter Group / Non-Promoter persons / entity, which will be subscribing to Warrants in the preferential issue, none of the other Promoters, Directors or Key Management Personnel of the Company intends to apply and subscribe to any of the Warrants.

c. ***The shareholding pattern of the Company before and after the preferential issue of Warrants***

Sl. No.	Category	Pre-issue Shareholding (28.07.2017)		Post-issue Shareholding*	
		Number of Equity Shares held	% of Shareholding	Number of Equity Shares held	% of Shareholding
A	**Promoters Holding**				
1	Indian Promoters				
i)	Individual	555397	0.045	555397	0.043
ii)	Bodies Corporate	474126801	38.255	489126801	38.083
2	Foreign Promoters	0	0.000	0	0.000
	Sub Total (A)	**474682198**	**38.300**	**489682198**	**38.126**
B	**Public Shareholding**				
1	Institutional Investors				
a)	Mutual Funds/UTI	1542601	0.125	1542601	0.120
b)	Venture Capital Funds	0	0.000	0	0.000
c)	Alternate Investment Funds	0	0.000	0	0.000
d)	Foreign Venture Capital Investors	0	0.000	0	0.000
e)	Foreign Portfolio Investors	43024144	3.471	43024144	3.350
f)	Financial Institutions and Banks	85336630	6.886	85336630	6.644
g)	Insurance Companies	521000	0.042	521000	0.041
h)	Provident Funds/Pension Funds	0	0.000	0	0.000
i)	Any Others(specify)	0	0.000	0	0.000
a)	Foreign Institutional Investors	1466337	0.118	1466337	0.114
b)	Foreign Banks	5305	0.000	5305	0.000
	Sub Total (B1)	**131896017**	**10.642**	**131896017**	**10.269**
2	**Central Government/State Government(s)/President of India**	0	0.000	0	0.000
	Sub Total (B2)	**0**	**0.000**	**0**	**0.000**
3	**Non Institutional Investors**				
a)	Indian Public	353778513	28.545	363778513	28.323
b)	NBFC Registered with RBI	0	0.000	0	0.000
c)	Employee Trusts	0	0.000	0	0.000
d)	Overseas Depositories (holding DRs)	0	0.000	0	0.000
e)	Any Other				
i.	Bodies Corporates	265138379	21.393	275138379	21.422
ii.	OCBs	38250	0.003	38250	0.003
iii.	NRI (Rept.)	3562662	0.287	13562662	1.056
iv.	NRI (Non - Rept.)	1131741	0.091	1131741	0.088
v.	Foreign Nationals	7000	0.001	7000	0.001
vi.	Trust	92644	0.008	92644	0.007
vii	Clearing Members	9049790	0.730	9049790	0.705
	Sub Total (B3)	**632798979**	**51.058**	**662798979**	**51.605**
	Total Public Shareholding (B = B1+B2+B3)	**764694996**	**61.700**	**794694996**	**61.874**
C	**Non Promoter-Non Public Shareholders**				
1	Custodian /DR Holder – Name of DR Holders	0	0.000	0	0.000
2	Employee Benefit Trustee (Under SEBI (Share based Employee Benefits) Regulations, 2014	0	0.000	0	0.000
	Total Non-Promoter- Non Public Shareholders (C=C1+C2)	0	**0.000**	0	**0.000**
	GRAND TOTAL (A+B+C)	**1239377194**	**100.000**	**1284377194**	**100.000**

The above post issue shareholding pattern assumes conversion of all the Warrants into equivalent number of equity shares of the Company.

The aforesaid shareholding pattern does not take into the account the allotment of share to be made by the Company under the HFCL Employees' Long Term Incentive Plan-2017.

d. *Proposed time within which preferential issue of Warrants shall be completed*

As required under the SEBI ICDR Regulations, the preferential issue of Warrants shall be completed, within a period of 15 days from the date of passing of the special resolution contained in this Notice. Provided that where the allotment on preferential basis is pending on account of pendency of any approval of such allotment from any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 days from the date of receipt of last such approvals.

e. *The Identity of the natural persons who are the ultimate beneficial owners of the shares/ Warrants proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of pre and post preferential issue capital that may be held by them*

The identity of the natural persons who are the ultimate beneficial owners of the shares/Warrants proposed to be allotted and /or who ultimately control the proposed allottees and the percentage of the pre and post preferential issue capital that may be held by them on a fully diluted basis is given in the following table:

Name & PAN of Allottee	Address	Category	Natural person who are the ultimate beneficial owners and/or who ultimately control	No. of warrants proposed to be allotted	Pre-issue Share holding		Post-issue Shareholding*	
					No. of Equity Shares	%age of equity shares	No. of Equity Shares	%age of equity shares
MN Ventures Private Limited AACCI2827E	Property No. A-14, Sector 64, Gautam Budha Nagar Uttar Pradesh, India - 201301	Promoter/ Promoter Group	Shri Mahendra Nahata Shri Anant Nahata Smt. Manju Nahata	75,00,000	23,83,90,000	19.235	24,58,90,000	19.145
NextWave Communications Private Limited (Formerly MN Enterprises Private Limited) AACCD7696J	Property No. A-14, Sector 64, Gautam Budha Nagar Uttar Pradesh, India - 201301	Promoter/ Promoter Group	Shri Anant Nahata Smt. Manju Nahata	75,00,000	21,23,65,000	17.135	21,98,65,000	17.118
Keventer Capital Limited AABCP5288P	Sagar Estate 2- Clive Ghat Street Kolkata-700001	Non-Promoter Group	Shri Mahendra Kumar Jalan Shri Mayank Jalan	1,00,00,000	-	-	1,00,00,000	0.779
Shri Shankar Sharma AMGPS6103C	Unit No. 301, Marina View Towers, Dubai Marina DUBAI	Non-Promoter Group	NA	1,00,00,000	-	-	1,00,00,000	0.779
Shri Debashish Poddar AACCD1560F	Poddar Niketan 2, Gurusdey Road Kolkata-700019	Non-Promoter Group	NA	50,00,000	-	-	50,00,000	0.389
Shri Ayush Poddar AIYPP2169F	Poddar Niketan 2, Gurusdey Road Kolkata-700019	Non-Promoter Group	NA	25,00,000	-	-	25,00,000	0.195
Smt. Mansi Poddar AKLPS3180Q	Poddar Niketan 2, Gurusdey Road Kolkata-700019	Non-Promoter Group	NA	25,00,000	-	-	25,00,000	0.195

****Assuming 100 % conversion of warrants***

f. *Change in control, if any, in the Company consequent to the preferential issue*

As a result of the proposed issue of Warrants on a preferential basis, and upon conversion of the Warrants, there will be no change in the control of the Company.

g. *Undertakings*

The Company is not required to re-compute the price of the issue as the Company's shares are listed on stock exchanges for more than twenty six weeks from the relevant date and hence is not required to give undertakings.

h. *Lock-in-period*

(i) The warrants propossed to be allotted under this preferencial offer and resultant equity shares proposed to be issued to Promoters / Promoters Group and non Promoters upon exercise of entitlements against such warrants shall be subject to lock-in for a period of three years and one year respectively from the date of trading approval granted for the equity shares in accordance with the provisions of Regulation 78 of SEBI ICDR Regulations.

(ii) The entire pre-preferential shareholding of Warrant Holders, if any, shall also be locked-in from the relevant date upto a period of six months from the date trading approval as per Regulation 78 of the SEBI ICDR Regulations.

I. Other Disclosures

(i) It is hereby confirmed that neither the Company nor any of its Promoters or Directors are a wilful defaulter.

(ii) The Board, in its meeting held on August 26, 2017 has approved the issuance of Warrants on preferential basis to the Warrant Holder in the manner stated hereinabove, subject to the approval of members and other approvals, as may be required.

(iii) A copy of the certificate from M/s. Khandelwal Jain & Co., Chartered Accountants, Statutory Auditors of the Company, certifying that the above preferential issue of Warrants is made in accordance with the applicable provisions of the SEBI ICDR Regulations, will be open for inspection at the Registered Office and Corporate Office of the Company during working hours between 9.30 a.m. and 1.00 p.m. on all working days except Saturday, Sundays and Public Holidays up to the date of the AGM. Copy of the above mentioned Statutory Auditor's certificate shall also be laid before the AGM.

(iv) Regulation 72(1)(a) of the SEBI ICDR Regulations provides that preferential issue of specified securities by a listed company would require approval of its shareholders by way of a Special Resolution. The Board, therefore, recommends the resolution as set out in Item No. 10 above to be passed as a Special Resolution.

(v) None of the Directors or Key Managerial Personnel of the Company and/or their relative(s) is in any way concerned or interested, financially or otherwise, in the proposed resolution in Item No. 10 except Shri Mahendra Nahata, Managing Director, Shri Anant Nahata who are also a shareholder and a person forming part of Promoter/ Promoter group. Smt. Manju Nahata, wife of Shri Mahendra Nahata may also be treated as concerned or interested, financially or otherwise in the proposed resolution to the extent of her shareholding whether directly or indirectly in MN Ventures Private Limited and NextWave Communications Private Limited.

(vi) Other members of promoter and promoter group shall also be deemed to be concerned or interested in the proposed Resolution in Item No. 10, by reason of their being part of the Promoter Group which also includes the Warrant Holder. Apart from the above, no other Director or Key Managerial Personnel of the Company and/or their relative(s) is in any way concerned or interested, financially or otherwise, in the proposed resolution in Item No. 10 except to the extent of their shareholding in the Company.

The above proposal is in the interest of the Company and the Board accordingly recommends the resolution No.10 accompanying in the Notice for your approval.

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

Place: New Delhi
Date: 26th August, 2017

By order of the Board

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

NOTES

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

Regd. Office: 8, Electronics Complex, Chambaghat, Solan-173213 (H.P.)
Tel +91 1792-230644, Fax +91 1792-231902
Website: www.hfcl.com; e-mail: secretarial@hfcl.com
(CIN: L64200HP1987PLC007466)

ATTENDANCE SLIP

Please fill Attendance Slip and hand it over at the entrance of the venue.

DP-Id*		Folio No.	
Client-Id*		No. of Shares	

Name and Address of the Shareholder(s) _____

_____

_____

Name and Address of the Proxy holder _____

_____

_____

I/We hereby record my/our presence at the 30th Annual General Meeting of the Company, to be held on Monday, the 25th day of September, 2017 at 11:00 A.M. at Mushroom Centre, Chambaghat, Solan-173213 (H.P.)

_____

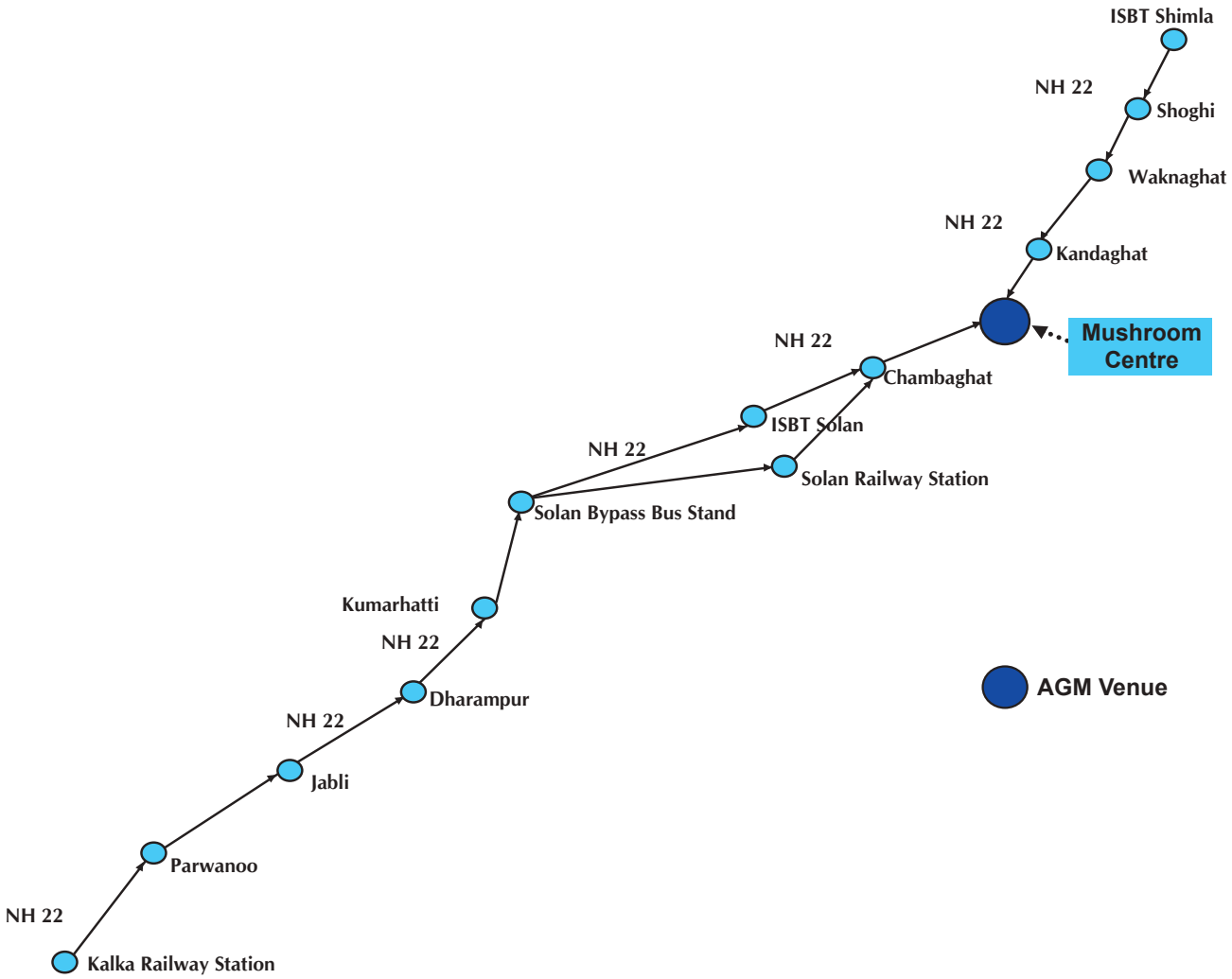
Signature of Shareholder

_____

Signature of Proxy holder

*Applicable for investors holding shares in electronic form.

Road Map of AGM Venue i.e. Mushroom Centre, Chambaghat Solan-173213 (Himachal Pradesh)



HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

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

Tel +91 1792-230644, Fax +91 1792-231902

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

(CIN: L64200HP1987PLC007466)

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration), Rules, 2014]

Name of the Member(s) :	
Registered address:	
E-Mail ID:	Folio No.:
	DP-ID / Client-ID* :

*Applicable for investors holding shares in electronic form.

I/We, being the member(s) holding _____ shares of Himachal Futuristic Communications Ltd, of ₹ 1/- each hereby appoint

(1) Name: _____of_____

_____ having e-mail id_____or failing him

(2) Name: _____of_____

_____ having e-mail id_____or failing him

(3) Name: _____of_____

_____ having e-mail id_____or failing him

and whose signature(s) are appended in Proxy Form as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on Monday, the 25th day of September, 2017 at 11:00 A.M. at Mushroom Centre, Chambaghat, Solan-173213 (H.P.) and at any adjournment thereof in respect of such resolutions as are indicated overleaf :

* I wish my above Proxy to vote in the manner as indicated in the Box below :

Sl. No.	Resolutions	For	Against
1.	To receive, consider and adopt :		
	a) Audited Financial Statements, Reports of the Board of Directors' and Auditors'		
	b) Audited Consolidated Financial Statements and Auditors' Report thereon		
2.	To confirm payment of Dividends on 6.50% Cumulative Redeemable Preference Shares		
3.	To consider and approve re-appointment of Shri Arvind Kharabanda (DIN:00052270), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment as a Director		
4.	To consider and approve appointment of S. Bhandari and Co., Chartered Accountants (Firm registration number 000560C) and Oswal Sunil & Company, Chartered Accountants (Firm registration number 016520N) as the statutory auditors of the Company		
5.	To consider and approve Increase in remuneration of Shri Mahendra Nahata (DIN:00052898), Managing Director of the Company		
6.	To consider and approve HFCL Employees' Long Term Incentive Plan-2017 and its implementation through trust		
7.	To consider and approve extending benefits of HFCL Employees' Long Term Incentive Plan-2017 to the employees of subsidiary companies		
8.	To consider and approve authorizing to HFCL Employees Trust to subscribe, acquire, hold, transfer Shares under the HFCL Employees' Long Term Incentive Plan-2017		
9.	To consider and approve granting loans to HFCL Employees Trust for subscription of HFCL shares under HFCL Employees' Long Term Incentive Plan-2017		
10.	To consider and approve issue of Convertible Warrants on preferential basis		

Signed this _____ day of _____ 2017

Affix Revenue Stamp

_____

Signature of shareholder

_____ _____ _____

Signature of first Proxy holder | Signature of second Proxy holder | Signature of third Proxy holder

Notes:

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 (Forty Eight) hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

*4. This is only optional. Please put a '✓' in the appropriate column against the resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.