





Shaping
a vibrant future





HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

ANNUAL REPORT 2018-19



What's where!

Corporate Overview

What sets us apart	02
FY19 in Action	04
Performance through the years	08
Managing Director's Message	10
Business Strategy	12
Business Review	14





Management Reports

Management Discussion & Analysis	18
Directors' Report	33
Corporate Governance Report	65
Business Responsibility Report	84

Financial Statements

Independent Auditors' Report on Standalone Accounts	92
Standalone Accounts	100
Independent Auditors' Report on Consolidated Accounts	144
Consolidated Accounts	152





AGM Notice 202

Forward Looking Statements:

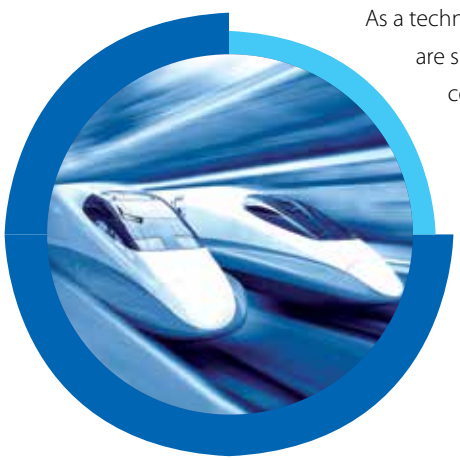
Certain statements in this Annual Report relating to the Company's future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We undertake no obligation to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

Shaping a vibrant future

With almost 9 billion mobile connections in the world which even exceed the 7.7 billion population, connectivity has officially become a dominant theme. Mobility in turn, has become the fastest growing and ubiquitous man-made technology platform of all times. Out of 5.13 billion unique mobile users, 2.71 billion are using a smartphone today. Their insatiable thirst for data guzzling is going to drive unprecedented fiberisation and technological advancements, which was inconceivable till few years ago.

Wireless communication technology is headed to transform the way we commute, connect and live life always on the go. Connected mobility, IoT (Internet of Things), utility management, navigation and traffic administration, governance, financial transactions, shopping, sovereign defence, space technology and what not, the digital living is unfolding in front of us, right now, right here and everywhere on the globe.





As a technology focussed Company with a rich portfolio of products and solutions, we, at HFCL, are shaping this vibrant future. With a range of technologically advanced products and communication network solutions, we are improving connectivity for digital natives, defence forces, railway commuters and urban dwellers.

Making every passing year of successful business performance as a building block for the future, we have steadily strengthened our innovation streak, manufacturing capacities and product and solution bouquet. With a firm belief in creating shared value for all stakeholders, we are **shaping a vibrant future**. Every single day in Every possible manner...

What sets us apart:

OPPORTUNITY SPECTRUM IS LARGE AND GROWING



Telecom: ₹4 Lakh Crore to be invested towards networks to make India 5G ready

Railways: ₹85,000 Crore to be spent by Indian Railway on telecom and signalling





Smart Cities: Projects worth ₹2.05 Lakh Crore are proposed in 100 cities under Smart Cities Mission

Defence: Annual outlay of ₹3.18 Lakh Crore including capital expenditure of ₹1.08 Lakh Crore makes India the third largest defence spender (FY20)

All the above domains being of strategic significance, indigenous technology and manufacturing would add an extra edge

STATE-OF-THE-ART MANUFACTURING FACILITIES

- Two OFC plants at Goa (own) and Chennai (subsidiary) with consolidated capacity of 18.5m fkm
- Telecom Equipment Plant at Solan
- FRP Rods, IFGR, ARP Manufacturing at Hosur
- Upcoming Optical Fiber Plant at Hyderabad



Optical Fiber Cable Plant, Goa

TECHNOLOGY FOCUS

- Products under development include WiFi Network Products, High Capacity Radio Relay, Backhaul Radios and Cloud-based Management Platform
- Strategic acquisition of Raddef Private Limited, an innovation focussed technology company
- Proven track record of technology indigenisation

AGILE PORTFOLIO OF PRODUCTS AND SOLUTIONS



Solution Capabilities: Telecom Network, Defence Network, Railway Communication Network, Smart City & Surveillance Network

Expanding Project & Export Footprints:
EPC footprints in India, Bangladesh and Mauritius and OFC exports to 50+ countries


Optical Fiber Cable Plant, Chennai

STRONG FINANCIALS, CONSISTENT GROWTH

- FY17-19 CAGR for Revenue, EBITDA and PAT at 47%, 46% and 37% respectively
- Outstanding Order Book of ₹11,350 crore as at 31/03/2019 (2.4 x FY19 Revenue)
- Credit rating of CARE A- with stable outlook
- Comfortable DE Ratio (0.40) and improved cash flows
- Rising Returns with FY19 RoE of 17.95% and diluted EPS of ₹1.75

47%
Revenue CAGR

17.95%
RoE

18.5m fkm
Consolidated OFC Capacity

FY19 in Action





June 20, 2018

CARE upgraded credit rating to A- with Stable Outlook.



July 19, 2018

Received two Purchase Orders from Bharat Sanchar Nigam Limited for combined value of ~₹2,004 crore for Design, Development and Management of GIS based Optical Fiber Cable (OFC) Network Management Systems for Defence Forces. An additional purchase order for the operation and maintenance component shall follow in due course.



August 11, 2018

Received two Purchase Orders worth ~₹583 crore for Survey, Planning, Supply, Installation, end to end Integration, Testing and Commissioning of OFC GPON and Radio network from Bharat Broadband Network Limited under BharatNet Phase-II Programme towards providing broadband connectivity to 3224 Gram Panchayats in 36 Blocks of Punjab.



September 24, 2018

Received Purchase Order worth ~₹558 crore from Bharat Sanchar Nigam Limited for Planning, Designing, Procurement, Installation, Integration, Commissioning, Testing, Training, Documentation and Maintenance of Hybrid Microwave broadband radio links on turnkey basis for pan India Defence Network.





October 16, 2018

Grant of performance based Employee Stock Options and Restrictive Stock Units to eligible employees.



December 22, 2018

Received our first two international EPC contracts for setting up of metro rail telecommunication systems in neighbouring Bangladesh and Mauritius from Larsen & Toubro for a combined value of ~₹148 crore. The contract entails development and deployment of advanced telecommunication network for 26-km-long Mauritius Metro Express and 20-km-long Dhaka Metro Mass Rapid Transit System.



January 10, 2019

Received two Purchase Orders with combined value of ~₹503 crore from Larsen & Toubro Limited (₹148 crore) and a consortium led by ITI Ltd. (₹355 crore) for supply of OFC towards creating OFC network infrastructure under BharatNet Phase-II Programme in Andhra Pradesh and Maharashtra respectively.





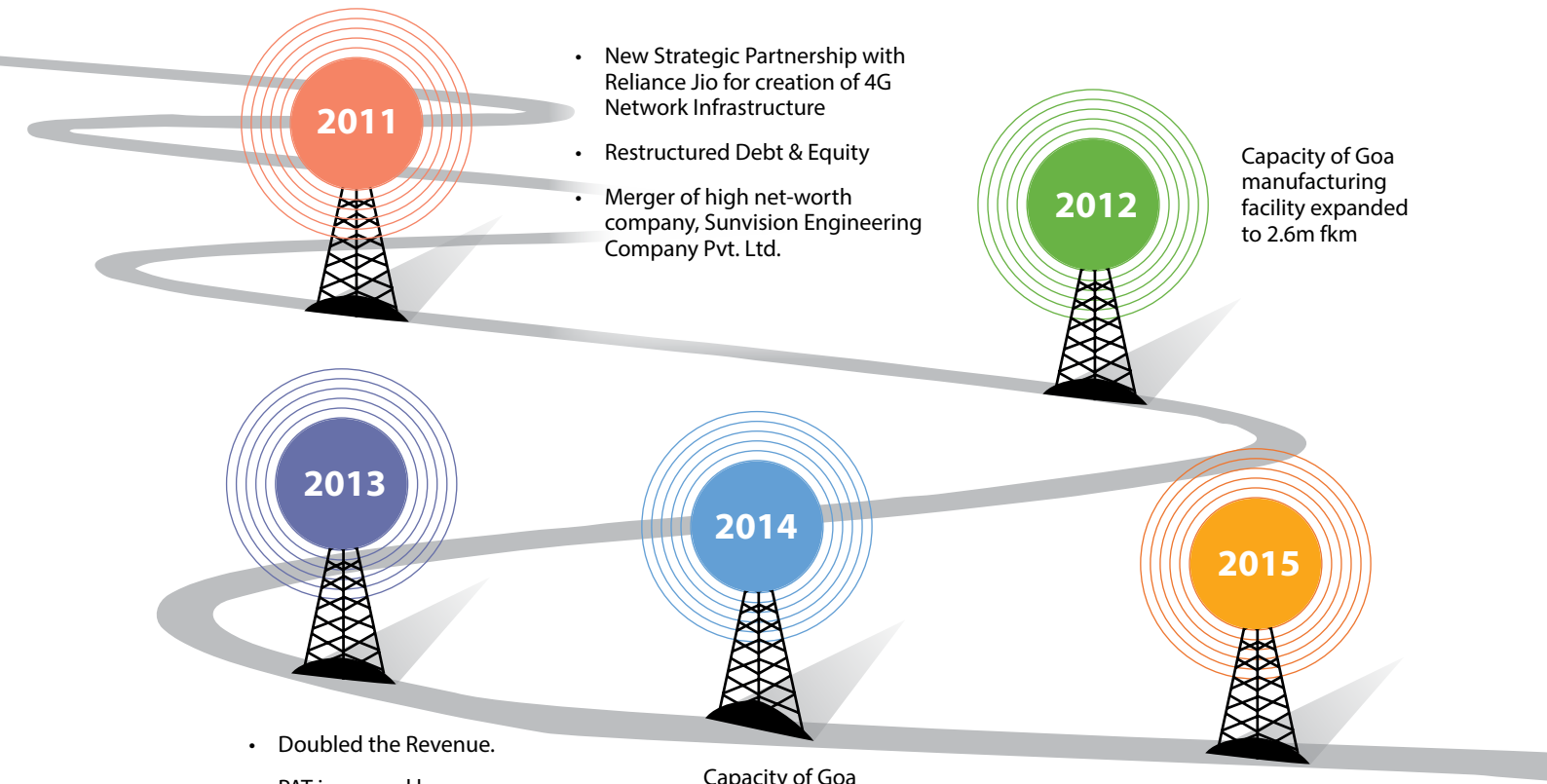
March 04, 2019

Received Purchase Order worth ~₹527 crore from Jharkhand Communication Network Limited under BharatNet Phase-II Programme for Survey, Planning, Supply, Installation, end-to-end Integration, Testing and Commissioning of Optical Fiber Cable network (underground and aerial), GPON network and Radio Network across 1684 Gram Panchayats of Jharkhand. An additional Purchase Order worth ~₹93 crore towards operation & maintenance shall follow in due course.

March 06, 2019

Received an Order of ~₹117 crore from Tata Projects Ltd. for supply of OFC for their OFC Network project being implemented in Chhattisgarh under BharatNet Phase-II Programme of Government of India.

Strengthening our growth foundation



2011

- New Strategic Partnership with Reliance Jio for creation of 4G Network Infrastructure
- Restructured Debt & Equity
- Merger of high net-worth company, Sunvision Engineering Company Pvt. Ltd.

2012

Capacity of Goa manufacturing facility expanded to 2.6m fkm

2013

- Doubled the Revenue.
- PAT increased by 5 times

2014

Capacity of Goa manufacturing facility expanded to 4.9m fkm

2015

- Set up Railways Communication, Smart City, Defence communication as new business verticals.
- Defence equipment business vertical was awarded seven manufacturing licenses from GoI

Order Book

₹11,350 Crore

₹1,650 Crore
O&M contracts in hand

2016

- Capacity of Goa manufacturing facility expanded to 7m fkm
- Commencement of OFC manufacturing facility at Chennai, in HTL Ltd., a subsidiary with capacity of 4m fkm

2017

Railway Business vertical won its first two significant orders from Eastern Dedicated Freight Corridor and Western Dedicated Freight Corridor

2018

- Capacity of Goa manufacturing facility expanded to 8m fkm
- Setting up of R&D Division for Design & Development including WiFi Network products/solutions, Radios etc.
- Capacity of Chennai plant expanded to 7m fkm

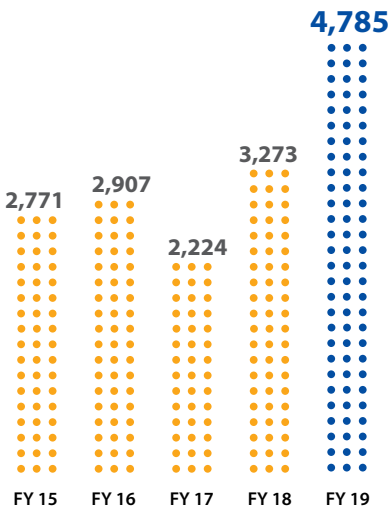
2019

- Setting up of Optical Fiber Plant in Hyderabad with 6.4m fkm capacity. Expected to be completed by the end of 2019
- Acquired 90% stake in a technology focussed company, Raddef Private Limited which has expertise in RF and Microwave domain embedded systems, Communication systems, RADAR and Surveillance systems

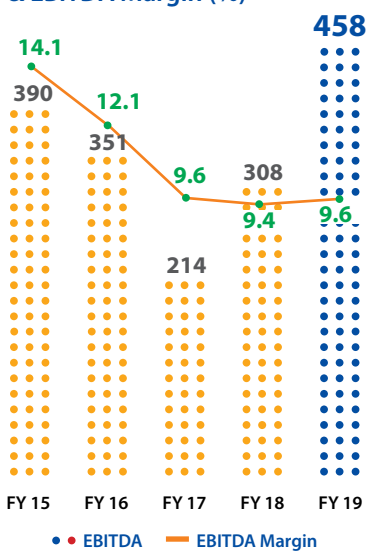


Performance through the years

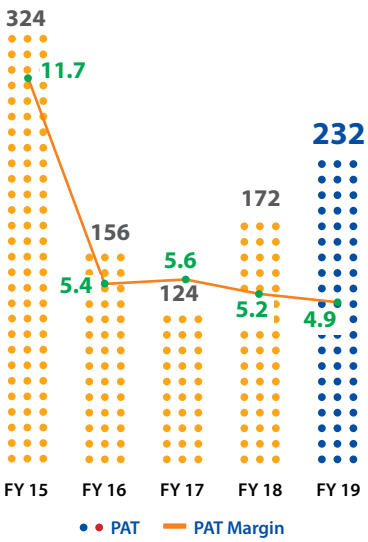
Revenue (₹in Crore)



EBITDA (₹in Crore) & EBITDA Margin (%)



PAT (₹in Crore) & PAT Margin (%)

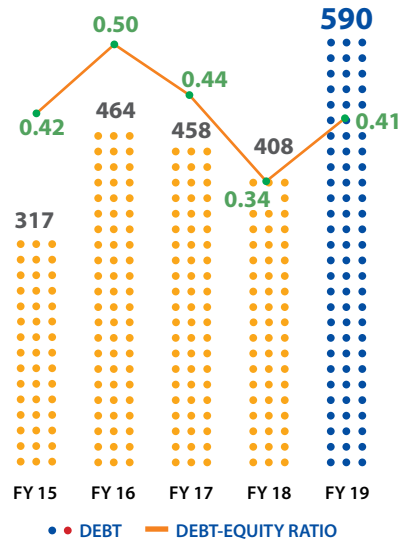




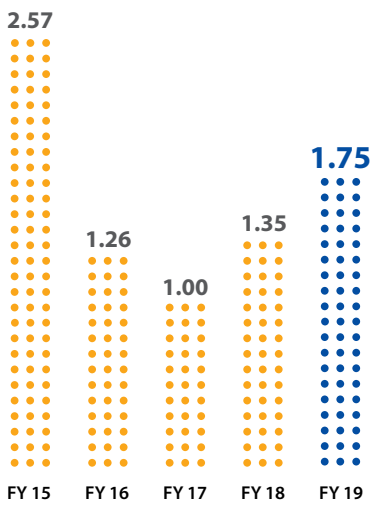
Outstanding order book
₹11,350 Crore
(2.4x FY19 Revenue)

Debt Equity Ratio of
0.40

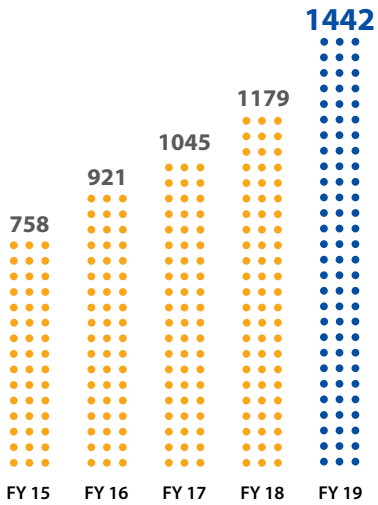
DEBT (₹in Crore) DEBT-EQUITY RATIO



EPS (in ₹) (Diluted)



NET WORTH (₹in Crore)



EPS
₹1.75

PAT
₹232 Crore



Managing Director's message

Dear Shareholders,

I am delighted to pen down my much awaited annual letter to you, once again. Your Company has delivered another stellar performance across all strategic parameters in the year gone by. Closing FY19 with our outstanding order book at a record high, we are headed towards a phase of sustainable growth and improved profitability.

Business Strategy

Strength of business strategy and its subsequent execution often define the contours of future performances. It is in this light that our results strengthen my conviction of a vibrant future awaiting all of us. Allow me to reflect upon four salient aspects of our recent business performance namely capability, speed, profitability and consistency.

Capability: Since our early days in telecom equipment manufacturing, your Company has steadily been raising its business capabilities across its manufacturing as well as turnkey segments. Enhancement of capabilities percolates all around including network design and execution, market expansion in traditional as well as new business segments, technology and innovation, accretive partnerships and talent pool. It is heartening to see that HFCL of today is ready to pursue a much accelerated future growth over a long period of time, from capability standpoint.

Speed: The opportunity landscape is ripe with possibilities. The scale of deployment of your Company's products and solutions is going to get bigger by the years. More so when we intensify exploration of international markets. Speed and a sense of urgency is a much desired trait that the winners of tomorrow would display. Your Company is demonstrating speed and urgency across bidding, project execution, new product development, capacity scaleup and technological advancements.

Profitability: All the strategy and intensive work of the recent past has landed us in a position where revenue growth becomes predictable and sustainable. Your Company has steadily been shifting its eye on profit margins as the indicator of future business success. Backward integration, speedy execution, O&M (Operation & Maintenance) orders, overseas markets and next generation products are the range of tools and avenues that we are deploying to enhance our profitability.

Consistency: To compete with our previous best performance and do every possible thing towards outperforming ourselves is an important mantra of HFCL today. This mantra has led to our consistent growth. While traditional businesses of telecom products and solutions would ensure steady business growth in the foreseeable future, the coming age of our new business segments of railways, defence and smart & safe cities shall act as the cherry on the cake.

New Initiatives

The year gone by was marked with a range of new initiatives undertaken at various business levels. Our backward integration project to enter into manufacture of optical fiber at our greenfield site at Hyderabad progressed well during the year. The Plant is headed towards commissioning by the end of 2019. In addition, we expanded our consolidated OFC (Optical Fiber Cable) manufacturing capacity to 18.5m fkm while also adding new products to our bouquet. Our thrust towards overseas wins led to our railway vertical securing its first two international EPC contracts in Mauritius and Bangladesh.

Towards intensification of R&D efforts, the Company has been consistently working for increasing its portfolio of products with new technologies and is developing new products like Backhaul Radios, High Capacity Radio Relay, Wi-Fi Network Products, Cloud-based Management Platform and Security and Surveillance products. In defence vertical, Electronic Fuses are under advance stage of development. We have made reasonable progress in other products like Night Vision Devices and UAV (Unmanned Aerial Vehicle) during the year. All these products being developed by the Company have high demand potential.

The Company has also acquired controlling stake in Raddef Private Ltd., an innovation focused company specialized in Radio Frequency and Microwave Systems with a wide bouquet of components and sub-systems for the applications in defence, aerospace and communication.

Financial Performance

FY19 proved to be a year of all time high performance on a number of parameters. We closed the year with a record Revenue, EBITDA and PAT of ₹4785 crore, ₹458 crore and ₹232 crore and corresponding y-o-y growth of 49%, 49% and 35% respectively. Our RoE of 17.95% improved by 177 basis point and EPS for the year improved to ₹1.75. Debt Equity stands at comfortable level of 0.41. Considering the stellar performance, the Board has also recommended a dividend of 10% on equity shares.

Riding on healthy contributions from OFC, Network Solutions, Railways and Safe & Smart City businesses, we closed the year with an outstanding order book of ₹11,350 crore, which is equivalent to 2.4 times of our FY19 revenue.

Road Ahead

Looking ahead into the future, the opportunity landscape continues to become bigger and brighter for us. Policy initiatives towards robust digital communication infrastructure will see huge telecom infrastructure development and extensive fiberisation. With aggressive 4G and FTTH rollout along with 5G on the anvil, networks shall become denser and deeper thereby creating more demand of the Company's products and services. Further, Modernization of Railway Communication & Signalling System, 'Make in India' thrust for Defence Procurement and continued investments towards Smart Cities & Surveillance shall amplify HFCL's growth prospects. From an operational standpoint, improving efficiency and profitability, capabilities towards governance, risk management, fiscal prudence, talent build up and sustainable development shall continue to remain our key priorities. All these will help in driving and managing the next phase of our growth.

I remain thankful for valuable guidance and immense experience of fellow Board members while acknowledging unshakable belief and ever evolving competence of our leadership team and staff. Allow me to close with expressing a heartfelt thanks to all customers, shareholders and other stakeholders for their increasing trust and confidence in us.

Let's shape a vibrant future, together!

With best regards,
Mahendra Nahata

Business strategy

Having significantly strengthened our product portfolio and network solution capabilities in the last 3-4 years, our strategy is now on execution excellence, profitable growth and technological advancements.

Execution Excellence

We have bolstered our network development capabilities across man, machine and technology, in order to help our customers accomplish more and faster. The rapid growth in our revenue as well as order book reflects our execution excellence. Our efforts in recent past have improved business processes, compliances and efficiency. Towards achieving the excellence, we have created Railways, Telecom, OFC, Smart Cities and Defence as separate Business Verticals each of which is steered by reputed and experienced professionals. All the verticals/ functions have been automated with high end ERP-SAP. MSP Tool has been implemented along with SCM and IT having been completely revamped to highest standards. A centralized PMO has been established to monitor all the projects on day to day basis. To ensure success of projects, we adhere to proven methodology, tools and skill sets with tangible deliverables and measurable results.

Demand for advanced communication network is set to grow at an unprecedented pace in India. From ambitious BharatNet project that is headed to take broadband connectivity to over 250,000 gram panchayats to universalisation of 4G, rolling out of FTTH and subsequent implementation of 5G networks, telecom sector itself is pegged to invest more than 1 lakh crore towards laying of optical fiber networks in the next three to five years. Defence forces, smart cities and railways and metro networks too are expected to significantly invest towards next generation communication networks. Considering our proven credentials in implementing communication networks of all kinds, in terms of technology, complexity and varied customer segments, we remain preferred supplier and industry's expectation from HFCL is bound to rise.

Profitable Growth

Having demonstrated sustained revenue growth over the recent years, we are intensifying our efforts towards improved profitability. We have steadily raised the high margin O&M

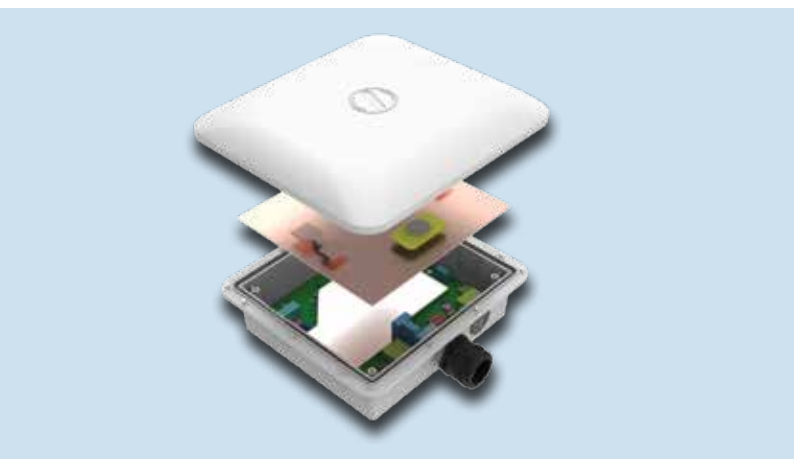


Backward Integration

with captive manufacturing of Optical Fiber

1 Lakh Crore
To be invested in optical fiber network





We have steadily raised the AMC contracts to **₹1,650** Crore which ensure profitability for a fairly longer period.

contracts to ₹1,650 crore in our outstanding order book of ₹11,350 crore. Additionally, we are also addressing executional redundancies coupled with other efficiency measures towards faster execution of various turnkey projects. Our backward integration with captive manufacturing of optical fiber shall also help improve profitability margin, post commissioning of our upcoming optical fiber plant at Hyderabad. We are also developing various new products and exploring export opportunities to strengthen our profitability.

Technological Advancements

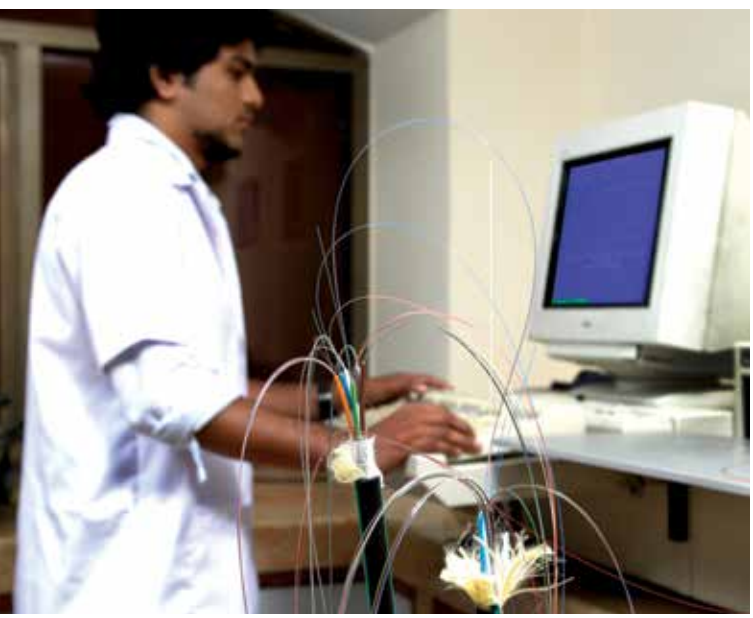
The opportunity landscape for indigenously developed technology across our operating domains remains highly encouraging. We are accelerating our research and development activities with a slew of measures. The progress made in new product development in our telecom equipment business appears encouraging with a healthy pipeline. We are confident of our soon to be launched WiFi product's commercial success. The advancements made by our defence products namely electronic fuses, unmanned aerial vehicle (UAV) and opto electronic devices too shall help push the technology envelope further.

In order to further strengthen our R&D capabilities, we made strategic investment in Raddef Private Limited, a Bengaluru-based innovation focused company. Specialised in Radio Frequency and Microwave Systems, Raddef manufactures a wide bouquet of components and sub-systems for varied applications in defence, aerospace and communication.



Business review

Our business performance in the fiscal year 2018-19 reached another high. While we delivered record Revenue of **₹4,785 Crore,** our outstanding order book too reached a record high of **₹11,350 Crore**.



foray into OFC adjacency, we added an OFC accessories division at our subsidiary's plant. The range of newly introduced products have met with requisite approvals from various government and private customers. At ₹90.82 crore, the orders received for the accessories in the very first year are indicative of another promising stream of revenues for the Company.

Aided by these new developments and initiatives, both OFC plants generated record production and sales during the year. We furthered our sustainable development goals with the Goa Plant receiving 'ISO 45001' certification for Environment, Health & Safety. Going forward, our OFC growth strategy would revolve around advanced margin accretive products including accessories, further strengthening of our product mix, increasing contribution from exports and steady expansion of manufacturing and distribution footprints.

Backward Integration: : In a move aimed at twin objectives of margin accretion and insulation from sourcing vagaries, we are venturing into manufacture of optical fiber, the core raw material

Optical Fiber Cable (OFC)

Considering the future OFC demand in India and overseas market, we continue to expand our manufacturing capacities. In a sound display of efficiency improvement, we deployed line balancing and debottlenecking to achieve efficiency at our Goa Plant. At the Chennai OFC Plant of our subsidiary (HTL), we doubled the installed capacity to 7m fkm during the year. During the current year, Chennai plant's capacity has reached to 10.5m fkm which has taken our consolidated OFC capacity to 18.5m fkm.

New product development initiatives yielded many successes during the year. Our Goa Plant added high fiber count compact designs for ribbon OFC (high preference in FTTx networks and Data Centers), fire resistant OFC (globally accepted for metro networks), lower diameter micro cables, zero strain aerial OFC and distributed temperature sensing (DTS) cable. In a first of its kind



of OFC. With the construction work in its final stages, our state-of-the-art optical fiber plant with a capacity of 6.4m fkm shall get commissioned during the third quarter of the current fiscal year. Deploying the latest technology and machinery, the strategically located greenfield plant at Hyderabad would be capable of producing G652 D and other bend insensitive variants like G657 A1 /A2. The capacity is scalable up to 9.60m fkm.

Network Turnkey Solution

Speedy project execution and selective bidding were the twin success mantras of our Network Turnkey Solutions business. Significant success on both counts helped us close FY19 with record revenue as well as order book.

Project completion: We successfully executed BSNL's WiFi network turnkey project worth ₹128.64 crore. The project involved setting up of over 3,150 WiFi hotspots and rolling out of WiFi services across 16 states in Northern and Eastern parts of India. This project has now entered its O&M phase. Another project valuing ₹69 crore for 6,000 WiFi access points across Gram Panchayats of Rajasthan has entered its final stage. We also successfully executed two Hybrid and IP Microwave BSNL projects worth ₹180 crore towards upgradation and IPfication of BSNL backhaul network, enabling them to offer 4G services. Both these projects are entering into O&M phase now. The Company has also made a revenue of ₹696 crore against the order of ₹1,122 crore received from BSNL for DWDM Equipment to be installed on Pan-India basis for defence forces.

New Orders: Under the ongoing Phase-II of BharatNet Project, we received multiple turkey orders aggregating to about ₹1,203 crore in FY19. These included Purchase Orders (POs) worth ₹583 crore approx. from Bharat Broadband Network Limited (BBNL) for the State of Punjab and a PO worth ₹527 crore from Jharkhand Communication Network Limited(JCNL). The JCNL order also entails follow up O&M order of ₹93 crore to be executed over a period of four years. These projects are fully funded by the Universal Service Obligation Fund, Department of Telecommunications, Ministry of Communications, Government of India.

The Company has received an order worth ₹2,004 crore for creating GIS based Optical Fiber Cable Network Management System (GOFNMS) for armed forces. We have already made revenue of ₹200 crore during Q4 of FY19 against the said order.

We received a Purchase Order worth ₹558 crore from BSNL as a part of NFS project. This turnkey project is aimed at delivering broadband connectivity in the hilly terrains of Jammu & Kashmir and North





Eastern (NE) States by way of implementing high capacity wireless backbone links in strategic locations for Indian Armed Forces.

During the FY20, the Company has also received a Purchase Order ("PO") worth ~₹2,467 crore from BSNL for setting up of the Converged Nationwide IP/MPLS Backbone & Access Network for Armed Forces under the Network for Spectrum ("NFS") Programme of the Government of India. The scope of work under the above PO also include Operation and Maintenance ("O&M") for a period of 10 years for which ~₹862 crore will be paid by the Indian Defence Services, after the warranty period is over. The combined value of the project, therefore, stands at ₹3,329 crore. This project is funded by the Department of Telecommunications, Ministry of Communications, Government of India.

Railway Communication & Signalling

We have been making steady investments in raising the brand 'HFCL' in communication and signalling subdomains of rail based transportation across mainline, freight, metro and rapid urban transport segments. In less than two years of operating as an independent business vertical, this vertical has secured seven significant orders with combined contract value of ₹548 crore.

The vertical continued to speedily execute remaining portions of carry forward orders in Eastern as well as Western Dedicated Freight Corridors. Increased confidence of the customer led to an additional order worth ₹44.25 crore from the Western Corridor.

The moment of reckoning this vertical came in December, 2018 with a historical win from Larsen & Toubro. In twin orders totalling ~₹236 crore, we won mandates for two international city transport projects in neighbouring Bangladesh and Mauritius. The projects consist of setting up turnkey telecommunication systems including OFC network.

We continue to explore meaningful collaboration and co- development opportunities with Indian as well as foreign players to further enhance our value proposition in the railway sector.

Defence Business

One of the most ambitious aspect of Govt. of India's 'Make in India' mission is the development of defence manufacturing ecosystem. While it entails longer gestation period, steady progress is being witnessed across the entire spectrum.

By way of complementing techno-manufacturing collaborations with leading global players, our newly incubated Defence Business Vertical is gearing up to make a meaningful contribution in transforming India as a global hub for defence manufacturing. Our focused efforts and initiatives across Mini UAVs, Electronic Fuses and Night Vision Devices have progressed well during the year under review. Our RFP for manufacturing of Mini UAVs for the Indian Army has successfully completed user trials in the mountainous Jammu & Kashmir and is currently undergoing Trials in deserts of Rajasthan.







We have also submitted the RFPs for supply of electronic fuses (the first of its kind in India for approximately USD1 billion, with a 10-year supply clause). Our bid is at the technical evaluation stage while negotiation with a global OEM for manufacturing the said fuses is at final stages. Specific RFPs of Night Vision devices for the Indian Army / Paramilitary Forces have also been initiated and trials are being carried out.

We are also pursuing another RFP for the High Capacity Radio Relay equipment for the Indian Army which is also in the technical evaluation stage. HFCL's sample for the same is under development along with a global OEM and domestic partners. We are also actively pursuing the Border Management and Surveillance System due for implementation by the Indian Government.

Smart City Solutions

The rapid advancement in surveillance and navigational technology, IoT (Internet of Things) etc. offer transformative overhaul of urban administration including law enforcement. With proven capabilities in surveillance systems, communication network development and system integration, our Smart City Business Vertical is actively raising its stature as a 'go to' partner for a range of smart city solutions for relevant missions and civic authorities.

CCTV Surveillance, Traffic Enforcement, Adaptive Traffic Management System, City Command and Control Centers including Data Centers and ICT Infrastructure form the core strengths of our smart city solutions. Our capabilities span across hardware, software, data and analytics.

During the year, we received purchase orders from RajComp Info Services Ltd. for supply, installation and commissioning of edge networking equipment. Implementing this surveillance and incident response project would further diversify our solution mix towards safe & smart cities and help us win and execute bigger opportunities. In addition to the same, we have also successfully participated in two Safe & Surveillance opportunities during the year under review to RAILTEL & GMDA.

Our selective bid approach is directed towards those projects, where we can offer innovative solutions through value-added products and services involving pan-city solutions. We are targeting 39 cities that have been selected in Round III and Round IV by Smart Cities Mission with allocation of ₹12,600 crore towards pan-city solution.

Management Discussion & Analysis



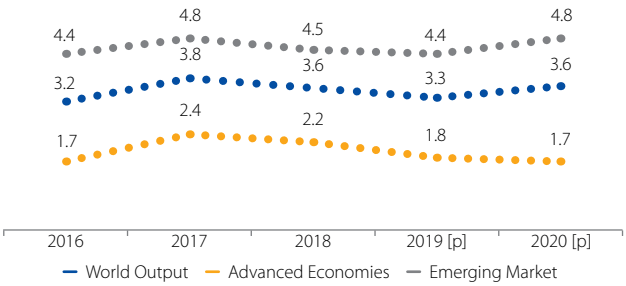
ECONOMIC OVERVIEW

Global Economy

2018 was a year of mixed bag for the global economy. While the continuum of the growth trend of 2017 was witnessed in the first half, the second half got marked with a range of weaker cues. These included increased protectionism, trade conflicts, Iran sanction, Brexit uncertainty, policy tightening/easing and macroeconomic stress in select regions, among others.

April 2019 edition of International Monetary Fund's (IMF) World Economic Outlook estimated the global economic growth to have moderated by 20 basis point to 3.6% for 2018. It predicted the growth rate to further soften to 3.3% for 2019 before rebounding to 3.6% again in 2020.

World Economic Growth (%)



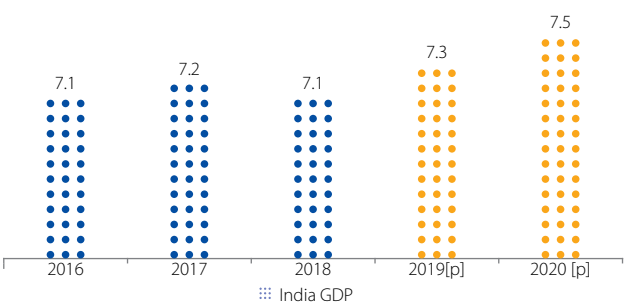
Source: World Economic Outlook, April 2019 (IMF)

Indian Economy

Indian economy continued to exhibit its resilience and sound fundamentals in 2018. Key macro-economic indicators such as inflation, fiscal deficit, forex reserves, etc. remained range bound to a comfortable level. Weakened global sentiments, sluggishness in private consumptions and over leveraged corporate balance sheets, however, weighed heavy on demand growth and resumption of private investment cycle. World Economic Outlook (April 2019, IMF) estimated India's economic growth to have softened by 20 basis point to 7.1% for 2018. Growth prediction for 2019 and 2020 remained positive at 7.3% and 7.5% respectively.

Return of an even stronger government of outgoing dispensation is bound to accelerate infrastructure creation, intensify policy reforms and lift investor confidence. The ongoing US-China trade conflict may provide an additional fillip to Government's 'Make in India' campaign. Enhanced liquidity and lower cost of borrowing shall help improve credit offtake. Thanks to sustained structural strengthening of country's economic framework, India is well positioned to outperform all major economies to continue being the fastest growing among them in a sustainable manner.

India GDP Growth (%)



Source: World Economic Outlook, April 2019 (IMF)

INDUSTRY OVERVIEW

Telecom Sector

The Indian telecommunication sector has scripted monumental growth in the last 15 years, embracing technological advancements from 2G to 4G and developing the second largest telecom network in the world. As the country gears up for 5G now, the total subscriber base stands tall at around 120 crore with tele-density of 91%.

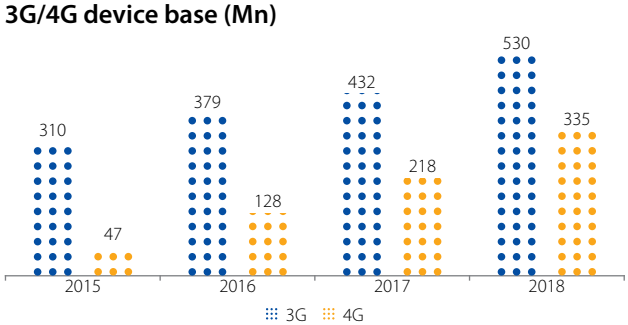
With the rapid fall in prices of smartphones and data tariff, India's 60 crore internet subscribers (December 2018) make it the second largest in the world. 52.5 crore of the subscribers were accessing broadband internet. A mature ecosystem has driven Pan-India communication growth, with growing devices, internet community and huge data consumption.

The sector has benefitted from favourable policy measures. The Government is encouraging investment in high capacity ubiquitous network creation through initiatives like Digital India, BharatNet, etc.

A sharp decline in handset prices is enabling aggressive evolution of device ecosystem. There have been substantial additions to the 3G & 4G device base at 530mn and 335mn respectively with LTE devices reaching at 277mn in December, 2018. LTE device ecosystem continues to develop across LTE bands in India.

4G-enabled device base has been increasing significantly, due to easy availability of lower priced variants of handsets.

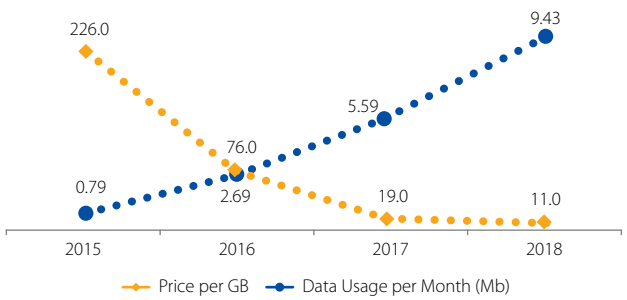
3G/4G device base (Mn)



Source: Nokia MBiT

Tariffs have fallen significantly leading to data usage by masses. Consumption pattern has undergone a huge change, where subscribers are data hungry. Between 2015-18, there has been a 12-times rise in data usage per subscriber per month from 0.79 GB to 9.43 GB, whereas the tariffs have fallen by more than 95% from ₹226 per GB to just ₹11 per GB.

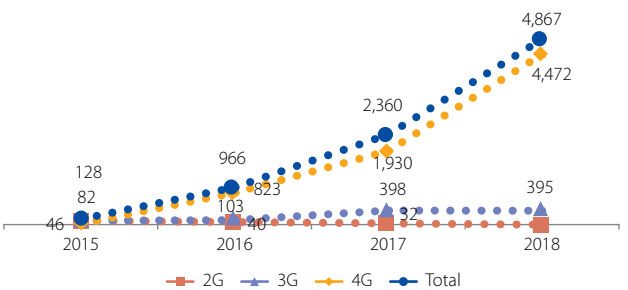
Per Subs Data Usage / Price per GB (INR)



Source: TRAI

Overall data consumption per month has increased 38 times, where 4G brings in a complete new dimension in usage, with 92% play load.

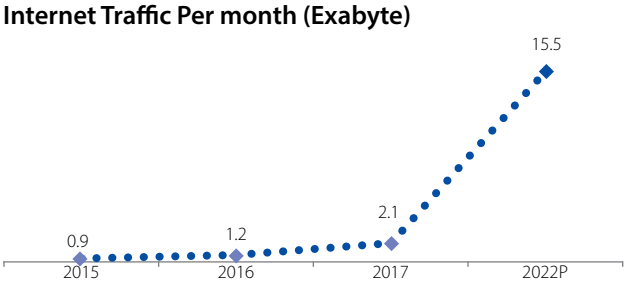
Data Usage Per Month, Pentabyte (Pb)



Source: Nokia MBiT

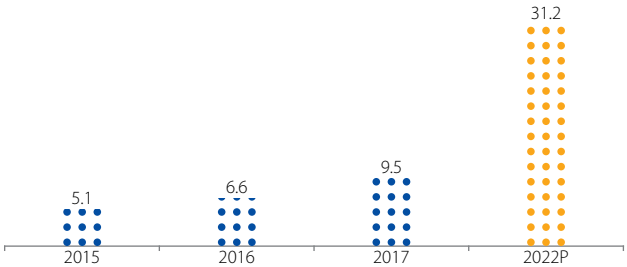
Telecom industry is poised for another giant leap on the back of high-speed broadband and Pan-India roll out of 4G, FTTH and 5G services. Growth shall continue unabated with multi-fold rise in Internet Population, Traffic, Data, Speed, Video and Devices. Data consumption shall leap frog. With rural population constituting 70 percent, under served rural markets would be a key growth driver in the coming years.

Internet Traffic Per month (Exabyte)



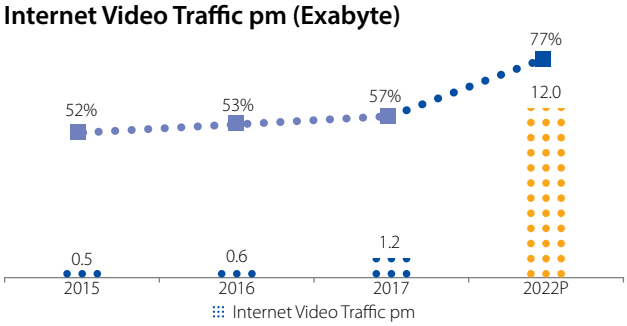
Source: CISCO VNI

Internet Speed (Mbps)



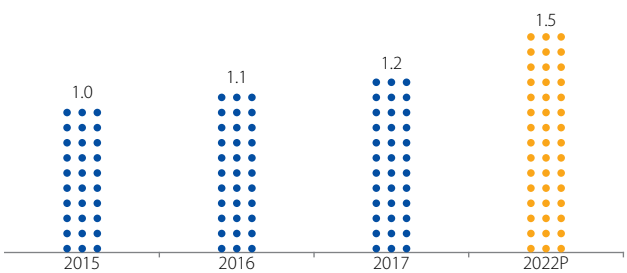
Source: CISCO VNI

Internet Video Traffic pm (Exabyte)



Source: CISCO VNI

Network device per capita

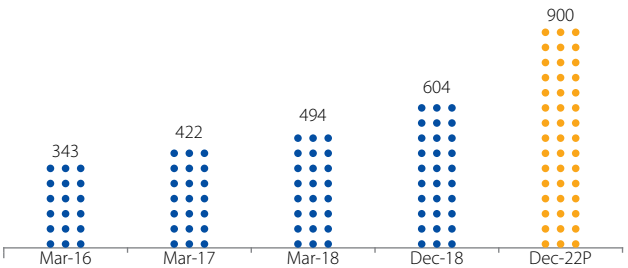


Source: CISCO VNI

This estimated growth number will need huge infrastructure spend. Optical Fiber Cable network continues to be the backbone of the increasingly digital world. Government and Private Operators shall therefore, have to invest substantial capital in upgrading telecom infrastructure. National Digital Communication Policy, 2018 sets aggressive 2022 targets with broadband for all.

With 4G growing rapidly, FTTH being rolled out and 5G on development mode, nearly 70% of the India's towers will need to be fiberised from the current levels of sub-25% as a part of building Infrastructure 2.0.

Internet Subscribers (Mn)



Source: TRAI & CISCO VNI

Government initiatives such as BharatNet, Smart Cities and Startup India have set the right foundation. The National Digital Communication Policy 2018 is a progressive initiative towards embedding broadband in the fabric of India's digital economy. We are at the cusp of transformation and the curve will shift faster to make internet accessible to 9 out of 10 people by 2022. Government shall continue to make huge investments in networks for Digital India Mission and the country's defence network. Telecom operators shall engage in fiber deployment to improve backhaul to cater to burgeoning data demand. BharatNet, 4G Rollout, 5G etc. are bound to boost OFC installations critical for network expansions.

HFCL has proven expertise in Optical fiber network roll out and remains a preferred choice for customers. HFCL has been a key player in rolling out Pan India infrastructure for different operators - be it for basic services in early years or mobile networks later. HFCL has played a significant role in rolling out Pan-India 4G infrastructure for Reliance Jio. HFCL since its inception, has constructed more than 1 lakh kilometre optical fiber cable network and over 25,000 cell sites across the country. HFCL is expected to continue to benefit from its expertise and proven track record in rolling out large networks for telecom service providers, railways and Indian defence.

Optical Fiber Cable

Optical Fiber Cable (OFC) continues to be the fastest, most efficient and maximum bandwidth accommodating option available for today's high-speed telecom networks. With decreasing prices and increasing adoption of smartphones, the internet subscriber base and data usage is witnessing exponential growth. Growing data is pushing the need for more and more bandwidth and faster networks which can be achieved only through optical fiber networks.

The demand for ever increasing bandwidth is yielding significant growth in the global fiber optic cables market. Fiber optic cable provides a constant, stable and fast internet connection that allows high-speed data transfer with minimal interference. Optical fiber networks have the capability to carry much more data than a wireless network because the latter's capacity is dependent on the quantum of radio spectrum. Spectrum being a finite resource can only be useful for carrying applications that do not require large



bandwidth. Mission critical applications such as healthcare and education can proliferate only when there is a robust optical fiber broadband backbone.

As 5G commercialization is just around the corner, new 'deep fiber' infrastructure will be required in many countries including India which will benefit OFC manufacturers. Further, all next generation technologies like Internet of Things (IoT), Augmented Reality (AR), Virtual Reality (VR), Artificial Intelligence primarily driven by 5G, are expected to generate high demand for internet bandwidth in the following years. Thus, growing number of connected devices on the network is expected to further support the market growth by increasing the need for optical fiber networks.

Fiber spread and its densification shall ensure fiber reaches the doorstep of consumers. Global trends suggest, there is a direct link between fiber consumption with evolution of technologies. A study noted that the capital expenditure spent by top 15 telcos globally rose 1.6x during 2011-17 (period of 3G to 4G transition), while OFC consumption grew 3x faster; establishing the role of fiber in supporting the digital economy imperatives. Next generation technologies such as LTE and FTTx, which require last mile connectivity, would also propel the demand for optical fiber cables.

In view of the above, future OFC demand ensures the Company's OFC business. Demand shall come from both government and private customers. Company is making continuous upward movement into value chain with addition of variants.

Railways Sector

India, despite possessing one of the largest rail networks in the world has reeled under capacity constraints due to steadily growing demand and near negligible capacity additions over many decades. With a visionary and growth oriented majority government in place, the centuries old Railway network is up for rapid modernisation and expansion. Government has recognized the need to renew legacy infrastructure as well as construction of new rail lines that will deploy next generation telecom and signaling systems.

The pace of execution of inter-city metro networks is also accelerating, more so with the non-pollution and mass-decongesting nature of this modern time-efficient mode of urban transport. Indian Railways would spend about INR 850 Bn over the next six years to overhaul the signaling system on its entire rail network and promote "Make In India."

India is slated to fast expand and upgrade its railway infrastructure across Mainline Railways and Urban Metros. Post merging of Railways budget with the Union Budget in FY18, there has been a significant increase in fund allocation towards capital expenditure. Consequently, new opportunities are opening up for the Indian private sector to participate in mainline railway modernisation projects.



The modernised automation of the signalling system aims to enhance safety and speed up train movement in a congested mainline railways network. Replacement of the existing signalling network with a state-of-the-art system, proliferation of electronic interlocking systems, introduction of the European Train Control System Level-2 and mobile train radio communication systems are a part of the upgradation agenda of the Railways, which has drawn up a detailed plan to change the system over the next five years.

With 638.91 km of operational lines and 496 stations in big and small cities, intra-city metro is fast becoming the mode of efficient mass transport for urban India. With a clear focus on moving people instead of moving vehicles, the National Urban Transport Policy has proposed a metro rail system in every city with a population of 20 lakh.

This translates into an immense business opportunity for HFCL, which is already executing railway communication network in the Eastern and Western Dedicated Freight Corridors. HFCL has already bagged three significant domestic contracts (₹291 crore), where it is deploying its telecom products and network development capabilities towards modernisation of railway signaling and information management framework. HFCL has been recently awarded two overseas contracts, totalling ₹236 crore by L&T to execute the Telecommunication Systems projects for the Mauritius Metro Express Project and for the Dhaka Metro Mass Rapid Transit System.

Defence Sector

Indian Defence sector has witnessed an influx of progressive reforms. Policy initiatives have been adopted to ensure indigenous manufacturing and Government aims to promote the 'Make in India' initiative by fostering growth of the domestic defence industry.

The present Government has evolved a proactive policy towards Defence and Security of the country. This spirit is largely reflected in the Government's policies towards Defence modernization, with emphasis on 'Make in India'.

Having opened its doors to progressive economic reforms and supporting the private sector through various policies, the Government has taken a number of initiatives towards ensuring the adequacy of weapon systems and equipment for our troops, along with ensuring its serviceability and supply of spares. Concurrently, the forces are also carrying out the upgradation of existing equipment to handle the current challenges. These initiatives have opened vast opportunities for the private sector to join the field with assured revenues. Ministry of Defence has also taken up a massive modernisation plan for the Forces by gradual induction of latest equipment for giving a futuristic outlook to the Armed Forces. This drive to introduce state-of-the-art weapon systems has given the private industry a chance to join the niche group of OEMs in the world.



The Government of India has signed a number of cooperation agreements, with major players in the field of Arms and Ammunition and other equipment, as part of this initiative and ensuring its policy of reducing dependence on foreign defence imports.

India has also opened its doors to Defence exports in a big way, which gives ample opportunity to the private sector to grow and compete in the world market. India has the potential to become an electronics manufacturing hub wherein the demand for electronic hardware is expected to rise to USD 400 Billion by 2022. Domestic defence requirements would constitute about 20% of this amount.

HFCL has confined its focus to three major disciplines namely Electronic Fuses, Electro-optic devices UAV (Unmanned Aerial Vehicles) along with Solutions for Border Management and Perimeter Security of Strategic installations. Estimated market for these equipment is approx. ₹50,000 crore. Having signed requisite MoUs with Technology Partners, the Company has made significant progress in field trials of these products.

Smart Cities Sector

Hundred cities have been selected under Smart Cities Project at an outlay of over ₹2 lakh crores, where connectivity technology shall play a role to build better communities and digitally empower the citizens with smart solutions and end-to-end security including smart roads, solar roof, intelligent transport system etc. Cities will leverage on connectivity, where telecom backbone and backhaul forms an essential part of Smart Cities for communication and automatic response among citizens. OFC Connectivity being the most efficient way of networking, shall lead in providing smart solutions and therefore, immense potential lies for telecom infra developers to develop and/or redevelop communication infra.

The global drive for security and surveillance, predominantly by Government and law enforcement agencies has increased the setup of surveillance infrastructure including Command and Control centres. Following the global trend, Indian security and surveillance market is also witnessing immense growth from sectors such as smart cities, city surveillance, and perimeter security of defence infrastructure, airport security, manufacturing and infrastructure companies. The government municipals, in general, are the biggest segment, with the 100 smart cities programme, as the city municipal authorities have realised that being a safe city is not only the first step to being a smart city, but a vital one.

CCTV, Video Analytics, biometrics, face recognition are becoming vital for any city surveillance setup as these allow greater networking of cameras, greater fields of vision with monitoring and analysis.

The video surveillance market in India is expected to reach USD 2.4 billion by 2020. The ever-increasing requirement of safety, coupled with boom in smart cities has led to a rise of security and surveillance market in the country. Government initiatives such as the development of 100 smart cities and Digital India campaign also adds to the overall growth of the industry. Advancement of infrastructure and cities and residential complexes offer a sea of opportunities to the growing security industry in India.

Safe city projects are in huge demand in metro and non-metro cites of India. As there is a need to ensure safety of the public by monitoring each part of the city, Safe city projects are becoming a necessity in Indian cities.

HFCL is addressing opportunities in the areas of providing pan city solutions in smart city projects by leveraging the past experience in City Surveillance projects and large telecom projects.

PERFORMANCE REVIEW

Optical Fiber Cable Manufacturing

In view of impending growth opportunities, HFCL continued to expand its manufacturing capacities at its Goa and Chennai OFC Plants. Utilisation efficiency at Goa Plant was increased through line balancing and debottlenecking across various intermediate processes.

Consequently, Goa Plant achieved all time high production and sales. FY19 was a landmark year, which witnessed development of several new products, maximum utilisation of capacities and market expansion across domestic and export geographies. The division recorded its highest ever throughput and revenues this year again. The critical pivots of our business strategy, going forward, include intense development of value-added next generation products, broad-basing our product mix with clear skew towards high margin and new-application products, increasing contribution of exports and steady expansion of our manufacturing and distribution footprints.

Apart from its regular orders, the Company during the year received orders worth ₹620 crore for supply of OFC, from its customers namely Larsen & Toubro Limited (₹148 crore) , ITI led consortium (₹355 crore) and Tata Project Ltd. (₹117 crore).

During FY19, our Goa Plant developed new high fiber count compact designs for ribbon optical fiber cables, namely 1152 F Ribbon OFC. The new variants are extremely popular in FTTx networks and Data Centers. Our Goa Plant also developed fire resistant Optical Fiber Cables meeting IEC 60331-25 certifications, which is widely used worldwide in metro networks. Goa Plant also developed reduced diameter micro cables, zero strain Aerial Optical Fiber Cables and Distributed Temperature Sensing (DTS) Cable. Goa Plant also received ISO 45001 which is certified for Environment, Health & Safety.

Similarly, during the year, production capacity in Chennai Plant in subsidiary was increased from 3.5m fkm to 7m fkm, thus making overall capacity of 15m fkm. During the current fiscal year, the Chennai Plant's capacity has reached to 10.5m fkm which has taken our consolidated OFC capacity to 18.5m fkm. With an intension to offer more value to our own telecom turnkey vertical and our other customers by offering all passive products, our Chennai Plant started its OFC Accessories Division and received various product approvals from Government and non-Government Customers. The subsidiary company has received orders to the tune of ₹90.82 crore for such new products.

Following Company's long term strategy of backward integration, we also started a Greenfield project for manufacturing of Optical Fiber with 6.4m fkm capacity in Hyderabad, which is expected to commence production in November, 2019. This Plant will be a state-of-the-art manufacturing plant with high-speed machines from the best in the industry. This facility is capable of producing G652 D and other bend insensitive variants like G657 A1 /A2. The capacity of this Plant is scalable upto 9.60m fkm.

The Company continued its focus on developing innovative solutions for various applications and markets worldwide. In 2018-19, Company developed, marketed and sold its products to more than 50 countries worldwide. The Company is expanding its reach to various developing countries in the world and contributing to their digitisation plan.

Telecom Networks & Turnkey Solutions

We received turkey Orders for BharatNet amounting to ₹1,203 crore approx. in FY19. We received the Purchase Orders (POs) worth ₹583 crore approx. from BBNL, New Delhi for the State of Punjab and a PO worth ₹527 crore from Jharkhand Communication Network Limited ("JCNL"), Ranchi for Survey, Planning, Supply, Installation, end to end Integration, Testing and Commissioning of Optical Fiber Cable (OFC) (Underground & Aerial), GPON network and Radio Network at 1684 Gram Panchayats of the Jharkhand. The scope of works under the above orders also include Operation and Maintenance ("O&M"). JCNL will issue a separate PO worth ₹93 crore approx. for four years of O&M.

These Projects are fully funded by the Universal Service Obligation Fund (USOF), Department of Telecommunications, Ministry of Communications, Government of India.



We have successfully completed the execution of BSNL's WiFi network turnkey project worth ₹128.64 crore that entailed setting up of over 3,150 WiFi hotspots and rolling out of WiFi services across 16 states in Northern and Eastern parts of India and project has entered into O&M phase. The execution of project worth ₹ 69 crore for providing WiFi services in Gram Panchayats of 6,000 Access Points of Rajasthan State Government is in final stage of completion.

We have also completed the execution of two BSNL projects of Hybrid and IP Microwave worth ₹180 crore for upgradation and IPficationof BSNL backhaul network enabling them to offer 4G services. Both these projects are entering into O&M phase during current fiscal year. During the year under review, the Company has received a Purchase Order worth ₹558 crore approx. from BSNL for implementing high capacity wireless backbone links in strategic locations for Indian Armed Forces spread across India with focus on Northern and Eastern borders and hilly terrains of Jammu & Kashmir. 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 fiber network.

The Company has received an order worth ₹2,004 crore from BSNL for procurement, supply, installation, testing and maintenance of GIS based Optical Fiber Cable Network Management System (GOFNMS) to be used by defence forces. We have already made revenue of ₹ 200 crore during Q4 of FY19 against the said order.

During the FY20 the Company has also received a Purchase Order ("PO") worth ~₹2,467 crore from BSNL for setting up of the Converged Nationwide IP/MPLS Backbone & Access Network for Armed Forces under the Network for Spectrum ("NFS") Programme of the Government of India. The scope of work under the above

PO also include Operation and Maintenance ("O&M") for a period of 10 years for which ~₹862 crore will be paid by the Indian Defence Services, after the warranty period is over. The combined value of the project, therefore, stands at ₹3,329 crore. This Project is funded by the Department of Telecommunications, Ministry of Communications, Government of India.

The Company also received an order of ₹1,122 crore from BSNL for DWDM Equipment to be installed on pan-india basis under Network for Spectrum (NFS) programme of the government of India for defence forces. Revenue of ₹696 crore has been booked in FY19 against the said order.

Railway Communication & Signaling

We are rising to the occasion in deploying our telecom products as well as network development capabilities towards modernization of railway signaling 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. The Railway business vertical has secured seven significant orders with a combined contract value of ₹548 crore. During FY19, while the Company continued executing its carried over orders on hand for eastern and western corridor, it secured further order of ₹44 crore approx. for Western Corridor. It also won two international projects. The first overseas contract is valued at ₹185 crores for Dhaka Metro and second contract is valued at ₹51 crore for Mauritius Metro, both being obtained from Larsen & Toubro Ltd., for setting up a turnkey telecommunication system including OFC network for Metro projects.

Defence

Our Defence business vertical has made significant strides in the field of manufacturing defence equipment. The Company has successfully attempted the RFP for Manufacture of Unmanned Aerial Vehicles (UAVs) for the Indian Army and the product is already undergoing User Trials in Rajasthan after having completed the Trials at Nyoma (Leh).

The Company has also submitted the RFPs for supply of electronic fuses (the first of its kind in India for approximately US$1 billion with a 10-year supply clause) which is at the technical evaluation stage. Negotiation is in final stages with a global OEM for manufacturing the said fuses.

Specific RFPs of Night Vision devices for the Indian Army / Paramilitary Forces have also been initiated and trials carried out.

We are also pursuing another RFP for the High Capacity Radio Relay equipment for the Indian Army which is also in the Technical evaluation stage. The Company's sample for the same is under development along with a global OEM and domestic partners. We are also actively pursuing the Border Management and Surveillance System due for implementation by the Indian Government.

Smart & Safe Cities

During the year under review, the Company received POs from RajComp Info Services Ltd. (RISL) for supply, installation and commissioning of edge networking equipment.

Implementing this surveillance and incident response project would further diversify our solution mix towards safe & smart cities and help us win and execute bigger opportunities. In addition to the same, we have also successfully participated in two Safe & Surveillance opportunities in last financial year, namely RAILTEL & GMDA.

Our concentration remains on CCTV Surveillance, Traffic Enforcement, Adaptive Traffic Management System, City Command and Control Centers including Data Centers, ICT Infrastructure and spans across hardware, software, data and analytics. An equal focus is also being allotted towards building a strong foothold in the System Integration space.

Our selective bid approach is directed towards those projects, where we can offer innovative solutions through value-added products and services involving pan-city solutions. We are targeting 39 cities that have been selected in Round III and Round IV by Smart Cities Mission with allocation of ₹12,600 crore towards pan-city solution.



R&D EFFORTS

Under the Digital India initiative, the Government of India is looking at Wi-Fi technology as the primary force to connect the unconnected population to the Internet. Proliferation of Wi-Fi services across the country is believed to play a critical role in enabling access to Internet to the farthest corner of the country and provide a ubiquitous connectivity.

Having realised the importance of Wi-Fi technology early on, the Company started investing in Research and Development of complete Wi-Fi network solution for more than a year now. Under this initiative, your Company has successfully developed the complete network

solution that is based on latest and upcoming international standards. While the entire portfolio of products is designed to be world-class and ready to compete with global brands, yet these have been fully designed, developed and manufactured in India with a view to offer latest technology at most competitive prices. All these products are extremely power efficient and fully compliant to PMA guidelines of Government of India with full IPR ownership residing with the Company.

The Company's focus is to target and address this huge Wi-Fi demand using its own products and solutions and offer most affordable yet world-class Wi-Fi services to entire population of India.

As a part of product portfolio, the Company has developed end-to-end Wi-Fi network solution including a range of Indoor and Outdoor Wi-Fi Access Points, Wireless LAN Controller and corresponding Network Management System along with Cloud based Management System. The product portfolio also includes a range of Un-licensed Band Radio products for providing Point-to-point and Point-to-multipoint connectivity solution for low to medium and high capacity links.

FINANCIAL REVIEW

Revenue from Operations

The net sales during FY19 stood at ₹4,366 crore as compared to ₹3,080 crore in FY18. The net sales increased by 42% year on year. The net revenue from the Turnkey Contracts and Services in FY19 increased to ₹3,380 crore from ₹2,364 crore in the previous year. The net sales from Telecom Products rose to ₹987 crore from ₹717 crore in the previous year.

Operating Expenses

The total operating expenses for the FY19 increased to ₹4,046 crore from ₹2,834 crore in FY18.

EBITDA

During FY19, EBITDA stood at ₹386 crore as against ₹281 crore in FY18.



Net Profit

Net Profit in FY19 stood at ₹184 crore as against ₹155 crore recorded in FY18. Net Profit margin for the year under review was 4.21% from 5.03% in FY18. The earnings per share for FY19 stood at ₹1.48 per share as against ₹1.25 in the previous year.

Net Worth

The net worth of Company has increased during the year under review to ₹1,444 crore from ₹1,216 crore in the previous year.

Gross Debt

The total debt in FY19 was ₹552 crore.

Details of Key Financial Ratios

As required under Regulation 34(3) read with Part B of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of key financial ratios are mentioned hereunder:

(In %age)

Key Financial Ratios		FY 18-19	FY 17-18
(i)	Debtors Turnover	3.16	2.59
(ii)	Inventory Turnover *	19.89	12.76
(iii)	Interest Coverage Ratio	4.70	4.40
(iv)	Current Ratio	1.61	1.74
(v)	Debt Equity Ratio	0.38	0.35
(vi)	Operating Profit Margin	8.75	9.11
(vii)	Net Profit Margin	4.17	5.00
(viii)	Return on Shareholder's Equity (Pre Tax)	21.86	18.03
(ix)	Return on Shareholder's Equity (Post Tax)	13.84	13.72

* Inventory has not increased in proportion to increase in cost of goods sold.

Capital Structure

Authorized Share Capital: As on 31st March, 2019, the Authorized Share Capital of your Company stood at ₹760 crore (Rupees Seven Hundred Sixty crore only) divided into 510 crore (Five Hundred Ten crore) equity shares of face value of ₹1/- (Rupee One) each, aggregating to ₹510 crore and 250 crore (Two Crore Fifty Lakhs) Cumulative Redeemable Preference Shares (CRPS) of ₹100/- (Rupees Hundred) each, aggregating to ₹250 crore.

Paid-up Share Capital: As on 1st April, 2018, the Paid-up Equity Share Capital of your Company stood at ₹184.31 crore comprising of 123,93,77,194 equity shares of ₹1/- each, amounting to ₹123.94 crore and 60,37,500, 6.50% CRPS of ₹100/- each, amounting to ₹60.38 crore.

During the year under review, the Company has redeemed entire 60,37,500, 6.50% CRPS amounting to ₹60.38 crore.

Further, during the year under review, the Warrants holders have exercised their right of conversion and pursuant to exercise of conversion of such Warrants, the Company has allotted equal nos. of 3.50 crore equity shares at a price of ₹16/- per equity share (including a premium of ₹15/- per share), upon receipt of balance 75% money from the Warrant holders against such nos. of Warrants, on preferential basis.

Consequent to the above, the revised Paid-up Equity Share Capital of your Company, stood at ₹127.44 crore comprising of 1,27,43,77,194 equity shares of face value of ₹1/- each, as on 31st March, 2019.

The Company had 1 crore Warrants outstanding as on 31st March, 2019, which have also been converted into equal nos. of 1 crore equity shares and the Paid-up Equity Share Capital of your Company stands at ₹128.44 crore comprising of 1,28,43,77,194 equity shares of face value of ₹1/- each, as on the date of this Report.

There are no outstanding Warrants due for conversion, as on the date of this Report.

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

Order Book

The Company closed FY19 with outstanding order book of ₹11,350 crore. This order book is more than 2.4 times of FY19 revenue.

RISK MANAGEMENT

The Company has a well-defined process in place to ensure appropriate identification and mitigation of risks. Risk identification exercise is inter-woven with the annual planning cycle which ensures both regularity and comprehensiveness.

Your Board of Directors has formed a Risk Management Committee ("RMC") to oversee the Risk Management Framework, mitigation and monitoring the risk management plan and ensuring its effectiveness. The Risk Management Committee of the Company has been entrusted by the Board with the responsibility of identification of risks at strategic, business, operational and process levels, formulating mitigation plan and actions for the identification risks, which are driven by senior leadership.

The Audit Committee has additional oversight in the area of financial risks and controls.

The Company, through its risk management process, aims to contain the risks within its risk appetite.

While our business risks are similar to those of our peers in varied business domains, we are comparatively well-placed, due to our risk management policies. We continuously monitor the internal and external environment and take concrete measures to mitigate the identified risks. While there are no major risks that will hamper our performance, we stay prepared to tackle



following 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 our Company.

Mitigation: Our Company has expanded its business domain beyond telecom operators to defence, railways and smart city segments. This expansion, coupled with the healthy balance sheet shields us from slowdown in a particular sector.

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

Mitigation: We stand out as a total solution provider with proven track record among our customers. We have 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 our Company.

Mitigation: We have strong operational policies with a talented pool of professionals, who are capable of delivering the projects in scheduled/ extended time period.

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

Mitigation: We have professional consultants who monitor the currency fluctuations and help us to take measures like forward contracts and hedging activities to mitigate risk.

Technology Risk: There is continuous upgradation in the technology which may lead to some of our technology becoming obsolete.

Mitigation: We deal with a lot of innovation and make relentless efforts to upgrade the technology to stay ahead in the market.

Government Policy Risk: We deal 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.

There are no risks which in the opinion of the Board threaten the existence of the Company.



INTERNAL CONTROL SYSTEMS

Your Company has appropriate internal financial control systems and safeguards commensurate to the size and nature of its business. The Company periodically reviews the internal financial controls in the light of new statutes, changes in business models, adoption of new technology solutions and suggestions for improvements received from all stakeholders.

The Company's internal control procedures which includes internal financial controls, ensure compliance with various policies, practices and statutes and keeping in view the organization's pace of growth and increasing complexity of operations.

Our internal control system is further supplemented by the internal audit carried out by M/s Anil Aggarwal & Co., Chartered Accountants. The Internal Auditor carries out extensive audits throughout the year across all locations and across all functional areas and submits its reports to the Audit Committee of the Board of Directors. 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.

The policies to ensure uniform accounting treatment are prescribed to the subsidiary companies as well. The accounts of the subsidiaries and the joint venture companies are audited and certified by their respective Statutory Auditors for consolidation.

During the year under review, such controls were assessed and no reportable material weaknesses in the design or operation were observed. Accordingly, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY19.

HUMAN RESOURCE DEVELOPMENT

In an ever-evolving world of today, we recognise that human capital is our most vital and critical differentiator for the growth and sustainable stakeholder value creation. We are increasingly enhancing the agility of our workforce through steady addition of talent and a slew of training, re-skilling and leadership development programmes aimed at harnessing and retaining talent.

Employees are continuously given opportunities to update and develop their technical and leadership skills towards enhanced Individual performance and increased organizational capabilities. They are provided a platform for superior performance by giving regular and constructive feedback. Our recognition culture ensures that employees stay motivated and encouraged towards co-creating a rewarding and engaging work culture.

During FY19, the Company has made significant progress on its journey of transformational change. Few of the notable HR accomplishments have been:



- Creation of Organisational /Functional head scorecards for driving a performance driven culture
- Scorecards for L1 leaders designed in consultation with AON Hewitt and Goal Cascading workshops
- Resource mapping and re-mapping across business units and departments to make sure 100% manpower engagement
- Incentive Plan launched, applicable for all employees from L1 to L5 levels
- ESOP Plan Launched, applicable for all L1 & L2 level employees
- Introduction of Candidate Connect: Constant connect with candidate post offer release to generate sense of belonging and enhance employer branding
- Relaunched PRAGATI program for Internal Job Posting and GRAB for Employee Referral
- Revised various HR policies for Associates
- International Deputation Allowance policy launched
- HR Processes Digitization (Phase I): HR Digital Platform Launch (The HUB)
  - Modules Covered: Attendance & Leave Management, Performance Management
  - Sections: Announcements & Circulars, Telecom News, Flash of New Joinees, Work Anniversaries & Birthdays, Employee Directory, Policies & Forms, Employee Helpdesk for issues related to IT, Admin & HR

Special focus was given to:

- Zero tolerance towards sexual harassment and Non-discrimination against disability.

Learning & Development and Employee Engagement Update

SPARK Program

We successfully on boarded 12 Graduate Engineers and 6 Management Trainees as our 2nd consecutive batch for Young Talent in the HFCL workforce community from reputed Engineering Colleges and Management Institutes. The program structure was revamped and aligned as per industry benchmarking. We introduced structured Mentoring process to facilitate career counselling, added Meet & Greet sessions with Senior leadership and detailed Business Induction for 2 weeks. The 1-Year rotation program allows the fresh and young talent understand the holistic view of the Organization. It incorporates the universal 70-20-10 Rule – by giving a complete exposure via plant deployment, site and client visit, on-the job learning and structure session to build the knowledge, skills and attitude.



Leadership for Business Excellence

A new initiative to build a common leadership language across HFCL, a 3-day comprehensive workshop facilitated by our external consultant, Mr. Surendra Kosaraju, President of Globe Consulting, Inc. from USA was organised. We covered approx. 350 employees across location and business verticals. The intervention focussed on teaching the 6D philosophy to help HFCL and its functions / business continuously improve the processes and increase the efficiency or effectiveness in productivity, performance and people experience.

New Employee Onboarding

In our ongoing endeavour of strengthening employer Brand, new employee on boarding experience plays a pivotal role. Restructuring our Orientation program, we designed and deployed a detailed one day comprehensive HFCL Induction program to induct approx. 100 new hires across head office and plants. The program gives a complete overview about our key businesses, core functions and employee policies and processes. It also encourages new hire socialize and meet the Leadership team via Meet & Greet sessions.

Capability Building and Employee Development

To create a focused learning ecosystem, various training intervention were organised across Head Office, Plants & Sites. Technical & functional trainings related to upcoming cellular technologies, optical transmission, Signalling, manufacturing of fiber, testing of raw materials, MS Excel, MS Power point, CIPM certifications, MSP, etc. were conducted for employees with the objective of improving their performance & increasing their domain knowledge. To develop managerial effectiveness & prepare high potentials for future roles, leadership workshops were organised in plants & head office. High Potentials were also given exposure to MDPs of various premier institutes and key National Level Telecom conferences.

Engagement Initiatives

With our zeal to create an engaged and inspired workforce, HFCL HR team continued to organize various employee events like National Festival Celebrations, Cultural fests like Diwali Mela @ HFCL, Holi Fiesta, Yoga Day Celebration, Annual Day Celebration and Sports events "KHEL Utsav" across Head Office and Plant locations. We also encouraged inter-team outbound and monthly birthday celebrations to create a cohesive culture and team bonding. This

generated a great amount of energy, vibrancy and collaboration across employees and fostered the feeling of 'ONE HFCL Family'.

Our employees' health and well-being is of utmost importance, and we successfully concluded our Annual Wellness Health Check Up scheme with a coverage of 89% for our plants locations which include Goa, Solan and also of subsidiary at Chennai and Head Office at 81%. The comprehensive health check-ups were designed to allow employees assess their current health state, followed by individual consulting and also organize health camps to create more awareness

Employee communication being our another focus area, we continued to share a detailed quarterly newsletter edition 'HFCL FLASH' which allowed employees to get the updates about our key projects, our new wins & accomplishment, share employee blogs and articles, celebrations and events and other information.

The Company employed a total of 1,634 people on its rolls including 140 female employees on its rolls as on March 31, 2019.

CORPORATE SOCIAL RESPONSIBILITY

Enabling marginalised and deprived communities to lead a dignified and empowered life is the underlying philosophy of our various CSR initiatives. Treating healthcare and education as two key intervention domains, our CSR programme is flexible enough to also undertake initiatives in other domains as deemed proper in line with varied needs and aspirations of adjoining communities.



Portable Healthcare Delivery

Having commenced our structured CSR journey with mobile healthcare delivery three years ago, we are currently running six Mobile Medicare Vans, one each at Solan, Goa, Sardarshahar, Ghazipur, Hyderabad and Sonipat. With HelpAge India and Wockhardt Foundation as our implementation partners, we are taking preventive healthcare to about 600 beneficiaries of underprivileged community everyday. The program has impacted more than 2.5 lakhs beneficiaries, cumulatively.

Every Mobile Medicare Van has an attached professional healthcare team comprising of an MBBS Doctor, a Lab Technician and a Pharmacist and is equipped to offer Diagnostics, Medicines, Physiotherapy (only at Solan), Blood/Urine tests etc. free of cost. The team gets the support of a qualified MSW acting as the SPO, who mobilizes greater community participation besides managing the entire programme.

Community awareness campaigns on the rights of elderlies, health benefits of sanitation, preventive healthcare around AIDS and Tuberculosis, etc. are organized from time to time. Counselling for patients, family members and caregivers are also provided. In order to maximise the outreach, the mobile facility traverses a pre-chartered and well-publicised schedule on a weekly basis.

Advance Medical Relief

We also joined hands with St. Stephen's Hospital Patients Welfare Society to provide corrective surgeries by Dr. Mathew Varghese, the renowned Polio Warrior, to marginalized community suffering from various polio related deformities. We are also providing financial support to Shrimad Rajchandra Sarvamangal Trust for corrective surgeries and post OT physiotherapy treatment of the highest quality for handicapped children free of cost to the destitute, poor and needy children.

Digital Learning

With Extramarks Education Foundation as the implementation partner, we have adopted a total of six Government schools at Ghaziabad, Sardarshahar and Ghazipur for deploying new age digital learning. Around 10,000 students are benefitting from this initiative presently. A rise in the performance of the students of the respective schools have been witnessed post the roll out of digital learning initiatives.

Computer Skill Training

We are running five Computer Skill Training Centres for the underprivileged youth of Ghazipur, Uttar Pradesh, in association with Hari Prem Society besides providing grant to 'All India Center for Urban and Rural Development' to provide Computer Skill Training to the underprivileged youth of Delhi.

Project SAMARTH

In association with Balvantray Mehta Vidya Bhawan, Anguridevi Sher Singh Memorial Academy, New Delhi, we are sponsoring academic fees of 50 students of special needs. We are also monitoring their academic development on regular basis. We also provided grant





to arrange required facilities namely one Maruti CNG Eeco Van for transportation, one Photostat Machine, four Smart Class System and upgradation of existing Offset Printing Press.

Basic Education and Nutrition to the street Children

We have joined hands with Samarpan foundation to provide Basic Education and nutrition to the street children. Samarpan School serves as a stepping-stone between survival for daily existence and the formal education system.

Higher Education Grant

We have offered scholarship for five students of the Indian Institute of Technology, Madras coming from economically challenged background for their entire four years of studies. In addition, we are also providing grant to the students of economically weaker sections to complete their Higher education and training from time to time.

Skills Development and Capacity Building for Small and Marginalized Farmers

In association with Eklavya Foundation, Telangana, we are strengthening small and marginalized farmers through training and support in organic farming. The organic produce is helping these farmers fetch better earnings.

Safe drinking water project

We have joined hands with Seva Bharti to supply safe drinking water to 45 draught affected villages of Anantpur District, Andhra Pradesh.

Namami Gange

We are developing the infrastructure of Ganga Ghats to make the Mother River Ganga Swaksh and Nirmal. Under the first phase of this project, we are developing Ghats Situated at Ghazipur.

Old Age Home

We have constructed additional accommodation facilities at 'Guru Vishram Vridh Ashram' at Lathira village of Garhmukteshwar. The ashram provides shelter to more than 100 Senior Citizens so that they may live their life with dignity and get the required love and care.

Other CSR Initiatives

We are also extending financial support to select small NGOs who are doing remarkable work in their respective fields. We are also contributing to Natural Disaster Management for supporting displaced people from time to time.

BUSINESS OUTLOOK

Our business ecosystem appears ripe with possibilities. A visionary government, 1.3 billion aspiring Indian consumers, a vibrant growing economy headed to scale the coveted 5 trillion dollar mark and a decisive push towards rapid digitisation, modernisation, connectivity, indigenisation and manufacturing. The stage is set for accelerated and sustained growth for the Company.

Optical Fiber Cable Manufacturing and Telecom Network Growth Opportunities

The country presents three-layered growth opportunity for our telecom products as well as network solution capabilities. The first layer of universalisation of internet and broadband, aimed at connecting the yet unconnected regions and topographies, continues to offer healthy demand growth for our range of products and solutions. At the next layer is universalisation of 4G, FTTH, LTE etc aimed at enabling the urban hinterland and rural India with superior high speed data connectivity.

On the top of these layers is the upcoming rollout of 5G, the mother of all telecom evolutions witnessed in India in the last three decades.



5G is going to unleash a phase of such deep and intense fiberisation that would create many times bigger demand for our products and network solutions than what we have witnessed in the last one decade, possibly. We strongly believe that the next wave of growth would be driven by broadband and network expansion through fiberisation. Growing technological advancement would generate high demand for more data and devices with high speed and capacity and we, therefore, believe that huge capex will be made by the telecom operators for creating new networks.

Besides commercial telecom infrastructure, we are also helping government agencies including defence forces in fast scale up of public infrastructure aimed at digital governance and improved sovereign defence.

We are coupling such multiplier opportunities with expansion of product and services mix, aimed at increased share of opportunities. We are backing it up with backward integration, economies of scale and enhanced efficiencies, all margin-accretive steps which shall help improve our profitability

Railway Modernisation, Defence Indigenisation and Smart City

In all our three new business divisions, the opportunity landscape remains ripe. Railway network including intra-city suburban, metro and mass rapid transit systems, dedicated corridors for freight and high speed passenger movements would require fresh installation and mass scale upgradation of legacy communication and signaling systems. Government has recognized the need to renew legacy infrastructure as well as construction of new rail lines that will deploy next generation telecom and signaling systems. Indian Railways would spend about INR 850 Bn over the next six years to overhaul the signaling system on its entire rail network and promote make in India.

Opportunities for HFCL in railways are, therefore, increasing with seven orders including two overseas orders for Dhaka and Mauritius Metros already in hand.

Besides steady double digit growth, Country's defence expenditure will witness growing weightage of capital expenditure as well as domestically manufactured gears and equipment. For HFCL, defence equipment manufacturing is steadily shaping up, with one bid reaching the equipment trial stage and others awaiting evaluation and results.

Modernisation and increasing digitisation of urban clusters under the flagship smart & safe city program will continue to present growing opportunities for smart city players like HFCL. High speed Communication technology shall play a key role to build better communities and digitally empower citizens where citizen centric services shall be optimized like smart roads, solar roof, intelligent transport system, etc. OFC connectivity being the most efficient way of networking provides immense potential for telecom infra developers to develop and / or redevelop communication infra.

Initial successes, therefore, are vital building blocks of future growth for all our three new business segments. While railway business is executing three contracts in India, it has also taken our services to two international destinations. Further, successful field trails of our defence products would enable us participate in future defence tenders. Successful commissioning and post deployment performance of our smart & safe city solutions in a couple of cities would empower us leverage our capabilities.

Put together, these three newly added business verticals are fast progressing as the third engine of our business growth, telecom products and solutions being the first two engines.

DIRECTORS' REPORT

Dear Members,

Your Board of Directors have pleasure in presenting the 32nd Annual Report on the business and operations of your Company together with the Audited Financial Statements, for the financial year ended 31st March, 2019.

FINANCIAL HIGHLIGHTS

Your Company's financial performance (Standalone & Consolidated) for the financial year ended 31st March, 2019 is summarized below:

(₹in Crores)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from Operations (Net)	4366.20	3080.18	4737.79	3248.53
Other Income	48.01	18.33	46.96	24.49
Total Income	**4414.21**	**3098.51**	**4784.75**	**3273.02**
Operating Expenses	3859.61	2690.09	4,137.72	2821.06
Other Expenditure	168.40	125.82	188.91	142.92
Depreciation and amortization	17.52	16.26	26.97	23.22
Exceptional Items	-	1.79	-	1.79
Total Expenses	**4045.53**	**2833.96**	**4,353.60**	**2988.99**
Profit before finance cost and tax	**368.68**	**264.55**	**431.15**	**284.03**
Finance cost*	77.94	60.91	91.86	63.63
Profit before Tax (PBT)	**290.74**	**203.64**	**339.29**	**220.40**
Tax Expense net of MAT credit entitlement	106.71	48.61	107.03	48.70
Profit after Tax	**184.03**	**155.03**	**232.26**	**171.70**
Attributable to:				
Shareholders of the Company	-	-	219.91	167.87
Non-controlling interests	-	-	12.35	3.83
Opening balance of retained earnings	763.37	629.52	723.94	549.74
Adjustment with other equity	(5.97)	-	(5.97)	27.51
Amount available for appropriation	**941.43**	**784.55**	**937.88**	**745.12**
Appropriations				
Debenture Redemption Reserve	-	1.06	-	1.06
Capital Redemption Reserve	60.38	20.12	60.38	20.12
Dividend on Equity Shares	8.96	-	8.96	-
Closing Balance of retained earnings	**872.09**	**763.37**	**868.54**	**723.94**

* Interim Dividend paid, amounting to ₹3.30 Crores (excluding tax) on 6.50% Cumulative Redeemable Preference Shares (CRPS), during the FY19, is part of Finance cost.

During the FY19, total Consolidated Income of your Company has reached ₹4,785 Crores from ₹3,273 Crores as compared to the previous year, recording a growth of 46%.

Your Company has achieved highest ever Consolidated EBIDTA of ₹458 Crores in FY19 from ₹307 Crores in the previous year, recording a growth of 49%. Profitability, i.e., Consolidated PBT has grown by 54% to ₹339 Crores in FY19 from ₹220 Crores during the previous year.

In FY19, your Company has a highest ever Consolidated PAT of ₹232 Crores from ₹172 Crores in the previous year, recording a growth of 35%.

Net Worth

The net worth of your Company has increased during the year under review to ₹1,442 Crores from ₹1,179 Crores in the previous year.

Gross Debt

The total Debt in FY19 stood at ₹590 Crores as against ₹408 Crores in FY18.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Section 129 read with Schedule III to the Companies Act, 2013 (hereinafter referred to as "the Act") and the Companies (Accounts) Rules, 2014, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the FY19, together with the Auditors' Report form part of this Annual Report.

TRANSFER TO RESERVES

The Board of Directors have decided to retain the entire amount of profits for the FY19, under Retained Earnings and has not transferred any amount to the General Reserves, during the year under review.

DIVIDEND

During the year under review, the Board of Directors, at its meeting held on 31st October 2018, has declared and paid first Interim Dividend of ₹3.25/- per share on 60,37,500, 6.50% Cumulative Redeemable Preference Shares (CRPS) of ₹100/- each, and on 7th January, 2019 also declared and paid second Interim Dividend of ₹3.25/- per share on the aforesaid CRPS, for the financial year ended 31st March, 2019.

The Company has made payment aggregating to ₹3.30 Crores towards Interim Dividends (excluding tax) on CRPS for the FY19.

Based on the Company's performance, the Board of Directors, at its meeting held on 15th May, 2019, has recommended a Dividend @ 10% i.e., ₹0.10/- (Ten Paisa) per equity share of ₹1/- aggregating to ₹12.84 Crores (excluding tax) for the financial year ended 31st March, 2019, subject to the approval of shareholders at the ensuing Annual General Meeting (AGM) of the Company.

The Dividend payout is in accordance with the Company's Dividend Distribution Policy.

Dividend Distribution Policy

As per Regulation 43A of the Listing Regulations, top 500 listed companies based on the market capitalization, shall formulate a Dividend Distribution Policy.

Accordingly, the Policy has been adopted by the Board of Directors of the Company to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and / or retaining profits earned by the Company.

The Dividend Distribution Policy is available on the Company's website at http://www.hfcl.com/wp-content/uploads/2017/05/Dividend_Distribution_Policy.pdf and is also provided as **Annexure – A** to this Report.

Investor Education and Protection Fund (IEPF)

In accordance with the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("**IEPF Rules**"), all unclaimed dividends are required to be transferred by the Company to the IEPF, which remain unpaid or unclaimed for a period of seven years, from the date of transfer to Unpaid Dividend Account.

Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven consecutive years or more shall be transferred to the demat account of the Investor Education and Protection Fund Authority ("**IEPF Authority**").

During the year under review, no amount of the unclaimed/ unpaid dividend and any such share in the Company, was due to be transferred to the IEPF Authority.

Details of Nodal Officer

The Company has designated Mr. Manoj Baid, Vice-President (Corporate) & Company Secretary of the Company as a Nodal Officer for the purpose of IEPF.

INDIAN ACCOUNTING STANDARDS (IND-AS)

Financial Statements of your Company, its subsidiaries and joint venture, for the financial year ended 31st March, 2019, are prepared in accordance with Indian Accounting Standards (Ind-AS), as notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

FIXED DEPOSITS

During the FY19, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

SHARE CAPITAL AND CHANGES IN CAPITAL STRUCTURE

Authorized Share Capital

As on 31st March, 2019, the Authorized Share Capital of your Company stood at ₹760 Crores (Rupees Seven Hundred Sixty Crores only) divided into 510 Crores (Five Hundred Ten Crores) equity shares of face value of ₹1/- (Rupee One) each, aggregating to ₹510 Crores (Rupees Five Hundred Ten Crores only) and 2.50 Crores (Two Crore Fifty Lakhs) Cumulative Redeemable Preference Shares (CRPS) of ₹100/- (Rupees Hundred) each, aggregating to ₹250 Crores (Rupees Two Hundres Fifty Crores only).

Paid-up Share Capital

As on 1st April, 2018, the Paid-up Equity Share Capital of your Company stood at ₹184.31 Crores comprising of 1,23,93,77,194 equity shares of ₹1/- each, amounting to ₹123.94 Crores and 60,37,500, 6.50% Cumulative Redeemable Preference Shares (CRPS) of ₹100/- each, amounting to ₹60.38 Crores.

During the year under review, the Company has redeemed entire 60,37,500, CRPS of ₹100/- each, amounting to ₹60.38 Crores.

Further, during the year under review, the Warrants holders have exercised their right of conversion and pursuant to exercise of conversion of such Warrants, the Company has allotted equal nos. of 3,50,00,000 equity shares at a price of ₹16/- per equity share (including a premium of ₹15/- per share), upon receipt of balance 75% money from the Warrant holders against such nos. of Warrants, on preferential basis.

Consequent to the above, the revised Paid-up Equity Share Capital of your Company, stood at ₹127.44 Crores comprising of 1,27,43,77,194 equity shares of face value of ₹1/- each, as on 31st March, 2019.

The Company had 1,00,00,000 Warrants outstanding as on 31st March, 2019, which have also been converted into equal nos. of 1,00,00,000 equity shares and the Paid-up Equity Share Capital of your Company stands at ₹128.44 Crores comprising of 1,28,43,77,194 equity shares of face value of ₹1/- each, as on the date of this Report.

There are no outstanding Warrants due for conversion, as on the date of this Report.

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

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the Listing Regulations, is presented in a separate section, forming part of this Annual Report.

CORPORATE GOVERNANCE

Your Company is committed to benchmark itself with global standards for providing good corporate governance. Your Board constantly endeavors to take the business forward in such a way that it maximizes long term value for the stakeholders. The Company has put in place an effective corporate governance system which ensures that the provisions of Listing Regulations are duly complied with.

A detailed report on the Corporate Governance pursuant to the requirements of the Listing Regulations forms part of this Annual Report.

A certificate from the Secretarial Auditors of the Company, confirming compliance of conditions of corporate governance as stipulated in Listing Regulations, is provided in the Report on Corporate Governance which forms part to the Corporate Governance Report.

BUSINESS RESPONSIBILITY REPORT

As stipulated under Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report, describing the initiatives taken by the Company from environmental, social and governance perspective forms part of this Annual Report.

EMPLOYEES' LONG TERM INCENTIVE PLAN

In terms of the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"), as amended from time to time and with the objective to promote entrepreneurial behaviour among employees of the Company, motivate them with incentives and reward their performance with ownership in proportion to the contribution made by them as well as align the interest of the employees with that of the Company, "Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan – 2017" ("HFCL Plan 2017") was approved by the Board of Directors of your Company on 26th August, 2017, which was further approved by the members of the Company, in their 30th Annual General Meeting held on 25th September, 2017.

The HFCL Plan 2017 comprises of the following three subsets:

1. Employee Stock Option Plan (ESOP) under which Options would be granted
2. Restricted Stock Units Plan (RSUP) under which Units would be granted
3. Employee Stock Purchase Scheme (ESPS) under which shares would be issued

During the financial year ended 31st March, 2019, your Company has granted 70,49,000 ESOs and 70,49,000 RSUs in terms of the HFCL Plan 2017.

Applicable disclosures as stipulated under the SEBI Regulations with regard to the HFCL Plan 2017, are provided as **Annexure – B** to this Report.

Your Company has received a certificate from M/s Oswal Sunil & Co., Statutory Auditors (Firm Registration No. 016520N) that the HFCL Plan, 2017 for grant of stock options has been implemented in accordance with the SEBI Regulations and the resolution passed by the members in their 30th Annual General Meeting held on 25th September, 2017.

The said Certificate would be placed at the ensuing Annual General Meeting for inspection by the members.

The Nomination, Remuneration and Compensation Committee of Board, inter-alia, administers and monitors, the HFCL Plan, 2017 of your Company.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As at 31st March, 2019, your Company had four subsidiaries viz. HTL Limited, Polixel Security Systems Private Limited, Moneta Finance Private Limited and HFCL Advance Systems Private Limited and one joint venture company viz. DragonWave HFCL India Private Limited, a Joint Venture Company of your Company and DragonWave Inc., Canada now known as DragonWave - X Canada Inc., a subsidiary of Transform - X Inc.

The Company regularly monitors the performance of these companies.

There has been no material change in the nature of the business of the subsidiaries/ joint venture.

A statement containing the salient features of the financial statements of subsidiaries/ joint venture company of the Company in the prescribed **Form AOC–1** forms a part of the Consolidated Financial Statements (CFS) in compliance with Section 129(3) and other applicable provisions, if any, of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, as amended.

The said Form also highlights the financial performance of each of the subsidiaries and joint venture company, included in the CFS of the Company, pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014.

In accordance with the provisions of Section 136 of the Act, the financial statements of the subsidiaries and joint venture company are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of the ensuing AGM. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at Himachal Futuristic Communications Limited, 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi – 110048 and the same shall be sent by post.

The financial statements including the CFS, and all other documents required to be attached to this Report have been uploaded on the website of the Company at www.hfcl.com.

Further, your Company has acquired controlling stake of 90% in Raddef Private Limited [CIN: U74999KA2017PTC105873] ("RADDEF"), thereby making it a subsidiary of the Company, w.e.f. 15th May, 2019.

RADDEF aims to provide Common Of The Shelf (COTS), Radio Frequency (RF) & Microwave products to Indian and worldwide customers covering Navy, Military, Aerospace, Process Control & Automation, Communication, Test and Measurement Industry. RADDEF has expertise in the field of RADAR, RF and Microwave. It also undertakes development of products involving embedded and control systems.

RADDEF had been acquired to serve as an extended arm for undertaking development of new products in the fields of Defence, Surveillance and Telecom Industry.

Material Subsidiaries

The Company has, in accordance with the amendments to the Listing Regulations, revised the Policy for determining Material Subsidiaries. The key change is the revised definition of material subsidiary. The said policy may be accessed on the website of the Company at

http://www.hfcl.com/wp-content/uploads/2019/06/Policy-on-Determining-Material-Subsidiaries.pdf.

The Company has no material subsidiary company, as on 31st March, 2019.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMPs)

Re-Appointments / Appointments

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Arvind Kharabanda (DIN: 00052270), Director (Non-Executive) is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment.

The Board of Directors of the Company, on the recommendations of the Nomination, Remuneration and Compensation Committee, had appointed Dr. (Ms.) Tamali Sengupta (DIN: 00358658) as an Additional Director in the category of Independent Director w.e.f. December 24, 2018, in terms of provisions of Section 149 and 161 of the Act and Regulation 17 of the Listing Regulations and the Articles of Association of the Company.

In terms of the provisions of Section 161(1) of the Act, Dr. (Ms.) Tamali Sengupta holds office up to the date of ensuing AGM of your Company.

The Company has received a requisite Notice from a member under Section 160 of the Companies Act, 2013 proposing the appointment of Dr. (Ms.) Tamali Sengupta, as a Director of the Company.

Your Board recommends the appointment of Dr. (Ms.) Tamali Sengupta as a Non-Executive Independent Director of the Company, for one term of 3 (three) consecutive years with effect from December 24, 2018 to December 23, 2021, pursuant to Section 149 and other applicable provisions of the Act and the rules made thereunder. She will not be liable to retire by rotation.

Brief resumes, nature of expertise, disclosure of relationships between directors inter-se, details of directorships and Committee membership held in other companies of the Directors proposed to be appointed/ re-appointed, along with their shareholding in the Company, as stipulated under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is appended as an Annexure to the Notice of the ensuing AGM.

Appropriate resolutions for re-appointment / appointment of Directors are being placed for your approval at the ensuing AGM.

Cessation

During the FY19, Ms. Bela Banerjee (DIN: 07047271) has resigned as an Independent Director of the Company w.e.f. 26th September, 2018.

Key Managerial Personnel

During the year under review, Mr. Mahendra Nahata, Managing Director, Mr. Vijay Raj Jain, Chief Financial Officer and Mr. Manoj Baid, Vice-President (Corporate) & Company Secretary continue to be Key Managerial Personnel of your Company, in accordance with the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Declaration by the Company

The Company has issued confirmation to its Directors, confirming that it has not made any default under Section 164(2) of the Act, as on 31st March, 2019.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedules and Rules issued thereunder as well as clause (b) of sub-regulation (1) of Regulation 16 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and that they are independent of management.

In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties.

The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

In the opinion of the Board, Independent Directors fulfil the conditions specified in the Act, Rules made thereunder and Listing Regulations and are independent of the management.

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 web-link: http://www.hfcl.com/wp-content/uploads/2017/04/HFCL-Familiarisation-Prog.-Idependent-Director.pdf.

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Act read with Rules 5(1), 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) in respect of Directors/Employees of the Company is set out in **Annexure – C** to this Report.

The remuneration paid to the Directors is in accordance with the Remuneration Policy formulated in accordance with Section 178 of the Act and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

Disclosure under Section 197(14) of the Companies Act, 2013

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

Remuneration Policy

Pursuant to provisions of Section 178 of the Act and the Listing Regulations, the Nomination, Remuneration and Compensation Committee ('NRC Committee') of your Board has formulated a Remuneration Policy for the appointment and determination of remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees of your Company.

The NRC Committee has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for

making payments to Executive and Non-Executive Directors and Senior Management Personnel of the Company.

The Company has, in accordance with the amendments to the Listing Regulations, revised the Remuneration Policy. The key changes include, inter-alia, revised definition of 'Senior Management Personnel, along with recommendation of their appointment and remuneration.

The detailed Policy is available on the Company's website at http://www.hfcl.com/wp-content/uploads/2019/06/Remuneration-Policy.pdf and the salient aspects covered in the Remuneration Policy have been outlined in the Corporate Governance Report, which forms part of this Report.

BOARD AND COMMITTEE MEETINGS

Seven meetings of the Board of Directors were held during the FY19. The intervening gap between any two consecutive meetings of the Board was within the stipulated time frame prescribed under the Act and the Listing Regulations.

Separate Meeting of Independent Directors

In terms of requirements of Schedule IV to the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on 28th March, 2019 for the FY19.

All the Independent Directors attended the meeting held on 28th March, 2019.

Board Committees

Your Company has constituted several Committees which have been established as part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

As on 31st March, 2019, your Board has 05 (five) mandatory Committees, namely, Audit Committee, Nomination, Remuneration & Compensation (NRC) Committee; Corporate Social Responsibility (CSR) Committee; Stakeholders' Relationship Committee (SRC) and Risk Management Committee (RMC).

The details with respect to the composition, powers, roles, terms of reference, number of meetings etc. of the Committees held during the FY19 and attendance of the members at each Committee meeting, are provided in the Report on Corporate Governance, which forms part of this Report.

All the recommendations made by the Committees of the Board including the Audit Committee were accepted by the Board.

Audit Committee

As on 31st March, 2019, the Audit Committee comprises of 04 (four) members namely, Mr. Ved Kumar Jain, Mr. Surendra Singh Sirohi, Dr. (Ms.) Tamali Sengupta, Independent Directors and Mr. Arvind Kharabanda, a Non-Executive Director.

Mr. Ved Kumar Jain, Independent Director is the Chairman of the Audit Committee.

All members of the Audit Committee are financially literate and have experience in financial management.

PERFORMANCE EVALUATION

The Companies Act, 2013 mandates formal annual evaluation by the Board of its own performance and that of its Committees and individual Directors. Schedule IV to the Act provides that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Directors being evaluated.

Pursuant to the provisions of the Act read with relevant 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 FY19.

The parameters for the performance evaluation of the Board, *inter-alia,* include performance of the Board on deciding long term strategy, rating the composition and mix of Board members, discharging of governance and fiduciary duties, handling critical and dissenting suggestions, etc.

The performance of the Board was evaluated after seeking inputs from all the Directors on the basis of above parameters. The performance of the Committees was evaluated after seeking inputs from the Committee members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The Board and the Nomination, Remuneration & Compensation Committee reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

Performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

In a separate meeting of the Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-Executive Directors.

The Directors expressed their satisfaction with the evaluation process.

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

AUDITORS AND AUDITORS' REPORT

Statutory Auditors & their Report

M/s S. Bhandari & Co., Chartered Accountants (FRN: 000560C) ('SBC') and M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N) ('Oswal') were appointed as Statutory Auditors for one term of 05 (five) consecutive years, at the 30th Annual General Meeting of the Company, held on 25th September, 2017, for auditing the accounts of the Company from the financial year 2017-18 to 2021-22.

The requirement to place the matter relating to appointment of auditors for ratification by members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from 7th May, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM and a note in respect of the same has been included in the Notice convening ensuing AGM.

The Statutory Auditors have confirmed that they are not disqualified from continuing as Statutory Auditors of the Company.

The Auditors' Report does not contain any qualification, reservation or adverse remark. The Statutory Auditors in the Annexure to the Standalone Auditor's Report have mentioned about delay in deposit of statutory dues in few cases. In future, the management will make all efforts to deposit the same within time.

Further, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under Section 143(12) of the Act.

Secretarial Auditors & their Report

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended or re-enacted from time to time), your Company had appointed Mr. Baldev Singh Kashtwal, Company Secretary in whole-time practice, having CoP No. 3169 and Membership No. F-3616, for conducting the Secretarial Audit of your Company for the FY19.

The Secretarial Audit Report in prescribed form MR-3, issued by the Secretarial Auditor is annexed herewith as **Annexure – D** to this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Cost Records and Cost Audit

Your Company has maintained cost records as prescribed under Section 148 of the Act and the relevant rules made thereunder.

Requirement of Cost Audit as prescribed under the provisions of Section 148 of the Act, are not applicable for the business activities carried out by the Company.

VIGIL MECHANISM/ WHISTLE-BLOWER POLICY

The Board of Directors of your Company has formulated a Whistle-Blower Policy, which is in compliance with the provisions of Section 177(9) & (10) of the Act 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.

During FY19, no complaint was received and no individual was denied access to the Audit Committee for reporting concerns, if any.

The Whistle-Blower Policy was amended in line with the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018, enabling employees to report instances of leak of Unpublished Price Sensitive Information (UPSI).

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.

Brief details of establishment of Vigil Mechanism in the Company, is also provided in the Report on Corporate Governance which forms part of this Report.

CREDIT RATINGS

As a result of significant improvements in the key rating drivers of your Company, CARE Ratings Limited, vide its letter dated July 09, 2019, has re-affirmed the credit rating for the Long Term Bank facilities of the Company to CARE A Minus; Stable (Single A Minus; Outlook: Stable) and Short Term Bank facilities to CARE A2+ (A Two Plus).

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT–9 as stipulated under Section 92(3) and Section 134(3)(a) of the Act read with the Rule 12 of the Companies (Management and Administration) Rules, 2014, is annexed herewith as **Annexure-E**, to this Report.

Annual Return i.e. Form MGT-7, for the FY19 shall be filed by the Company with the Registrar of Companies, Himachal Pradesh, within the stipulated period and the same can also be accessed, thereafter, on the Company's website at: http://www.hfcl.com.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of loans, guarantees and investments, as on 31st March, 2019, as stipulated under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, are as follows:-

Particulars	Amount (₹ in Crores)
Loans given	31.25
Guarantees given	191.16
Investments made	70.91

Loans given, Guarantees provided and Investments made during the FY19:

Name of the entity	Relation	Amount (₹ in Crores)	Particulars of Loans, Guarantees & Investments	Purpose for which the Loans, Guarantees and Investments are proposed to be utilized
Corning Finolex Optical Fiber Private Limited	Supplier	45.00	Guarantee	Corporate Guarantee given to Corning Finolex Optical Private Ltd. on behalf of HTL Ltd., a Subsidiary of the Company for the supply of material.
Punjab National Bank	Consortium Banker	6.50	Guarantee	Corporate Guarantee given to Punjab National Bank on behalf of Exicom Tele – System Ltd., for Working Capital.
Owens-Corning (India) Private Limited	Supplier	6.00	Guarantee	Corporate Guarantee given to Owens Corning India Private Ltd. on behalf of HTL Ltd., a Subsidiary of the Company for the supply of material.
Yes Bank Limited	Banker	120.00	Guarantee	Corporate Guarantee given to Yes Bank Ltd on behalf of HTL Ltd., a Subsidiary of the Company for various credit facilities sanctioned to HTL Ltd.

For more details, please refer Note 7 and 46(c) to the Standalone Financial Statements of the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, your Company has revised its Policy on Dealing with and Materiality of Related Party Transactions, in accordance with the amendments to the applicable provisions of the Listing Regulations. The key changes include, *inter-alia*, threshold limits for determining materiality.

The said Policy is also available on the website of the Company at the web-link: http://www.hfcl.com/wp-content/uploads/2019/06/Policy-on-Related-Party-Transactions-RPTs.pdf.

During the year under review, all contracts/ arrangements/ transactions entered into by the Company with related parties were in ordinary course of business and on arm's length basis, except the following transaction, which was not in ordinary course of business:-

S. No.	Names of the Related Party & Nature of relationship	Nature of transactions	Cost of acquisition	Amount of consideration
1.	HTL Limited (A subsidiary under Section 2(87) of the Act)	High Sea Sale of Plant & Machineries	₹83,61,570/-	₹83,61,570/-

The Company has not entered into any contracts/ arrangements/ transactions with related parties which qualify as material in accordance with the Policy of the Company on materiality of related party transactions. Thus, there are no transaction required to be reported in Form AOC-2 pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on Related Party Transactions, formulated by the Company.

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large.

There are no transactions with the person(s) or entities forming part of the Promoter(s)/Promoter(s) Group, which individually hold 10% or more shareholding in the Company, except as mentioned below:-

Amount (₹ in Crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contribution towards Warrant:		
MN Ventures Private Limited	9.0	3.0
Nextwave Communication Private Limited	9.0	3.0

The details of the related party transactions as per Indian Accounting Standards (IND-AS) - 24 are set out in Note 52 to the Standalone Financial Statements of the Company.

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

The details of energy conservation, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act, read with the Rule 8 of the Companies (Accounts) Rules, 2014, are annexed herewith as **Annexure - F** to this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has been proactively carrying out CSR activities since more than two decades.

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

In compliance with requirements of Section 135 of the Act, the Company has laid down a Corporate Social Responsibility (CSR) Policy. The CSR Policy is available on the website of the Company and may be accessed at the web-link: http://www.hfcl.com/wp-content/uploads/2016/01/CSR-Policy.pdf.

The composition of the CSR Committee, brief contents of CSR Policy and report on CSR activities carried out during the financial year ended 31st March, 2019 in the format prescribed under Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **Annexure - G**.

For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which forms part of this Report.

MATERIAL CHANGES AFFECTING THE COMPANY

A. Change in nature of business

The Company has not undergone any change in the nature of the business during the FY19.

B. Material changes and commitments affecting the financial position of the Company

There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the FY19 and the date of this Report.

SIGNIFICANT / MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS, TRIBUNALS AFFECTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There is no significant / material order passed by the Regulators, Courts, Tribunals affecting the going concern status and the Company's operations in future.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy on Prevention of Sexual Harassment at Workplace, in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the rules made thereunder.

An Internal Complaints Committee (ICC) has been set up to redress complaints, if any, received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

There was no complaint received from any employee of the Company during the FY19.

SIGNIFICANT DEVELOPMENTS

The Company is well known with its abbreviated name "HFCL", which stands for the full name viz. "Himachal Futuristic Communications Limited."

The present name of the Company gives impression that the activities of the Company are limited to the state of Himachal Pradesh only. However,

this is far from truth. Today, the Company's presence is not only on PAN India level but also beyond the territory of the Nation.

In view of building new brand image, the name of the Company is proposed to be changed from "Himachal Futuristic Communications Limited" to "HFCL Limited", which is a blend of its present full name.

The proposed name of the Company contains word 'HFCL' as the Company is well known by this abbreviated name.

Your Board of Directors, at its meeting held on 15th May, 2019, had approved the change in name of the Company. As per the provision of the Act, approval of the members is being sought for changing the name of the Company by way of passing a Special Resolution, at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had 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 at the end of the financial year 31st March, 2019 and of the profits of the Company for that period;

(c) the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis; and

(e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

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

LISTING

The equity shares of your Company are presently listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

The Company has paid annual listing fee for the FY20 to the BSE Limited and the National Stock Exchange of India Limited.

DEPOSITORY SYSTEMS

Your 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.

IMPLEMENTATION OF CORPORATE ACTION

During the year under review, the Company has not failed to implement any Corporate Action within the specified time limit.

COMPLIANCE WITH SECRETARIAL STANDARDS

Pursuant to the provisions of Section 118(10) of the Act, the Company has complied with the applicable provisions of the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

REPORTING PRINCIPLE

The Financial and Statutory Data presented in this Report is in line with the requirements of the Companies Act, 2013 (including the rules made thereunder), Indian Accounting Standards and the Secretarial Standards.

REPORTING PERIOD

The Financial Information is reported for the period 1st April, 2018 to 31st March, 2019. Some parts of the Non-Financial Information included in this Board's Report are provided as on the date of this Report.

CAUTIONARY STATEMENT

Statements in the Management Discussions & Analysis Report 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.

PERSONNEL

Your Directors wish to place on record their sincere appreciation for the devoted services of all the employees and workers at all levels and for their dedication and loyalty, which has been critical for the Company's success.

ACKNOWLEDGEMENTS

Your Company's organizational culture upholds professionalism, integrity and continuous improvement across all functions as well as efficient utilization of the Company's resources for sustainable and profitable growth.

Your Directors wish to place on record their appreciation for the valuable co-operation and support received from the Government of India, various State Governments, the Banks and other stakeholders such as, shareholders, customers and suppliers, among others. The Directors look forward to their continued support in future.

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, Yes Bank Limited, ICICI Bank Limited 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.

For and on behalf of the Board

M P Shukla
Chairman
DIN: 00052977

Place: New Delhi
Date: August 28, 2019

Annexure (A) to Directors' Report

EXTRACTS OF DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND, SCOPE AND PURPOSE

The Securities and Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations).

Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

The Policy shall not apply to:

- Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders
- Issue of Bonus Shares by the Company
- Buyback of Securities.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

2. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

The dividend pay-out decision of the Board depends upon the following financial parameters, internal and external factors:

A. Financial/Internal Parameters

i. Operating cash flow of the Company
ii. Profit earned during the year
iii. Profit available for distribution
iv. Earnings Per Share (EPS)
v. Working capital requirements
vi. Capital expenditure requirement
vii. Business expansion and growth
viii. Likelihood of crystallization of contingent liabilities, if any
ix. Additional investment in subsidiaries and associates of the Company
x. Up-gradation of technology and physical infrastructure
xi. Creation of contingency fund
xii. Acquisition of brands and business
xiii. Cost of Borrowing
xiv. Past dividend payout ratio / trends
xv. Turnover
xvi. Financial Ratios
xvii. The Company's liquidity position and future cash flow need
xviii. Stipulation/Covenants of Loan Agreements
xix. Such other criteria as the Board may deem fit from time to time.

B. External Parameters

i. Economic environment
ii. Capital markets
iii. Global conditions
iv. Statutory provisions and guidelines
v. Dividend payout ratio of competitors
vi. Industry Growth Rate
vii. Natural Calamities

3. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The Board shall consider the factors provided above under Para A before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

4. UTILIZATION OF THE RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan
- Product expansion plan
- Increase in production capacity
- Modernization of plants
- Diversification of business
- Funding inorganic and organic growth needs including working capital, repayment of debt etc.
- Long term strategic plans
- Replacement of capital assets
- Where the cost of debt is expensive
- Dividend payment
- Such other criteria as the Board may deem fit from time to time.
- Any other permissible purpose

5. MANNER OF DIVIDEND PAYOUT

In case of final dividend:

i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.

iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

In case of interim dividend:

i. Interim dividend, if any, shall be declared by the Board.

ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.

iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.

iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

6. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

Annexure (B) to Directors' Report

DISCLOSURES PURSUANT TO REGULATION 14 OF THE SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 READ WITH SEBI CIRCULAR DATED 16TH JUNE, 2015 ON ESOP DISCLOSURES

A. Relevant disclosures in terms of the 'Guidance note on accounting for Employee Share-based Payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

Please refer to Note No. 57 of the Standalone Financial Statements, which forms part of this Annual Report.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the Regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time:

₹1.46/- (Rupee One and Forty Six Paisa only).

C. Details related to Employee Stock Options (Options/ESOs) and Restricted Stock Units (RSUs):

(i) A description of each ESOs that existed at any time during the year, including the general terms and conditions of each ESOs, including –

(a) Date of shareholders' approval: 26th August, 2017

(b) Total number of Options approved under ESOs and RSUs:

S. No.	Particulars	No. of Options/RSUs
1	Employee Stock Options	1,00,00,000
2	Restricted Stock Units	1,00,00,000

(c) Vesting requirements of ESOs and RSUs:

The Vesting conditions in respect of the Options and RSUs granted under the Employee Stock Option Plan shall be as determined by the Nomination, Remuneration and Compensation Committee ("the Committee") from time to time. Upon commencement of this Plan, subject to terms and conditions of this Plan, the Options and RSUs granted to Eligible Employees shall Vest as per the schedule ("Vesting Schedule") determined by the Committee at the time of grant but the Vesting Schedule shall not be less than one year from the date of grant of Options and not more than five years from the date of grant of Options and RSUs as the case may be. At the stage of determining the grant, the Committee may or may not consider performance based vesting of the Options.

ESOs:

% Options to be Vested	Year
40% of the Options granted	End of the 1st year from the date of grant
30% of the Options granted	End of the 2nd year from the date of grant
30% of the Options granted	End of the 3rd year from the date of grant

RSUs:

% RSUs to be Vested	Year
70% of the RSUs granted	End of the 3rd year from the date of grant
30% of the RSUs granted	End of the 4th year from the date of grant

(d) Exercise price or pricing formula for ESOs and RSUs:

Options were granted at a price of ₹20.65/- per equity share i.e. the closing market price of the shares of the Company on the NSE immediately prior to the date of grant i.e. 15th October, 2018.

RSUs were granted at a price of ₹1/- per equity share.

(e) Maximum term of Options/RSUs granted:

Not more than five years from the date of grant of Options/RSUs.

(f) Source of shares (primary, secondary or combination):

Primary.

(g) Variation in terms of Options/ RSUs:

Not Applicable.

(ii) Method used to account for ESOs/RSUs- Intrinsic or Fair Value:

Fair Value Method.

(iii) Where the company opts for expensing of the Options using the intrinsic value of the Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed:

Not Applicable.

(iv) Options/RSUs movement during the year:

Particulars	ESOs	RSUs
Number of Options/RSUs outstanding at the beginning of the period	NIL	NIL
Number of Options/RSUs granted during the year	70,49,000	70,49,000
Number of Options/RSUs forfeited/lapsed during the year	1,88,000	1,88,000
Number of Options/RSUs vested during the year	NIL	NIL
Number of Options/RSUs exercised during the year	NIL	NIL
Number of shares arising as a result of exercise of Options/RSUs	NIL	NIL
Money realized by exercise of Options/RSUs (INR), if scheme is implemented directly by the Company	NIL	NIL
Loan repaid by the Trust during the year from exercise price received	NIL	NIL
Number of Options/RSUs outstanding at the end of the year	68,61,000	68,61,000
Number of Options/RSUs exercisable at the end of the year	NIL	NIL

(v) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for Options whose exercise price either equals or exceeds or is less than the market price of the stock:

(Amount in ₹)

Particulars	ESOs	RSUs
Weighted average exercise price	20.65	1.00
Weighted average fair value as on granted date	11.04	19.74

(vi) Employee wise details (name of employee, designation, number of Options/RSUs granted during the year, exercise price) of Options / RSU's granted to –

a) **senior managerial personnel**; Details provided in **Annexure – B-1**.

b) **any other employee who receives a grant in any one year of Option amounting to 5% or more of Options granted during that year**: N.A.

c) **identified employees who were granted Options/RSUs, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant**: N.A.

(vii) A description of the method and significant assumptions used during the year to estimate the fair value of Options and RSUs:

(a) The fair value of each equity-settled award is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Particulars	For Grants made during the year ended March 31, 2019	
	ESOs	RSUs
Weighted average share price (₹)	20.65	20.65
Exercise price (₹)	20.65	1.00
Expected volatility	56.4% to 59.1%	56.8% to 59.1%
Expected life of the Options (years)	3.50 to 5.50	4.50 to 5.50
Expected dividends	0.23%	0.23%
Risk-free interest rate	7.81% to 7.89%	7.85% to 7.89%
Weighted average fair value as on grant date (₹)	11.04	19.74

(b) the method used and the assumptions made to incorporate the effects of expected early exercise, how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and whether and how any other features of the Options/RSUs grant were incorporated into the measurement of fair value, such as a market condition.

The expected life of the ESOs/RSUs is estimated based on the vesting term and contractual term of the ESOs/RSUs, as well as expected exercise behaviour of the employee who receives the ESOs/RSUs. Expected volatility during the expected term of the ESOs/RSUs is based on historical volatility of the observed market prices of the Company's publicly traded equity shares during a period equivalent to the expected term of the ESOs/RSUs.

(viii) Disclosures in respect of grants made in three years prior to IPO under each ESOs/RSUs:

Until all Options/RSUs granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such Options/RSUs shall also be made: **Not Applicable**

Details related to Employee Stock Purchase Scheme (ESPS):

(i) The following details on each ESPS under which allotments were made during the year:

a.	**Date of shareholders' approval**	**:**	26th August, 2017
b.	**Number of shares issued**	**:**	NIL
c.	**The price at which such shares are issued**	**:**	NIL
d.	**Lock-in period**	**:**	Not Applicable

(ii) The following details regarding allotment made under each ESPS, as at the end of the year:

Particulars	Details
The details of the number of shares issued under ESPS	NIL
The price at which such shares are issued	Not Applicable
Employee-wise details of the shares issued to;	
(i) senior managerial personnel;	NIL
(ii) any other employee who is issued shares in any one year amounting to 5% or more shares issued during that year;	
(iii) identified employees who were issued shares during any one year equal to or exceeding 1% of the issued capital of the Company at the time of issuance;	
Consideration received against the issuance of shares, if scheme is implemented directly by the Company	NIL
Loan repaid by the Trust during the year from exercise price received	NIL

Details related to Trust:

The following details, *inter-alia*, in connection with transactions made by the Trust meant for the purpose of administering the schemes under the Regulations are to be disclosed:

(i) General information on all schemes:

S. No.	Particulars	Details
a.	Name of the Trust	HFCL Employees' Trust
b.	Details of the Trustee(s)	i) Mr. Brij Behari Tandon ii) Mr. Pankaj Jain
c.	Amount of loan disbursed by company/any company in the group, during the year	NIL
d.	Amount of loan outstanding as at the end of the year (repayable to company/any company in the group)	NIL
e.	Amount of loan, if any, taken from any other source for which company/any company in the group has provided any security or guarantee	NIL
f.	Any other contribution made to the Trust during the year	NIL

(ii) Brief details of transactions in shares by the Trust:

S. No.	Particulars	Details
(a)	Number of shares held at the beginning of the year	NIL
(b)	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	Nil
(c)	Number of shares transferred to the employees/sold along with the purpose thereof	Nil
(d)	Number of shares held at the end of the year	Nil

(iii) In case of secondary acquisition of shares by the Trust

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	NIL
Acquired during the year	NIL
Sold during the year	NIL
Transferred to the employees during the year	NIL
Held at the end of the year	NIL

Annexure (B-1)

Details of Options/RSUs granted to the employees of the Company :

S.No.	Name of the Employee	Designation	Number of Employee Stock Options ("Options") Granted	Number of Restricted Stock Units ("RSU's") Granted
1	Mr. V R Jain	Chief Financial Officer	312,000	312,000
2	Mr. S K Garg	Senior President	290,000	290,000
3	Mr. Jitendra Singh Chaudhary	President	252,000	252,000
4	Mr. Harshwardhan Pagay	President	227,000	227,000
5	Mr. Vibhas Joshi	President	180,000	180,000
6	Mr. Sunil Kumar Kulshrestha	President	189,000	189,000
7	Mr. Puneet Jain	President	188,000	188,000
8	Mr. Vibhor Dewan	Vice President	171,000	171,000
9	Mrs. Neelu Chandra	Vice President	170,000	170,000
10	Col. B B Singh	President	169,000	169,000
11	Mr. Bharat Kumar Pandey	Vice President	146,000	146,000
12	Mr. Manoj Baid	Vice President (Corporate) & Company Secretary	139,000	139,000
13	Mr. Mahmood Ali Johar	Vice President	137,000	137,000
14	Mr. Tejveer Verma	Senior Vice President	125,000	125,000
15	Mr. Nawratan M Bengani	Senior Vice President	131,000	131,000
16	Mr. Gaurav Sharma	Vice President	131,000	131,000
17	Mr. Anurag Mehrotra	Vice President	125,000	125,000
18	Mr. Rakesh Kumar	Senior Vice President	115,000	115,000
19	Mr. Kuldeep Kumar Kohli	Group President	110,000	110,000
20	Mr. Sunil Goel	Vice President	108,000	108,000
21	Mr. Sandeep Kumar	Vice President	108,000	108,000
22	Mr. Shiv Kumar Singh	Senior Vice President	105,000	105,000
23	Mr. Virendra Kumar Agrawal	Vice President	93,000	93,000
24	Mr. Puneet Saxena	Vice President	93,000	93,000
25	Mr. Prakash Chand Gulgulia	Vice President	87,000	87,000
26	Mr. Vivek Agrawal	Vice President	81,000	81,000
27	Mr. Neeraj Priya Bhatt	Vice President	80,000	80,000
28	Col. Arney Chitkara	Vice President	78,000	78,000
29	Mr. Dilip Kumar	Vice President	63,000	63,000
30	Mr. Bhuvnesh Sachdeva	Associate Vice President	113,000	113,000
31	Mr. Baburaj E	Associate Vice President	109,000	109,000
32	Mr. Rajesh Tatia	Assistant Vice President	102,000	102,000
33	Mr. Praveen Pandey	General Manager	92,000	92,000
34	Mr. Prabhat Kumar Budhauliya	Associate Vice President	91,000	91,000
35	Mr. Tarun Kalra	Associate Vice President	109,000	109,000
36	Mr. Dharmendra Pathak	General Manager	90,000	90,000
37	Mr. Anadi Gupta	General Manager	89,000	89,000
38	Mr. Pramod Aggarwal	Assistant Vice President	84,000	84,000
39	Mr. Sunil Kumar Bansal	General Manager	80,000	80,000
40	Mr. N Nataraj	General Manager	79,000	79,000
41	Mr. Rohit Dass	General Manager	78,000	78,000
42	Mr. Rajesh Kumar Sharma	General Manager	75,000	75,000
43	Mr. Anil Ranka	Associate Vice President	73,000	73,000
44	Mr. Rajiv Kulshreshtha	General Manager	67,000	67,000

S.No.	Name of the Employee	Designation	Number of Employee Stock Options ("Options") Granted	Number of Restricted Stock Units ("RSU's") Granted
45	Mr. Ajay Srivastava	General Manager	64,000	64,000
46	Mr. Atul Saxena	Associate Vice President	64,000	64,000
47	Mr. Tripurari Sharma	Associate Vice President	64,000	64,000
48	Mr. Nazir A Shaikh	General Manager	63,000	63,000
49	Mr. Kishore Bachchani	General Manager	62,000	62,000
50	Mr. Atul Yagnik	General Manager	63,000	63,000
51	Mr. Ajay Khatri	General Manager	61,000	61,000
52	Mr. Neeraj Ahuja	General Manager	60,000	60,000
53	Mr. Niranjan Mathur	General Manager	57,000	57,000
54	Mr. Rajneesh Kant Maleyvar	General Manager	56,000	56,000
55	Mr. Anuj Kumar Jain	Associate Vice President	56,000	56,000
56	Mr. Ritesh Chand	General Manager	54,000	54,000
57	Mr. Mudit Singla	General Manager	54,000	54,000
58	Mr. Ravinder Singh Lohia	General Manager	54,000	54,000
59	Mr. Ritesh Kumar	General Manager	53,000	53,000
60	Mr. Surendran Nair	General Manager	52,000	52,000
61	Mr. Pankaj Mittal	Associate Vice President	50,000	50,000
62	Mr. Rajesh Prasad	General Manager	46,000	46,000
63	Mr. Deepak Taunk	General Manager	42,000	42,000
64	Mr. Mrityunjay Datta	General Manager	42,000	42,000
65	Mrs. Rupu Sharma	General Manager	63,000	63,000
		Total - A	**6,714,000**	**6,714,000**

Details of Options/RSUs granted to the employees of HTL Limited, a subsidiary of the Company :

S.No.	Name of the Employee	Designation	Number of Employee Stock Options ("Options") Granted	Number of Restricted Stock Units ("RSU's") Granted
1	Mr. Gilkara Shrinivas Naidu	COO	134,000	134,000
2	Mr. C D Ponnappa	CFO	118,000	118,000
3	Mr. Gajendra Singh	General Manager	40,000	40,000
4	Mr. Rakesh Ghai	General Manager	43,000	43,000
		Total - B	**335,000**	**335,000**
		Grand Total (A+B)	**70,49,000**	**70,49,000**

Annexure (C) to Directors' Report

A. Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016:-

I. Ratio of the remuneration of each director to the median remuneration of all the employees of your Company for the FY19 is as follows:-

S. No.	Name of Director	Category	Total Remuneration (INR)	Ratio of remuneration of Director to the Median remuneration
1.	Mr. Mahendra Pratap Shukla	Non-Executive Director	7,00,000	1.06
2.	Mr. Mahendra Nahata	Managing Director	9,04,05,000	137.28
3.	Mr. Arvind Kharabanda	Non-Executive Director	7,35,000	1.12
4.	Dr. (Mr.) Ranjeet Mal Kastia	Non-Executive Director	5,95,000	0.90
5.	Mr. Ranjeet Anandkumar Soni	Non-Executive Director	2,45,000	0.37
6.	Ms. Bela Banerjee*	Independent Director	2,80,000	0.43
7.	Mr. Ved Kumar Jain**	Independent Director	2,80,000	0.43
8.	Mr. Surendra Singh Sirohi**	Independent Director	3,15,000	0.48
9.	Dr. (Ms.) Tamali Sengupta#	Independent Director	1,05,000	0.16

* Resigned w.e.f. 26th September, 2018.

** Appointed as Non-Executive Independent Director w.e.f. 27th August 2018.

Appointed as Non-Executive Independent Director w.e.f. 24th December 2018.

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 ₹6,58,544/- for the FY19.

II. Percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer, other Executive Directors and Company Secretary during the FY19:-

Sl. No.	Name	Category	Remuneration (INR)		Increase (%)
			2018-19	2017-18	
1.	Mr. Mahendra Pratap Shukla	Non-Executive Director	7,00,000*	9,45,000*	NA
2.	Mr. Mahendra Nahata	Managing Director	9,04,05,000	7,04,05,000	28.41
3.	Mr. Arvind Kharabanda	Non-Executive Director	7,35,000*	9,45,000*	NA
4.	Dr. (Mr.) Ranjeet Mal Kastia	Non-Executive Director	5,95,000*	8,05,000*	NA
5.	Mr. Ranjeet Anandkumar Soni	Non-Executive Director	2,45,000*	1,75,000*	NA
6	Ms. Bela Banerjee#	Independent Director	2,80,000*	5,25,000*	NA
7.	Mr. Ved Kumar Jain$	Independent Director	2,80,000*	-	NA
8.	Mr. Surendra Singh Sirohi$	Independent Director	3,15,000*	-	NA
9.	Dr. (Ms.) Tamali Sengupta@	Independent Director	1,05,000*	-	NA
10.	Mr. Vijay Raj Jain	Chief Financial Officer	1,72,48,406	1,29,59,100	33.09
11.	Mr. Manoj Baid	Vice-President (Corporate) & Company Secretary	48,89,488	42,16,800	15.95

* Represents sitting fee paid.

Resigned w.e.f. 26th September, 2018.

$ Appointed w.e.f. 27th August, 2018.

@ Appointed w.e.f. 24th December, 2018.

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

III. Percentage increase in the median remuneration of all employees in the FY19:

Particulars	Remuneration (INR)		Increase (%)
	2018-19	2017-18	
Median remuneration of all employees per annum	6,58,544	6,76,424	(2.64)*

* During the year under review, since the number of employees has increased from 1335 to 1634, the percentage increase in the median remuneration is negative on account of resultant minimal change in median remuneration of FY19 as compared to FY18.

IV. Number of permanent employees on the rolls of the Company as on 31st March, 2019:

The number of permanent employees on the rolls of the Company as on 31st March, 2019 were **1,634**. Besides, the Company has **899** personnel also, in the nature of retained or contractual basis as on 31st March, 2019.

V. Comparison of average percentile increase in the salaries of employees other than the key managerial personnel and the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Particulars	Remuneration (INR)		Increase (%)
	2018-19	2017-18	
Average salary of all employees (other than Key Managerial Personnel)	10,13,701	10,06,213	0.74 **
Average Salary of Managing Director	9,04,05,000	7,04,05,000	28.41
Average Salary of CFO and Company Secretary	1,10,68,947	85,87,950	28.89

** During the year under review, since the number of employees has increased from 1335 to 1634, the percentage increase in the average salary of all employees looks to be on lower side on account of resultant dilution in average salaries of all employees in FY19 as compared to FY18.

The percentile increase in remuneration is in line with the market trends and performance of the Company. There is no exceptional circumstance for increase in the managerial remuneration.

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

B. Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016:-

I. Names of the top ten employees of the Company in terms of remuneration drawn and the names of employees who were employed throughout the FY19 and were paid remuneration not less than ₹1,02,00,000/-:

Sl. No.	Name	Remuneration received (INR)	Nature of employment	Designation	Qualifications & experience	Date of commencement of employment	Age (Years)	Last employment held
1.	Mr. Mahendra Nahata	8,80,00,000	Contractual	MD	B.Com (Hons.) 36 years	01.10.1992	60	Himachal Telematics Ltd. Vice Chairman
2.	Mr. Ashwani Gupta	2,50,11,756	Permanent	ED	B. Tech, MBA 38 years	18.05.2015	61	Crompton Greaves Ltd. President
3.	Mr. Vijay Raj Jain	1,66,70,889	Permanent	CFO	CA, CS 32 years	15.07.2011	55	Teracom Ltd. CFO
4.	Mr. Harshwardhan Pagay	1,36,24,917	Permanent	President	B.E., MBA 24 years	22.10.2012	48	Teracom Ltd. CEO
5.	Mr. Jitendra Singh Choudhary	1,06,78,596	Permanent	President	B.E. 24 years	01.04.2017	46	DragonWave HFCL India Pvt Ltd. CEO

Sl. No.	Name	Remuneration received (INR)	Nature of employment	Designation	Qualifications & experience	Date of commencement of employment	Age (Years)	Last employment held
6.	Mr. Sushil K Wadhwa	1,01,76,437	Permanent	Sr. VP	CS, ICWA 37 years	21.07.2011	59	Aircel Ltd. Head Commercial
7.	Mr. Subodh Kumar Garg	1,00,72,853	Contractual	Senior President	B.E., M. Tech. 45 years	01.10.2015	68	Infotel Business Solution Ltd. Chief Project Officer
8.	Mr. Karan Bamba	93,20,453	Permanent	Vice President	MBA (Finance) 30 years	01.03.2012	52	Nokia Siemens Ltd. Transformation Programme Manager
9.	Mr. Vibhas Joshi	86,53,004	Contractual	President	B. Tech, MBA 39 years	01.10.2016	61	Moser Bear India Ltd. Head - SCM
10.	Mr. Vibhor Dewan	80,48,414	Permanent	Vice President	BE, PGDBM 21 Years	01.02.2016	46	Vodafone India Ltd. Head – Government Sales

II. Names of the employees who were employed for a part of FY19 and were paid remuneration not less than ₹8,50,000/- per month: NIL

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 above employees is related to any Director of the Company.

(iii) None of above employees draws remuneration more than the remuneration drawn by Managing 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 (D) to Directors' Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

[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]

To,
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 financial year ended 31st March, 2019. 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 31st March, 2019 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, 2019 according to the provisions of :–

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

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

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

(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings - **the provisions of the Overseas Direct Investment, and External Commercial Borrowings are not applicable to the Company during the FY19;**

(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 (Up to 10th November, 2018) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (with effect from 11th November, 2018);

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the FY19);**

  (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013: **(Not applicable to the Company during the FY19)**;

  (g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client **(Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the FY19);**

  (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the FY19);** and

  (i) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (Up to 10th September, 2018) and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (with effect from 11th September, 2018); **(Not applicable to the Company during the FY19);**

  (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; (to the extent applicable);

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

  (l) The Securities and Exchange Board of India (Settlement of Administrative and Civil proceedings) Regulations, 2014 as repealed by the SEBI (Settlement Proceedings) Regulations, 2018 with effect from January 01, 2019: During the year under review, SEBI has passed Orders on 29th March, 2019 and 5th April, 2019, in terms of Regulation 23 and 28 read with Regulation 34 of the SEBI (Settlement Proceedings) Regulations, 2018, for the Settlement Application No. 3566/2018, filed by the Company. The full disclosure has already been made in the Annual Secretarial Compliance Report for the FY19, filed with the Stock Exchanges.

Other laws as applicable specifically to the Company:

a) Employees Provident Fund and Miscellaneous Provisions Act, 1952;
b) Employees State Insurance Act, 1948;
c) Factories Act, 1948;
d) Indian Contract Act, 1872;
e) Minimum Wages Act, 1948;
f) Payment of Bonus Act, 1965;
g) Payment of Gratuity Act, 1972;
h) Payment of Wages Act, 1936;
i) Industrial Disputes Act, 1947;
j) Maternity Benefit Act, 1961;
k) Contract Labour (Regulation and Abolition) Act, 1970;
l) Apprentices Act, 1961;
m) 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 with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;
(ii) The Uniform Listing Agreements entered into by the Company with the BSE Ltd. and the National Stock Exchange of India Limited.

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

I FURTHER REPORT THAT the 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, Independent Directors and a woman Director. The changes in the composition of the Board of Directors, if any, which 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 compliance 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.

Date: August 19, 2019
Place: Delhi

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-1" and forms an integral part of this Report.

"Annexure-1"

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

My Secretarial Audit Report for the financial year ended 31st March, 2019 of even date is to be read along with this letter.

I report that:-

(a) Maintenance of secretarial records is the responsibility of the management of the Company and to ensure that the systems are adequate and operate effectively. 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, happening of events, etc. 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 a 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.

Date: August 19, 2019
Place: Delhi

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

Annexure (E) to Directors' Report

FORM NO. MGT-9

EXTRACTS OF ANNUAL RETURN

as on financial year ended on 31st March, 2019
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	Company having Share Capital/ Indian Non-Government Company
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 Fiber Cable	27310*	22.58%
2	Turnkey Contracts and services	42202	77.41%
	* 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 AND JOINT VENTURE 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)

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 01.04.2018)				No. of Shares held at the end of the year (As on 31.03.2019)				% change during the year
	Demat	Physical	Total*	% of total Shares	Demat	Physical	Total**	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	555397	0	555397	0.045	555397	0	555397	0.044	-0.001
b) Central Govt. or State Govt.	0	0	0	0.000	0	0	0	0.000	0.000
c) Bodies Corporates	474126801	0	474126801	38.255	489126801	0	489126801	38.382	0.126
d) Bank/FIs	0	0	0	0.000	0	0	0	0.000	0.000
e) Any other	0	0	0	0.000	0	0	0	0.000	0.000
SUB TOTAL:(A) (1)	**474682198**	**0**	**474682198**	**38.300**	**489682198**	**0**	**489682198**	**38.426**	**0.125**
(2) Foreign									
a) NRI- Individuals	0	0	0	0.000	0	0	0	0.000	0.000
b) Other Individuals	0	0	0	0.000	0	0	0	0.000	0.000
c) Bodies Corporates	0	0	0	0.000	0	0	0	0.000	0.000
d) Banks/FIs	0	0	0	0.000	0	0	0	0.000	0.000
e) Any other	0	0	0	0.000	0	0	0	0.000	0.000
SUB TOTAL: (A) (2)	**0**	**0**	**0**	**0.000**	**0**	**0**	**0**	**0.000**	**0.000**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**474682198**	**0**	**474682198**	**38.300**	**489682198**	**0**	**489682198**	**38.426**	**0.125**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	1152791	3830	1156621	0.093	972	3830	4802	0.000	-0.093
b) Banks/FIs	30307138	1100	30308238	2.446	16762536	1100	16763636	1.315	-1.130
c) Central Govt.	0	0	0	0.000	0	0	0	0.000	0.000
d) State Govt.	0	0	0	0.000	5000	0	5000	0.000	0.000
e) Venture Capital Funds	0	0	0	0.000	0	0	0	0.000	0.000
f) Insurance Companies	521000	0	521000	0.042	521000	0	521000	0.041	-0.001
g) FIIs	1305200	5620	1310820	0.106	5200	5620	10820	0.001	-0.105
h) Foreign Venture Capital Funds	0	0	0	0.000	0	0	0	0.000	0.000
i) Others (specify)									
i) Foreign Banks	1705	3600	5305	0.000	1705	3600	5305	0.000	0.000
ii) Foreign Portfolio Investors	77794526	0	77794526	6.277	57009710	0	57009710	4.474	-1.803
SUB TOTAL: (B)(1)	**111082360**	**14150**	**111096510**	**8.964**	**74306123**	**14150**	**74320273**	**5.830**	**-3.132**
(2) Non Institutions									
a) Bodies Corporates	259435869	32170	259468039	20.935	301506268	31870	301538138	23.662	2.726
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	275884684	363975	276248659	22.289	274406040	322955	274728995	21.558	-0.731
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakh	102180600	0	102180600	8.245	123157805	0	123157805	9.664	1.420
c) Others									
NBFC registered with RBI	0	0	0	0.000	1525090	0	1525090	0.120	0.120
Trusts	77644	0	77644	0.006	63644	0	63644	0.005	-0.001
Overseas Corporate Bodies	37250	1000	38250	0.003	37250	1000	38250	0.003	0.000
Foreign Nationals	1000	0	1000	0.000	0	0	0	0.000	0.000
Clearing Members	6502082	0	6502082	0.525	0	0	0	0.000	-0.525
NRIs	8958932	123280	9082212	0.733	9204171	118110	9322281	0.732	-0.001
Societies	0	0	0	0.000	520	0	520	0.000	0.000
SUB TOTAL: (B)(2)	**653078061**	**520425**	**653598486**	**52.736**	**709900788**	**473935**	**710374723**	**55.744**	**3.007**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**764160421**	**534575**	**764694996**	**61.700**	**784206911**	**488085**	**784694996**	**61.574**	**-0.125**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.000**	**0**	**0**	**0**	**0.000**	**0.000**
Grand Total (A+B+C)	**1238842619**	**534575**	**1239377194**	**100.000**	**1273889109**	**488085**	**1274377194**	**100.000**	**0.000**

* Outstanding shares as on 31.03.2018 were 123,93,77,194

** Outstanding shares as on 31.03.2019 were 127,43,77,194

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 01.04.2018)			Shareholding at the end of the year (As on 31.03.2019)			% 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	24,58,90,000	19.29	88.18	0.05
2	NextWave Communications Pvt. Ltd.	21,23,65,000	17.13	56.38	21,98,65,000	17.25	54.46	0.12
3	Fitcore Tech-Solutions Pvt. Ltd.	2,24,00,000	1.81	0.00	2,24,00,000	1.76	0.00	-0.05
4	Vinsan Brothers Pvt. Ltd.	6,71,600	0.05	0.00	6,71,600	0.05	0.00	0.00
5	Anant Nahata	4,70,000	0.04	51.00	4,70,000	0.04	51.00	0.00
6	Shankar Sales Promotion Pvt. Ltd.	3,00,201	0.02	0.00	3,00,201	0.02	0.00	0.00
7	Mahendra Nahata	73,477	0.01	0.00	73,477	0.01	0.00	0.00
8	Manik Lal Nahata (Since deceased)	11,920	0.00	0.00	11,920	0.00	0.00	0.00
	Total	**47,46,82,198**	**38.30**	**50.89**	**48,96,82,198**	**38.42**	**68.78**	**0.12**

* Outstanding shares as on 31.03.2018 were 123,93,77,194

** Outstanding shares as on 31.03.2019 were 127,43,77,194

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	Shareholding at the beginning of the Year (As on 01.04.2018)		Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	47,46,82,198	38.30	47,46,82,198	38.30
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
MN Ventures Pvt Ltd.*	75,00,000	0.60	48,21,82,198	38.67
Nextwave Communications Pvt Ltd*	75,00,000	0.59	48,96,82,198	38.42
At the end of the year (as on 31st March, 2019)	48,96,82,198	38.42	48,96,82,198	38.42

* Allotments made pursuant to conversion of Warrants into equity shares to MN Ventures Pvt. Ltd. and Nextwave Communications Pvt. Ltd. on 05.11.2018 and 29.03.2019 respectively. The outstanding shares stood at 1246877194 and 1274377194 on 05.11.2018 and 29.03.2019 respectively.

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 01.04.2018)		Increase/ Decrease in Shareholding*	Reason	Cumulative Shareholding at the End of the year (As on 31.03.2019)	
		No. of Shares**	% of the total shares of the Company			No. of Shares***	% of total shares of the Company
1	RELIANCE INDUSTRIAL INVESTMENTS AND HOLDINGS LIMITED	4,85,32,764	3.92	0	NA	4,85,32,764	3.81
2	MKJ ENTERPRISES LIMITED	3,24,08,461	2.61	12,22,198	Purchase	3,36,30,659	2.64
3	IDBI BANK LTD.	2,50,40,629	2.02	-1,17,15,620	Sale	1,33,25,009	1.05
4	INFOTEL TELECOM INFRASTRUCTURE PRIVATE LIMITED	1,10,68,876	0.89	0	NA	1,10,68,876	0.87
5	VISHANJI SHAMJI DEDHIA	85,85,000	0.69	10,00,000	Purchase	95,85,000	0.75

Sl No.	Name	Shareholding at the beginning of the year (As on 01.04.2018)		Increase/ Decrease in Shareholding*	Reason	Cumulative Shareholding at the End of the year (As on 31.03.2019)	
		No. of Shares**	% of the total shares of the Company			No. of Shares***	% of total shares of the Company
6	JAIKARNI HOLDINGS PRIVATE LIMITED	80,00,000	0.65	1,00,000	Purchase	81,00,000	0.64
7	EMERGING MARKETS CORE EQUITY PORTFOLIO	77,40,452	0.62	-69,529	Sale	76,70,923	0.60
8	DIMENSIONAL EMERGING MARKET VALUE FUND	74,34,134	0.60	12,93,405	Purchase	87,27,539	0.68
9	SANTOSH INDUSTRIES LIMITED	54,70,000	0.44	5,88,440	Purchase	60,58,440	0.48
10	RESONANCE OPPORTUNITIES FUND	13,00,000	0.10	39,50,000	Purchase	52,50,000	0.41
11	NIRMAL BANG FINANCIAL SERVICES PRIVATE LIMITED	5,51,001	0.04	46,83,725	Purchase	52,34,726	0.41
12	FINQUEST SECURITIES PRIVATE LIMITED - PROPRIETARY ACCOUNT	0	0.00	80,09,900	Purchase	80,09,900	0.63

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

** Outstanding shares as on 31.03.2018 were 1,23,93,77,194.

*** Outstanding shares as on 31.03.2019 were 1,27,43,77,194.

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 (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / at the end of the year (31.03.2019)	% of the total shares of the Company				No. of Shares	% of total shares of the Company
A	**DIRECTORS**							
1	Mr. Mahendra Pratap Shukla	0	0.00	1-Apr-18	0	N.A.		
	Non-Executive Chairman	0	0.00	31-Mar-19			0	0.00
2	Mr. Mahendra Nahata	73,477	0.01	1-Apr-18	0	N.A.		
	Managing Director	73,477	0.01	31-Mar-19			73,477	0.01
3	Mr. Arvind Kharabanda	0	0.00	1-Apr-18	0	N.A.		
	Non-Executive Director	0	0.00	31-Mar-19			0	0.00
4	Dr. (Mr.) Ranjeet Mal Kastia	0	0.00	1-Apr-18	0	N.A.		
	Non-Executive Director	0	0.00	31-Mar-19			0	0.00
5	Ms. Bela Banerjee[$]	0	0.00	1-Apr-18	0	N.A.		
	Non-Executive Independent Director	0	0.00	26-Sep-18			0	0.00
6	Mr. Ranjeet Anandkumar Soni	0	0.00	1-Apr-18	0	N.A.		
	Nominee Director, IDBI Bank Ltd	0	0.00	31-Mar-19			0	0.00
7	Mr. Ved Kumar Jain*	0	0.00	27-Aug-18	0	N.A.		
		0	0.00	31-Mar-19			0	0.00
8	Mr. Surendra Singh Sirohi*	0	0.00	27-Aug-18	0	N.A.		
		0	0.00	31-Mar-19	0		0	0.00
9	Dr. (Ms.) Tamali Sengupta[#]	0	0.00	24-Dec-18	0	N.A.		
		0	0.00	31-Mar-19	0		0	0.00
B	**Key Managerial Personnel (KMP)**							
1	Mr. Vijay Raj Jain	0	0.00	1-Apr-18	0	N.A.		
	CFO	0	0.00	31-Mar-19			0	0.00
2	Mr. Manoj Baid	0	0.00	1-Apr-18	0	N.A.		
	Vice President (Corporate) & Company Secretary	0	0.00	31-Mar-19			0	0.00

$ Ceased w.e.f. 26th September, 2018

* Appointed w.e.f. 27th August, 2018

Appointed w.e.f. 24th December 2018

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
Indebtness at the beginning of the financial year (As at 01.04.2018)				
i) Principal Amount	352.97	70.91	-	423.88
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.66	-	0.66
Total (i+ii+iii)	**352.97**	**71.57**	**-**	**424.54**
Change in Indebtedness during the financial year				
Additions	163.68	72.75	-	236.43
Reduction	96.72	12.72	-	109.44
Net Change	-	-	-	-
Indebtedness at the end of the financial year (As at 31.03.2019)				
i) Principal Amount	419.93	131.60	-	551.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**419.93**	**131.60**	**-**	**551.53**

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	Mr. Mahendra Nahata Managing Director	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax. 1961	5,63,61,844	5,63,61,844
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	56,77,756	56,77,756
	(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	2,00,00,000	2,00,00,000
	others (specify)	-	-
5	Others, please specify	-	-
	Total (A)	**8,20,39,600**	**8,20,39,600**
	Ceiling as per the Act	₹15,35,45,985/- (being 5% of the profits of the Company calculated as per Section 198 of the Companies Act, 2013)	

Attachment - I

(b) Remuneration to other Directors:

(Amount in ₹)

Sl. No	Particulars of Remuneration	Name of the Directors								Total Amount
		Mr. M P Shukla	Mr. Arvind Kharbanda	Dr. (Mr.) R M Kastia	Mr. Ranjeet Anandkumar Soni	Mr. Ved Kumar Jain	Mr. Surendera Singh Sirohi	Dr. (Ms.) Tamail Sengupta	Ms. Bela Banerjee	
1	Independent Directors									
	(a) Fee for attending board/ committee meetings	-	-	-	-	2,80,000	3,15,000	1,05,000	2,80,000	**9,80,000**
	(b) Commission	-	-	-	-	-	-	-	-	
	(c) Others, please specify	-	-	-	-	-	-	-	-	
	Total (1)	-	-	-	-	2,80,000	3,15,000	1,05,000	2,80,000	**9,80,000**
2	Other Non-Executive Directors									
	(a) Fee for attending board committee meetings	7,00,000	7,35,000	5,95,000	2,45,000	-	-	-	-	**22,75,000**
	(b) Commission	-	-	-	-	-	-	-	-	**-**
	(c) Others, please specify.	-	-	-	-	-	-	-	-	**-**
	Total (2)	7,00,000	7,35,000	5,95,000	2,45,000	-	-	-	-	**22,75,000**
	Total (B)=(1+2)	**7,00,000**	**7,35,000**	**5,95,000**	**2,45,000**	**2,80,000**	**3,15,000**	**1,05,000**	**2,80,000**	**32,55,000**
	Overall Ceiling as per the Act.	₹3,07,09,197/- (being 1% of the profit of the Company calculated as per Section 198 of the Companies Act, 2013)								

Attachment - J

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. V R Jain CFO	Mr. 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	1,58,47,317	43,12,726	2,01,60,043
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1,18,099	32,400	1,50,499
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	19,02,349	8,47,966	27,51,315
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify	-	-	-
	Total	**1,78,68,765**	**51,93,092**	**2,30,61,857**

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			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Annexure (F) to Directors' Report

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the 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 optimize 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:

The following efforts are being made towards technology absorption:

1. Research & Development (R&D):

(i) Specific areas in which R&D carried out by the Company:
The Company is carrying out hardware and software R&D towards the development of Wireless access and backhaul solutions. The main areas of focus are:

a) Indoor and outdoor Wi-Fi solutions

b) 5 GHz point-to-point and point-to-multipoint radios

c) 60 GHz mesh and backhaul solutions

d) SNMP based Management platform

e) Cloud platform for control, monitoring and management of Wi-Fi solution.

(ii) Benefits derived as a result of the above R&D:

The entire solution comprising of Wi-Fi and Unlicensed Band Radio has been fully designed and developed in-house with entire ownership of the IPRs and the solution fully complies with PMA guidelines of Government of India.

The solution is designed to be based on best-in-class technology, is most feature rich to provide highest capacity and coverage with a flexibility of upgrade to future standards. Even though it is most feature rich solution, we have ensured that the solution is most cost optimized with a promise of offering lowest cost per Mbps capacity delivered.

Entire solution is suitable for various deployment use cases from home, Small office Home office (SoHo), Public Hotspots, small and big enterprise applications to carrier MDO applications. The solution can also be customized to meet all kinds of customer requirement and deployment scenarios.

Our Wi-Fi portfolio includes both Indoor and Outdoor Access Points, presently based on 802.11ac Wave 2, 2x2 MiMo to 4x4 MiMo and upgradable to 802.11 ax/ad, 8x8 MiMo.

Our tri-band Access Point is designed to accommodate 60 GHz (V Band) backhaul within same AP. Future proofing of the Wi-Fi systems with these standards is done with a view to seamlessly support 5G.

Our P2P and P2mP Wi-Fi portfolio includes low/medium capacity to high capacity radio links operating in 5 GHz unlicensed band. Our high capacity UBR solution that features up to 1 Gbps throughput, inbuilt GPS receiver and 1588v2 Grand Master.

All the products are designed to compete in global market against existing technology players.

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

(a)	Technology imported:	Low power 2G BSS
(b)	Year of import:	2017-18
(c)	Has technology been fully absorbed?	Yes
(d)	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	N. A.

(iv) Efforts, in brief, made towards technology absorption, adaptation and innovation:

We partnered with Vanu Inc. USA for manufacturing of SDR based low power 2G BSS in India under a ToT agreement. Under the transfer of technology, the Company completes TSEC certification process by BSNL QA with respect to relevant TECGRs. The lab tests were followed by live field trials and certification was granted to the Company post successful testing and field trials using solar power.

Adapting to the absorbed technology from Vanu Inc., the Company has setup the manufacturing line for hardware of 2G Base stations at its Solan Plant. The manufacturing line includes a fully automated test setup to test the manufactured hardware at multiple stages of manufacturing.

As part of innovation, this test setup has been especially designed by the Company jointly with Vanu team considering the requirements of Indian customers. The finally built products are loaded with correct software and unit functional testing takes place. The BSC and OMC as part of the BSS are also tested in the Company's Solan Plant with the base stations before these are shipped out to customers.

(v) Benefits derived as a result of the above efforts

The Company now has a fully PMA compliant low power 2G BSS Solution that is suitable for providing coverage and connectivity to rural and uncovered parts of India. Being low power, it can run on Solar power only. By transferring the technology and manufacturing the HW in India, the Company has been able to bring down the cost of the entire solution to very optimum levels.

Further, by minor HW and SW changes, the same solution can be upgraded to a 2G + 4G system that is very suitable for rural connectivity in India.

(vi) Expenditure incurred on Research & Development (R&D) :

a)	Capital	₹20.83 Crores
b)	Recurring	₹3.43 Crores
c)	Total	₹24.26 Crores
d)	Total R & D expenditure as a percentage of total Turnover	0.56%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹in Crores)

Particulars	Financial Year ended 31.03.2019	Financial Year ended 31.03.2018
Foreign exchange earned in terms of actual inflows	73.59	100.20
Foreign exchange outgo in terms of actual outflows	705.11	171.59

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 focusing:

(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 web-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, 2019 is as under:

Name of the Member	Designation	Position
Mr. Mahendra Nahata	Managing Director	Chairman
Mr. Mahendra Pratap Shukla	Chairman (Non-Executive)	Member
Mr. Ranjeet Anandkumar Soni	Nominee Director	Member
Mr. Surendra Singh Sirohi	Independent Director	Member

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

3. **Average Net Profit of the Company for last three financial years:** ₹172.63 Crore

4. **Prescribed CSR Expenditure:** ₹3.45 Crore

5. **Details of CSR spent during the financial year:**

a) Total amount to be spent for the financial year: ₹3.45 Crore

b) Amount unspent, if any: Nil

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

(Amount in ₹)

S. 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 review	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	21,75,721	1,11,64,521	HelpAge India (Implementing Agency)
2.	Basic Health Care	-do-	Goa	97,47,401	14,96,603	86,01,885	HelpAge India (Implementing Agency)
3.	Basic Health Care	-do-	Sardarshahar, Churu - Rajasthan	1,05,62,771	15,16,922	81,10,763	HelpAge India (Implementing Agency)
4.	Basic Health Care	-do-	Ghazipur, UP	1,05,52,000	21,48,000	48,64,000	Wockhardt Foundation (Implementing Agency)
5.	Basic Health Care	-do-	Hyderabad, Telangana	1,00,42,000	20,35,016	40,45,016	Wockhardt Foundation (Implementing Agency)
6.	Basic Health Care	-do-	Sonipat	36,75,540	9,18,885	9,18,885	Wockhardt Foundation (Implementing Agency)
7.	Basic Health Care	-do-	Delhi	10,00,000	2,00,000	2,00,000	St. Stephen's Hospital Patients Welfare Society (Implementing Agency)
8.	Education	Quality Education through new age digital learning solution	Sardarshahar, Churu Rajasthan	22,55,600	90,000	22,55,600	Extra Marks Education Foundation (Implementing Agency)

S. 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 review	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
9.	Education	Quality Education through new age digital learning solution	Ghaziabad, U.P.	28,72,000	3,60,000	28,72,000	Extra Marks Education Foundation (Implementing Agency)
10.	Education	Quality Education through new age digital learning solution	Ghazipur, UP	40,60,000	39,40,000	39,40,000	Extra Marks Education Foundation (Implementing Agency)
11.	Education	Computer Skill training	Ghazipur, UP	75,00,000	66,00,000	66,00,000	Hari Prem Society (Implementing Agency)
12.	Education	Computer Skill training	Delhi	2,50,000	2,50,000	2,50,000	All India Centre for Urban and Rural Development (Implementing Agency)
13.	Education	Provide Basic Education and nutrition to the street children	Delhi	18,00,000	10,50,000	10,50,000	Samarpan Foundation Implementing Agency)
14.	Education	Inclusive education to special children	Delhi	33,24,790	14,23,000	14,23,000	Balwantray Mehta Vidya Bhawan (Implementing Agency)
15.	Education	Education for special need children	Delhi	2,00,000	2,00,000	2,00,000	MS Welfare Society
16.	Skill Development	Employment enhancing vocation skills	Hyderabad, Telangana	23,46,044	23,46,044	23,46,044	Eklavya Foundation (Implementing Agency)
17.	Environment Sustainability	Ghanga Ghat Development Project	Ghazipur, UP	26,41,893	13,47,197	13,47,197	HFCL Social Services Society (Implementing Agency)
18.	Disaster relief and rehabilitation	Drinking water to the drought affected population	Anantapur, Andhra Pradesh	10,80,000	10,80,000	10,80,000	Seva Bharti (Implementing Agency)
19.	Disaster relief and rehabilitation	Blanket Distribution	Delhi	2,50,994	2,50,994	2,50,994	HFCL Social Services Society
20.	Miscellaneous	Demographic survey	Solan & Telangana	38,773	38,773	38,773	HUMANA
	Total			**8,69,49,002**	**2,94,67,155**	**6,15,58,678**	

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, ₹3.45 crore approx. (Rupees Three Crore Forty Five Lakh Only) being CSR expenditure, has been given to HSSS during the financial year ended 31st March, 2019.

The HSSS has engaged implementing agencies who have good background of doing CSR activities.

During the year under review, HSSS has spent ₹2.94 crore on the various ongoing CSR Projects as stated above.

New CSR Initiatives

i. The HSSS has signed a Memorandum of Understanding (MOU) with Wockhardt Foundation, a public trust registered under the Bombay Public Trust Act, 1950 on 5th October, 2018 to provide basic health care facility to our rural vulnerable community of Sonipat district, Haryana.

The Company will spent ₹36 Lakhs approx. (Rupees Thirty Six Lakhs only) under this Project during the period 5th October, 2018 to 4th October, 2019. The Company has already spent ₹9.18 lakhs under this Project till 31st March, 2019.

Free of cost services such as consultations, medicines, blood/ urine tests, counseling for patients, elders, family members and caretakers, community awareness on the rights of elderly community, linkage with Govt. schemes/ programmes to optimize the benefits are being provided through Mobile Medical Unit under this Project.

ii. During the year under review, the HSSS has signed an Memorandum of Understanding (MOU) with St. Stephen's Hospital Patients Welfare Society registered under the provisions of registration of Society Act XXI of 1860 (Registration Number: 7792) with registered address at St. Stephens Hospital Patients Welfare Society, Tis Hazari, Delhi – 110058 to provide corrective surgeries by renowned Dr. Mathew Varghese.

Dr. Mathew Varghese, famous as "Polio Warrior", working with St. Stephen's Hospital, Delhi is providing treatments to marginalized community suffering from various types of deformities in hands/ legs as a result of polio and club foot disease and also doing surgeries for the same.

The Company will spent ₹10 Lakhs (Rupees Ten Lakhs only) under this Project during the period 21st February, 2019 to 20th February,

2020. The Company has already spent ₹2 lakhs under this Project till 31st March, 2019.

iii. The HSSS has also signed a Memorandum of Understanding (MOU) with Eklavya Foundation, a registered voluntary organization registration no. 280/2006 and having its registered office at 1-8-522/7, Chikkadapally, Hyderabad, Telangana – 500020 to support skill development and capacity building project of small and marginalized farmers in the area of organic farming methods practices. The total Project cost of ₹23 Lakhs has already been spent by the Company till 31st March, 2019.

iv. The HSSS has signed Memorandum of Understandings (MOUs) with Balvantray Mehta Vidya Bhawan Anguridevi Shersingh Memorial Academy, a Senior Secondary School for integrated Education recognized and affiliated to C.B.S.E (Affiliation No: 2730285) with registered address at Greater Kailash, Part-II New Delhi – 110048 to provide educational facilities for inclusive education of disabled & poor children.

Under this Project, the Company will pay academic fees of 50 special children amounting to ₹33 Lakhs approx. (Rupees Thirty Three Lakhs only) during 21st February, 2019 to 20th February, 2020. The Company has already spent ₹14.23 lakh under this Project till 31st March, 2019.

v. The HSSS has signed a Memorandum of Understanding (MOU) with Samarpan Foundation a public charitable trust registered under Indian Trust Act, 1882 (registration no: 3723, Book No.4 Vol.1304 pages 22-28, 15/09/2006) having its registered office at 63, Jorbagh, New Delhi – 110003 to support the children of the underprivileged community to have access to basic education and making them prepared for getting entry into the formal education system via nearest Government school.

The Company will spent ₹18 Lakhs under this project during the period 7th September, 2018 to 6th September, 2019. The Company has already spent ₹10.50 lakh under this Project till 31st March, 2019.

vi. The HSSS has signed a Memorandum of Understanding (MOU) with Hari Prem Society, a Society registered under the Societies Registration Act, 1860, having its registered office at 982, Vasant Kunj, New Delhi to provide quality computer skill training to the underprivileged, unemployed youth in and around Ghazipur district of Uttar Pradesh.

The Company wil spent ₹75 Lakhs under this project during the period 10th April, 2018 to 9th April, 2019. The Company has already spent ₹66 Lakhs under this Project till 31st March, 2019.

vii. To provide the quality education to the children of underprivileged community, the HSSS has joined hands with ExtraMarks Education Foundation in Ghazipur district of Uttar Pradesh to provide quality education through new age digital learning solutions.

Total project cost for this Programme is ₹40.60 lakh approx. (Rupees Forty Lakh Sixty Thousand only). The Company has already spent ₹39.40 lakhs till 31st March, 2019.

viii. Under Ghazipur Ganga Ghat Development Project, HSSS will develop the Ganga Ghats of Ghazipur, Uttar Pradesh. The Company has spent ₹13 Lakhs till date under this Project.

ix. The HSSS has distributed blankets during winter to the underprivileged homeless population residing in Delhi and provided drinking water to the drought affected population living in 45 village in Kadiri Revenue division of Anantpur District, Andhra Pradesh. The Company has spent ₹13 Lakhs for these activities.

x. The Company/HSSS is also providing basic computer skill training to underprivileged youth of Delhi through All India Centre for Urban and Rural Development. The Company has spent ₹2.50 lakhs under this Project.

Performance at a glance of Mobile Medical Units (MMUs) during the FY19:

Particulars	Total Beneficiaries Treated	Total Physiotherapy conducted	Total Lab conducted	Average Beneficiaries per day
MMU – Solan – Himachal Pradesh	26,394	3,607	4,504	96
MMU – Goa	22,735	-	7,894	83
MMU – Sardarshahar, Churu– Rajasthan	19,536	-	6,693	71
MMU – Ghazipur – UP	26,617	-	1,852	97
MMU – Hyderabad	28,981	-	3,285	105
MMU – Sonipat (w.e.f. 3rd November, 2018)	9,232	-	273	85
Total	**1,33,495**	**3,607**	**24,501**	**537**

Your Company has taken 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 Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

6. **In case, the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:** Not Applicable

7. 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.

Mahendra Nahata
Managing Director &
Chairman – CSR Committee

Place: New Delhi
Date: August 28, 2019

CORPORATE GOVERNANCE REPORT

The Corporate Governance report for Financial Year ("FY") 2018-19, which forms part of Directors' Report, is prepared in accordance with Regulation 34 read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). This Report is in compliance with the Listing Regulations.

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.

Your Company is committed to highest standards of Corporate Governance and disclosure practices to ensure that its affairs are managed in the best interest of all stakeholders.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, as applicable, with regard to Corporate Governance.

A report on compliance with the implementation of Regulation 34(3) read with Chapter IV and Schedule V to 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 (the "Act").

As on 31st March, 2019, the Company had 8 (eight) Directors on the Board with an optimum mix of Executive, Non-Executive and Independent Directors.

As on 31st March, 2019, more than fifty percent of the Board comprised of Non-Executive Directors. Out of 8 (eight) Directors, 3 (three) are Non-Executive Independent Directors including 1 (one) Woman Director, 4 (four) Non-Executive Directors including 1 (one) Nominee Director of IDBI Bank Limited (a Lender Bank) and 1 (one) Promoter Managing Director.

Detailed profile of each of the Directors is available on the web-site of the Company at www.hfcl.com.

The Chairman of the Board is a Non-Executive 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.

The Board periodically evaluates the need for change in its size and composition.

A Certificate as required under Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of the Company, is enclosed and forms part of this Report.

Board/Committees Procedures and flow of information

The Board meets at least once in a quarter to, *inter-alia*, review quarterly standalone and consolidated financial results/statements, compliance report(s) of all laws applicable to the Company, regulatory developments, minutes of the Board Meetings of subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, any other proposal from the management etc.

The maximum gap between any two Board / Committee meetings is within the stipulated period under the provisions of the Act and the Listing Regulations. Additional meetings are held whenever necessary. In case of matters requiring urgent approval of the Board, resolutions are passed through circulation. The Company also provides video conferencing facility to its Directors to enable them to participate in the discussions held at the meetings, when it may not be possible for them to be physically present for the meeting.

The Agenda for the meetings is circulated well in advance to the Directors to ensure that sufficient time is provided to Directors to prepare for the meeting.

Information Placed before the Board

The Board has complete access to all information of the Company, including inter-alia, the minimum information required to be made available to the Board as prescribed under Part A of Schedule II to the Listing Regulations.

The Managing Director, SBUs / Functional Heads of the Company are invited to attend meetings of the Board and make presentations to the Board on matters including but not limited to the Company's performance, strategic plans, quarterly and annual financial results, compliance reports, etc.

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

The Company adheres to the provisions of the Companies Act, 2013 read with the Rules issued thereunder, Secretarial Standards and Listing Regulations with respect to convening and holding the meetings of the Board of Directors, its Committees and the General Meetings of the shareholders of the Company.

2.1 Board Meetings

During the financial year ended 31st March, 2019, 7 (seven) Board Meetings were held on 03.05.2018, 23.07.2018, 01.08.2018, 27.08.2018, 31.10.2018, 07.01.2019 and 08.02.2019.

The necessary quorum was present for all the meetings.

The last Annual General Meeting (AGM) was held on 29th September, 2018.

Mr. Mahendra Pratap Shukla, Chairman of the Company who was also the Chairman of Audit Committee (up to the conclusion of 31st Annual General Meeting of the Company held on 29th September, 2018), Stakeholders' Relationship Committee and a member of the Nomination, Remuneration and Compensation Committee was present at the aforesaid last AGM of the Company.

Mr. Arvind Kharabanda, Non-Executive Director and member of the Audit Committee, Stakeholders Relationship Committee also attended the last AGM of the Company.

The attendance of each Director at the Board Meetings held during the financial year under review as well as in the last AGM and the number of Directorships held by them, as at 31st March, 2019, are as under:-

Name of the Director	DIN	Category	Total No. of Directorships$	No. of Board Meetings		Attended last AGM (29.09.2018)	Shareholding in the Company
				Held	Attended		
Mr. Mahendra Pratap Shukla	00052977	NED	02	7	7	Yes	Nil
Mr. Mahendra Nahata	00052898	PD [MD]	08	7	7	No	73,477
Mr. Arvind Kharabanda	00052270	NED	04	7	7	Yes	Nil
Dr. (Mr.) Ranjeet Mal Kastia	00053059	NED	06	7	5	No	Nil
Mr. Ranjeet Anandkumar Soni (Nominee – IDBI Bank Limited)	07977478	NED	01	7	6	No	Nil
Ms. Bela Banerjee*	07047271	NEID	03	4	3	No	Nil
Mr. Surendra Singh Sirohi#	07595264	NEID	02	3	3	No	Nil
Mr. Ved Kumar Jain#	00485623	NEID	04	3	3	No	Nil
Dr. (Ms.) Tamali Sengupta@	00358658	NEID	07	2	2	NA	Nil

$ The number of Directorships held by Directors as mentioned above does not include directorship of foreign companies, Section 8 companies, if any.
* Resigned w.e.f. 26th September, 2018.
\# Appointed w.e.f. 27th August, 2018.
@ Appointed w.e.f. 24th December, 2018.

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

2.2 Directorship in other Companies/ Committee Position (including Himachal Futuristic Communications Limited) as at 31st March, 2019:-

S. No.	Name of Director & Category	Directorship in Listed Companies along with Category	Committee Position(s)#		
			Name of Company	Name of Committee	Position
1	Mr. Mahendra Pratap Shukla Chairman (Non-Executive)	Himachal Futuristic Communications Limited – Non-Executive	Himachal Futuristic Communications Limited	Audit Committee*	Chairman*
				Stakeholders' Relationship Committee	Chairman
			HTL Limited	Audit Committee	Chairman
2	Mr. Mahendra Nahata Executive	Himachal Futuristic Communications Limited – Executive	Nil	Nil	Nil
3	Mr. Arvind Kharabanda Non-Executive	Himachal Futuristic Communications Limited – Non-Executive	Himachal Futuristic Communications Limited	Audit Committee	Member
				Stakeholders' Relationship Committee	Member
4	Dr. (Mr.) Ranjeet Mal Kastia Non-Executive	Himachal Futuristic Communications Limited – Non-Executive	Himachal Futuristic Communications Limited	Stakeholders' Relationship Committee	Member
			HTL Limited	Audit Committee	Member
5	Mr. Ranjeet Anandkumar Soni Non-Executive (Nominee-IDBI Bank)	Himachal Futuristic Communications Limited – Non-Executive	Nil	Nil	Nil
6	Mr. Surendra Singh Sirohi Independent	Himachal Futuristic Communications Limited – Independent	Himachal Futuristic Communications Limited	Audit Committee	Member**
		Bharat Electronics Limited – Independent	Bharat Electronics Limited	Audit Committee	Member
7	Mr. Ved Kumar Jain Independent	Himachal Futuristic Communications Limited – Independent	Himachal Futuristic Communications Limited	Audit Committee	Chairman$
		DLF Limited – Independent	DLF Limited	Audit Committee	Chairman
			Inventia Healthcare Limited	Audit Committee	Chairman
			Multi Commodity Exchange Clearing Corporation Limited	Audit Committee	Member
8	Dr. (Ms.) Tamali Sengupta Independent	Himachal Futuristic Communications Limited – Independent	Himachal Futuristic Communications Limited	Audit Committee	Member@
		SREI Infrastructure Finance Limited – Independent			

\# Only Audit Committee and Stakeholders' Relationship Committee positions are considered.
* Mr. Mahendra Pratap Shukla ceased to be the Chairman and Member of the Audit Committee w.e.f. 29th September, 2018 and 15th October, 2018, respectively.
** Mr. Surendra Singh Sirohi was inducted as Member of the Audit Committee w.e.f. 27th August, 2018.
$ Mr. Ved Kumar Jain was inducted as Member of the Audit Committee w.e.f. 27th August, 2018 and Chairman of the Audit Committee w.e.f. 15th October, 2018.
@ Dr. (Ms.) Tamali Sengupta was inducted as Member of the Audit Committee w.e.f. 8th February, 2019.

None of the Directors on the Board holds 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 public limited companies in which they are directors. None of the Independent Directors serves as an independent director on more than seven listed entities. Necessary disclosures regarding their Committee positions have been made by all the Directors.

2.3 Disclosure of relationship between directors inter-se

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

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

None of the Non-Executive Directors hold any share or convertible instrument of the Company as on 31st March, 2019.

2.5 Evaluation of Board

Listing Regulations mandate the Board of listed companies to monitor and review the Board Evaluation framework. Section 134(3) of the Act read with the Rule 8 of the Companies (Accounts) Rules, 2014 issued thereunder further provides that formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and individual Directors.

Schedule IV to the Companies Act, 2013 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, various Committees of the Board and individual performance of each Director including the Chairman of the Company.

The Questionnaires 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 etc.

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 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.

2.6 Independent Directors

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

The Company has issued the formal letter of appointment to the Independent Directors in the manner provided under the Act and Listing Regulations.

During the FY19, Ms. Bela Banerjee (DIN: 07047271) has resigned as Independent Director of the Company w.e.f. 26th September, 2018, due to her preoccupation and other engagements and there was no other material reasons for her cessation.

2.7 Meeting of Independent Directors

Schedule IV to the Act mandates that the Independent Directors of the Company hold at least one meeting in a financial year, without the attendance of Non–Independent Directors or management personnel. 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, 2019, 1 (one) meeting of the Independent Directors was held on 28th March, 2019. All the Independent Directors attended the meeting.

2.8 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 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.

2.9 List of Core Skills/ Expertise/ Competencies as required in the Context of Business and Sector(s) of the Company

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning for its various business verticals viz. OFC & Equipment Manufacturing, Telecom Network & Turnkey Solutions, Railway Communication and Signalling, Defence Equipment Manufacturing and Surveillance, Security & Smart Cities:-

S. No.	Skills/Expertise/Competence identified by the Board of Directors	Actually available with the Board of Directors
1	**Industry knowledge/ experience:**	
	Experience	Yes
	Industry knowledge	Yes
2	**Technical skills/experience**	
	Information Technology	Yes
	Marketing	Yes
	Accounting and Finance	Yes
	Compliance and Risk	Yes
3	**Behavioural Competencies**	
	Integrity and ethical standards	Yes
	Mentoring abilities	Yes
	Interpersonal relations	Yes

3. Committees of the Board

In terms of the Listing Regulations, the Board of your Company has constituted the following Committees as mandatorily required under the provisions of the Act and the Listing Regulations:-

1. Audit Committee
2. Nomination, Remuneration and Compensation Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee

The composition of various Committees of the Board of Directors is also available on the website of the Company and web link for the same is http://www.hfcl.com/wp-content/uploads/2019/04/Composition-of-Board-Committees.pdf.

3.1 Audit Committee

The terms of reference of the Audit Committee covers the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations.

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 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.
- Reviewing the utilization of loans and/or advances from/ investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/investments.

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have requisite experience in financial management.

Mr. Ved Kumar Jain, Non-Executive Independent Director is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

Upon invitation, the CFO and the Statutory Auditors of the Company attend the meetings of the Audit Committee.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the financial year ended 31st March, 2019, the Audit Committee met 5 (five) times on 27.04.2018, 03.05.2018, 01.08.2018, 31.10.2018 and 08.02.2019.

The composition of the Audit Committee and details of meetings attended by its members during the financial year ended 31st March 2019, are given below:-

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Mahendra Pratap Shukla*	Chairman	3	3
Mr. Ved Kumar Jain**	Chairman	2	2
Mr. Surendra Singh Sirohi**	Member	2	2
Ms. Bela Banerjee***	Member	3	3
Dr. (Ms.) Tamali Sengupta#	Member	N.A.	N.A.
Mr. Arvind Kharabanda	Member	5	5

* Mr. Mahendra Pratap Shukla ceased to be the Chairman and Member of the Audit Committee w.e.f. 29th September, 2018 and 15th October, 2018, respectively.

** Mr. Ved Kumar Jain and Mr. Surendra Singh Sirohi were appointed as the Members of the Audit Committee w.e.f. 27th August, 2018 and Mr. Ved Kumar Jain, was appointed as Chairman of the Audit Committee w.e.f. 15th October, 2018.

***Ms. Bela Banerjee ceased to be a Director and Member of the Audit Committee w.e.f. 26th September, 2018.

Dr. (Ms.) Tamali Sengupta has been appointed as the Member of the Audit Committee w.e.f. 8th February, 2019.

Reporting of Internal Auditor

The Internal Auditor of the Company attends meetings of the Audit Committee on regular basis and findings of Internal Audits, if any, are reported directly to the Audit Committee.

3.2 Nomination, Remuneration and Compensation Committee

The Nomination, Remuneration and Compensation Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

Nomination, Remuneration and Compensation (NRC) Committee, amongst others, is responsible for determining the Company's policy on recruitment and remuneration of Directors/KMPs, Senior Management Personnel and other employees of the Company.

The terms of reference of the NRC Committee covers the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the Listing Regulations.

The brief description of term of reference of NRC 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 including their remuneration.
- 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.

- To devise a policy on diversity of Board of Directors.
- 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 administer, implement and superintend the Employees' Long Term Incentive Plan.
- 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 recommend to the board, all remuneration, in whatever form, payable to senior management personnel.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Mr. Surendra Singh Sirohi, Non-Executive Independent Director is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

During the financial year ended 31st March, 2019, the Nomination, Remuneration and Compensation Committee met 5 (five) times on 03.05.2018, 01.08.2018, 27.08.2018, 15.10.2018 and 08.02.2019.

The composition of the NRC Committee and details of meetings attended by its members during the financial year ended 31st March 2019, are given below:-

Name of Director	Position	No. of Meetings	
		Held	Attended
Ms. Bela Banerjee*	Chairperson	3	2
Mr. Surendra Singh Sirohi**	Chairman	2	2
Mr. Ved Kumar Jain**	Member	2	2
Mr. Mahendra Pratap Shukla	Member	5	5
Dr. (Mr.) Ranjeet Mal Kastia***	Member	3	3
Mr. Ranjeet Anandkumar Soni$	Member	2	Nil

*Ms. Bela Banerjee ceased to be a Director and the Chairperson of the NRC Committee w.e.f. 26th September, 2018.

** Mr. Surendra Singh Sirohi and Mr. Ved Kumar Jain were appointed as Members of the NRC Committee w.e.f. 27th August, 2018 and Mr. Surendra Singh Sirohi has been appointed as the Chairman of the NRC Committee w.e.f. 15th October, 2018.

*** Dr. (Mr.) Ranjeet Mal Kastia ceased to be a Member of the NRC Committee w.e.f. 28th August, 2018.

$ Mr. Ranjeet Anandkumar Soni has been appointed as the Member of the NRC Committee w.e.f. 27th August, 2018.

Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria for independent directors is determined by the NRC Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgment.

Performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

The Directors expressed their satisfaction with the evaluation process.

Remuneration Policy

The 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 NRC Committee inter–alia considers pay and employment conditions in the industry, merit and seniority of person and the paying capacity of the Company.

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

The Nomination, Remuneration and Compensation Committee also administers, implements and superintend the HFCL Employees Long Term Incentive Plan-2017 through HFCL Employee Trust.

Remuneration of Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director. Annual increments are recommended by the Nomination, Remuneration and Compensation (NRC) Committee within the salary scale approved by the Board and Members of the Company.

The Board of Directors, on the recommendation of the NRC Committee, decides the commission payable to the Managing Director out of the profits for the financial year and within the ceilings prescribed under the Act, considering the criteria such as the financial performance of the Company.

Remuneration of Non-Executive Directors

The Company paid sitting fees of ₹35,000/- per meeting to its Non-Executive Directors, including Independent Directors, for attending meetings of the Board and meetings of Committees of the Board. In case of Nominee Director, sitting fee is paid to the Nominating Institution.

The Company has revised the sitting fee from ₹35,000/- per meeting to ₹50,000/- per meeting with effect from the meetings, to be held after 15th May, 2019.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

Remuneration of KMPs/ Senior Management

Remuneration of KMPs and senior management personnel is recommended by the NRC Committee and approved by the Board of Directors. The remuneration of other employees is fixed as per principles outlined above and prevailing HR Policies of the Company.

The Remuneration policy is available on http://www.hfcl.com/wp-content/uploads/2019/06/Remuneration-Policy.pdf.

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

Except Sitting fee payable to Non-Executive Directors, for attending the Board and / or its Committee meetings, there is no other pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company.

Criteria of making payments to Non-Executive Directors:

The Non-Executive Directors are entitled to sitting fees for attending meetings of the Board and/or its Committees.

The details of remuneration paid to the Executive and Non-Executive Directors during the FY19 are given below:

Remuneration to Executive Director:

(Amount in ₹)

Name of Director	Salary	Perquisites & Allowances	Contribution to PF	Net Profit based Commission	Total
Mr. Mahendra Nahata Managing Director	5,00,00,000	1,20,00,000	60,00,000	2,00,00,000	8,80,00,000

Remuneration to Non-Executive / Independent Directors:

(Amount in ₹)

Name of Director	Sitting Fee	Total
Nominee Director – IDBI Bank Limited (Non-Executive)		
Mr. Ranjeet Anandkumar Soni	2,45,000	2,45,000
Non-Executive Directors		
Mr. Mahendra Pratap Shukla Chairman	7,00,000	7,00,000
Dr. (Mr.) Ranjeet Mal Kastia	5,95,000	5,95,000
Mr. Arvind Kharabanda	7,35,000	7,35,000
Independent Directors		
Ms. Bela Banerjee*	2,80,000	2,80,000
Mr. Ved Kumar Jain**	2,80,000	2,80,000
Mr. Surendra Singh Sirohi**	3,15,000	3,15,000
Dr. (Ms.) Tamali Sengupta#	1,05,000	1,05,000
Total		**32,55,000**

* Ceased to be an Independent Director w.e.f. 26th September, 2018.

** Appointed as Independent Director w.e.f. 27th August, 2018.

Appointed as an Independent Director w.e.f. 24th December, 2018.

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

The details of fixed components are mentioned as above and there is no performance linked incentive along with the performance criteria for Managing Director as on 31st March, 2019. However, the net profit based Commission is determined on the basis of financial performance of the Company and approved by the NRC Committee after the declaration of Annual Financial Results for the financial year.

Service contracts, notice period, severance fees

The appointment of the Managing Director is governed by resolutions passed by the Shareholders of the Company, which covers the terms and conditions of such appointment, read with the service rules of the Company.

A separate service contract is not entered into by the Company with the Managing Director.

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.

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 necessary disclosures have been given in **Annexure – B** to the Directors' Report and for the sake of brevity, same has not been repeated here. No stock options have been issued to any of the Directors of the Company.

3.3 Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted by the Board in compliance with the requirements of Section 178 (5) of the Act and Regulation 20 of the Listing Regulations.

The terms of reference of the Stakeholders' Relationship Committee (SRC), covers the areas mentioned in Section 178(5) of the Act and Regulation 20 read with Part D (B) of Schedule II to the Listing Regulations.

The terms of reference of the SRC, inter-alia are as follows:

a) Resolution of the grievances of the security holders of the Company including work related to the transfer and transmission of shares/debentures/bonds etc., issue of new/ duplicate share certificates, issue of share certificates on rematerialisation, consolidation and sub-division of shares, non-receipt of annual report, non-receipt of declared dividends etc.

b) Review of measures taken for effective exercise of voting rights by shareholders.

c) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

d) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

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, 2019, the Stakeholders' Relationship Committee met 2 (two) times on 15.11.2018 and 26.03.2019.

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

Mr. Mahendra Pratap Shukla, Non-Executive Chairman is the Chairman of the SRC Committee. The Company Secretary acts as Secretary to the Committee.

The composition of the SRC Committee and details of meetings attended by its members during the financial year ended 31st March 2019, are given below:-

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Mahendra Pratap Shukla	Chairman	2	2
Dr. (Mr.) Ranjeet Mal Kastia	Member	2	2
Mr. Arvind Kharabanda	Member	2	2

Dr. (Ms.) Tamali Sengupta, Independent Director has also been inducted as a Member of the SRC Committee w.e.f. 1st April, 2019.

Nature of Complaints and Redressal Status

During the FY19, the complaints and queries received by the Company were general in nature, which include issues relating to non-receipt of dividend warrants, annual reports, shares, transfer/ transmission of shares, loss of shares etc. and were resolved to the satisfaction of the shareholders.

Details of complaints received and attended to during the FY19 are given below:

Number of Shareholders' complaints received during the FY19	43
Number of complaints not resolved to the satisfaction of shareholders as on 31st March, 2019	NIL
No. of pending complaints as at 31st March, 2019	NIL

The Company has attended the investor's grievances/ correspondence within a period of 15 days from the date of receipt of the same during the FY19 except in cases which are constrained by disputes and legal impediments.

There were no investor grievances remaining unattended/pending as at 31st March, 2019.

The Board, in its meeting held on 31st October, 2006, has designated Mr. Manoj Baid, Vice-President (Corporate) & Company Secretary as the Compliance Officer of the Company.

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

3.4 Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Act.

The broad terms of reference of the CSR Committee, inter-alia, are as follows:

- 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 Board has adopted a Corporate Social Responsibility (CSR) Policy as formulated and recommended by the CSR Committee. The CSR Policy is available on the website of the Company at http://www.hfcl.com/wp-content/uploads/2016/01/CSR-Policy.pdf.

The details of the CSR initiatives of the Company and expenditure incurred on it have been given in the "**Annual Report on CSR Activities**" annexed as **Annexure – G** to the Directors' Report.

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

During the financial year ended 31st March, 2019, 1 (one) meeting of the CSR Committee was held on 29.03.2019.

Mr. Mahendra Nahata, Managing Director is the Chairman of the CSR Committee. The Company Secretary acts as Secretary to the Committee.

The composition of the CSR Committee and details of meetings attended by its members during the financial year ended 31st March 2019, are given below:-

Name of Director	Position	No. of Meetings	
		Held	Attended
Mr. Mahendra Nahata	Chairman	1	1
Mr. Mahendra Pratap Shukla	Member	1	1
Mr. Ranjeet Anandkumar Soni	Member	1	1
Mr. Surendra Singh Sirohi *	Member	1	1

* Mr. Surendra Singh Sirohi was inducted as Member of the CSR Committee w.e.f. 27th August, 2018.

3.5 Risk Management Committee

The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of the Listing Regulations.

The Board of the Company has constituted a Risk Management Committee to frame, implement and monitor the Risk Management Plan for the Company.

The Committee is responsible for reviewing the Risk Management Plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Roles and Responsibilities of the Risk Management 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.
- 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.
- Cyber Risk/Security.

Mr. Mahendra Nahata, Managing Director is the Chairman of the Risk Management Committee. The Company Secretary acts as Secretary to the Committee.

The composition of the Risk Management Committee as on 31st March 2019 is as under:

Name of Director	Position
Mr. Mahendra Nahata	Chairman
Mr. Mahendra Pratap Shukla	Member
Mr. Arvind Kharabanda	Member

The Board has adopted a Risk Management Policy as formulated and recommended by the Risk Management Committee. The Risk Management Policy articulates the Company's approach to address uncertainties in its endeavors to achieve its stated and implicit objectives.

The Policy provides guidelines to define, measure, report, control and mitigate the identified risks, the structure for managing risks inherent in any business operations of the Company and address the key strategic/business risks and operational risks.

4. General Body Meetings

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

Financial Year	Date	Location	Time
2017-18	29-09-2018	Mushroom Centre, Solan	11:00 A.M.
2016-17	25-09-2017	Mushroom Centre, Solan	11:00 A.M.
2015-16	29-09-2016	Mushroom Centre, Solan	11:00 A.M.

No Extra-Ordinary General Meeting (EGM) was held in last three years.

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

Financial Year	Date	Subject matter of Special Resolutions
2017-18	29-09-2018	• To appoint a Director in place of Dr. Ranjeet Mal Kastia (DIN: 00053059), who retires by rotation at this Annual General Meeting and being eligible offers himself for re- appointment.
		• To appoint Shri Mahendra Pratap Shukla (DIN: 00052977) as a Non –Executive Director and Chairman of the Company.
		• To re-appoint Shri Mahendra Nahata (DIN: 00052898) as a Managing Director of the Company.
2016-17	25-09-2017	• To increase the remuneration of Shri Mahendra Nahata (DIN: 00052898), the Managing Director of the Company.
		• To consider and approve HFCL Employees' Long Term Incentive Plan-2017 and its implementation through Trust.
		• To consider and approve extending benefits of HFCL Employees' Long Term Incentive Plan-2017 to the employees of subsidiary companies.
		• To consider and approve authorization to HFCL Employees Trust to subscribe, acquire, hold, transfer shares under the HFCL Employees' Long Term Incentive Plan-2017.
		• To consider and approve granting loans to HFCL Employees Trust for subscription of HFCL shares under HFCL Employees' Long Term Incentive Plan-2017.
		• To Issue Convertible Warrants on preferential basis.
2015-16	29-09-2016	• 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 (NCDs) on a Private Placement basis by way of conversion of outstanding recompense amount payable to the Lenders.

4.3 Postal Ballot

No special resolutions was put through Postal Ballot during the FY19.

4.4 Any Special Resolution proposed to be conducted through Postal Ballot

No Special Resolution is proposed to be passed through Postal Ballot at the ensuing AGM.

4.5 Procedure for Postal Ballot

Since, no special resolution is proposed to be passed through Postal Ballot, procedure for postal ballot has not been given.

5. Means of Communications

5.1 Quarterly results

The quarterly/ half-yearly/ annual financial results are regularly submitted to the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE), the Stock Exchanges where the securities of the Company are listed pursuant to the Listing Regulations requirements and are published in the Newspapers (Hindi and English).

The financial results are displayed on the Company's website www.hfcl.com.

5.2 Newspapers wherein results normally published

The quarterly/ half-yearly/ annual financial results are generally published in Financial Express (English), Jansatta, Dainik Tribune and Divya Himachal (Hindi).

5.3 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.

5.4 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 patterns, press releases, codes, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievance, etc.

The information required to be disclosed under Regulation 46 of the Listing Regulations, is disseminated at the website of the Company.

5.5 Presentations made to institutional investors or to the analysts

Information which are already in public domain are shared with the institutional investors/ financial analyst from time to time. No unpublished price sensitive information is discussed in meeting/ presentation with the institutional investors/financial analyst. The Presentations are also uploaded on the Company's website at www.hfcl.com and filed with the Stock Exchanges – BSE and NSE, from time to time.

6. General Shareholders' Information

6.1 Date, time and venue of Annual General Meeting

28th September, 2019 at 11:00 A.M. at Mushroom Centre, Chambaghat, Solan - 173213 (H.P.)

6.2 Financial Year

1st April, 2018 to 31st March, 2019.

6.3 Dividend Payment Date

The Board of Directors of your Company has recommended a dividend @ 10% i.e. ₹0.10/- (Ten Paisa) per equity share of ₹1/-, for the FY19.

Dividend, if declared, in the ensuing AGM, will be paid within the statutory time limits i.e. 30 days from the date of AGM.

6.4 Date of Book Closure: From September 23, 2019 to September 28, 2019 (both days inclusive).

6.5 Registered Office

8, Electronics Complex
Chambaghat
Solan – 173 213 HP
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 Limited
4th Floor, 'A' Wing, Trade World
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai - 400 013
Tel: +91-22-24994200
Fax: +91-22-24972993

Central Depository Services (India) Limited
Marathon Futurex, A'Wing, 25th Floor
N.M. Joshi Marg, Lower Parel
Mumbai - 400 013
Tel: +91-22-22723333
Fax: +91-22-22723199

6.10 International Securities Identification Number (ISIN)

INE548A01028

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

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

The National Stock Exchange of India Limited
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 FY20.

6.12 Stock Codes

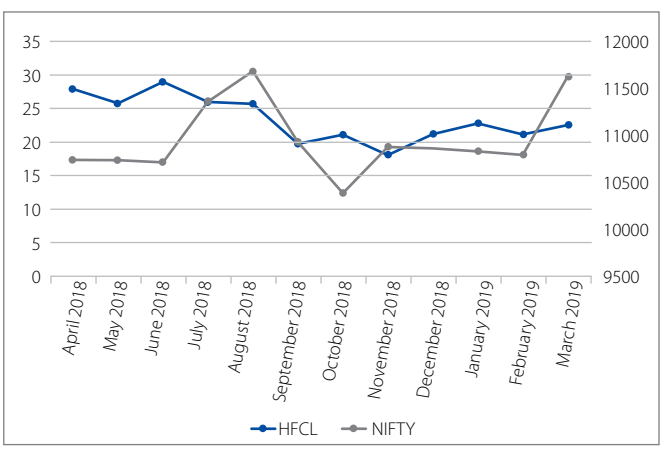
BSE: 500183
NSE: HFCL

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

(₹)

Month	NSE		NIFTY INDEX	
	Highest	Lowest	Highest	Lowest
April, 2018	28.60	25.95	10759.00	10111.30
May, 2018	28.80	25.25	10929.20	10417.80
June, 2018	35.25	24.25	10893.25	10550.90
July, 2018	31.35	24.55	11366.00	10604.65
August, 2018	27.05	23.80	11760.20	11234.95
September, 2018	26.40	18.45	11751.80	10850.30
October, 2018	22.45	18.50	11035.65	10004.55
November, 2018	21.70	18.00	10922.45	10341.90
December, 2018	22.55	17.00	10985.15	10333.85
January, 2019	25.15	20.90	10987.45	10583.65
February, 2019	23.15	20.95	11118.10	10585.65
March, 2019	25.30	21.25	11630.35	10817.00

6.13(b) Performance of Share Price in Comparison to NIFTY INDEX



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)

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, Transmission, Divident etc.

Share transmission, dividend payments and all other investor related activities are attended to and processed at the Office of the Company's Registrar and Share Transfer Agent, namely, MCS Share Transfer Agent Limited (RTA). For lodgment of transfer deeds and any other documents or for any grievances/complaints, kindly contact any of the office of RTA or of the Company.

Share Transfer - Physical System

As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. Effective 1st April, 2019, transfer of shares in physical form has ceased. Shareholders who had lodged their request for transfer prior to 31st March, 2019 and, have received the same under objection can re-lodge the transfer request after rectification of the documents. Request for transmission of shares and dematerialization of shares will continue to be accepted.

The Total number of equity shares transferred/transposed in physical forms during the FY19

Number of Transfers	36
Number of Shares	3,990

6.17 Distribution of Equity Shareholdings as on 31st March, 2019

No. of Equity Share held	No. of Shareholders	% of Shareholders	Shares Amount (₹)	% of Shareholdings
Up to 5000	2,17,735	95.38	13,13,48,106	10.31
5001 – 10000	5,243	2.30	4,02,06,353	3.15
10001-20000	2,525	1.11	3,73,48,315	2.93
20001-30000	958	0.42	2,40,13,628	1.88
30001-40000	379	0.16	1,33,93,055	1.05
40001-50000	313	0.14	1,46,09,640	1.15
50001-100000	551	0.24	4,02,35,433	3.16
Above 100000	573	0.25	97,32,22,664	76.37
Total	**2,28,277**	**100.00**	**127,43,77,194**	**100.00**

6.18 Categories of Equity Shareholding as on 31st March, 2019

S. No.	Category	Shares	%
A	**Promoters Holding**		
1	Indian Promoters	48,96,82,198	38.43
2	Foreign Promoters	-	-
	Sub Total (A)	**48,96,82,198**	**38.43**
B	**Public Shareholding**		
1	**Institutional Investors**		
	a) Mutual Funds/UTI	4,802	0.00
	b) Venture Capital Funds	-	-
	c) Alternate Investment Funds	-	-
	d) Foreign Venture Capital Investors	-	-
	e) Foreign Portfolio Investors	5,70,09,710	4.47
	f) Financial Institutions and Banks	1,67,63,636	1.32
	g) Insurance Companies	5,21,000	0.04
	h) Provident Funds/Pension Funds	-	-
	i) Any Others(specify)		
	(i) Foreign Institutional Investors	10820	0.00
	(ii)Foreign Banks	5,305	0.00
	Sub Total (B1)	**74315273**	**5.83**
2	**Central Government/State Government(s)/President of India**	**5,000**	**0.00**
	Sub Total (B2)	**5,000**	**0.00**
3	**Non Institutional Investors**		
	a) Indian Public	39,78,86,800	31.22
	b) NBFCs Registered with RBI	15,25,090	0.12
	c) Employee Trusts	-	-
	d) Overseas Depositories (holding DRs)	-	-
	e) Any Other		
	(i) Bodies Corporates	30,15,38,138	23.66
	(ii)OCBs	38250	0.00
	(iii)NRIs	93,22,281	0.73
	(iv)Societies	520	0.00
	(v)Trusts	63,644	0.01
	Sub Total (B3)	**71,03,74,723**	**55.74**
	Total Public Shareholding (B = B1+B2+B3)	**78,46,94,996**	**61.57**
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)	**1,27,43,77,194**	**100.00**

6.19 Dematerialization of shares and liquidity

The process of conversion of shares from physical form to electronic form is known as Dematerialization.

For dematerializing the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the demat request, both physically and electronically and after verification, the Shares are dematerialized and an electronic credit of shares is given in the account of the Shareholder.

The Company's shares are compulsorily traded in dematerialized form as per SEBI Guidelines.

As on 31st March, 2019, 99.96% of the equity shares have been dematerialized. The equity shares of the Company are frequently traded on BSE and NSE, having nationwide trading terminals, and hence provide liquidity to the investors.

Shares in Physical and Demat form as on 31st March, 2019	No. of Shares	%
In Physical Form	4,88,085	0.04
In Dematerialized Form	1,27,38,89,109	99.96
Total	**1,27,43,77,194**	**100.00**

No. of shareholders whose shares as on 31st March, 2019 are in Physical and Demat form:	No. of Shareholders Percentage	%
In Physical Form	3,658	1.60
In Dematerialized Form	2,24,619	98.40
Total	**2,28,277**	**100.00**

Disclosure with respect to demat suspense account/ unclaimed suspense account: Not applicable.

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

The Company had issued 4,50,00,000 Warrants on preferential basis at a price of ₹16/- per Warrant. The Warrants holders have already paid 25% of the issue price on the said Warrants.

During the FY19, the Warrants holders have exercised their right to conversion and pursuant to exercise of Warrants, the Company has converted and allotted up to 3,50,00,000 equity shares on receipt of balance 75% money from the Warrant holders.

The Company has 1,00,00,000 warrants outstanding as on 31st March, 2019. However, there are no outstanding Warrants as on the date of this Report.

The Company has not issued any Global Depository Receipts or American Depository Receipts, during the year under review.

6.21 Commodity price risk or foreign risk and hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given.

During the FY19, 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. 60 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 Fiber Cable Plant
L 35-37, Industrial Area, Phase - II
Verna Electronic City, Salcete
Goa - 403 722
Tel: +91-832-6697000
Fax: +91-832-2783444

Optical Fiber Plant: A Greenfield Optical Fiber manufacturing facility is being set up with a capacity of 6.4m fkm at:
Plot No. S9, E-City
Raviryala, Rangareddy
Hyderabad – 501 510
Telangana

The said Plant is likely to be commissioned from November, 2019.

6.23 Addresses for Correspondence

For Share Transmission in physical form and other communication regarding share certificates, dividends, change of address etc. and any other grievance of investors, may be sent to:-

MCS Share Transfer Agent Limited
F-65, 1st Floor,
Okhla Industrial Area, Phase-I
New Delhi-110 020
Tel: +91-11-41406149-52
Fax: +91-11-41709881
Email: admin@mcsregistrars.com

Secretarial Department and Investor Relations/ Nodal Officer

Mr. Manoj Baid
Vice-President (Corporate) & Company Secretary
8, Commercial Complex, Masjid Moth, Greater Kailash- II
New Delhi – 110048
Tel: +91-11-30688999
Fax: +91-11-29226015
Email: investor@hfcl.com

6.24 SEBI Complaints Redress System (SCORES)

The investors' complaints received by SEBI are being processed through its centralized web base complaint redressal system. The salient features of SCORES are availability of centralized database of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of their complaints.

SEBI vide its Circular dated 26th March, 2018 have streamlined the process of filing investor grievances in the SCORES in order to ensure speedy and effective resolution of complaints filed therein. The said Circular can be accessed on the website of SEBI at:

https://www.sebi.gov.in/legal/circulars/mar-2018/investor-grievance-redress-mechanism-new-policy-measures_38481.html.

6.25 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

6.26 List of all Credit Ratings obtained along with any revisions thereto

As a result of significant improvements in the key rating drivers of your Company, CARE Ratings Limited, vide its letter dated July 09, 2019, has re-affirmed the credit rating for the Long Term Bank facilities of the Company to **CARE A Minus; Stable** (**Single A Minus; Outlook: Stable)** and Short Term Bank facilities to **CARE A2+ (A Two Plus).**

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

There is no material significant transaction entered into with any of the related parties that may have 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. 52 of the Standalone Financial Statements forming part of the Annual Report.

7.2 Details of non-compliance by the Company, penalties and 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

There was no non-compliance by the Company and no penalty and strictures were imposed on the Company, by Stock Exchange(s) or SEBI or any other statutory authorities, on any matter related to capital markets, during the last three years, except as mentioned herein below:

During the period under review, SEBI has issued Show Cause Notice No. EFD-1/DRA 1/ BRK/RK/SCN/HFCL/OW/1 7730/1/2018/1 dated June 22, 2018 to the Company alleging violation of Regulations 3, 5(1) and 6(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 read with Regulation 13(2) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. SEBI has also issued Show Cause Notice No. EAD-4/ADJ/BS/HKS/OW/18117/1/2018 dated June 27, 2018 to the Company alleging violation of Section 21 of the Securities Contracts (Regulation) Act, 1956 read with Clauses 36(7) and 50 of the erstwhile Listing Agreement.

The Company and the SEBI have arrived at a Settlement documented in Order No. SO/EFD-2/SD/280/MAR/2019 passed on 29th March, 2019 and Order No. ORDER/SRP/HKS/2019-20/2623 passed on 5th April, 2019, on payment of settlement amount of ₹1,14,06,516/- towards settlement charges by the Company in respect of settlement application No. 3566/2018 filed by the Company in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 which is repealed and replaced with the SEBI (Settlement Proceedings) Regulations, 2018 with effect from 01st January, 2019, in respect of proceedings under Section 11B of the SEBI Act, 1992 initiated for the aforesaid alleged violations in connection with the issue of 67,99,945 Global Depository Receipts issued as long back as in September 2002.

Further, it may be noted that the settlement was without admission or establishment of guilt by the Company.

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.

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

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

7.4 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.

Subsidiary companies

The Audit Committee reviews the consolidated financial statements of the Company, the investment made by its unlisted subsidiary companies and significant transactions of the 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, 2019.

7.5 Web link where policy on dealing with related party transactions is disclosed

The Company has adopted a Policy for Dealing with and Materiality of Related Party Transactions, which has been uploaded on the Company's website and can be accessed at the following link: http://www.hfcl.com/wp-content/uploads/2019/06/Policy-on-Related-Party-Transactions-RPTs.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 link: http://www.hfcl.com/wp-content/uploads/2017/05/Dividend_Distribution_Policy.pdf.

The extracts of the Dividend Distribution Policy have also been furnished as **Annexure – A** to the Directors' Report, which forms part of the Annual Report.

7.7 Code of conduct for Board Members and Senior Management Personnel

Pursuant to Regulation 17(5) of the Listing Regulations read with Schedule V to the Listing Regulations, the Company has adopted a Code of Conduct for Directors and a Code of Conduct for Senior Management Personnel and the same has been posted on the Company's website at www.hfcl.com.

Pursuant to Regulation 26(3) of the Listing Regulations, the Directors and the Senior Management Personnel affirm the Compliance of the Code annually.

All members of the Board and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct for the FY19.

A Certificate to this effect issued by the Managing Director is enclosed and forms part of the Annual Report.

7.8 Code of Conduct to Regulate, Monitor and Report Trading in Securities by Designated Persons

Your Company has adopted a "Code of Internal Procedure and Conduct for Regulating, Monitoring and Reporting of Trading in Securities by Designated Persons" (Insider Trading Code) as required under Regulation 9(1) of the 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.

SEBI notified several amendments to SEBI Insider Trading Regulations pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which were effective from 1st April, 2019.

In accordance with the said amendments to the SEBI Insider Trading Regulations, it was, inter alia, required to amend/formulate the following:

(a) Code of Conduct to Regulate, Monitor and Report Trading in Securities by Designated Persons

(b) Formulate a Policy for determination of 'legitimate purposes' as a part of 'Code of Fair Disclosure and Conduct'

(c) Policy for inquiry in case of leak of Unpublished Price Sensitive Information (UPSI)

(d) Whistle Blower Policy to enable reporting in case of leak of UPSI.

Your Company has approved formulation/amendments to the aforesaid Codes/ Policies.

The Insider Trading 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.

7.9 Details of preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of the Listing Regulations

The Audit Committee, has reviewed the actual utilization of funds received from the allotment of convertible Warrants/ Equity Shares upon conversion of convertible Warrants, made pursuant to the special resolution passed by the Shareholders of the Company at their Annual General Meeting ("AGM") held on 25th September, 2017.

The Company, in October, 2017, had allotted 4,50,00,000 (Four Crores Fifty Lakhs) convertible Warrants at a price of ₹16/- per Warrant, aggregating to ₹72 Crores, on preferential basis to Promoters/Promoter Group Companies and non-promoter person(s)/entity(s).

Till date, all the Warrants have been converted into equal number of equity shares and the Company has received the full proceeds of ₹72 crores under the preferential issue and the said proceeds have been fully utilized as on date of this Report.

There is no deviation in the utilization of proceeds from the Objects of Preferential Issue, as stated in the offer document or explanatory statement to the aforesaid AGM Notice.

Further, there is no variation between projected utilization of funds made in the aforesaid AGM Notice and the actual utilization of funds.

7.10 Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part

Details of Fee Paid to Statutory Auditors for FY19 are given below:

S. No.	Name of Entity	Relationship with HFCL	Name of Auditors' Firm	Details of Services	Amount (INR)
1	Himachal Futuristic Communications Limited (HFCL)	-	M/s S. Bhandari & Co., Chartered Accountants (FRN: 000560C)	Statutory Audit Fees	35,00,000
				Tax Audit & Certification Fees	4,95,000
				Travel & Boarding Expenses	4,17,262
			M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	35,00,000
				Tax Audit & Certification Fees	10,30,000
				Travel & Boarding Expenses	72,973
2	Polixel Security System Private Limited	Subsidiary Company	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	5,00,000
3	HFCL Advance Systems Private Limited	Subsidiary Company	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees	23,600
				TOTAL	**95,38,835**

7.11 Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, Mr. 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 FY19.

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

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

Secretarial Compliance Report

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder.

The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries in Form No. MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of every financial year.

Mr. Baldev Singh Kashtwal, Practicing Company Secretary, holding Membership No. FCS 3616 and C.P. No. 3169, the Secretarial Auditor, has issued the Secretarial Compliance Report for the financial year ended 31st March, 2019 and the same has already been filed with BSE and NSE, stock exchanges, where the shares of the Company are listed.

7.12 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 the time prescribed under the Listing Regulations for lodgment 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.

7.13 Compliance of the provisions of Regulation 26(6) of the Listing Regulations: None of the Key Managerial Personnel, Director(s) and Promoter(s) of the Company has entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

7.14 Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Internal Complaints Committee ("ICC") has been set up to implement fair and impartial procedures for resolution settlement or prosecution of acts of sexual harassment. All employees are covered under this Policy.

The following is the summary of the complaints received and disposed-off during FY19

a) No. of complaints filed during the financial year: Nil

b) No. of complaints disposed-off during the financial year: Nil

c) No. of complaints pending as on the end of financial year: Nil

7.15 Financial Calendar (tentative and subject to change) 2019-20

- Financial Reporting for the first quarter ending 30th June, 2019: **On or before Second week of July, 2019**
- Financial Reporting for the second quarter and half year ending 30th September, 2019: **On or before second week of November, 2019**
- Financial Reporting for the third quarter ending 31st December, 2019: **On or before second week of February, 2020**
- Audited Accounts for the year ending 31st March, 2020: **On or before last week of May, 2020**
- Annual General Meeting for the year ending 31st March, 2020: **On or before September, 2020**

7.16 Disclosure of Compliance of Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46:

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

The status of adoption of the Discretionary Requirements as specified in Sub–Regulation 1 of Regulation 27 of the SEBI Listing Regulations, 2015 are as follows:

a) The Board:

The Chairman of the Company is Non-Executive. He is entitled to maintain a Chairperson's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

b) Shareholder Rights:

Half-yearly and other Quarterly Financial Performance are published in newspapers, uploaded on Company's website www.hfcl.com and submitted to the Stock Exchanges (BSE & NSE).

c) Un-Modified opinion(s) in Audit Report:

The Company already has a regime of Unqualified Financial Statements. Auditors have raised no qualification on the Financial Statements.

d) Reporting of Internal Auditor:

The Internal Auditor of the Company directly reports to the Audit Committee.

7.17 Compliance Certificate

In terms of Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have given Compliance Certificate to the Board on financial reporting and internal controls, as mentioned under Part B of Schedule II to the Listing Regulations.

7.18 Compliance Certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance

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

7.19 Nomination of Shares

Section 72 of the Companies Act, 2013 extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular, those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Form SH-13.

7.20 Green Initiative

Pursuant to Section 101 and 136 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and the Companies (Accounts) Rules, 2014, the Company can send Notice of Annual General Meeting, Financial Statements and other communication in electronic forms.

Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Directors' Report along with their annexures etc. in the electronic mode to the shareholders who have registered their E-mail IDs with the Company and/or their respective Depository Participants (DPs).

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses, so that all communication with them can be made in electronic mode and we can make some contribution to protect the environment.

Those holding shares in demat form can register their e-mail addresses with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Company/RTA, by sending a letter, duly signed by the first/sole holder quoting details of Folio No.

Declaration of Compliance of Code of Conduct

[In terms of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Board of Directors of Himachal Futuristic Communications Limited, in compliance of Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has laid down the Code of Conduct for all Board Members and Senior Managerial Personnel of the Company, which has also been posted on the website of the Company viz. www.hfcl.com. Pursuant to the above, the Company has received 'Affirmation of Compliance' letters from the Board Members and Senior Managerial Personnel of the Company and accordingly, I make the following declaration:-

I, Mahendra Nahata, Managing Director of Himachal Futuristic Communications Limited, hereby declare that all Board Members and the Senior Management Personnel of the Company, have affirmed compliance of the Code of Conduct during the Financial Year 2018-19.

Place: New Delhi
Date: May 07, 2019

Mahendra Nahata
Managing Director

Certificate on Corporate Governance

To,

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

I have examined the compliance of conditions of Corporate Governance by Himachal Futuristic Communications Limited ("the Company"), for the year ended on 31st March, 2019, as stipulated under Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of corporate governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the Listing Regulations.

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

Date: August 20, 2019
Place: Delhi

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C sub-clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of
Himachal Futuristic Communications Limited
8, Electronics Complex,
Chambaghat, Solan – 173 213
Himachal Pradesh

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Himachal Futuristic Communications Limited, having CIN: L64200HP1987PLC007466 and having registered office at 8, Electronics Complex, Chambaghat, Solan – 173 213 Himachal Pradesh (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Mahendra Pratap Shukla	00052977	14/06/2004
2.	Mr. Mahendra Nahata	00052898	11/05/1987
3.	Mr. Arvind Kharabanda	00052270	30/10/2004
4.	Dr. (Mr.) Ranjeet Mal Kastia	00053059	07/02/1996
5.	Mr. Ranjeet Anandkumar Soni	07977478	07/11/2017
6.	Mr. Surendra Singh Sirohi	07595264	27/08/2018
7.	Mr. Ved Kumar Jain	00485623	27/08/2018
8.	Dr. (Ms.) Tamali Sengupta	00358658	24/12/2018
9.	Ms. Bela Banerjee*	07047271	18/03/2015

* Resigned w.e.f. 26th September, 2018.

Ensuring the eligibility for the appointment / continuity of every Director on the Board, is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: August 20, 2019
Place: Delhi

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

Business Responsibility Report

As a responsible corporate citizen, Himachal Futuristic Communications Limited (HFCL) presents its Business Responsibility Report (BRR), in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011. The Report has been prepared in accordance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Over the last three decades, HFCL has manufactured high technology telecom products. HFCL is an established leader offering fully integrated communication network solutions. It has implemented several telecom networks in the field of Wireless Transmission & Access, Optical Transport & Access, Satellite Network, CDMA / GSM Networks/ LTE Networks, WiFi Networks, Surveillance Networks etc. Since its inception, the Company has implemented over 25,000+ 2G/3G/4G cell sites infrastructure and rolled out over 100,000 km of optical fiber cable networks for telecommunication, railways, oil & gas companies and high security networks for defence forces and internal security establishments.

The Company is presenting its third Business Responsibility Report forming part of its Annual Report 2018-19 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**	2018-19
7.	**Sector(s) that the Company is engaged in (industrial activity code wise):** **[Source: National Industrial Classification Code (NIC)]**	Optical Fiber 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 Optical Fiber Cables and high end transmission access equipment. The Company is providing turnkey solutions to telecom service providers, railways, defense, smart city and surveillance projects.
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. A greenfield optical fiber manufacturing facility is being set up with a capacity of 6.4m fkm at Plot No. S9, E-City, Raviryala, Rangareddy, Hyderabad-501510, Telangana and the said Plant is likely to be commissioned from November, 2019.
		International locations: Branch Office at Mauritius. Representative office in Dubai
10.	Markets served by the Company	Local: √ | State: √ | National: √ | International: √

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up equity share capital	128.44 Crores*	
2.	Total turnover	4,366.20 Crores	
3.	Total profit after tax	184.03 Crores	
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%)	2%	
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) in Goa.
		iii.	Running MMU at Sardarshahar in Churu District of Rajasthan
		iv.	Running Mobile Medicare Clinic (MMC) in Ghazipur, Uttar Pradesh
		v.	Running MMC in Hyderabad, Telangana
		vi	Running MMC in Sonipat, Haryana
		vii	Providing quality education through new age digital learning solutions in Ghaziabad and Ghazipur districts of Uttar Pradesh and Sardarshahar in Churu district of Rajasthan
		viii.	Sponsoring higher education at IIT, Madras
		ix	Providing basic education and nutrition to the street children in Delhi
		x.	Providing inclusive education to special children in Delhi
		xi.	Providing computer skill training to under privileged youth in Ghazipur, Uttar Pradesh and Delhi
		xii.	Enhancing vocational skills for employment in Hyderabad
		xiii.	Created infrastructure for an Old Age Home in Garhmukteshwar, Uttar Pradesh
		xiv.	Drinking water to the drought affected population in Anantapur, Andhra Pradesh
		xv.	Redeveloping Ghanga Ghat in Ghazipur, Uttar Pradesh

* The Paid-up Equity Share Capital of the Company stood at ₹ 1,27,43,77,194 as on 31st March 2019. Further the Company had 100,00,000 Warrants outstanding as on 31st March 2019 which were converted into equal number of equity shares and the Paid-up Equity Share Capital of your Company stands at ₹1,28,43,77,194/- comprising of 1,28,43,77,194 equity shares of face value of ₹1/- each, as on the date of this Report.

SECTION C: OTHER DETAILS

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

During the year under review HTL Limited, Moneta Finance Private Limited, HFCL Advance Systems Private Limited and Polixel Security Systems Private Limited continue to be subsidiaries of the Company. The Company has acquired controlling stake of 90% in Raddef Private Limited [CIN:U74999KA2017PTC105873] (RADDEF), thereby making it a subsidiary of the Company,w.e.f. 15th May 2019.

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	Mr. Mahendra Pratap Shukla
3.	Designation	Chairman

b). Details of BR head

S. No.	Particulars	Details
1.	DIN number (if applicable)	-
2.	Name	Mr. 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
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.	Various Committees of the 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 Board/Committee would review the BR performance 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?

Yes the Business Responsibility Report ("BRR") is published annually as part of the Annual Report. The First BRR was published in 2016-17.

The BRR for all the three years alongwith Business Responsibility Policy of the Company can be accessed at http://www.hfcl.com/archive#corporate-covernance-arc.

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. We have gone paperless in testing of Optical Fiber Cables and all the data is directly recorded from Test equipment to PC via software and there is no physical recording of data on paper formats resulting in conservation of natural resources.

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:

i) 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 Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) compliant. In line with the new directives 2015/863 (EU) RoHS and REACH (SVHC 201), HFCL is geared to supply products compliant with the latest directive applicable w.e.f 22/07/2019 and 16/07/2019 respectively.

b. HFCL is committed to work for conservation of resources and is continuously working in reduction in diameter of Optical Fiber Cables (Micro Cables). In current year, we have managed to reduce the diameters further and made commercial supplies for reduced diameter products.

c. HFCL Promotes the new designs manufactured with use of no Jelly and reduced level of jelly by using dry water blocking materials and switched to 90% of designs with dry core construction. 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 is taken care of by providing enclosure to all machines which produces noise. HFCL also got CPR compliance for higher fire rating cables and some of its cable are certified for B2Ca and CCa Category along with standard rating of DCA & ECA Class for its popular product families.

f. HFCL is 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.

h. HFCL also has certificate of compliance to Underwriters Laboratory, USA in accordance with its safety standards for some of its Optical fiber cables.

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

We have total 569 BTS sites in LWE Project. Out of which 512 sites are working on Solar Powers for 24 hours . Each site needs 400 watts of power per hour. Assuming 24 hour consumption of this power per day, we are saving about 288 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. The Company endeavours to optimise transportation by despatching 95% + of goods through full truckloads thereby minimising transport and related fuel consumption and emissions

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, paint, brush 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 and impart necessary skills.

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. The Company celebrates safety/environment week to make the employees aware of safety and environmental norms. In order to achieve a healthy, happy and productive employee pool, the Company extends Annual Health Check-ups, Occupational and Skill Enhancement Training, Maternity/ Paternity benefits, Insurance (Health, Accident, Life) , subsidized food, transport facility for late working and night shift working 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, 2019, the Company employed 1,634 people on its rolls.

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

A total of 899 employees were hired on temporary/contractual/ casual basis.

3. Please indicate the number of permanent women employees.

As on March 31, 2019, the Company had 140 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 1,634 workforce, about 6.36% (104 employees) of the total employees are members of recognized employee association.

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 FY19.

There are no such pending cases as on March 31, 2019.

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, 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 person and their communities living around Solan, Goa, Sardarshahar, Ghazipur, Hyderabad and Sonipat have been taken under Company's CSR activities under the preventive healthcare programs. The Company's CSR activities also include advance healthcare, new age digital learning solutions, supporting under privileged meritorious students, supporting mentally and physically challenged elderly persons and children among others.

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 in place. The details of Company's Community Development Initiatives are provided in the CSR section as an **Annexure 'G'** to the Directors' 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 is also extended down the line and applicable to our contractors and suppliers.

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 14001 certified. Environmental impacts are studied for all various activities. All the raw materials used to manufacture optical fiber cables are RoHS complaint. As a part of E-Waste recycling, HFCL always dispose E-waste by safely handing over to approved E-waste Vendors. Optical Fiber Cable is laid by using Horizontal drilling method thus avoiding damage to the trees and shrubs. The earth is restored wherever pits are dug.

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 turnkey 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. The Goa Plant has also setup a Sewage treatment plant (STP) of capacity 30 KL per day to recycle all its domestic waste water. The treated water is used for gardening purpose thus saving water. At Goa plant all street lighting has been replaced with high efficiency LED street lights thus reducing power consumption. The Goa plant has also installed high efficiency compressed air suction devices on sheathing lines to reduce consumption of compressed air and noise.

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 from regulators for the FY19.

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), Telecom Equipment Manufacturers Association of India (TEMA), 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 1996. 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. The detailed CSR initiatives of the Company have been presented in the Annual Report on the CSR activities which is marked as "**Annexure - G"** to the Directors' Report.

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 1996. HFCL and HSSS have joined hands with the many NGOs to undertake the CSR Projects of HFCL. Some of the NGOs/implementing agencies with whom HFCL and HSSS have joined hands are HelpAge India, Wockhardt Foundation, Extramarks Education Foundation, Saint Hardyal Educational and Orphan Welfare Society (SHEOWS), TEYUP Samaj Acharya Tulsi Diagnostic Centre, Shrimad Rajchandra Sarvamangal Trust, Balvantray Mehta Vidya Bhawan Anguridevi Shersingh Memorial Academy, Samarpan, Eklavya Foundation, Seva Bharti, St. Stephen's Hospital Patients Welfare Society, Hari Prem Society etc.

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

   The Company has appointed Innovative Financial Advisors Limited ("Fiinovation") an independent agency to make an impact assessment for our Mobile Medical Units. As per the report of Fiinovation, the implementation of MMUs has been effective and met its objective and has created a very positive impact through provision of various services to the beneficiaries. The areas of improvements as suggested by Fiinovation shall be taken care of.

   HFCL has put in place a monitoring mechanism for its various CSR activities. HelpAge India/ Wockhardt Foundation has recruited a Social Protection Officer with each of the six SMMU/MMUs to mobilise greater participation of the targeted communities. In digital learning initiative, the Company monitors the development through frequent interactions with the School Principal and also surprise visits of schools. The HFCL/HSSS has been doing regular field visits and obtains progress reports from the implementing agencies on frequent intervals. The HFCL/HSSS also directly interacts with the beneficiaries and other stakeholders.

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 "**Annual 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?**

   The effectiveness of CSR Projects of the Company are regularly reviewed and monitored.

   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, 2019.

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, 2019.

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.

Independent Auditor's Report

To the Members of
Himachal Futuristic Communications Limited

Report on the Audit of the Standalone Financial Statements

1. Opinion

We have audited the accompanying standalone financial statements of **Himachal Futuristic Communications Limited** ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S.No.	Key Audit Matters	Response to Key Audit Matters
1	**Customer contracts – accuracy of revenue recognition, valuation of contract assets, work in progress (WIP), trade and other receivables, and accuracy of contract liabilities** For the year ended March 31, 2019, revenue from customer contracts amounts to INR 4366.20 Crores whereas as at March 31, 2019, contract assets amount to INR 3.34 Crores, contract liabilities to INR 49.52 Crores, the balance of work in progress (WIP) amounts to INR 58.16 Crores and retention amounts to INR 140.54 Crores. Following the first-time application of the new revenue recognition standard (Ind AS 115, Revenue from Contracts with Customers), the Company adopted its accounting policies and adjusted its opening balances as at April 1, 2018, applying the cumulative effect method with no restatement of the comparative period. The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. Refer Notes 32 and 43 to the Standalone Financial Statements.	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts. With regard to the implementation of Ind AS115 we verified management's conclusion on assessing different types of contracts and the accuracy of the Company's revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis and recalculated the resulting adjustments recorded in the opening balance. In addition, we verified the accuracy of Ind AS115 related disclosures. For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions. These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments relating to customer contracts. On a sample basis, we reconciled revenue to the supporting documentation, validated costs, tested the mathematical accuracy of calculations and the adequacy of accounting of customer contracts.

S.No.	Key Audit Matters	Response to Key Audit Matters
	During order fulfillment, contractual obligations may need to be reassessed. In addition, change orders or cancellations have to be considered. As a result, total estimated contract costs may exceed total contract revenues and therefore require write-offs of contract assets, receivables and the immediate recognition of the expected loss as a provision. Regarding the revenue recognized at a point in time (PIT), the risks include inappropriate revenue recognition from revenue being recorded in the wrong accounting period or at amounts not justified as well as overstated WIP that requires impairment adjustments.	We further performed testing on a sample basis to confirm the appropriate application of revenue recognition policies and to verify valuation of WIP balances. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off. We further reviewed samples of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. Based on our knowledge gained through contract and project reviews, we assessed the need for and the accuracy of provisions and deductions in revenue for variable consideration for expected liquidated damages. Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts. Our procedures did not identify any material exceptions.
2	**Valuation of accounts receivable – risk of credit losses** Company has a concentration of credit exposure on a number of major customers mainly Government and large organisation. Some of these major customers are facing difficult business conditions. In order to avoid significant credit losses, proper monitoring and management of credit risk is key factor. Accounts receivable is a significant item in the Company's standalone financial statements amounting to INR 1530.37 crores as of March 31, 2019 and provisions for impairment of receivables is an area which is influenced by management's estimates and judgment. The provision for impairment of receivables amounted to INR 4.75 crores as at March 31, 2019. Refer to the Note 15 – Trade receivables.	Our audit incorporated the following activities: ◆ Assessing and updating our understanding of internal controls over financial reporting with respect to credit risk; ◆ Assessment of the Company's credit policy outlining authority for approving and responsibility to manage credit limits; ◆ Inquiries with Committee in order to understand and assess governance and follow-up/monitoring of key customers; ◆ Analytical procedures and inquiries with Business Area; ◆ Detailed testing and assessment of receivables to ensure these are in line with Ind AS, with a focus on significant new provisions. We had a particular focus in our audit on how Company manage credit risk for key customers with respect to credit insurance and procedures for credit management. We also assessed and challenged management's assumptions and adherence to Company's accounting policies with respect to provisions for impairment of receivables. The level of the provision made against accounts receivables and accrued balances was deemed appropriate and corresponds to the risks identified.
3	**Recoverability of Other Advances** As at March 31, 2019, current financial assets include INR 503.51 crores in respect of Advances to vendors and sub-contractors and are pending to be adjusted/settled. Management exercises significant judgment when determining whether to record any impairment loss on advances As the carrying amount of Other Advances accounts for a relatively high proportion of assets, there would be a material impact on the financial statements if such advances cannot be settled on schedule or fail to be recovered /settled. Therefore, we regard the recoverability of Other Advances as a key audit matter. Refer Note 19 to the Standalone Financial Statements.	Our audit procedures involve the following activities: ◆ Assessing and updating our understanding of internal controls over financial reporting with respect to advances given; ◆ Assessment of the Company's procurement policy outlining authority for approving and responsibility to manage vendor advances; ◆ Inquiries with management in order to understand and assess governance and follow-up/monitoring of key vendors; ◆ Analytical procedures and inquiries with Business Area; ◆ Obtain balance confirmations from selected parties to ensure existence thereof ◆ Review of Purchase orders and/or agreements for selected parties and enquire management regarding reasons for unsettled advances as on date. We agree with management's view that there is no reduction in the value of the advances outstanding in the books.
4	**Recoverability relating to Goods and Services Tax recoverable** As at March 31, 2019, under other current assets, indirect taxes recoverable include INR 59.03 crores in respect of GST Input Tax credit receivables. The Company has accounted for input credit on material and services received from suppliers and is carrying out continuous process of reconciliation. We focused on management's estimate of getting input tax credit which involves significant judgment. Refer Note 21 to the Standalone Financial Statements.	Our audit procedure involves the following activities: ◆ Assessing and updating our understanding of internal control over financial reporting with respect to recording of invoices of suppliers ◆ Reviewing the management continuing process for reconciliation, updation and follow up with the vendors. We have relied upon the management's assessment.

S.No.	Key Audit Matters	Response to Key Audit Matters
5	**Recoverability and Contingencies relating to other Indirect tax matters** As at March 31, 2019, "Indirect Tax Recoverable" includes INR 19.76 crores in respect of Commercial taxes recoverable which are pending adjudication. The Company has open/pending tax assessments in various states. The determination of provisions and contingent liabilities arising from the open tax assessments make this a particular area of significant judgement. We focused on management's assessment of the likely outcome and quantification of tax exposures which involves significant judgement. Refer Note 21 to the Standalone Financial Statements.	We performed the following substantive procedures: ◆ Understanding the process of estimation, recording and reassessing tax provisions and contingencies. ◆ Involving tax specialists to assist in analyzing the judgements used to determine provisions for tax matters ◆ We have involved our internal experts to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution. ◆ Inspection the correspondence with tax authorities. ◆ Inspecting reports on open tax assessments prepared by the Company and other appropriate documentation considered necessary to understand the position and conclusions made by the Company. We also assessed the adequacy of the Company's financial statements disclosure in respect of the tax positions and contingent liabilities. We agree with management's evaluation.

4. Other Information

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The other information comprising the above documents is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information comprising the above documents, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

5. Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. 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.

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 including other comprehensive income, 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 financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

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

i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 46 to the financial statements;

ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 46 to the financial statements;

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. Bhandari & Co.
Chartered Accountants
Firm Registration No. 000560C

(P. D. Baid)
Partner
Membership No: 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No: 054645

Place: New Delhi
Date: 15th May, 2019

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in "Paragraph-A" under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Himachal Futuristic Communications Limited of even date)

1. In respect of the Company's fixed assets, we report that:

   (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) 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	28,29,496/-	20,99,050/-	Refer Note No.3 to Balance Sheet

2. As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable. No material discrepancy were noticed on such physical verification.

3. In respect of the loans, secured or unsecured, granted by the Company to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013:

   a) During the year the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

   b) In respect of opening balances the schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

   c) There is no overdue amount remaining outstanding as at the balance sheet date.

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, complied with the provisions of 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, within 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. According to the information and explanations given to us, in respect of statutory dues:

   (a) Undisputed statutory dues including provident fund, employees' state insurance, duty of custom, value added tax, cess have generally been regularly deposited with the appropriate authorities except delay in depositing of Goods and Services Tax (GST).

   There were no undisputed amounts outstanding in respect of provident fund, employees' state insurance, income-tax, goods and services tax, service tax, duty of custom, value added tax, cess and other material statutory dues as at March 31, 2019 for a period of more than six months from the date they became payable.

   (b) According to the records of the Company, the dues of Sales Tax/ VAT, Income Tax, Excise Duty, Custom 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 dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending	Remarks
Value Added Tax Act	Sales Tax	2,37,42,719/-	1997-1998 & 1998-1999	Hon'ble High Court of Punjab & Haryana.	₹ 50,00,000/- Paid
Delhi Value Added Tax Act	Sales Tax	2,10,76,837/-	2009-2010 & 2010-2011	Addl. Commissioner, Department of Trade & Taxes, New Delhi	₹ 16,00,000/- Paid
Custom Tariff Act	Custom Duty	1,97,54,154/-	2001-2002 & 2003-2004	Supreme Court, New Delhi	Liability of ₹ 1,97,54,154/- already paid by Company under protest
Central Excise Tariff Act	Excise Duty	82,17,348/-	2005-2006	Central, Excise and Service Tax Appellate Tribunal, Mumbai	Provision already made amounting to ₹ 47,25,005/-
Maharashtra Value Added Tax	Sales Tax	3,69,96,738/-	2014-15	Joint Commissioner of Sales Tax (Appeal), Mumbai	-
Delhi Value Added Tax Act	Sales Tax	12,27,714/-	2015-2016	Asst. VATO, Department of Trade & Taxes, New Delhi	Application filed for adjustment with refund due
Maharashtra Value Added Tax	Sales Tax	98,24,593/-	2013-14	Joint Commissioner of Sales Tax (Appeal), Mumbai	₹ 23,89,741/- Paid
Finance Act, 1994	Service Tax	3,87,26,339/-	2017-18	Asst. Commissioner (Circle-11), Audit-II, New Delhi	₹ 1,00,00,000/- Paid

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 banks or debenture holders as at the Balance Sheet date. Company hasn't taken any loan/borrowing from Financial Institution or Government.

9. Based on our examinations of the records and information and explanations given to us, the term loans have been applied for the purpose for which these are raised. However, the company has not raised any money by way of initial public offer (IPO) or further public offer (FPO) (including debt instruments).

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

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, 2013.

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 has made preferential allotment of 3.50 crore Equity Shares on conversion of outstanding convertible Warrants during the year. The requirement of Section 42 of Companies Act, 2013 have been complied with and the amount raised has been used for the purpose for which it was raised.

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 S. Bhandari & Co.
Chartered Accountants
Firm Registration No. 000560C

(P. D. Baid)
Partner
Membership No: 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No: 054645

Place: New Delhi
Date: 15th May, 2019

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED AS ON 31ST MARCH, 2019.

Report on the Internal Financial Controls over financial reporting 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, 2019 in conjunction with our audit of the Standalone 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 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, to the best of our information and according to the explanations given to us, 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, 2019, 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 S. Bhandari & Co.
Chartered Accountants
Firm Registration No. 000560C

(P. D. Baid)
Partner
Membership No: 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No: 054645

Place: New Delhi
Date: 15th May, 2019

Balance Sheet as at March 31, 2019

(₹ in Crore)

Particulars	Note No(s)	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	3	107.62	107.44
(b) Capital work-in-progress	4	62.24	1.36
(c) Intangible assets (other than Goodwill)	5	9.33	3.03
(d) Intangible assets under development	6	21.51	8.17
(e) Investment in subsidiaries, associates/ joint ventures	7	18.79	18.58
(f) Financial Assets			
(i) Investments	8	49.74	44.04
(ii) Trade receivables	15	90.47	51.10
(iii) Loans	9	24.50	24.50
(iv) Others	10	102.65	79.59
(g) Deferred tax assets (net)	11	79.83	118.67
(h) Other non-current assets	12	39.56	1.89
Total Non Current Assets		**606.24**	**458.37**
Current Assets			
(a) Inventories	13	191.64	178.69
(b) Financial Assets			
(i) Investments	14	2.38	3.56
(ii) Trade receivables	15	1,435.15	1,183.03
(iii) Cash and cash equivalents	16	6.81	49.20
(iv) Bank balances other than (iii) above	17	128.72	59.22
(v) Loans	18	6.75	6.75
(vi) Others	19	534.10	448.42
(c) Current Tax Assets (Net)	20	67.90	95.14
(d) Contract Assets		3.34	-
(e) Other current assets	21	160.79	63.44
Total Current Assets		**2,537.58**	**2,087.45**
Total Assets		**3,143.82**	**2,545.82**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	22	127.44	123.94
(b) Other Equity		1,316.13	1,092.05
Total Equity		**1,443.57**	**1,215.99**
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	103.89	111.33
(ii) Other financial liabilities	24	2.24	0.39
(b) Provisions	25	21.48	20.53
Total Non Current Liabilities		**127.61**	**132.25**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	26	410.41	186.84
(ii) Trade payables	27		
- total outstanding dues of micro enterprises and small enterprises		60.28	8.72
- total outstanding dues to other than micro enterprises and small enterprises.		680.68	507.04
(iii) Other financial liabilities	28	235.40	431.35
(b) Current Tax liabilities (Net)	29	10.14	-
(c) Other current liabilities	30	119.10	61.12
(d) Contract liabilities		49.52	-
(e) Provisions	31	7.11	2.51
Total Current Liabilities		**1,572.64**	**1,197.58**
Total Liabilities		**1,700.25**	**1,329.83**
Total Equity and Liabilities		**3,143.82**	**2,545.82**

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

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M.No.: 054645

For and on behalf of the Board

M. P. Shukla
Chairman
DIN: 00052977

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Mahendra Nahata
Managing Director
DIN: 00052898

Manoj Baid
Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5834

New Delhi, 15th May, 2019

Statement of Profit and Loss for the year ended March 31, 2019

(₹ in Crore)

	Particulars	Note No(s)	For the year ended March 31, 2019	For the year ended March 31, 2018
I	**INCOME**			
	Revenue from operations	32	4,366.20	3,080.18
	Other Income	33	48.01	18.33
	Total Revenue (I)		**4,414.21**	**3,098.51**
II	**EXPENSE**			
	Cost of Material Consumed	34	685.83	459.89
	Other Direct Cost	35	1,582.46	1,241.89
	Purchases of stock-in trade		1,403.49	786.49
	Change in inventories of finished goods, work-in progress and stock-in trade	36	10.92	40.45
	Excise Duty		-	14.09
	Employee benefits expense	37	176.91	147.28
	Finance Costs	38	77.94	60.91
	Depreciation & amortization expenses	3, 5	17.52	16.26
	Other Expenses	39	168.40	125.82
	Total Expenses (II)		**4,123.47**	**2,893.08**
III	**Profit before exceptional items and income tax (I-II)**		**290.74**	**205.43**
IV	Exceptional item	40	-	1.79
V	**Profit before tax (III - IV)**		**290.74**	**203.64**
VI	Tax expenses			
	- Current tax		65.08	45.26
	- Deferred Tax		41.63	3.35
VII	**Profit for the year (V-VI)**		**184.03**	**155.03**
VIII	**Other comprehensive Income (OCI):**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of defined benefit plans		1.04	0.64
	(ii) Income tax on above item		(0.36)	(0.22)
	(iii) Gain/(Loss) on Equity Instruments designated through OCI		4.54	(0.98)
	Items that will be reclassified to profit or loss			
	(i) Debt instruments through OCI		(0.03)	0.00
	Total Other comprehensive income/(loss) for the year (VIII)		**5.19**	**(0.56)**
IX	**Total comprehensive income for the year (VII + VIII)**		**189.22**	**154.47**
	Earnings per share from continuing and total operations attributable to the equity holders of the Company	41		
	- Basic		**1.48**	**1.25**
	- Diluted		**1.46**	**1.24**

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

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M.No.: 054645

For and on behalf of the Board

M. P. Shukla
Chairman
DIN: 00052977

Mahendra Nahata
Managing Director
DIN: 00052898

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5834

New Delhi, 15th May, 2019

Statement of Cash Flow for the year ended March 31, 2019

(₹ in Crore)

	Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
I	**Cash flow from Operating Activities :**			
	Net Profit before taxes and Exceptional items		290.74	205.43
	Adjustments for :			
	Depreciation and Amortization expenses	17.52		16.26
	(Gain)/Loss on disposal of property, plant and equipment	0.05		(0.04)
	Financial Guarantee impairment	(1.97)		-
	Bad Debts, advances and miscellaneous balances written off	23.85		-
	Employee Share based payments expenses	3.98		-
	Dividend and interest income classified as investing cash flows	(10.12)		(5.39)
	Finance costs (net)	77.94		60.91
	Investment written off	2.60		-
			113.85	**71.74**
	Change in operating assets and liabilities :			
	(Increase) in Trade and other receivables	(315.34)		(86.97)
	(Increase)/decrease in Inventories	(12.95)		38.89
	Increase in Trade payables	225.21		123.31
	(Increase) in other financial assets	(165.10)		(163.80)
	(Increase) in other non-current assets	(21.10)		(6.66)
	(Increase) in other current assets	(100.69)		(10.86)
	Increase/(decrease) in provisions	4.60		-
	Increase in employee benefit obligations	1.98		5.11
	Increase/(decrease) in other current liabilities	(9.87)		89.70
			(393.26)	**(11.28)**
	Cash generated from operations		**11.33**	**265.89**
	Income taxes paid/refund (net)		(27.70)	(83.03)
	Net cash inflow from /(used in) operating activities		**(16.37)**	**182.86**
II	**Cash flow from Investing activities**			
	Payments for property, plant and equipment including CWIP		(108.02)	(16.20)
	Payments for Intangible Assets		(21.59)	(8.35)
	Proceeds from sale of investments/adjustment		-	(1.79)
	Proceeds from sale of property, plant and equipment		0.03	0.15
	Dividends received		0.01	0.02
	Interest received		10.17	10.83
	Net Cash flow from / (used in) investing activities		**(119.40)**	**(15.34)**
III	**Cash flow from Financing Activities**			
	Proceeds from issues of Warrants		46.50	18.00
	Proceeds from borrowings		241.04	26.85
	(Redemption) of Preference Share		(60.38)	(20.12)
	(Repayment) of borrowings		(53.67)	(76.82)
			173.49	**(52.09)**
	Finance Costs paid		(71.25)	(68.64)
	Dividend & tax thereon paid		(8.86)	-
	Net Cash flow from/ (used in) financing activities		**93.38**	**(120.73)**
IV	**Net increase/(decrease) in cash & cash equivalents (I + II + III)**		**(42.39)**	**46.79**
V	**Cash and cash equivalents at the beginning of the financial year**		**49.20**	**2.41**
VI	**Cash and cash equivalents at end of the year**		**6.81**	**49.20**

(₹ in Crore)

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
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" as specified in the Companies (Indian Accounting Standards) Rules, 2015.		
2.	Figures in bracket indicate cash outflow.		
3.	Cash and cash equivalents (refer note 16) comprise of the followings:		
	Cash on hand	0.12	0.14
	Balances with Scheduled banks in		
	Current accounts*	3.58	17.34
	Fixed Deposits with Bank	3.11	31.72
	Balances per statement of cash flows	**6.81**	**49.20**
4.	**Analysis of movement in borrowings**		
	Borrowings at the beginning of the year	424.53	494.63
	Movement due to cash transactions as per the Statement of Cash Flows	126.99	(70.10)
	Borrowings at the end of the year	**551.52**	**424.53**

* ₹ 0.11 crore (Previous year ₹ NIL) has restricted use.

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

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M.No.: 054645

New Delhi, 15th May, 2019

For and on behalf of the Board

M. P. Shukla
Chairman
DIN: 00052977

Mahendra Nahata
Managing Director
DIN: 00052898

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5834

Statement of Changes in Equity for the year ended March 31, 2019

Equity Share Capital

(₹ in Crore)

Particulars	Amount
Balance as at April 1, 2017	**123.94**
Changes in equity share capital	-
Balance as at March 31, 2018	**123.94**
Changes in equity share capital	3.50
Balance as at March 31, 2019	**127.44**

Other equity

(₹ in Crore)

Particulars	Money received against Convertible Warrants *	Share based payment reserve	Reserves and Surplus				Items of Other Comprehensive Income			Total
			Securities Premium	Capital Redemption Reserve	Other Reserves (Debenture Redemption Reserve)	Retained Earnings	Debt instrument through other comprehensive income	Changes in fair value of FVOCI equity instruments	Remeasurement of defined benefit plans	
Balance as at March 31, 2017	**-**	**-**	**400.12**	**-**	**7.37**	**629.52**	**(2.57)**	**(122.73)**	**7.87**	**919.58**
Total Comprehensive Income for the year	-	-	-	-	-	155.03	-	(0.98)	0.42	154.47
Warrant subscription price equivalent to 25% of the issue price*	18.00	-	-	-	-	-	-	-	-	18.00
Dividends paid for the previous year	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Redemption Reserve	-	-	-	20.12	-	(20.12)	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	-	1.06	(1.06)	-	-	-	-
Balance as at March 31, 2018	**18.00**	**-**	**400.12**	**20.12**	**8.43**	**763.37**	**(2.57)**	**(123.71)**	**8.29**	**1,092.05**
Changes in accounting policy or previous years adjustments (refer note No 43)	-	-	-	-	-	(5.97)	-	-	-	(5.97)
Restated balance as at March 31, 2018	**18.00**	**-**	**400.12**	**20.12**	**8.43**	**757.40**	**(2.57)**	**(123.71)**	**8.29**	**1,086.08**
Total Comprehensive Income for the year	-	-	-	-	-	184.03	(0.03)	4.54	0.68	189.22
Warrant subscription price equivalent to 75% of the issue price*	46.50	-	-	-	-	-	-	-	-	46.50
Transfer to retained earnings	-	-	-	-	-	-	2.60	-	-	2.60
Transfer to Capital Redemption Reserve	-	-	-	60.38	-	(60.38)	-	-	-	-
Dividends paid for the previous year (Including tax on dividend)	-	-	-	-	-	(8.96)	-	-	-	(8.96)
Employee Share Options outstanding $	-	4.19	-	-	-	-	-	-	-	4.19
Conversion of warrants into equity share	(56.00)	-	52.50	-	-	-	-	-	-	(3.50)
Balance as at March 31, 2019	**8.50**	**4.19**	**452.62**	**80.50**	**8.43**	**872.09**	**-**	**(119.17)**	**8.97**	**1,316.13**

$ Refer note no. 22(B)(iii)

* Refer note no. 22(B)(iv)

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

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M.No.: 054645

For and on behalf of the Board

M. P. Shukla
Chairman
DIN: 00052977

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Mahendra Nahata
Managing Director
DIN: 00052898

Manoj Baid
Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5834

New Delhi, 15th May, 2019

Notes forming part of Financial Statements for the year ended March 31, 2019

1. Corporate information

Himachal Futuristic Communications Limited ('HFCL' or 'the Company') is a public limited company domiciled and incorporated in India and having its registered office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213. The Company's shares are listed and traded on National Stock Exchanges of India Ltd. (NSE) and BSE Ltd. (BSE). Established in 1987, 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 have been approved by the Board of Directors of the Company at its meeting held on May 15, 2019.

2. Significant accounting policies

2.1 Basis of preparation

2.1.1 Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time

2.1.2 Historical Cost Convention

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

- certain financial assets and liabilities and contingent consideration 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;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The Financial Statements are presented in Indian Rupees except where otherwise stated.

2.1.3 New and Amended Standard adopted by Company

The Company has applied the following standard and amendments for the first time for the annual reporting period commencing April 01, 2018:

- Ind AS 115, Revenue from Contracts with Customers
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 40, Investments Property
- Amendment to Ind AS 28, Investment in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities

The Company had to change its accounting policies following the adoption of Ind AS 115. This is disclosed in Note 43. Most of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1.4 Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

2.2 Business combinations and goodwill

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 arrangements are recognized and measured in accordance with Ind AS 12 - Income Taxes 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.

2.3 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; or

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; or

b) It is held primarily for the purpose of trading; or

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.

2.4 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 un-observable 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.

2.5 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.

2.6 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.

2.7 Property Plant and Equipment

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

Freehold Land is carried at the actual cost. All other items of 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 eligible input taxes) 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 includes 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 Improvements	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.

2.8 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. Other Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Company to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and to use or sell of the asset, adequate resources to complete the development are available and the expenditure attributable to the said assets during its development can be measured reliably.

An item of Intangible assets is derecognized 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 Intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Research cost: Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate all the following: -

- 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 adequate resources to complete the development and to use or sell of the asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on straight line basis over the period of expected future benefit, i.e. the estimated useful life of the intangible asset. Amortisation expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.

Licence Fee: Intangible assets consist of right under licensing agreement are measured at cost as at the date acquisition less accumulated amortization and impairment, if any.

Amortisation periods and methods: Intangible assets are amortised on straight line basis over a period ranging between 2-5 years which equates its economic useful life.

2.9 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.

2.9.1 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, that 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

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL Impairment Loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).

2.9.2 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 rate 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.

2.10 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 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.

2.11 Inventories

Inventories are valued at the lower of cost or 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.

2.12 Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. Refer Note 2 "Significant Accounting Policies" in the Company's 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. The impact of changes is disclosed in Note 43.

A. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services.

B. Revenues in excess of invoicing are classified as contract assets (which may also refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which may also refer to as unearned revenues).

C. The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

D. The following is a description of the principal activities – separated by reportable segments – from which the Company generates its revenue.

i. Telecom Products segments

The Telecom Product segments of the Company principally generate revenue from sale of Optical Fiber Cable and Telecom Equipments. Revenues from Products are recognized at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

ii. Turnkey Contracts for System Integration and allied Services

This segment of the Company generates revenue from creating and delivering telecom infrastructure and communication network systems for Telecom Operators, Defence Services, Railways, Safe & Smart Cities etc. Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications.

- **Contracts with government**

The Company recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's credit worthiness. Revenue is the transaction price the Company expects to be entitled to.

If a contract contains more than one distinct good or service, the transaction price is allocated to each

performance obligation based on relative standalone selling prices. If stand-alone selling prices are not observable then Company reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time. Determining the timing of the transfer of control at a point in time or over time requires judgment.

If the Company has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

Under certain turnkey contracts, customers do not take control of the telecom infrastructure and communication network systems until they are completed. In such case, revenue is recognised on formal acceptance by the customer.

- **Warranty**

Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications. Based on historical data and arrangement entered with respective vendors of equipment's supplied under contract, the Company recognises provisions for this warranty.

- **Financial Components**

The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component and considering practical expedient.

iii. Other Revenue :

- **Interest income**

Interest income is recognised as interest accrues using the effective interest method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

- **Dividends**

Dividend income is recognised when the right to receive payment is established.

- **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.

2.13 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.

2.14 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 Statement of profit and loss 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.

Effective April 1, 2018 the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.15 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 periodic 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.

iii. 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.

Re-measurement, 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.

2.16 Employee Share-based payments

The Company has adopted the policy to account for Employees Welfare Trust as a legal entity separate from the Company but consolidated in the Financial Statement. Any loan from the Company to the Trust is accounted for as a loan in accordance with its term.

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognized as an employee benefits expense and those granted to employees of subsidiaries is considered as the Company's equity contribution and is added to the carrying value of investment in the respective subsidiaries, with a corresponding increase in equity, over the period that the employees become entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "share based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that are vested. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

2.17 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.

2.18 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.

2.19 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.

2.20 GST/Cenvat Credit

The GST/CENVAT credit available on purchase of materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST/CENVAT credit is shown under the head "Other Current Assets".

2.21 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.

2.22 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.

3 Property, Plant and Equipment

(₹ in Crore)

Particulars	Plant and Machinery	Building (Freehold)	Building (Leasehold)	Electrical Installations	Furniture and Fixtures	Office Equipment's	Computers	Vehicles	Land (Freehold)	Land (Leasehold)	Total
Gross Carrying Value											
Balance as at April 1, 2017	**244.75**	**35.35**	**25.68**	**14.44**	**8.31**	**5.57**	**16.88**	**14.41**	**2.40**	**0.81**	**368.60**
Additions	3.69	-	1.42	0.68	0.40	0.09	2.45	0.71	6.24	0.06	15.74
Disposals / Adjustments	-	-	-	-	0.90	0.20	2.17	1.47	-	-	4.74
Balance as at March 31, 2018	**248.44**	**35.35**	**27.10**	**15.12**	**7.81**	**5.46**	**17.16**	**13.65**	**8.64**	**0.87**	**379.60**
Additions	10.73	-	-	-	0.36	0.28	2.73	1.53	0.19	-	15.82
Disposals / Adjustments	0.02	-	-	-	0.42	1.96	1.76	0.25	-	-	4.41
Balance as at March 31, 2019	**259.15**	**35.35**	**27.10**	**15.12**	**7.75**	**3.78**	**18.13**	**14.93**	**8.83**	**0.87**	**391.01**
Accumulated depreciation and impairment											
Balance as at April 1, 2017	**202.88**	**7.41**	**6.58**	**10.67**	**5.62**	**4.99**	**15.10**	**8.39**	**-**	**0.19**	**261.83**
Depreciation for the year	7.96	0.70	0.80	1.09	0.78	0.28	1.31	2.03	-	0.01	14.96
Disposals / Adjustments	-	-	-	-	0.90	0.20	2.14	1.39	-	-	4.63
Balance as at March 31, 2018	**210.84**	**8.11**	**7.38**	**11.76**	**5.50**	**5.07**	**14.27**	**9.03**	**-**	**0.20**	**272.16**
Depreciation for the year	8.33	0.70	0.83	0.86	0.63	0.23	2.15	1.83	-	0.01	15.57
Disposals / Adjustments	0.01	-	-	-	0.42	1.96	1.75	0.20	-	-	4.34
Balance as at March 31, 2019	**219.16**	**8.81**	**8.21**	**12.62**	**5.71**	**3.34**	**14.67**	**10.66**	**-**	**0.21**	**283.39**
Net Carrying Value											
Balance as at April 1, 2017	41.87	27.94	19.10	3.77	2.69	0.58	1.78	6.02	2.40	0.62	106.77
Balance as at March 31, 2018	37.60	27.24	19.72	3.36	2.31	0.39	2.89	4.62	8.64	0.67	107.44
Balance as at March 31, 2019	**39.99**	**26.54**	**18.89**	**2.50**	**2.04**	**0.44**	**3.46**	**4.27**	**8.83**	**0.66**	**107.62**

Note:

1. One of the Lease hold Land situated at Solan (H.P.) is pending for title transfer in the name of the Company.
2. Refer note no. 23 and 26 for details of assets pledged.

4 Capital work-in-progress

(₹ in Crore)

Particulars	Buildings	Plant & Machinery	Electrical Installation	Total
Balance as at April 1, 2017	**0.92**	**-**	**0.47**	**1.39**
Additions	1.86	0.42	0.19	2.47
Disposals / Adjustments	1.42	0.42	0.66	2.50
Balance as at March 31, 2018	**1.36**	**-**	**-**	**1.36**
Additions	36.48	24.98	1.81	63.27
Disposals / Adjustments	-	2.39	-	2.39
Balance as at March 31, 2019	**37.84**	**22.59**	**1.81**	**62.24**

5 Intangible Assets (other than goodwill)

(₹ in Crore)

Particulars	Computer software
Gross Carrying Value	
Balance as at April 1, 2017	**9.07**
Additions	0.18
Disposals / Adjustments	-
Balance as at March 31, 2018	**9.25**
Additions	8.25
Disposals / Adjustments	-
Balance as at March 31, 2019	**17.50**
Accumulated depreciation and impairment	
Balance as at April 1, 2017	**4.93**
Depreciation for the year	1.29
Disposals / Adjustments	-
Balance as at March 31, 2018	**6.22**
Depreciation for the year	1.95
Disposals / Adjustments	-
Balance as at March 31, 2019	**8.17**
Net Carrying Value	
Balance as at April 1, 2017	4.14
Balance as at March 31, 2018	3.03
Balance as at March 31, 2019	**9.33**

6 Intangible assets under development

(₹ in Crore)

Particulars	Product Development
Balance as at April 1, 2017	**-**
Additions	8.17
Disposals / Adjustments	-
Balance as at March 31, 2018	**8.17**
Additions*	20.83
Disposals / Adjustments	7.49
Balance as at March 31, 2019	**21.51**

* Includes Technology licence fee paid in the nature of advance till the date of actual utilisation of technology.

7 Investment in subsidiaries, associates / joint ventures

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unquoted Investments (At Cost)		
Investment in Equity Instruments		
(i) Subsidiaries	15.30	15.09
(ii) Joint Ventures	3.49	3.49
Total	**18.79**	**18.58**

7.1 Investment in subsidiaries

(₹ in Crore)

Particulars	Face value per share	As at March 31, 2019		As at March 31, 2018	
		No. of Shares	Amount	No. of Shares	Amount
Investment in Equity Instruments - Equity Shares					
HTL Ltd.* $	100	1,110,000	0.89	1,110,000	0.68
Polixel Security Systems Pvt. Ltd.	10	180,856	12.05	180,856	12.05
Moneta Finance Pvt. Ltd.	10	1,020,000	2.35	1,020,000	2.35
HFCL Advance Systems Pvt. Ltd.	10	10,000	0.01	10,000	0.01
Total investments carrying value			**15.30**		**15.09**
Aggregate carrying value of unquoted investments			**15.30**		**15.09**
Aggregate amount of impairment in value of investments			**-**		**-**

* Includes share based payments to employees of subsidiary company.

$ Out of total, 3,58,500 Shares (Previous year: Nil) are held as security for the Working Capital /Term Loan facility sanctioned by Yes Bank Ltd to HTL Ltd.

7.2 Investments in joint ventures

(₹ in Crore)

Particulars	Face value per share	As at March 31, 2019		As at March 31, 2018	
		No. of Shares	Amount	No. of Shares	Amount
Investment in Equity Instruments - Equity Shares					
DragonWave HFCL India Pvt. Ltd.	10	3,493,000	3.49	3,493,000	3.49
Total aggregate unquoted investments			**3.49**		**3.49**
Aggregate carrying value of unquoted investments			**3.49**		**3.49**
Aggregate amount of impairment in value of investments			**-**		**-**

7.3 Additional details of subsidiaries and joint venture entity

Name of Entity	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Company	
			As at March 31, 2019	As at March 31, 2018
Subsidiaries				
HTL Limited	Manufacturing of Optical Fiber Cable	India	74.00%	74.00%
Polixel Security Systems Pvt. Ltd.	EPC Business in Security and Surveillance	India	100.00%	100.00%
Moneta Finance Pvt. Ltd.*	Finance business	India	100.00%	100.00%
HFCL Advance Systems Pvt. Ltd.	Manufacturing of Defence/ Telecommunication Equipment	India	100.00%	100.00%
Joint Ventures				
DragonWave HFCL India Pvt. Ltd.	Radio Communication Systems	India	49.90%	49.90%

* Moneta Finance Pvt. Ltd. has surrendered its NBFC License and same has been cancelled by the Reserve Bank of India in March 2019.

8 Non-Current Financial Assets - Investments

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unquoted		
Investments - Others		
(i) Investments in Equity instruments	49.74	44.01
(ii) Investments in Debts instruments	-	0.03
Total	**49.74**	**44.04**

8.1 Detail of Non Current Financial Assets - Other Investments

(₹ in Crore)

Particulars	Face value per share/ Debenture	As at March 31, 2019		As at March 31, 2018	
		No. of Shares/ Debentures/ Units	Amount	No. of Shares/ Debentures/ Units	Amount
Financial assets measured at FVTOCI					
(i) Investment in equity instruments - Equity Shares					
Exicom Tele-Systems Ltd.	10	630,223	16.77	630,223	9.15
Microwave Communications Ltd. *	10	12,187,440	-	12,187,440	-
AB Corp Ltd. #	10	13,250,000	32.90	13,250,000	34.79
Midas Communication Technologies Pvt. Ltd.	10	2,642	-	2,642	-
The Greater Bombay Co-Op Bank Ltd.	25	4,000	0.07	4,000	0.07
HFCL Bezeq Telecom Ltd.	10	100	-	100	-
			49.74		**44.01**
(ii) Investment in Debt Instruments - ZCOCBs					
Senior Consulting Pvt Ltd. @	1000	-	-	26,000	0.03
			-		**0.03**
Total Investment FVTOCI			**49.74**		**44.04**
Aggregate carrying value of unquoted investments			**49.74**		**44.04**
Aggregate amount of impairment in value of investments			**0.03**		**-**

*1,21,87,440 (Previous year:1,21,87,440) Shares held in Microwave Communications Ltd.(MCL) are pledged with IDBI Bank as a security for the Term Loan given by IDBI to MCL. Accordingly, the Company is currently not able to exercise significant influence.

65,00,000 (Previous year: 65,00,000) Shares are pledged as security for the Term Loan given by Oriental Bank of Commerce (OBC) to the Company. Such shares are held by OBC in their own name, hence the Company is currently not able to exercise significant influence.

@ ZCOCBz are written-off during the year as investee company ceased to exist.

9 Non-Current Financial Assets - Loans

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Loans to related parties	24.50	24.50
Total	**24.50**	**24.50**

10 Non-Current Financial Assets - Others

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Fixed Deposits with Bank (maturity more than 12 months)*	28.41	7.19
Advances to related parties (refer note no. 47)	72.00	72.00
Financial guarantee Fees receivable (refer note no. 46C)	2.24	0.40
Total	**102.65**	**79.59**

* Above fixed deposit held as margin money/securities with banks.

11 Deferred tax assets (net)

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of assets and liabilities for the financial reporting purposes and the amounts used for income tax purposes. Significant component of the Company's net deferred income tax are as follows:-

(₹ in Crore)

Particulars	Defined benefit obligation	Property, plant and equipment	MAT credit entitlement	Provisions & others	Total
As at 1 April, 2017	**-**	**-**	**122.36**	**-**	**122.36**
(Changed)/Credited:					
- to Statement of profit and loss	8.25	2.08	(14.34)	20.06	16.05
- to other comprehensive income	(0.22)	-	-	-	(0.22)
- to current tax liability	-	-	(19.52)	-	(19.52)
As at 31 March, 2018	**8.03**	**2.08**	**88.50**	**20.06**	**118.67**
Change in accounting policy (refer note 43)	-	-	-	3.16	3.16
(Changed)/Credited:					
- to Statement of profit and loss	1.61	(2.17)	(34.21)	(6.87)	(41.64)
- to other comprehensive income	(0.36)	-	-	-	(0.36)
As at 31 March, 2019	**9.28**	**(0.09)**	**54.29**	**16.35**	**79.83**

12 Other Non-Current Assets

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Capital Advances	39.56	1.89
Total	**39.56**	**1.89**

13 Inventories (at cost or net realisable value whichever is lower)

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Inventories (As Certified and valued by the management)		
Raw Materials	39.95	22.27
Raw Materials in transit	11.03	5.80
	50.98	**28.07**
Work-in-progress	67.04	104.12
Finished goods	16.66	11.09
Stock-in-trade	53.28	32.69
Stores and Spares	2.62	1.83
Loose tools;	0.20	0.27
Others (Packing Material)	0.86	0.62
Total	**191.64**	**178.69**

Notes:

(i) Work in progress includes contract work in progress of ₹ 58.16 crore (Previous year: ₹ 100.52 crore)

(ii) Inventories are net-off ₹ 33.76 crore (Previous year: ₹ 33.76 crore) on account of provision for slow moving/ non moving items.

14 Current Financial Assets - Investments

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Quoted Investments		
(i) Investments in Mutual Funds	0.02	0.02
(ii) Investments in Equity Instruments -other	2.36	3.54
Total	**2.38**	**3.56**

14.1 Detail of Current Financial Assets - Investments

(₹ in Crore)

Particulars	Face Value	As at March 31, 2019		As at March 31, 2018	
		No. of Shares/ Units	Amount	No. of Shares/ Units	Amount
Financial assets carried at fair value through Statement of Profit or Loss					
(i) Investments in mutual funds - Quoted Investment					
Principal Cash Management fund - Dividend reinvestment plan	1000	228	0.02	223	0.02
Total Investment FVTPL			**0.02**		**0.02**
Financial assets measured at FVTOCI					
(ii) Investment in equity instruments - Quoted Equity Shares					
Sumedha Fiscal Services Ltd.	10	18,200	0.04	18,200	0.08
Valiant Communications Ltd.	10	8,700	0.02	8,700	0.05
Magma Fincorp Ltd	2	152,830	1.80	152,830	2.35
Media Matrix Worldwide Ltd.	1	4,750	-	4,750	-
Sahara One Media and Entertainment Ltd.	10	250,950	0.50	250,950	1.06
			2.36		**3.54**
(iii) Investment in equity instruments - Un-Quoted Equity Shares					
Adinath Bio Labs Ltd.	1	6,408,000	-	6,408,000	-
Mavens Biotech Ltd.	1	17,000	-	17,000	-
Optimates Textile Industries Ltd.	10	1,302,500	-	1,302,500	-
Rashel Agrotech Ltd.	10	478,500	-	478,500	-
Total Investment FVTOCI			**2.36**		**3.54**
Total Current Financial Investments			**2.38**		**3.56**

15 Financial Assets - Trade Receivables

(₹ in Crore)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non-current	Current	Non-current	Current
Trade Receivables				
Unsecured, considered good	90.47	1,426.11	51.10	1,183.03
Which have significant increase in credit risk	-	13.79	-	-
Less: expected credit loss allowance	-	(4.75)	-	-
Total	**90.47**	**1,435.15**	**51.10**	**1,183.03**
Movement in the expected credit loss allowance of trade receivables are as follows:				
Balance at the Beginning of the year	-	-	-	-
Add: Provided during the year (net of reversal)	-	4.75	-	-
Less: Amount written off	-	-	-	-
Balance at the end of the year	**-**	**4.75**	**-**	**-**

15.1 The credit period towards trade receivables generally ranges between down to achievement of specified milestones (execution based) and average project execution cycle is around 6 to 18 months. General payment terms include process time with the respective customers ranging between 30 to 60 days from the date of invoices / achievement of specified milestones .

15.2 In determining the allowance for trade receivables the Company has used practical expedients based on financial condition of the customers, ageing of the customer receivables & over-dues, availability of collaterals and historical experience of collections from customers. The concentration of risk with respect to trade receivables is reasonably low as most of the customers are Government and large Corporate organisations though there may be normal delays in collections.

16 Current Financial Assets - Cash & cash equivalents

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash & Cash Equivalents		
Balance with banks;		
- in current account;	3.47	17.34
- in dividend account**	0.11	-
Cash on hand;	0.12	0.14
Fixed Deposits with Bank (maturity less than 3 months)*	3.11	31.72
Total	**6.81**	**49.20**

* Above fixed deposit held as margin money/securities with banks.

** ₹ 0.11 crore (Previous year ₹ NIL) has restricted use.

17 Current Financial Assets - Other Bank Balances

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposits with Bank (Maturity less than 12 months)*	128.72	59.22
Total	**128.72**	**59.22**

* Above fixed deposit held as margin money/securities with banks.

18 Current Financial Assets - Loans

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Other Loans	6.75	6.75
Total	**6.75**	**6.75**

19 Current Financial Assets -Other Assets

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Advances other than capital advances:		
- Security Deposits	4.53	3.50
- Advance to related parties - Subsidiaries	0.02	8.60
- Other project advances	506.69	406.70
Interest Receivables	22.86	29.62
Total	**534.10**	**448.42**

20 Current Tax Assets / Liabilities

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Current Tax Assets		
Advance Income Tax / TDS (net of provisions)	67.90	95.14
Total	**67.90**	**95.14**

21 Other Current Assets

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Indirect tax recoverable	89.39	47.10
Prepaid Expenses	24.88	11.88
Export Incentive receivable	3.31	2.48
Other receivables	1.98	1.98
Assets recognised from cost incurred to fulfill a contract	41.23	-
Total	**160.79**	**63.44**

22 A. Share Capital

(i) Authorised Share Capital

(₹ in Crore)

Particulars	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at April 1, 2017	**5,100,000,000**	**510.00**	**25,000,000**	**250.00**
Increase during the year	-	-	-	-
As at March 31, 2018	**5,100,000,000**	**510.00**	**25,000,000**	**250.00**
Increase during the year	-	-	-	-
As at March 31, 2019	**5,100,000,000**	**510.00**	**25,000,000**	**250.00**

(ii) Shares issued, subscribed and fully paid-up

(₹ in Crore)

Particulars	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount*	No of Shares	Amount **
As at April 1, 2017	**1,239,377,194**	**123.94**	**8,050,000**	**-**
Add: Shares issued during the year	-	-	-	-
Add: Bonus shares issued during the year	-	-	-	-
Less: Share bought back during the year	-	-	2,012,500	-
As at March 31, 2018	**1,239,377,194**	**123.94**	**6,037,500**	**-**
Add: Shares issued during the year	35,000,000	3.50	-	-
Add: Bonus shares issued during the year	-	-	-	-
Less: Share bought back/redeemed during the year	-	-	6,037,500	-
As at March 31, 2019	**1,274,377,194**	**127.44**	**-**	**-**

* The Allotment Committee (Warrants) of the Board of Directors of the Company at its meeting held on 5th November, 2018 and 29th March, 2019 has made allotment of 75,00,000 & 2,75,00,000 equity shares of the face value of ₹ 1/- each at a premium of ₹ 15 per equity share respectively to the warrant holders consequent upon exercise of their rights for conversion of warrants into equity shares. Upon allotment of these equity shares, the paid up equity share capital of the Company has increased from ₹ 123.94 crore comprising of 1,23,93,77,194 equity shares of the face value of ₹ 1/- each to ₹ 127.44 crore comprising of 1,27,43,77,194 equity shares of the face value of ₹ 1/- each.

** The liability component is reflected under the head Financial Liabilities (refer note no. 23)

(iii) Shareholders holding more than 5 percent of Equity Shares

(₹ in Crore)

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of share held	% of Holding	No. of share held	% of Holding
MN Ventures (P) Ltd.	245,890,000	19.29%	238,390,000	19.23%
Nextwave Communications (P) Ltd.	219,865,000	17.25%	212,365,000	17.13%

(iv) Terms/right attached to Equity/Preference Shares -

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

B. Other Equity

(₹ in Crore)

Particulars		As at March 31, 2019	As at March 31, 2018
(i)	Retained Earnings	872.09	763.37
(ii)	Components of Other Comprehensive Income		
	a. Debt instrument through other comprehensive income	-	(2.57)
	b. Changes in fair value of FVOCI equity instruments	(119.17)	(123.71)
	c. Remeasurement of defined benefit plans	8.97	8.29
(iii)	Other Reserves *		
	a. Securities Premium	452.62	400.12
	b. Debenture Redemption Reserve	8.43	8.43
	c. Capital Redemption Reserve	80.50	20.12
	d. Employee Share based payment reserve	4.19	-
(iv)	Money received against Convertible Warrants **	8.50	18.00
Total		**1,316.13**	**1,092.05**

*** Brief description of Other Reserves:**

a. Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

b. The Company had issued redeemable non-convertible debentures and created Debenture Redemption Reserve (DRR) out of the profits of the Company in terms of the Companies (Share capital and Debenture) Rules, 2014 (as amended). The Company is required to maintain a DRR of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the DRR may not be utilised by the Company except to redeem debentures.

c. Capital Redemption reserve is created to the extent of Preference Share Capital redeemed i.e. 80,50,000 (previous year 20,12,500) CRPSs of ₹ 100/- each.

d. The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share based payment reserve. Further, equity settled share based payment transaction with employees of subsidiary is recognised in investment of subsidiaries with corresponding credit to Share based payment reserve. (Refer note 57).

** During the Financial Year 2017-18, Company has issued 4,50,00,000 Convertible Warrants on preferential basis with a right to Warrant Holders to apply for and get allotted one equity share of face value of ₹ 1/- (Rupee One Only) each for each Warrant, within a period of 18 (Eighteen) months from the date of allotment of Warrants i.e. October 30, 2017, at a price of ₹ 16/- each (Rupees Sixteen Only). Out of total warrants issued, 3,50,00,000 warrants have been converted into equity share during the current financial year and the remaining 100,00,000 warrants have been converted in the equity shares during April, 2019.

(i) Retained Earnings

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	763.37	629.52
Change in accounting policy (refer note 43)	(5.97)	-
Restated balance at the beginning of the reporting period	**757.40**	**629.52**
Add: Net profit for the period	184.03	155.03
Add/Less: adjustments for-		
Transfer into Debenture redemption reserve	-	(1.06)
Transfer into Capital redemption reserve	(60.38)	(20.12)
Dividend paid on Equity shares (including tax on dividend)	(8.96)	-
Closing Balance	**872.09**	**763.37**

(ii) Components of Other Comprehensive Income

(₹ in Crore)

Particulars	Debt instrument through other comprehensive income	Changes in fair value of FVOCI equity instruments	Remeasurement of defined benefit plans
As at April 1, 2017	**(2.57)**	**(122.73)**	**7.87**
Increase during the year	-	(0.98)	0.42
As at March 31, 2018	**(2.57)**	**(123.71)**	**8.29**
Increase during the year	(0.03)	4.54	0.68
Decrease during the year	2.60	-	-
As at March 31, 2019	**-**	**(119.17)**	**8.97**

(iii) Other Reserves

(₹ in Crore)

Particulars	Securities Premium	Debenture Redemption Reserve	Capital Redemption Reserve	Employee Share based payment reserve
As at April 1, 2017	**400.12**	**7.37**	**-**	**-**
Increase during the year	-	1.06	20.12	-
As at March 31, 2018	**400.12**	**8.43**	**20.12**	**-**
Increase during the year	52.50	-	60.38	4.19
As at March 31, 2019	**452.62**	**8.43**	**80.50**	**4.19**

(iv) Money received against convertible warrants

(₹ in Crore)

Particulars	
As at April 1, 2017	**-**
Increase during the year	18.00
As at March 31, 2018	**18.00**
Increase during the year	46.50
Decrease during the year	(56.00)
As at March 31, 2019	**8.50**

23 Non-Current Financial Liabilities - Borrowings

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
Preference Shares	-	60.38
Secured		
Borrowings		
Non- Convertible Debentures	33.73	33.73
Term Loans		
(i) from Banks*	103.95	140.21
Vehicle Loans		
(i) from Banks	3.36	3.23
(ii) from others	0.07	0.16
	141.11	**237.71**
Less : Current maturities of long term debt - Term Loans	(25.00)	(65.21)
Less : Debentures redeemable in next 12 months	(11.24)	-
Less : Current maturities of long term debt - Vehicle Loans	(0.98)	(0.79)
Less : Preference Shares redeemable in next 12 months	-	(60.38)
Total	**103.89**	**111.33**

* Net off of ₹ 2.08 crores (Previous year Nil) as finance charge

Notes:

a) Nil (Previous Year: 60,37,500) Cumulative Redeemable Preference Shares (CRPS) of ₹ 100/- each aggregating to ₹ Nil (Previous Year: ₹ 60.38 crore) has been 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. CRPS carried 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.

b) Company had issued 33,72,750 (Previous Year: 33,72,750) 10.30% secured unlisted Non- Convertible Redeemable Debenture (NCDs) of ₹ 100/- each aggregating ₹ 33.73 crore (Previous Year : ₹ 33.73 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 33.33% at the end of 30th September, 2019 (FY 2019-20), 2020 (FY 2020-21), 2021(FY 2021-22) respectively.

c) Term Loan of ₹ 75 crore (Previous year ₹ 103.32 crore) and Funded Interest Term Loan of ₹ Nil (Previous year ₹ 6.31 crore) from one of the bank are secured by pari-passu first charge on all the Fixed Assets, 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. Further, loan is secured by way of pari passu second charge on the Current Assets of the Company.

d) Term Loan of ₹ 31.03 crore (Previous year ₹ Nil) from one of the bank are secured by pari-passu first charge on entire Project Assets, both present and future, by way of equitable mortgage. The loan is further secured by pledge of 3,38,00,000 equity shares of promoters (M/s MN Ventures Private Limited), personal guarantee of Managing Director of the Company and Corporate Guarantee of M/s MN Ventures Private Limited. Repayment of this term loan would be made in 28 structured quarterly installments over a period of 7 years commencing after moratorium period i.e. 12 months after date of commencement of the project.

e) Term Loan of ₹ Nil (Previous year ₹ 4.67 crore), Working Capital Term Loan of ₹ Nil (Previous year ₹ 3.64 crore) and Funded Interest Term Loan of ₹ Nil (Previous year ₹ 10.34 crore) from a bank 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 Fixed Assets pertaining to the Company.

f) Working Capital Term Loans of ₹ Nil (Previous year ₹ 5.01 crore) and Funded Interest Term Loans of ₹ Nil (Previous year ₹ 6.92 crore) from banks 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 Fixed Assets of the Company.

g) Part of above Term Loans, Working Capital Term Loans and Funded Interest Term Loans from Banks amounting to ₹ Nil (Previous year ₹ 52.71 crore) are secured by pledge of equity shares up to 51% (24,15,48,750 equity shares) of new co-opted promoters and also personally guaranteed by Managing Director of the Company. Such loans are further secured by way of Corporate Guarantee of M/s MN Ventures Private Limited.

h) Other Vehicle Loans of ₹ 3.44 crore (Previous Year ₹ 3.39 crore) from banks and others are secured by way of hypothecation of respective assets.

i) Term and other Loans - Repayment schedule and rate of interest -

(₹ in Crore)

Particulars	Term Loan	Term Loan	Vehicle Loan
Rate of Interest	10.75%	11%	8.90% to 10.30%
Outstanding amount	75.00	31.03	3.44
Repayment Due			
FY 2019-20	25.00	Payment of this term loan has not yet started. It will be started one year after the project is commissioned.	0.98
FY 2020-21	25.00		0.99
FY 2021-22	25.00		1.05
FY 2022-23 to 2026-27	-		0.42

24 Non-Current Financial Liabilities - Other Liabilities

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial guarantee Obligations (refer note no. 46c)	2.24	0.39
Total	**2.24**	**0.39**

25 Non-Current Liabilities - Provisions

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Provisions for Employee Benefits (refer note no. 44)		
Provision for Gratuity	13.82	11.75
Provision for Leave Encashment	7.66	8.78
Total	**21.48**	**20.53**

26 Current Financial Liabilities - Borrowings

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings - Loans repayable on demands		
Secured		
(i) from banks - Working Capital *	278.81	115.27
Unsecured		
(i) from banks - Vendors bills discounting	4.44	6.25
(ii) from other parties - Inter Corporate Deposit**	127.16	54.41
(iii) buyers credit	-	10.91
Total	**410.41**	**186.84**

Notes:

* a) Working Capital Loans from banks aggregating to ₹ 249.57 crore (Previous year: ₹ 115.27 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% (24,15,48,750 equity shares) of promoters and are also personally guaranteed by Managing Director of the Company and further secured by way of corporate guarantee of M/s MN Ventures Private Limited.

b) Working Capital Loans from banks aggregating to ₹ 29.24 crore (Previous year: Nil) are secured by way of first pari passu charge on all current assets, moveable & immoveable fixed assets (Present & future) of GIS based Optical Fiber Network Management System (GOFNMS) project. The loan is further secured by second pari passu charge on moveable & immoveable fixed assets, personal guarantee by Managing Director of the Company, corporate guarantee of M/s MN Ventures Private Limited, first pari passu charge of cash flows of the project and first pari passu charge on shares pledged/earmarked for working capital consortium.

** Inter Corporate Deposits are having a maturity of less than one year and carry interest rate 12% to 16%.

27 Current Financial Liabilities - Trade Payables

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
Due to Micro and Small Enterprises (refer note no. 45)	60.28	8.72
Others	680.68	507.04
Total	**740.96**	**515.76**

28 Other Current Financial Liabilities

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Retention Money*	140.54	193.75
Other Current Financial Liabilities		
Current maturities of long-term debts;	25.98	66.00
Non Convertible Debentures (refer note no. 23)	11.24	-
Preference Shares (refer note no. 23)	-	60.38
Security deposit	4.69	4.49
Creditors for Capital Goods	7.94	1.58
Expenses Payables	36.53	97.82
Other Employees related liabilities	8.38	7.33
Unpaid Dividends	0.10	-
Total	**235.40**	**431.35**

* Retention money are due on completion of erection/contracts/final acceptance by the Company.

29 Current Tax Liabilities (Net)

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Current Tax Liabilities		
Income Tax Provision (net of Advance Tax / TDS)	10.14	-
Total	**10.14**	**-**

30 Other Current Liabilities

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Liabilities payable	50.54	61.12
Advances from Customers	68.56	-
Total	**119.10**	**61.12**

31 Current Liabilities - Provisions

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Provisions for Employee Benefits (refer note no. 44)		
Provision for Gratuity	1.28	1.04
Provision for Leave Encashment	3.81	1.41
Provisions - Others	2.02	0.06
Total	**7.11**	**2.51**

32 Revenue from operations

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale and Services		
- Manufacturing and trading activities	981.09	711.94
- Turnkey project related activities	3,379.51	2,363.58
Other Operating Revenues		
- Scrap sale	1.60	1.13
- Export Incentives	4.00	3.53
Total	**4,366.20**	**3,080.18**

Notes:

i) While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115.

ii) Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 49.52 crore which is expected to be recognised as revenue in the next year.

iii) Revenue for corresponding year ended March, 31, 2018 are reported inclusive of Excise duty for the period up to June 30, 2017. The Government of India has implemented Goods and Services tax (GST) from July 01, 2017 replacing Excise Duty, Service Tax and various other indirect taxes. As per Ind AS 115, the revenue for the year ended March 31, 2019 is reported net of GST and is not comparable with corresponding period.

iv) Contract balances:

(a) Changes in Contract assets (Unbilled revenue) are as follows-

(₹ in Crore)

Particulars	For the year ended March 31, 2019
Balance at the beginning of the year	-
Revenue recognised during the year	3.34
Invoices raised during the year	-
Balance at the end of the year	**3.34**

(b) Changes in contract liabilities (Unearned revenue) are as follows -

(₹ in Crore)

Particulars	For the year ended March 31, 2019
Balance at the beginning of the year	**41.93**
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	-
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	7.59
Balance at the end of the year	**49.52**

Revenues in excess of invoicing are classified as contract assets (which can also be refered to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which can also be refered to as unearned revenues). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

33 Other Income

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other non-operating income		
Interest Income	18.48	14.16
Dividend Income	0.01	0.02
Financial Guarantee Income	1.97	0.32
Exchange Fluctuation Income (Net)	2.26	3.65
Liquidated Damages on Sales (Net)	24.69	-
Others	0.60	0.18
Total	**48.01**	**18.33**

34 Cost of Material Consumed

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Balance	22.27	21.60
Add : Purchases during the year	703.51	460.56
	725.78	**482.16**
Less: Closing Stock	39.95	22.27
Total material consumed	**685.83**	**459.89**

35 Other Direct Cost

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Project and labour service charges	1,555.17	1,222.37
Consumption of Packing Material	20.34	15.44
Consumption of stores and spares parts	6.87	3.97
Loose Tools written off	0.08	0.11
Total	**1,582.46**	**1,241.89**

36 Change in inventories of finished goods, work-in progress and stock-in trade-goods

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Closing Stock		
Finished Goods	16.66	11.09
Stock in Trade- Goods	53.28	32.69
Works in progress	67.04	104.12
	136.98	**147.90**
Opening Stock		
Finished Goods	11.09	10.67
Stock in Trade- Goods	32.69	26.14
Works in progress	104.12	151.54
	147.90	**188.35**
Total	**10.92**	**40.45**

37 Employee Benefits Expenses

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, bonus and allowances	160.65	135.76
Contribution to Provident and other funds	7.58	6.87
Staff welfare expenses	4.70	4.65
Share Based payments to Employees (refer note no. 57)	3.98	-
Total	**176.91**	**147.28**

38 Finance Costs

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Bank Loan Interest	33.33	39.29
Other Interest (net)	7.45	0.24
Bank Charges and loan processing fee	31.19	15.08
Dividend on redeemable preference shares	3.30	5.23
Tax on above mentioned dividend	0.68	1.07
Financial Guarantee Impairment	1.99	-
Total	**77.94**	**60.91**

39 Other Expenses

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent	8.94	8.68
Rates and Taxes	5.62	6.03
Auditors' Remuneration		
- Audit Fees	0.70	0.72
- In Other Capacity	0.15	0.28
- Out of pocket expenses	0.05	0.07
Legal and Professional Charges	36.02	37.00
Communication Expenses	2.40	2.28
Travelling and Conveyance Expenses	30.58	25.77
Power and Fuel & Water Charges	7.98	7.25
Repairs and Maintenance	3.75	7.39
Insurance Expenses	6.70	3.68
Selling and Distribution Expenses	17.77	15.28
Bad debts, Loans and Advances, other balances written off (net)	19.11	(12.36)
Provision for doubtful debts	4.75	-
Directors Sitting Fees	0.33	0.36
Liquidated Damages on Sales	-	9.08
Research & Product Development Expenses	3.43	-
Corporate Social Responsibility Expenses (refer note no 54)	3.45	3.99
Loss on debt instruments classified as FVTOCI	2.60	-
Miscellaneous Expenditure	14.07	10.32
Total	**168.40**	**125.82**

40 Exceptional Items

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Guarantee Obligation Payout	-	1.79
Total	**-**	**1.79**

41 Earning per Share (EPS) - In accordance with the Indian Accounting Standard (Ind AS-33)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Basic & Diluted Earnings per share :		
Profit & Loss for the year (₹ in Crore)	184.03	155.03
Profit attributable to ordinary shareholders (A) (₹ in Crore)	184.03	155.03
Weighted average number of ordinary shares (B)	1,242,623,769	1,239,377,194
(used as denominator for calculating basic EPS)		
Potential equity shares	16,950,414	4,715,753
Weighted average number of ordinary shares (C)	1,259,574,183	1,244,092,947
(used as denominator for calculating diluted EPS)		
Nominal value of ordinary share (in ₹)	1.00	1.00
Earnings per share - Basic (A/B) (in ₹)	1.48	1.25
Earnings per share - Diluted (A/C) (in ₹)	1.46	1.24

42 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 following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Useful lives of property, plant and equipment and Intangible Assets

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

2. Recoverability of intangible asset and intangible assets under development

Capitalization of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the management has determined that there are no factors which indicates that these assets have suffered any impairment loss.

3. Employee benefits

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. The significant assumptions used to account for Employee benefits are described in Note 44.

4. Revenue Recognition

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Judgement is also required to determine the transaction price for the contract. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits.

5. Taxes

Deferred tax assets are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

6. Contingencies

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies and obligations. Obligations relating to Project Executions is largely depends upon performance of services by respective contractors. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable.

7. Fair Value of Unquoted equity investments:

In order to arrive at the fair value of unquoted investments, the Company obtains independent valuations. The techniques used by the valuer is Asset approach - Net assets value method.

43 Change in Accounting Policy

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company has adopted IND AS 115 Revenue from Contracts with Customers with a date of initial application of 1 April 2018. As a result, the Company has changed its accounting policy for revenue recognition as detailed below.

The new standard established a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange of transferring goods or services to customer. The standard requires the Company to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has applied IND AS 115 using the cumulative effect method – i.e. by recognising the cumulative effect of initially applying IND AS 115 as an adjustment to the opening balance of equity at 1 April, 2018. Therefore, the comparative information has not been restated and continues to be reported under Ind AS 18. The details of the significant changes and quantitative impact of the changes are set out below.

Impacts on financial statement

The Impact on the Company's Retained earnings as at 01 April, 2018 is as follows:

(₹ in Crore)

Retained Earnings	**Amount**
Balance as at 31 March 2018	763.37
Recognition of Assets for costs to fulfil a contract	32.80
Restatement of contract liability	41.93
Increase in deferred tax assets	3.16
Adjustment to retained earnings from adoption of Ind AS 115	(5.97)
Restated Balance as at 31 March 2018	**757.40**

The following tables summarise the impacts of adopting IND AS 115 on the Company's financial statements for the year ending 31 March 2019.

Balance Sheet (extract) as at 31 March 2019	**31 March 2019 without adoption of Ind AS 115**	**Increase / (decrease)**	**31 March 2019 as reported**
Non-current Assets			
(a) Deferred tax assets (net)	76.78	3.05	79.83
Current Assets			
(a) Trade receivables	1,528.97	(3.34)	1,525.63
(b) Contract Assets	-	3.34	3.34
(c) Other current assets	119.56	41.23	160.79
Equity			
(a) Other Equity	1,321.55	(5.42)	1,316.13
Current Liabilities			
(a) Current Tax liabilities (Net)	9.96	0.18	10.14
(b) Contract liabilities	-	49.52	49.52

Statement of Profit and Loss (extract) for the year ended 31 March 2019	**31 March 2019 without adoption of Ind AS 115**	**Increase / (decrease)**	**31 March 2019 as reported**
Revenue from operations	4,373.79	(7.59)	4,366.20
Other Direct Cost	1,590.88	(8.43)	1,582.46
Profit before exceptional items and income tax	289.90	0.84	290.74
Tax expenses			
- Current tax	64.90	0.18	65.08
- Deferred Tax	41.52	0.11	41.63
Profit for the year	183.48	0.55	184.03

44 During the year, Company has recognised the following amounts in the financial statements as per Ind AS - 19 "Employees Benefits" as specified in the Companies (Indian Accounting Standards) Rules, 2015:

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged to Statement of Profit and Loss for the year as under :

(₹ in Crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employer's Contribution to Provident Fund	7.45	6.69

b) Defined Benefit Plan

The employees' gratuity fund scheme is 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.

Actuarial assumptions :

Particulars	Gratuity (Funded)		Leave Encashment	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy :				
Discount rate (per annum)	7.65%	7.50%	7.65%	7.50%
Rate of increase in Compensation levels	7.65%	7.50%	7.65%	7.50%
Average remaining working lives of employees (Years)	18.63	17.40	18.63	16.27

(₹ in Crore)

Table showing changes in present value of obligations :				
Present value of obligation as at the beginning of the year	14.34	11.44	10.19	8.52
Acquisition adjustment	Nil	Nil	Nil	Nil
Interest Cost	1.08	0.77	0.76	0.64
Past service cost (Vested Benefit)	0.00	0.47	0.00	1.50
Current Service Cost	2.51	2.13	2.79	2.53
Curtailment cost / (Credit)	Nil	Nil	Nil	Nil
Settlement cost /(Credit)	Nil	Nil	Nil	Nil
Benefits paid	(0.86)	(0.52)	(1.18)	(2.33)
Actuarial (gain)/ loss on obligations	0.07	0.03	(1.09)	(0.68)
Present value of obligation as at the end of the period	17.14	14.32	11.47	10.18

Table showing changes in the fair value of plan assets :				
Fair value of plan assets at beginning of the year	1.55	1.45	Nil	Nil
Acquisition adjustments	Nil	Nil	Nil	Nil
Actual return of plan assets	0.12	0.10	N.A.	N.A.
Employer contribution	0.37	Nil	Nil	Nil
Benefits paid	0.00	0.00	Nil	Nil
Actuarial gain/ (loss) on obligations	0.01	0.00	Nil	Nil
Charges deducted	0.00	0.00	Nil	Nil
Fair value of plan assets at year end	2.05	1.55	Nil	Nil

Particulars	Gratuity (Funded)		Leave Encashment	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Other Comprehensive Income :				
Actuarial (gain) / loss for the year - Obligation	0.07	0.03	(1.09)	(0.68)
Actuarial (gain) / loss for the year - Plan assets	(0.01)	0.00	Nil	Nil
Total (gain) / loss for the year	0.06	0.03	(1.09)	(0.68)
Actuarial (gain) / loss recognized in the year	0.06	0.03	(1.09)	(0.68)
Unrecognised actuarial (gains) / losses at the end of the year	Nil	Nil	Nil	Nil
The amounts to be recognized in Balance Sheet :				
Present value of obligation as at the end of the year	17.14	14.32	11.47	10.18
Fair value of plan assets as at the end of the year	2.05	1.55	Nil	Nil
Funded Status	(15.09)	(12.77)	(11.47)	(10.18)
Unrecognised actuarial (gains) / losses	Nil	Nil	Nil	Nil
Net asset / (liability) recognised in Balance Sheet	(15.09)	(12.77)	(11.47)	(10.18)
Expenses recognised in Statement of Profit and Loss :				
Current service cost	2.51	2.13	2.79	4.03
Past service cost (Vested Benefit)	0.00	0.47	0.00	Nil
Interest Cost	1.08	0.77	0.76	0.64
Actual return on plan assets	(0.12)	(0.10)	Nil	Nil
Curtailment and settlement cost /(credit)	Nil	Nil	Nil	Nil
Expenses recognised in the Statement of Profit and Loss	3.47	3.27	3.55	4.67
Sensitivity analysis of the defined benefit obligation:				
a. Impact of the change in Discount Rate				
Present Value of Obligation at the end of the period	17.14	14.32	11.47	10.19
Impact due to increase of 0.5%	(0.96)	(0.84)	(0.37)	(0.07)
Impact due to decrease of 0.5%	0.88	0.77	0.33	0.07
b. Impact of the change in salary increase				
Present Value of Obligation at the end of the period	17.14	14.32	11.47	10.19
Impact due to increase of 0.5%	0.91	0.79	(0.37)	(0.07)
Impact due to decrease of 0.5%	(0.98)	(0.86)	0.34	0.07
Sensitivities due to mortality & withdrawals are insignificant & hence ignored.				
Maturity profile of defined benefit obligation:				
March 2019 to March 2020	1.63	1.19	1.50	1.26
March 2020 to March 2021	0.40	0.30	0.10	0.15
March 2021 to March 2022	0.26	0.35	0.12	0.09
March 2022 to March 2023	0.70	0.22	0.35	0.13
March 2023 to March 2024	0.93	0.60	0.28	0.27
March 2024 to March 2025	0.53	0.80	0.32	0.25
March 2025 onwards	13.45	11.55	8.95	8.17
Investment Details				
HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy	2.05	1.55	Nil	Nil

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

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

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount due	60.28	8.72
Interest due on above	2.02	0.06
Interest paid during the period beyond the appointed day	0.06	Nil
Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the period	2.02	0.06
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, and Small Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.

46 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of :

(₹ in Crore)

Particulars		As at March 31, 2019	As at March 31, 2018
(i)	Unexpired Letters of Credit (margin money paid ₹ 20.56 crore; Previous year ₹ 29.09 crore)	129.38	79.60
(ii)	Guarantees given by banks on behalf of the Company (margin money kept by way of fixed deposits of ₹ 90.07 crore; Previous year ₹ 68.79 crore)	639.89	333.04
(iii)	Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest ₹ 3.87 crore shown as advance)	16.56	6.82

Notes:

i) 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.

ii) 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.

iii) As at March 31, 2019 the Company has outstanding term derivative contracts as referred in Note no. 60.

(b) Capital Commitments

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	153.53	97.50

(c) Financial Guarantees

(₹ in Crore)

Issued in favour of	Issued to	Amount of guarantee	Purpose	Carrying amount as per Ind AS 109 March 31, 2019	Carrying amount as per Ind AS 109 March 31, 2018
Microwave Communications Ltd.	Credit Lyonnais Bank	9.60	Ad-hoc L/C	0.17	0.17
Microwave Communications Ltd.	The Vysya Bank Ltd.	4.06	Working Capital	-	-
Exicom Tele-systems Ltd.	Punjab National Bank	6.50	Working Capital	0.04	0.03
HTL Ltd.	Corning Finolex Optical Fiber P. Ltd.	45.00	Working Capital	0.08	0.14
HTL Ltd.	Owens- Corning India P. Ltd.	6.00	Working Capital	0.05	0.04
HTL Ltd.	Yes Bank Ltd.	120.00	Term loan / Working Capital	1.90	-

47 HTL Ltd., one of the Subsidiary of the Company, had 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 principle 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.

48 In the opinion of the Board, all assets other than fixed assets and non-current investments, have a realisable value in the ordinary course of business which is not significantly differ from the amount at which it is stated.

49 Lease payments under non-cancellable operating leases have been recognized as an expense in the Statement of Profit and 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, 2019	For the Year Ended March 31, 2018
Not later than one year	3.44	1.09
Later than one year but not later than five years	1.73	0.68
More than five years	-	-

50 During the year, the Company has paid interim dividends aggregating to ₹ 6.50 per Cumulative Redeemable Preference Share (CRPS) of par value of ₹ 100/ each for the year 2018-19. Further, 6% dividend on equity shares as approved by shareholders in the previous Annual General Meeting for financial year 2017-18, has also been paid to the Equity Shareholders.

51 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 (In ₹)		Ownership interest (in percentage)	
	2018-19	2017-18	2018-19	2017-18
DragonWave HFCL India Pvt. Ltd.	3.49	3.49	49.90%	49.90%

b) The proportion of interest in the Company in the JV is by way of equity participation with DragonWave - X Canada Inc. (formerly Dragonwave Inc.) a subsidiary of Transform - X Inc.

c) The aggregate amount of interests in the JV as at 31st March, 2019 is as follows:

(₹ in Crore)

Particular	Year	Assets	Liability	Income	Expenses	Capital, other Commitment & contingencies
DragonWave HFCL India Pvt. Ltd.	2018-19*	11.78	0.75	4.85	5.04	-
	2017-18	13.90	2.71	10.56	6.72	-

* Based on unaudited financial statement of JV entity

52 "Related Party Disclosures" as required by Ind AS - 24 and Regulation 34(3) & 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

(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.
(b)	Joint Venture:	DragonWave HFCL India Pvt. Ltd.
(c)	Key management personnel :	Mr. Mahendra Nahata (Managing Director)
		Mr. Vijay Raj Jain (Chief Financial Officer)
		Mr. Manoj Baid (Vice President (Corporate) & Company Secretary)
(d)	Post Employment Benefit Plans	HFCL Employees Group Gratuity Trust
		HFCL Employees Trust - ESOP
(e)	Enterprises owned or Significantly influenced by key management personnel or their relatives.	MN Ventures Pvt. Ltd.
		Nextwave Communications Pvt. Ltd.
		Exicom Tele-Systems Ltd.
		Satellite Finance Pvt. Ltd.
		Shankar Sales Promotion Pvt. Ltd.
		Vinson Brothers Pvt. Ltd.

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, 2019 are as under:

(₹ in Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Purchases/receiving of Goods & services		
HTL Ltd.	38.53	42.92
Polixel Security Systems Pvt. Ltd.	11.24	2.14
Exicom Tele-systems Ltd.	10.28	-
Sales/rendering of Goods and Materials		
HTL Ltd.	65.06	88.74
Polixel Security Systems Pvt. Ltd.	0.02	0.58
Exicom Tele-systems Ltd.	0.90	-
Fixed Assets		
HTL Ltd. (purchase)	-	-
HTL Ltd. (Sales)	0.84	2.38
Income - Rent /Other expenses		
HFCL Advance Systems Pvt. Ltd.	0.01	0.01
Income - Interest on loan given		
HTL Ltd.	11.32	3.19
Expenses - Rent /Other expenses		
HTL Ltd.	0.07	0.04
Satellite Finance Pvt. Ltd.	0.35	-
Shankar Sales Promotion Pvt. Ltd.	0.45	-
Vinson Brothers Pvt. Ltd.	0.60	-
Contribution towards Warrant		
MN Ventures Pvt. Limited	9.00	3.00
Nextwave Communication Pvt. Ltd.	9.00	3.00

(₹ in Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Closing Balances of Loans & Advances and Receivables		
HTL Ltd.	145.83	179.13
Polixel Security Systems Pvt. Ltd.	-	8.58
Exicom Tele-systems Ltd.	0.98	-
Satellite Finance Pvt. Ltd.	0.33	-
HFCL Advance Systems Pvt. Ltd.	0.02	0.01
Closing Balances Trade payables		
Polixel Security Systems Pvt. Ltd.	2.75	-
Contribution towards Gratuity Liabilities		
HFCL Employees Group Gratuity Trust	0.25	0.10
Contribution towards ESOP Trust		
HFCL Employees Trust	0.01	0.01
Guarantees and collaterals		
Exicom Tele-systems Ltd.	6.50	6.50
HTL Ltd.	171.00	15.50
Remuneration of Key Management Personnel		
Mr. Mahendra Nahata (Managing Director)	8.80	6.80
Mr. Vijay Raj Jain (Chief Financial Officer)	1.67	1.42
Mr. Manoj Baid (Vice President (Corporate) & Company Secretary)	0.42	0.38
Share based payment to employees		
Mr. Vijay Raj Jain (Chief Financial Officer)	0.19	-
Mr. Manoj Baid (Vice President (Corporate) & Company Secretary)	0.08	-

53 Segment Reporting

The Company publishes the Standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

54 Corporate social responsibility expenses:

(₹ in Crore)

Particulars		Year Ended March 31, 2019	Year Ended March 31, 2018
Gross amount to be spent by the Company during the year		3.45	3.47
Amount spent during the year:			
Contribution on acquisition of assets	-		
On other purposes	3.45	3.45	3.99

55 Interest charges on loans is net of Interest income from loans and advances amounting to ₹ 20.79 crore (Previous year ₹ 11.87 crore).

56 Debt of the Company as restructured under Corporate Debt Restructuring (CDR) mechanism in financial year 2011-12 had been re-paid as per the approved Scheme, with improved performance, Company has also paid recompense amount of ₹ 148.47 crore as per exit term approved by CDR Empowered Group vide their order CDR(PMG) No.740/2015-16 dated March 22, 2016 on the recommendation of Monitoring Institution. CDR EG had given its approval for successful exit of the Company from CDR mechanism vide letter No. CDR(DAP) No.218/2017-18 dated 01.09.2017.

57 On October 15, 2018, pursuant to the approval by the shareholders, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan ("HFCL Plan 2017"). The maximum number of shares under the HFCL Plan 2017 shall not exceed 1,40,98,000 equity shares. Out of this, 70,49,000 equity shares will be issued against RSUs at par value and 70,49,000 equity shares will be issued against stock options at fair market price immediately prior to date of the grant i.e. ₹ 20.65 per share. The Employee can exercise the vested options/units with in the maximum exercise period which shall be 5 years from the vesting date. The Stock options so granted will be vest over a period of 3 years and 70% RSUs granted will be vest at the end of 3 years from the date of grant and remaining 30% RSUs shall be vest in the 4th year from the date of grant.

The Nomination, Remuneration and Compensation Committee ('Committee') of the Board of Directors which comprises a majority of Independent Directors is responsible for administration and supervision of the Stock Option Plan.

The activity in the HFCL Plan 2017 for equity-settled, share-based payment transactions during the years ended March 31, 2019 and March 31, 2018 is as follows:

(₹ in Crore)

Particulars	Year ended March 31, 2019*		Year ended March 31, 2018	
	Shares arising out of options	Weighted average exercise price	Shares arising out of options	Weighted average exercise price
Employee Stock Options (ESOPs)				
Outstanding at the beginning	-	-	-	-
Granted	7,049,000	2.33	-	-
Exercised	-	-	-	-
Forfeited and expired	188,000	0.06	-	-
Outstanding at the end	6,861,000	2.27	-	-
Exercisable at the end	-	-	-	-
Restricted Stock Units (RSUs)				
Outstanding at the beginning	-	-	-	-
Granted	7,049,000	1.97	-	-
Exercised	-	-	-	-
Forfeited and expired	188,000	0.05	-	-
Outstanding at the end	6,861,000	1.92	-	-
Exercisable at the end	-	-	-	-

* Includes options granted to employees of subsidiary company.

The details of equity-settled RSUs and ESOPs outstanding as at March 31, 2019 are as follows: (₹ in Crore)

Range of exercise prices per share	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price
20-25 (ESOPs)	7,049,000	4	20.65
0 - 5 (RSUs)	7,049,000	5	1.00

The fair value of each equity-settled award is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

Particulars	For options granted during the year ended March 31, 2019	
	ESOPs	RSUs
Weighted average share price (₹)	20.65	20.65
Exercise price (₹)	20.65	1.00
Expected volatility	56.4% to 59.1%	56.8% to 59.1%
Expected life of the option (years)	3.50 to 5.50	4.50 to 5.50
Expected dividends	0.23%	0.23%
Risk-free interest rate	7.81% to 7.89%	7.85% to 7.89%
Weighted average fair value as on grant date (₹)	11.04	19.74

The expected life of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as expected exercise behavior of the employee who receives the RSU / ESOP. Expected volatility during the expected term of the RSU / ESOP is based on historical volatility of the observed market prices of the Company's publicly traded equity shares during a period equivalent to the expected term of the RSU / ESOP.

58 Details of business advances outstanding from Subsidiary for the year ended 31st March, 2019 - Disclosure required under Regulation 34(3) SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

(₹ in Crore)

Subsidiary Company	Outstanding as at		Maximum amount outstanding during the year	
	March 31, 2019	March 31, 2018	2018-19	2017-18
Moneta Finance (P) Ltd.	-	-	-	-
HTL Ltd	72.00	72.00	72.00	72.00
Polixel Security Systems Pvt. Ltd	-	8.58	8.58	8.58
HFCL Advance Systems Pvt. Ltd.	0.02	0.01	0.02	0.01

59 Financial Instruments and Risk management

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 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.

59.1 Financial Instruments by category

(₹ in Crore)

Particulars	As at 31.03.2019			As at 31.03.2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets						
I) Investments						
A) Equity Instruments						
i) Structured entity Equity Instrument	-	49.74	-	-	44.01	-
ii) Structured entity						
a) Sumedha Fiscal Services Ltd.	-	0.04	-	-	0.08	-
b) Valiant Communications Ltd.	-	0.02	-	-	0.05	-
c) Magma Fincorp Ltd.	-	1.80	-	-	2.35	-
d) Media Matrix Worldwide Ltd.	-	-	-	-	-	-
e) Sahara One Media and Entertainment Ltd.	-	0.50	-	-	1.06	-
B) Mutual funds	0.02	-	-	0.02	-	-
C) Debentures & Bonds	-	-	-	-	-	0.03
D) Bank deposits	-	-	28.41	-	-	7.19
II) Trade receivables	-	-	1,435.15	-	-	1,183.03
III) Cash and Cash equivalents	-	-	6.81	-	-	49.20
IV) Other Bank balances	-	-	128.72	-	-	59.22
V) Security deposit for utilities and premises	-	-	4.53	-	-	3.50
VI) Other receivables	-	-	610.56	-	-	524.07
Total financial assets	**0.02**	**52.10**	**2,214.18**	**0.02**	**47.55**	**1,826.24**
2) Financial liabilities						
I) Borrowings						
A) From Banks	-	-	450.27	-	-	375.60
B) From Others	-	-	127.23	-	-	54.57
C) Preference Shares	-	-	-	-	-	60.38
II) Obligations under Finance Lease	-	-	-	-	-	-
III) Retention Money	-	-	140.54	-	-	193.75
IV) Trade payables	-	-	740.96	-	-	515.76
V) Other liabilities	-	-	33.90	-	-	45.61
Total Financial liabilities	**-**	**-**	**1,492.90**	**-**	**-**	**1,245.67**

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 2019

(₹ in Crore)

Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2019	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds	14	0.02	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Ltd.	14	0.04	-	-
b) Valiant Communications Ltd.	14	0.02	-	-
c) Magma Fincorp Ltd.	14	1.80	-	-
d) Media Matrix Worldwide Ltd.	14	-	-	-
e) Sahara One Media and Entertainment Ltd.	14	0.50	-	-
f) Exicom Tele-Systems Ltd.	8	-	-	16.77
g) AB Corp Ltd.	8	-	-	32.90
h) Midas Communication Technologies Pvt. Ltd.	8	-	-	-
i) The Greater Bombay Co-Op Bank Ltd.	8	-	-	0.07
Total Financial Assets		**2.38**	**-**	**49.74**

(b) Year Ending 31st March 2018

(₹ in Crore)

Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2018	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds	14	0.02	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Ltd.	14	0.08	-	-
b) Valiant Communications Ltd.	14	0.05	-	-
c) Magma Fincorp Ltd.	14	2.35	-	-
d) Media Matrix Worldwide Ltd.	14	-	-	-
e) Sahara One Media and Entertainment Ltd.	14	1.06	-	-
f) Exicom Tele-Systems Ltd.	8	-	-	9.15
g) AB Corp Ltd.	8	-	-	34.79
h) Midas Communication Technologies Pvt. Ltd.	8	-	-	-
i) The Greater Bombay Co-Op Bank Ltd.	8	-	-	0.07
Total Financial Assets		**3.56**	**-**	**44.01**

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.

59.2 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, 2019					
Trade payables	27	740.96	740.96	-	**740.96**
Retention Money	28	140.54	140.54	-	**140.54**
Other liabilities	23,25,26,27,28	611.40	505.27	106.13	**611.40**
As at March 31, 2018					
Trade payables	27	515.76	515.76	-	**515.76**
Retention Money	28	193.75	193.75	-	**193.75**
Other liabilities	23,25,26,27,28	536.16	424.44	111.72	**536.16**

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 2019 and 31 March 2018.

Potential Impact of Risk	Management Policy	Sensitivity to Risk
Price Risk		
Exposure in Equity		
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 as per the risk management policies.	The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.
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 Management.	If the equity prices had been 10% higher / lower: Other comprehensive income for the year ended 31st March 2019 would increase / decrease by ₹ 4.97 crore (for the year ended 31st March 2018: increase / decrease by ₹ 4.40 Crore) as a result of the change in fair value of equity investment measured at FVTOCI.
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.	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 ₹ 1.29 crore loss for the year ended March 31st, 2019 (₹ 0.07 crore loss for the year ended March 31st 2018).

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. To manage trade receivable, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables.

None of the Company's financial assets are either impaired or past due, and there were no indications that defaults in payment obligations would occur.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 15. 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.

None of the Company's financial assets are either impaired or past due, and there were no indications that defaults in payment obligations would occur.

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. The following table provides detail of the debt and equity at the end of the reporting period :

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Debt	551.52	424.53
Less : Cash and Cash equivalents (Note 16)	(6.81)	(49.20)
Net Debt	544.71	375.33
Total Equity	1,443.57	1,215.99
Net Debt to Equity Ratio	**0.38**	**0.31**

60 Foreign Currency Exposure

a) The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations will arise.

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.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

b) Details of outstanding Hedging Contracts relating to Foreign LCs :

(₹ in Crore)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
USD/INR	2,295,620	16.07	3,657,763	24.22

c) Foreign Currency exposure

(₹ in Crore)

Particulars		As at March 31, 2019		As at March 31, 2018	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
Trade payable	USD/INR	40,104,856	280.69	5,342,101	35.38
	EUR/INR	1,200,267	9.46	6,163	0.06
Trade receivable	USD/INR	1,594,058	10.78	5,273,775	33.82
	EUR/INR	244,066	1.85	190,260	1.51
	GBP/INR	202,417	1.78	86,728	0.79

Foreign currency sensitivity analysis

The following details are demonstrate the Company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans. A positive number below indicates an increase in profit or equity and vice-versa.

(₹ in Crore)

Impact on profit or loss for the year	Year Ended 31.03.2019		Year Ended 31.03.2018	
	INR strengthens by 5%	INR weakening by 5%	INR strengthens by 5%	INR weakening by 5%
USD Impact	(13.50)	13.50	(0.02)	0.02
EURO Impact	(0.38)	0.38	0.09	(0.09)
GBP Impact	(0.09)	0.09	0.04	(0.04)

61 Tax Reconciliation

(₹ in Crore)

Particulars	F.Y. 2018-19	F.Y. 2017-18
Net Profit as per Statement of Profit and Loss (before tax)	**290.74**	**203.64**
Current Tax rate @ 34.944%	**101.60**	**70.48**
Adjustment:		
MAT Adjustment	(34.21)	(19.52)
Depreciation & other adjustment	(3.16)	(7.93)
Dividend and Tax thereon	1.39	2.18
The amount of expenditure relatable income u/s 10	(0.54)	0.06
The amount of income u/s 10 - dividend	(0.01)	(0.01)
Tax Provision as per Books	65.07	45.26

62 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

(i) Ind AS 116 Leases

(ii) Ind AS 12 Income Taxes

(iii) Ind AS 19 Plan Amendment Curtailment or Settlement

(iv) Ind AS 23 Borrowing Costs

The Company is evaluating the impact of these amendments on its financial statements.

63 The Board has recommended a dividend of 10 % per equity share for the financial year ended 31st March, 2019 subject to the approval of shareholders at the ensuing Annual General Meeting (AGM) of the Company or other authorities wherever required. The dividend for the financial year ended 31st March, 2019, if any, declared at the ensuing AGM, will be paid to the Shareholders within 30 days from the date of declaration.

64 Figures for the previous year has been regrouped/rearranged wherever necessary to confirm current year classification / presentation.

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M.No.: 054645

New Delhi, 15th May, 2019

For and on behalf of the Board

M. P. Shukla
Chairman
DIN: 00052977

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Mahendra Nahata
Managing Director
DIN: 00052898

Manoj Baid
Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5834

Independent Auditor's Report

To the Members of
Himachal Futuristic Communications Limited

Report on the Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of **Himachal Futuristic Communications Limited** (hereinafter referred to as the' "Parent"), its subsidiaries (the parent company and its subsidiaries together referred to as the "Group") and its jointly controlled entity, which comprise the consolidated balance sheet as at March 31, 2019, the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of subsidiaries and management certified separate financial statement of jointly controlled entity, as referred to in the other matter paragraph below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 jointly controlled entity as at March 31, 2019, and consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group and its jointly controlled entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in sub-paragraph (a) to (c) of the other matter paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated Ind AS financial statement.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S.No.	Key Audit Matters	Response to Key Audit Matters
A.	**With respect to Parent Company**	
1	**Customer contracts – accuracy of revenue recognition, valuation of contract assets, work in progress (WIP), trade and other receivables, and accuracy of contract liabilities** For the year ended March 31, 2019, revenue from customer contracts amounts to ₹4366.20 Crores. As at March 31, 2019 contract assets amount to ₹3.34 Crores, contract liabilities to ₹49.52 Crores, the balance of work in progress (WIP) amounts to ₹58.16 Crores and retention amounts to ₹140.54 Crores. Following the first-time application of the new revenue recognition standard (Ind AS 115, Revenue from Contracts with Customers), the Parent Company adopted its accounting policies and adjusted its opening balances as at April 1, 2018, applying the cumulative effect method with no restatement of the comparative period.	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts. With regard to the implementation of Ind AS115 we verified management's conclusion on assessing different types of contracts and the accuracy of the Parent's revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis and recalculated the resulting adjustments recorded in the opening balance. In addition, we verified the accuracy of Ind AS115 related disclosures. For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.

S.No.	Key Audit Matters	Response to Key Audit Matters
	The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. During order fulfillment, contractual obligations may need to be reassessed. In addition, change orders or cancellations have to be considered. As a result, total estimated contract costs may exceed total contract revenues and therefore require write-offs of contract assets, receivables and the immediate recognition of the expected loss as a provision. Regarding the revenue recognized at a point in time (PIT), the risks include inappropriate revenue recognition from revenue being recorded in the wrong accounting period or at amounts not justified as well as overstated WIP that requires impairment adjustments.	These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments relating to customer contracts. On a sample basis, we reconciled revenue to the supporting documentation, validated costs, tested the mathematical accuracy of calculations and the adequacy of accounting of customer contracts. We further performed testing on a sample basis to confirm the appropriate application of revenue recognition policies and to verify valuation of WIP balances. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off. We further reviewed samples of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. Based on our knowledge gained through contract and project reviews, we assessed the need for and the accuracy of provisions and deductions in revenue for variable consideration for expected liquidated damages. Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts. Our procedures did not identify any material exceptions.
2	**Valuation of accounts receivable – risk of credit losses** Parent Company has a concentration of credit exposure on a number of major customers mainly Government and large organisation. Some of these major customers are facing difficult business conditions. In order to avoid significant credit losses, proper monitoring and management of credit risk is key factor. Accounts receivable is a significant item in the Parent's financial statements amounting to ₹1530.37 crores as of March 31, 2019 and provisions for impairment of receivables is an area which is influenced by management's ¬estimates and judgment. The provision for impairment of receivables amounted to ₹4.75 crores as at March 31, 2019.	Our audit incorporated the following activities: ◆ Assessing and updating our understanding of internal controls over financial reporting with respect to credit risk; ◆ Assessment of the Parent's credit policy outlining authority for approving and responsibility to manage credit limits; ◆ Inquiries with Committee in order to understand and assess governance and follow-up/monitoring of key customers; ◆ Analytical procedures and inquiries with Business Area; ◆ Detailed testing and assessment of receivables to ensure these are in line with Ind AS, with a focus on significant new provisions. We had a particular focus in our audit on how Company manage credit risk for key customers with respect to credit insurance and procedures for credit management. We also assessed and challenged management's assumptions and adherence to the Group's accounting policies with respect to provisions for impairment of receivables. The level of the provision made against accounts receivables and accrued balances was deemed appropriate and corresponds to the risks identified.
3	**Recoverability of Other Advances** As at March 31, 2019, current financial assets include ₹503.51crores in respect of Advances to vendors and sub-contractors and are pending to be adjusted/settled.	Our audit procedures involve the following activities: ◆ Assessing and updating our understanding of internal controls over financial reporting with respect to advances given;

S.No.	Key Audit Matters	Response to Key Audit Matters
	Management exercises significant judgment when determining whether to record any impairment loss on advances. As the carrying amount of Other Advances accounts for a relatively high proportion of assets, there would be a material impact on the financial statements if such advances cannot be settled on schedule or fail to be recovered /settled. Therefore, we regard the recoverability of Other Advances as a key audit matter.	◆ Assessment of the Parent's procurement policy outlining authority for approving and responsibility to manage vendor advances; ◆ Inquiries with management in order to understand and assess governance and follow-up/monitoring of key vendors; ◆ Analytical procedures and inquiries with Business Area; ◆ Obtain balance confirmations from selected parties to ensure existence thereof. ◆ Review of Purchase orders and/or agreements for selected parties and enquire management regarding reasons for unsettled advances as on date. We agree with management's view that there is no reduction in the value of the advances outstanding in the books.
4	**Recoverability relating to Goods and Services Tax recoverable:** As at March 31, 2019, under other current assets, indirect taxes recoverable include ₹59.03 crores in respect of GST Input Tax credit receivables. The Parent has accounted for input credit on material and services received from suppliers and is carrying out continuous process of reconciliation. We focused on management's estimate of getting input tax credit which involves significant judgment.	Our audit procedure involves the following activities: ◆ Assessing and updating our understanding of internal control over financial reporting with respect to recording of invoices of suppliers. ◆ Reviewing the management continuing process for reconciliation, updation and follow up with the vendors. We have relied upon the management's assessment.
5	**Recoverability and Contingencies relating to other Indirect tax matters** As at March 31, 2019, "Indirect Tax Recoverable" includes ₹19.76 crores in respect of Commercial taxes recoverable which are pending adjudication. The Parent has open/pending tax assessments in various states. The determination of provisions and contingent liabilities arising from the open tax assessments make this a particular area of significant judgement. We focused on management's assessment of the likely outcome and quantification of tax exposures which involves significant judgement.	We performed the following substantive procedures: ◆ Understanding the process of estimation, recording and reassessing tax provisions and contingencies. ◆ Involving tax specialists to assist in analyzing the judgements used to determine provisions for tax matters. ◆ We have involved our internal experts to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution. ◆ Inspection the correspondence with tax authorities. ◆ Inspecting reports on open tax assessments prepared by the Parent Company and other appropriate documentation considered necessary to understand the position and conclusions made by the Parent. We also assessed the adequacy of the Group's financial statements disclosure in respect of the tax positions and contingent liabilities. We agree with management's evaluation.
B.	**With respect to Subsidiary Company – HTL Ltd.**	
6	**Provision of interest on government of India (Loan)** Pending the response to the company's letter to GOI and also confirmation of balance from GOI, provision of interest on GOI loan has been made after adjustment of claim recoverable from BSNL.	**Principal Audit Procedures** Obtained details of correspondence with government of India for settlement of claim. Verified the reconciliation statement prepared by the management after adjustment of claim recoverable from BSNL against the interest portion of the outstanding loan from GOI.

4. Other Information

The Parent's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon. The other information comprising the above documents is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information comprising the above documents and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information comprising the above documents, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

5. Management's Responsibility for the Consolidated Financial Statements

The Parent'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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and its jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective board of directors of the Companies included in the Group and its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statement by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, The respective board of directors of the Companies included in the Group and its jointly controlled entity are responsible for assessing the ability of the Group and its jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective board of directors of the Companies included in the Group and its jointly controlled entity are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group and its jointly controlled entity has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its jointly controlled entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its jointly controlled entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its jointly controlled entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statement of such entities included in the consolidated financial statement of which we are the independent joint auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors or one of the joint auditor, such other auditors and one of the joint auditors is responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

  Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

  We communicate with those charged with governance of the Parent Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

  From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Other Matters

a) We did not audit the financial statements/financial information of two subsidiaries included in the consolidated financial statement, whose financial statements/ financial information reflect total assets of ₹272.33 Crores as at March 31, 2019, total revenues of ₹467.68 Crores, Net profit after tax of ₹47.53 Crores and total comprehensive income of ₹46.84 Crores for the year ended on that date, as considered in the consolidated financial statement. These financial statements / financial information have been audited by the other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) 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) Financial statements of two subsidiaries whose financial statements / financial information reflect total assets of ₹24.37 Crores as at March 31, 2019, total revenues of ₹17.88 Crore, Net profit after tax of ₹0.80 Crore and total comprehensive income of ₹0.83 Crore for the year ended on that date, as considered in the Consolidated Financial statement, have been audited by one of joint auditors of the Parent Company and our opinion on the consolidated Financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of such joint auditor.

c) The consolidated financial statement also includes the Group's share of profit after tax of ₹0.09 Crore and total comprehensive income of ₹0.01 Crore for the year ended March 31, 2019, as considered in the consolidated financial statement, in respect of one jointly controlled entity, whose financial statements / financial information has not been audited. This financial statements/ financial information has been furnished to us by the Management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information is not material to the Group.

Our opinion on the consolidated financial statement above, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters which respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the management.

8. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, and on the consideration of the report of other auditors on separate financial statement and the other financial information of subsidiaries and management certified financial information/ statement of jointly controlled entity, as referred to in the other matters paragraph above, we report, to the extent applicable, 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 of the aforesaid consolidated financial statement.

(b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statement have been kept by so far as it appears from our examination of those books and reports of other auditor.

(c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statement.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors of the parent company as on 31st March, 2019 taken on record by the Board of Directors of parent company, the report of the statutory auditors of its subsidiary companies and management certification for jointly controlled entity, none of the directors of the Group companies and jointly controlled entity is disqualified as on 31st March, 2019 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 Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to be read with other matters paragraph above.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) 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 Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements – Refer Note 45 to the consolidated financial statements;

ii) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 45 to the consolidated financial statements;

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For S. Bhandari & Co.
Chartered Accountants
Firm Registration No. 000560C

(P. D. Baid)
Partner
Membership No: 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No: 054645

Place: New Delhi
Date: 15th May, 2019

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED AS ON 31ST MARCH, 2019.

Report on the Internal Financial Controls over financial reporting 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 (herein after referred as the "Parent") and its subsidiary companies (herein after referred as the "Group") as of March, 31, 2019 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective board of the directors of the Parent Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies 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 respective 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 group'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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit obtained by the other auditors of the subsidiary companies in terms of their reports referred to in other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the group'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, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph below, the Group 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 31st March, 2019, based on the internal control over financial reporting criteria established by the respective companies of the Group 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 four subsidiary companies is based solely on the corresponding report of the auditors of such companies.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one jointly controlled entity, which is company incorporated in India, whose financial statements/information are unaudited and our opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Group is not affected as these financial statements/information is not material to the Group.

Our opinion is not modified in respect of the above matters.

For S. Bhandari & Co.
Chartered Accountants
Firm Registration No. 000560C

(P. D. Baid)
Partner
Membership No: 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No: 054645

Place: New Delhi
Date: 15th May, 2019

Consolidated Balance Sheet as at March 31, 2019

(₹ in Crore)

Particulars	Note No(s)	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	3	202.18	165.74
(b) Capital work-in-progress	4	64.01	1.68
(c) Goodwill		25.85	25.85
(d) Intangible assets (other than Goodwill)	5	10.35	4.36
(e) Intangible assets under development	6	21.51	8.17
(f) Investment accounted for using equity method	7	5.50	5.59
(g) Financial Assets			
(i) Investments	8	51.68	46.06
(ii) Trade Receivables	14	90.47	51.75
(iii) Others	9	36.02	13.27
(h) Deferred tax assets (net)	10	79.92	118.74
(i) Other non-current assets	11	40.46	2.20
Total Non Current Assets		**627.95**	**443.41**
Current Assets			
(a) Inventories	12	264.53	213.56
(b) Financial Assets			
(i) Investments	13	2.39	3.60
(ii) Trade Receivables	14	1,472.42	1,182.32
(iii) Cash & cash equivalents	15	17.53	66.56
(iv) Bank balances other than (iii) above	16	141.82	65.51
(v) Loans	17	13.97	9.78
(vi) Others	18	528.17	439.34
(c) Current Tax Assets (net)	19	69.61	96.41
(d) Contract Assets		3.34	-
(e) Other current assets	20	162.60	67.91
Total Current Assets		**2,676.38**	**2,144.99**
Total Assets		**3,304.33**	**2,588.40**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	21	127.44	123.94
(b) Other Equity	21	1,314.22	1,054.76
Equity attributable to owners of the Company		**1,441.66**	**1,178.70**
Non-controlling interest		(9.95)	(22.15)
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	134.35	141.26
(ii) Other financial liabilities	23	2.24	0.39
(b) Provisions	24	24.79	23.06
Total Non Current Liabilities		**161.38**	**164.71**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	418.74	201.09
(ii) Trade Payables	26		
- total outstanding dues of micro enterprises and small enterprises		62.39	8.72
- total outstanding dues to other than micro enterprises and small enterprises		802.11	553.92
(iii) Other financial liabilities	27	239.78	437.18
(b) Current Tax liabilities (Net)	19	10.14	-
(c) Other current liabilities	28	121.17	63.57
(d) Contract liabilities		49.52	-
(e) Provisions	29	7.39	2.66
Total Current Liabilities		**1,711.24**	**1,267.14**
Total Liabilities		**1,872.62**	**1,431.85**
Total Equity and Liabilities		**3,304.33**	**2,588.40**

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

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M.No.: 054645

For and on behalf of the Board

M. P. Shukla
Chairman
DIN: 00052977

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Mahendra Nahata
Managing Director
DIN: 00052898

Manoj Baid
Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5834

New Delhi, 15th May, 2019

Statement of Profit and Loss for the year ended March 31, 2019

(₹ in Crore)

	Particulars	Note No(s)	For the year ended March 31, 2019	For the year ended March 31, 2018
I	**INCOME**			
	Revenue from operations	30	4,737.79	3,248.53
	Other Income	31	46.96	24.49
	Total Income (I)		**4,784.75**	**3,273.02**
II	**EXPENSES**			
	Cost of Materials Consumed	32	947.27	554.75
	Other Direct costs	33	1,581.95	1,241.86
	Purchases of stock-in trade		1,416.56	796.16
	Change in inventories of finished goods, work-in progress and stock-in trade	34	(7.92)	40.41
	Excise Duty		-	21.15
	Employee benefits expense	35	199.76	168.13
	Finance Costs	36	91.87	63.63
	Depreciation and amortisation expense		26.97	23.22
	Other Expenses	37	188.91	142.92
	Total Expenses (II)		**4,445.37**	**3,052.23**
III	**Profit / (loss) before Share of profit/ (loss) of joint venture, exceptional items and income tax (I-II)**		**339.38**	**220.79**
IV	Share of profit/ (loss) of a joint venture		(0.09)	1.40
V	**Profit / (loss) before exceptional items and income tax (III+IV)**		**339.29**	**222.19**
VI	Exceptional item	38	-	1.79
VII	**Profit / (Loss) before tax (V - VI)**		**339.29**	**220.40**
VIII	**Tax expense**			
	- Current tax		65.41	45.57
	- Deferred Tax		41.62	3.13
IX	**Profit/(loss) for the year (VII-VIII)**		**232.26**	**171.70**
X	Other Comprehensive Income (OCI):			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of defined benefit plans		0.47	0.49
	(ii) Income tax on above item		(0.36)	(0.22)
	(iii) Gain/(Loss) on Equity Instruments designated through OCI		4.46	(0.99)
	Items that will be reclassified to profit or loss		-	-
	Debt instruments through OCI		(0.03)	1.94
	Other comprehensive income for the year		**4.54**	**1.22**
XI	**Total comprehensive income for the year (IX+X)**		**236.80**	**172.92**
XII	**Profit attributable to:**			
	Owners of the Parent		219.91	167.87
	Non-controlling interest		12.35	3.83
XIII	**Total comprehensive income for the year attributable to:**			
	Owners of the Parent		224.61	169.15
	Non-controlling interest		12.19	3.77
XIV	Earnings per share from continuing and Total operations attributable to the equity holders of the Holding Company during the year			
	- Basic	39	1.77	1.35
	- Diluted	39	1.75	1.35

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

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M.No.: 054645

New Delhi, 15th May, 2019

For and on behalf of the Board

M. P. Shukla
Chairman
DIN: 00052977

Mahendra Nahata
Managing Director
DIN: 00052898

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5834

Consolidated Statement of Cash Flow for the year ended 31st March, 2019

(₹ in Crore)

	Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
I	**Cash Flow From Operating Activities**			
	Net Profit before Taxes and Exceptional Items		339.29	222.19
	Adjustments for			
	Depreciation and Amortization expenses	26.96		23.22
	Loss on disposal of property, plant and equipment	0.05		1.37
	Financial Guarantee impairment	(1.97)		-
	Bad Debts, advances and miscellaneous balances written off	24.61		-
	Employee Share based payments expenses	4.19		-
	Share of profit of joint ventures	0.09		(1.40)
	Dividend and interest income classified as investing cash flows	(10.14)		(12.76)
	Finance costs (net)	91.87		63.63
	Investment written off	2.60		-
			138.26	**74.06**
	Change in operating assets and liabilities			
	(Increase)/Decrease in Trade and other receivables	(353.44)		(54.04)
	(Increase)/Decrease in Inventories	(50.96)		31.80
	Increase/(decrease) in Trade payables	301.87		105.47
	(Increase)/Decrease in other financial assets	(184.83)		(153.94)
	(Increase)/decrease in other non-current assets	(20.79)		(7.30)
	(Increase)/decrease in other current assets	(98.03)		(16.71)
	Increase/(decrease) in provisions	4.72		-
	Increase in employee benefit obligations	2.20		5.12
	Increase/(decrease) in other current liabilities	(11.71)		83.25
			(410.97)	**(6.35)**
	Cash generated from/(used in) operations		**66.58**	**289.90**
	Income taxes paid (net)		(28.47)	(82.81)
	Net cash inflow from/(used in) operating activities		**38.11**	**207.09**
II	**Cash flows from investing activities**			
	Payment for acquisition of subsidiary, net of cash acquired			
	Payments for property, plant and equipment		(155.11)	(30.01)
	Payments for purchase of investments		-	(0.60)
	Payments for Intangible Assets		(21.95)	(9.57)
	Loans to employees /others		(4.18)	-
	Proceeds from sale of investments/adjustments		-	(1.79)
	Proceeds from sale of property, plant and equipment		0.03	(1.26)
	Dividends received		0.01	0.02
	Interest received		26.69	13.19
	Net cash inflow from /(used in) investing activities		**(154.51)**	**(30.02)**

(₹in Crore)

Particulars			For the year ended March 31, 2019	For the year ended March 31, 2018
III	**Cash flows from financing activities**			
	Proceeds from issues of Warrants		46.50	18.00
	Proceeds from borrowings		235.12	66.52
	(Redemption) of Preference Share		(60.37)	(20.12)
	(Repayment) of borrowings		(53.68)	(117.07)
			167.57	**(52.67)**
	Interest paid		(91.34)	(63.74)
	Dividends paid to company's shareholders		(8.86)	-
	Net cash inflow from/(used in) financing activities		**67.37**	**(116.41)**
IV	**Net increase /(decrease) in cash and cash equivalents (I+II+III)**		**(49.03)**	**60.66**
V	Cash and cash equivalents at the beginning of the financial year		66.56	5.91
VI	**Cash and cash equivalents at end of the year**		**17.53**	**66.57**
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" as specified in the Companies (Indian Accounting Standards) Rules, 2015			
2.	Figures in bracket indicate cash outflow.			
3.	**Cash and cash equivalents (refer note 15)**			
	Cash on hand		0.14	0.16
	Balances with Banks			
	Current accounts*		11.17	28.64
	Fixed Deposits with Bank		6.22	37.77
	Balances per statement of cash flows		**17.53**	**66.57**
			-	-
4.	**Analysis of movement in borrowings**			
	Borrowings at the beginning of the year		445.02	515.71
	Movement due to cash transactions per the Statement of Cash Flows		121.07	(70.69)
	Borrowings at the end of the year		**566.09**	**445.02**

* ₹ 0.11 Crore (Previous year ₹ NIL) has restricted use.
The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M.No.: 054645

New Delhi, 15th May, 2019

For and on behalf of the Board

M. P. Shukla
Chairman
DIN: 00052977

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Mahendra Nahata
Managing Director
DIN: 00052898

Manoj Baid
Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5834

Statement of Changes in Equity for the year ended March 31, 2019

A. Equity Share Capital (₹in Crore)

Particulars	Amount
Balance as at April 1, 2017	**123.94**
Changes in equity share capital	-
Balance as at March 31, 2018	**123.94**
Changes in equity share capital	3.50
Balance as at March 31, 2019	**127.44**

B. Other equity (₹in Crore)

Particulars	Money received against Convertible Warrants *	Share based payment reserve	Reserves and Surplus				Items of Other Comprehensive Income			Total Equity attributable Owners of the Company	Non-Controlling Interest	Total Equity
			Share based payment reserve	Capital Redemption Reserve	Other Reserves (Debenture Redemption Reserve)	Retained Earnings	Debt instrument through other comprehensive income	Changes in fair value of FVOCI equity instruments	Remeasurement of defined benefit plans			
Balance as at March 31, 2017	**-**	**-**	**400.12**	**-**	**7.37**	**549.73**	**(2.57)**	**(122.73)**	**8.23**	**840.15**	**1.54**	**841.69**
Changes in accounting policy or previous years adjustments	-	-	-	-	-	27.52	-	-	-	27.52	(27.52)	-
Restated balance as at March 31, 2017	-	-	400.12	-	7.37	577.25	(2.57)	(122.73)	8.23	867.67	(25.98)	841.69
Warrant subscription price equivalent to 25% of the issue price*	18.00	-	-	-	-	-	-	-	-	18.00	-	18.00
Total Comprehensive Income for the year	-	-	-	-	-	167.87	-	0.95	0.27	169.09	3.83	172.92
Transfer to retained earnings	-	-	-	20.12	-	(20.12)	-	-	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	-	1.06	(1.06)	-	-	-	-	-	-
Balance as at March 31, 2018	**18.00**	**-**	**400.12**	**20.12**	**8.43**	**723.94**	**(2.57)**	**(121.78)**	**8.50**	**1,054.76**	**(22.15)**	**1,032.61**
Changes in accounting policy or previous years adjustments (refer note No 41)	-	-	-	-	-	(5.97)	-	-	-	(5.97)	-	(5.97)
Restated balance as at March 31, 2018	**18.00**	**-**	**400.12**	**20.12**	**8.43**	**717.97**	**(2.57)**	**(121.78)**	**8.50**	**1,048.79**	**(22.15)**	**1,026.64**
Total Comprehensive Income for the year	-	-	-	-	-	219.91	(0.03)	4.46	0.26	224.60	12.20	236.80
Warrant subscription price equivalent to 75% of the issue price*	46.50	-	-	-	-	-	-	-	-	46.50	-	46.50
Transfer to retained earnings	-	-	-	-	-	-	2.60	-	-	2.60	-	2.60
Transfer to Capital Redemption Reserve	-	-	-	60.38	-	(60.38)	-	-	-	-	-	-
Dividends paid for the previous year (Including tax on dividend)	-	-	-	-	-	(8.96)	-	-	-	(8.96)	-	(8.96)
Employee Share Options outstanding $	-	4.19	-	-	-	-	-	-	-	4.19	-	4.19
Conversion of warrants into equity share	(56.00)	-	52.50	-	-	-	-	-	-	(3.50)	-	(3.50)
Balance as at March 31, 2019	**8.50**	**4.19**	**452.62**	**80.50**	**8.43**	**868.54**	**-**	**(117.32)**	**8.76**	**1,314.22**	**(9.95)**	**1,304.27**

$ Refer note no. 21(B)(iii)
* Refer note no. 21(B)(iv)
The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M.No.: 054645

For and on behalf of the Board

M. P. Shukla
Chairman
DIN: 00052977

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Mahendra Nahata
Managing Director
DIN: 00052898

Manoj Baid
Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5834

New Delhi, 15th May, 2019

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2019

1. Corporate information

Himachal Futuristic Communications Limited ('HFCL' or 'the Holding Company') is a public limited company domiciled and incorporated in India and having its registered office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213. The Holding Company's shares are listed and traded on National Stock Exchanges of India Ltd. (NSE) and BSE Ltd. (BSE). Established in 1987, 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 Consolidated Financial Statements have been approved by the Board of Directors of the Holding Company at its meeting held on May 15, 2019.

2. Significant accounting policies

2.1 Basis of preparation

2.1.1 Compliance with Ind AS

These Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

2.1.2 Historical Cost Convention

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following:

- certain financial assets and liabilities and contingent consideration 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;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The Consolidated Financial Statements are presented in Indian Rupees except where otherwise stated.

2.1.3 New and Amended Standard adopted by Group

The Group has applied the following standard and amendments for the first time for the annual reporting period commencing April 01, 2018:

- Ind AS 115, Revenue from Contracts with Customers
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 40, Investments Property
- Amendment to Ind AS 28, Investment in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities

The Group had to change its accounting policies following the adoption of Ind AS 115. This is disclosed in Note 41. Most of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1.4 Use of estimates and judgements

The preparation of these Consolidated Financial Statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the Consolidated Financial Statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

2.2 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 –X Canada Inc. (formerly DragonWave Inc.), a subsidiary of Transform X Inc.

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 share of the post-acquisition profits or losses of the investee in profit and loss, and the group share of other comprehensive income of the investee in other comprehensive income.

When the group 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 Holding Company and its associates and joint ventures are eliminated to the extent of the group 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 is 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.

2.3 Business combinations and goodwill

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 Group 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 arrangements are recognized and measured in accordance with Ind AS 12 - Income Taxes and Ind AS 19- Employee Benefits respectively.

When the Group 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.

2.4 Current versus non-current classification

The Group 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; or

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; or

b) It is held primarily for the purpose of trading; or

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.

2.5 Fair value measurement

The Group 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 Group 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 Group 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 un-observable inputs for the asset or liability reflecting significant modifications to observable related market data or Group'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.

2.6 Investments in subsidiaries, associates and joint ventures

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

When the Group 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 Group 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 Consolidated Statement of Profit and Loss over the remaining period of financial guarantee issued.

2.7 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.

2.8 Property Plant and Equipment

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

Freehold Land is carried at the actual cost. All other items of 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 eligible input taxes) 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 includes 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 consolidated 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 Improvements	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 Group 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 Consolidated Statement of Profit and Loss.

2.9 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. Other Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Group to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and to use or sell of the asset, adequate resources to complete the development are available and the expenditure attributable to the said assets during its development can be measured reliably.

An item of Intangible assets is derecognized 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 Intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Research cost:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate all the following: -

- 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 adequate resources to complete the development and to use or sell of the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on straight line basis over the period of expected future benefit, i.e. the estimated useful life of the intangible asset. Amortisation expense is recognised in the Consolidated Statement of Profit and loss.

During the period of development, the asset is tested for impairment annually.

Licence Fee:

Intangible assets consist of right under licensing agreement are measured at cost as at the date acquisition less accumulated amortization and impairment, if any.

Amortisation periods and methods:

Intangible assets are amortised on straight line basis over a period ranging between 2-5 years which equates its economic useful life.

2.10 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.

2.10.1 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 Group 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 Holding 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, that does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group 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 Group 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 Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 Group 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 Group 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 Group 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 Group 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 Group has not retained control of the financial asset. Where the Group 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

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL Impairment Loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Consolidated Statement of Profit and loss (P&L).

2.10.2 Financial liabilities

Financial liabilities and equity instruments issued by the Group 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 Group 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 Consolidated Statement of Profit and loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group 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 rate 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.

2.11 Impairment of non-financial assets

The Group 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 Group 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 Consolidated 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.

2.12 Inventories

Inventories are valued at the lower of cost or 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.

2.13 Revenue recognition

Effective April 1, 2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. Refer Note 2 "Significant Accounting Policies" in the Group's 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. The impact of changes is disclosed in Note 43.

A. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that Group expects to receive in exchange for those products or services.

B. Revenues in excess of invoicing are classified as contract assets (which may also refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which may also refer to as unearned revenues).

C. The Group presents revenues net of indirect taxes in its Consolidated Statement of Profit and loss.

D. The following is a description of the principal activities – separated by reportable segments – from which the Group generates its revenue.

i. Telecom Products segments

The Telecom Product segments of the Group principally generate revenue from sale of Optical Fiber Cable and Telecom Equipments. Revenues from Products are recognized at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

ii. Turnkey Contracts for System Integration and allied Services

This segment of the Group generates revenue from creating and delivering telecom infrastructure and communication network systems for Telecom Operators, Defence Services, Railways, Safe & Smart Cities etc. Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications.

- **Contracts with government**

The Group recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's credit worthiness. Revenue is the transaction price the Group expects to be entitled to

If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative standalone selling prices. If stand-alone selling prices are not observable then Group reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time. Determining the timing of the transfer of control at a point in time or over time requires judgment.

If the Group has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

Under certain turnkey contracts, customers do not take control of the telecom infrastructure and communication network systems until they are completed. In such case, revenue is recognised on formal acceptance by the customer.

- **Warranty**

Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications. Based on historical data and arrangement entered with respective vendors of equipment's supplied under contract, the Group recognises provisions for this warranty.

- **Financial Components**

The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component and considering practical expedient.

iii. Other Revenue :

- **Interest income**

Interest income is recognised as interest accrues using the effective interest method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

- **Dividends**

Dividend income is recognised when the right to receive payment is established.

- **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 Consolidated Statement of Profit and loss.

- **Insurance Claims**

  Insurance claims are accounted for as and when admitted by the concerned authority.

2.14 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Consolidated 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 Group 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.

2.15 Foreign currency transactions

The functional currency of the Group is Indian Rupees which represents the currency of the economic environment in which it operates.

Transactions in currencies other than the Group'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 Statement of profit and loss 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.

Effective April 1, 2018 the Group has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.16 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 Group 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 Group are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

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

ii. Defined benefit plans

Gratuity:

The Group 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 Group. The Group provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 (revised), "Employee Benefits" The Group makes perodic contributions to the HDFC Standard Life Insurance Group 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 Group 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.

iii. 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 Consolidated Statement of Profit and loss.

Re-measurement, 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 Consolidated Financial Statements represents the actual deficit or surplus in the Group'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.

2.17 Employee Share-based payments

The Group has adopted the policy to account for Employees Welfare Trust as a legal entity separate from the Group but consolidated in the Consolidated Financial Statement. Any loan from the Group to the Trust is accounted for as a loan in accordance with its term.

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group is recognized as an employee benefits expense and those granted to employees of subsidiaries is considered as the Group's equity contribution and is added to the carrying value of investment in the respective subsidiaries, with a corresponding increase in equity, over the period that the employees become entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "share based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that are vested. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

2.18 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.

2.19 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group 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 Consolidated Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Consolidated Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

2.20 Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Group are segregated.

2.21 GST/ Cenvat Credit

The GST/CENVAT credit available on purchase of materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST/CENVAT credit is shown under the head "Other Current Assets".

2.22 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.

2.23 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 Consolidated 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 Group 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.

3 Property, Plant and Equipment

(₹ in crore)

Particulars	Plant and Machinery	Building (Freehold)	Building (Leasehold)	Electrical Installations	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Land (Freehold)	Land (Leasehold)	Total
Gross Carrying Value											
Balance as at April 1, 2017	**290.41**	**49.70**	**25.68**	**14.44**	**8.35**	**5.73**	**17.85**	**14.83**	**2.46**	**0.81**	**430.26**
Additions	11.63	5.29	1.42	0.68	0.41	0.22	2.63	0.95	6.24	0.06	29.53
Disposals / Adjustments	-	-	-	-	0.90	0.20	2.18	1.46	-	-	4.74
Balance As at March 31, 2018	**302.04**	**54.99**	**27.10**	**15.12**	**7.86**	**5.75**	**18.30**	**14.32**	**8.70**	**0.87**	**455.05**
Additions	47.60	6.52	-	0.90	0.59	0.41	3.14	1.53	0.18	-	60.87
Disposals / Adjustments	0.02	-	-	-	0.42	1.96	1.79	0.26	-	-	4.45
As at March 31, 2019	**349.62**	**61.51**	**27.10**	**16.02**	**8.03**	**4.20**	**19.65**	**15.59**	**8.88**	**0.87**	**511.47**
Accumulated depreciation and impairment											
Balance as at April 1, 2017	**208.43**	**11.23**	**6.57**	**10.67**	**5.62**	**5.07**	**15.58**	**8.69**	**-**	**0.19**	**272.05**
Depreciation for the year	13.57	1.40	0.80	1.09	0.79	0.36	1.69	2.18	-	0.01	21.89
Disposals / Adjustments	-	-	-	-	0.90	0.20	2.15	1.38	-	-	4.63
Balance As at March 31, 2018	**222.00**	**12.63**	**7.37**	**11.76**	**5.51**	**5.23**	**15.12**	**9.49**	**-**	**0.20**	**289.31**
Depreciation for the year	15.72	1.64	0.83	0.89	0.66	0.32	2.36	1.92	-	0.01	24.35
Disposals / Adjustments	0.01	-	-	-	0.42	1.96	1.78	0.20	-	-	4.37
As at March 31, 2019	**237.71**	**14.27**	**8.20**	**12.65**	**5.75**	**3.59**	**15.70**	**11.21**	**-**	**0.21**	**309.29**
Net Carrying Value											
Balance as at April 1, 2017	81.98	38.46	19.11	3.77	2.72	0.66	2.27	6.15	2.46	0.62	158.21
Balance as at March 31, 2018	80.04	42.36	19.72	3.36	2.34	0.52	3.18	4.84	8.70	0.68	165.74
Balance as at March 31, 2019	**111.91**	**47.24**	**18.90**	**3.37**	**2.28**	**0.61**	**3.95**	**4.38**	**8.88**	**0.66**	**202.18**

Notes:

1. One of the Lease hold Land situated at Solan (H.P.) is pending for title transfer in the name of the Holding Company.
2. Part of the land situated at Chennai is pending for title transfer in the name of Subsidiary Company namely HTL Ltd.
3. Refer note no. 22 and 25 for details of assets pledged.

4 Capital works-in-progress

(₹in crore)

Particulars	Buildings	Plant & Machinery	Electrical Installation	Total
Balance as at April 1, 2017	**1.21**	**-**	**0.47**	1.68
Additions	1.89	0.42	0.19	2.50
Disposals / Adjustments	1.42	0.42	0.66	2.50
Balance as at March 31, 2018	**1.68**	**-**	**-**	**1.68**
Additions	38.09	26.51	1.81	66.41
Disposals / Adjustments	1.68	2.40	-	4.08
Balance as at March 31, 2019	**38.09**	**24.11**	**1.81**	**64.01**

5 Intangible Assets (Other than Goodwill)

(₹in crore)

Particulars	Computer software
Gross Carrying Value	
Balance as at April 1, 2017	**9.23**
Additions	1.41
Disposals / Adjustments	-
Balance as at March 31, 2018	**10.64**
Additions	8.61
Disposals / Adjustments	-
Balance as at March 31, 2019	**19.25**
Accumulated depreciation and impairment	
Balance as at April 1, 2017	4.95
Depreciation for the year	1.33
Disposals / Adjustments	-
Balance as at March 31, 2018	**6.28**
Depreciation for the year	2.62
Disposals / Adjustments	-
Balance as at March 31, 2019	**8.90**
Net Carrying Value	
Balance as at April 1, 2017	4.28
Balance as at March 31, 2018	4.36
Balance as at March 31, 2019	**10.35**

6 Intangible assets under development

(₹in crore)

Particulars	Product Development
Balance as at April 1, 2017	-
Additions	**8.17**
Disposals / Adjustments	-
Balance as at March 31, 2018	**8.17**
Additions*	**20.83**
Disposals / Adjustments	7.49
Balance as at March 31, 2019	**21.51**

* Includes Technology licence fee paid in the nature of advance till the date of actual utilisation of technology.

7 Investment accounted for using equity method

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unquoted Investments (At Cost)		
Investment in Equity Instruments		
(i) Joint Ventures	3.49	3.49
Add : Cumulative Share of profits	2.01	2.10
Total	**5.50**	**5.59**

7.1 Investment in Joint Venture Entity

(₹in crore)

Particulars	Face value per share	As at March 31, 2019		As at March 31, 2018	
Unquoted Investments (At Cost)					
Investment in Equity Instruments - Equity Shares					
DragonWave HFCL India Pvt. Ltd.	10	3,493,000.00	3.49	3,493,000.00	3.49
Add : Cumulative Share of Profits			2.01		2.10
Total aggregate unquoted investments			**5.50**		**5.59**
Aggregate carrying value of unquoted investments			**5.50**		**5.59**
Aggregate amount of impairment in value of investments			**-**		**-**

Particulars	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Company	
			As at March 31, 2019	As at March 31, 2018
DragonWave HFCL India Pvt. Ltd.	Radio Communication Systems	India	49.90%	49.90%

8 Non-Current Financial Assets - Investments

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unquoted		
Investments - Others		
(i) Investments in Equity instruments	49.83	44.18
(ii) Investments in Debt instruments	1.85	1.88
Total	**51.68**	**46.06**

8.1 Detail of Non Current Financial Assets - Other Investments

(₹in crore)

Particulars	Face value per share/ Debenture	As at March 31, 2019		As at March 31, 2018	
		No. of Shares/ Debentures/ Units	Amount	No. of Shares/ Debentures/ Units	Amount
Financial assets measured at FVTOCI					
(i) Investment in equity instruments- Equity Shares					
Exicom Tele-Systems Ltd.	10	630,223	16.77	630,223	9.15
Microwave Communications Ltd.*	10	12,187,440	-	12,187,440	-
AB Corp Ltd.#	10	13,250,000	32.90	13,250,000	34.79
Midas Communication Technologies Pvt. Ltd.	10	2,642	-	2,642	-
The Greater Bombay Co-Op Bank Ltd.	25	4,000	0.07	4,000	0.07
India Card Technologies Pvt.Ltd.	10	19,900	-	19,900	0.02
Shankar Sales Promotion Pvt.Ltd.	100	2,000	0.09	2,000	0.15
HFCL Bezeq Telecom Ltd.	10	100	-	100	-
Total Investment in Equity Instruments measured at FVTOCI			**49.83**		**44.18**
(ii) Investment in Debt Instruments					
Senior Consulting Pvt Ltd. (ZCOCBs) @	1000	-	-	26,000	0.03
Atul Properties Pvt. Ltd. (OFCDs)	100	185,000	1.85	185,000	1.85
Total Investment in Debt Instruments measured at FVTOCI			**1.85**		**1.88**
Aggregate Carrying value of unquoted investments			**51.68**		**46.06**

*1,21,87,440 (Previous year : 1,21,87,440) Shares held in Microwave Communications Ltd.(MCL) are pledged with IDBI Bank as a security for the Term Loan given by IDBI to MCL. Accordingly, the Holding Company is currently not able to exercise significant influence.

65,00,000 (Previous year : 65,00,000) Shares are pledged as security for the Term Loan given by Oriental Bank of Commerce (OBC) to the Company. Such shares are held by OBC in their own name, hence the Holding Company is currently not able to exercise significant influence.

@ ZCOCBz are written-off during the year as investee company ceased to exist.

9 Non-Current Financial Assets - Others

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Doubtful		
Other Loans	0.21	0.21
	0.21	0.21
Less : Provision for doubtful loans	(0.21)	(0.21)
	-	-
Unsecured, Considered Good		
Fixed Deposits with Bank (maturity more than 12 months)*	33.78	12.86
Financial guarantee Fees receivable	2.24	0.41
Total	**36.02**	**13.27**

* Above fixed deposit held as margin money/securities with banks.

10 Deferred tax assets (net)

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of assets and liabilities for the financial reporting purposes and the amounts used for income tax purposes. Significant component of the Group's net deferred income tax are as follows:-

(₹in crore)

Particulars	Defined benefit obligation	Unabsorbed depreciation for tax purpose	MAT credit entitlement	Provisions & others	Total
As at 1 April, 2017	**0.11**	**(0.04)**	**122.49**	**-**	**122.56**
(Changed)/Credited:					
- to Statement of profit and loss	8.24	2.09	(14.47)	20.06	15.92
- to other comprehensive income	(0.22)	-	-	-	(0.22)
- to current tax liability	-	-	(19.52)	-	(19.52)
As at 31 March, 2018	**8.13**	**2.05**	**88.50**	**20.06**	**118.74**
Change in accounting policy (refer note 41)	-	-	-	3.16	3.16
(Changed)/Credited:	-	-	-	-	
- to Statement of profit and loss	1.61	(2.15)	(34.21)	(6.87)	(41.62)
- to other comprehensive income	(0.36)	-	-	-	(0.36)
- to current tax liability	-	-	-	-	-
As at 31 March, 2019	**9.38**	**(0.10)**	**54.29**	**16.35**	**79.92**

11 Other Non-Current Assets

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Capital Advances	40.46	2.20
Total	**40.46**	**2.20**

12 Inventories (at cost or net realisable value whichever is lower)

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Inventories (As Certified and valued by the management)		
Raw Material	82.79	47.22
Raw Materials in transit	11.03	5.81
	93.82	**53.03**
Work-in-progress	77.80	109.47
Finished goods	30.62	13.54
Stock-in-trade Goods	57.17	34.66
Stores and spares	4.06	1.97
Loose tools;	0.20	0.27
Others (Packing Material)	0.86	0.62
Total	**264.53**	**213.56**

Notes:

(i) Work in progress includes contract work in progress of ₹58.16 Crore (Previous year: ₹100.52 crore).

(ii) Inventories are net-off ₹33.76 crore (Previous year: ₹33.76 crore) on account of provision for slow moving/ non moving items.

13 Current Financial Assets - Investments

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Quoted Investments		
(i) Investments in Mutual Funds	0.02	0.02
(ii) Investments in Equity Instruments -other	2.37	3.58
Total	**2.39**	**3.60**

13.1 Detail of Current Financial Assets - Investments

(₹in crore)

Particulars	Face Value	As at March 31, 2019		As at March 31, 2018	
		No. of Shares/ Units	Amount	No. of Shares/ Units	Amount
Financial assets carried at fair value through Statement of Profit or Loss					
(i) Investments in mutual funds - Quoted Investment					
Principal Cash Management fund - Dividend reinvestment plan	1000	228	0.02	223	0.02
Total Investment FVTPL			**0.02**		**0.02**
Financial assets measured at FVTOCI					
(ii) Investment in equity instruments - Quoted Equity Shares					
Sumedha Fiscal Services Ltd.	10	18,200	0.04	18,200	0.08
Valiant Communications Ltd.	10	8,700	0.02	8,700	0.05
Magma Fincorp Ltd.	2	152,830	1.80	152,830	2.35
Media Matrix Worldwide Ltd.	1	4,750	-	4,750	-
Sahara One Media and Entertainment Ltd.	10	250,950	0.50	250,950	1.06
(iii) Investment in equity instruments - Unquoted Equity Shares					
Adinath Bio Labs Ltd.	1	6,408,000	-	6,408,000	-
Manvens Biotech Ltd.	1	17,000	-	17,000	-
Optimates Textile Industries Ltd.	10	1,302,500	-	1,302,500	-
Rashel Agrotech Ltd.	10	478,500	-	478,500	-
NSL Wind Power Company (Phoolwadi) Pvt. Ltd.	10	10,195	0.01	44,195	0.04
Total Investment FVTOCI			**2.37**		**3.58**
Total Current Financial Investments			**2.39**		**3.60**

14 Current Financial Assets - Trade Receivables

(₹in crore)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non-current	Current	Non-current	Current
Trade Receivables				
Unsecured, considered good;	90.47	1,460.02	51.75	1,182.32
Which have significant increase in credit risk	-	17.15	-	-
Less: expected credit loss allowance	-	(4.75)	-	-
Total	**90.47**	**1,472.42**	**51.75**	**1,182.32**
Movement in the expected credit loss allowance of trade receivables are as follows:				
Balance at the Beginning of the year	-	-	-	-
Add: Provided during the year (net of reversal)	-	4.75	-	-
Less: Amount written off	-	-	-	-
Balance at the end of the year	**-**	**4.75**	**-**	**-**

14.1 The credit period towards trade receivables generally ranges between down to achievement of specified milestones (execution based) and average project execution cycle is around 6 to 18 months. General payment terms include process time with the respective customers ranging between 30 to 60 days from the date of invoices / achievement of specified milestones .

14.2 In determining the allowance for trade receivables the Company has used practical expedients based on financial condition of the customers, ageing of the customer receivables and over-dues, availability of collaterals and historical experience of collections from customers. The concentration of risk with respect to trade receivables is reasonably low as most of the customers are Government and large Corporate organisations though there may be normal delays in collections.

15 Current Financial Assets - Cash & cash equivalents

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash & Cash Equivalents		
Balance with banks		
- in current account	11.06	28.63
- in dividend account**	0.11	-
Cash on hands	0.14	0.16
Fixed Deposits with Bank (maturity less than 3 months)*	6.22	37.77
Total	**17.53**	**66.56**

* Above fixed deposit held as margin money/securities with banks.

** ₹0.11 crore (Previous year ₹NIL) has restricted use.

16 Current Financial Assets - Other Bank Balances

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposits with Bank (Maturity less than 12 months)*	141.82	65.51
Total	**141.82**	**65.51**

* Above fixed deposit held as margin money/securities with banks.

17 Current Financial Assets - Loans

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Other Loans	13.97	9.78
Total	**13.97**	**9.78**

18 Current Financial Assets - Other Assets

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Advances other than capital advances		
- Security Deposits	5.85	4.56
- Other Project advances	513.97	409.88
Interest Receivable	8.35	24.90
Total	**528.17**	**439.34**

19 Current Tax Assets (net)

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Current Tax Assets		
Advance Income Tax / TDS (net of provisions)	69.61	96.41
Current Tax Liabilities		
Income Tax Provision (net of Advance Tax / TDS)	10.14	-

20 Other Current Assets

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Indirect tax recoverable	90.83	51.04
Prepaid Expenses	25.16	12.11
Export Incentive receivable	3.31	2.49
Other Receivables	2.07	2.27
Assets recognised from cost incurred to fulfill a contract	41.23	-
Total	**162.60**	**67.91**

21 A. Share Capital

(i) Authorised Share Capital

(₹in crore)

Particular	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at April 1, 2017	**5,100,000,000**	**510.00**	**25,000,000**	**250 .00**
Increase during the year	-	-	-	-
As at March 31, 2018	**5,100,000,000**	**510 .00**	**25,000,000**	**250.00**
Increase during the year	-	-	-	-
As at March 31, 2019	**5,100,000,000**	**510 .00**	**25,000,000**	**250.00**

(ii) Shares issued, subscribed and fully paid-up

(₹in crore)

Particular	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at April 1, 2017	**1,239,377,194**	**123.94**	**8,050,000**	
Add: Shares issued during the year	-	-	-	-
Add: Bonus shares issued during the year	-	-	-	-
Less: Share bought back during the year	-	-	2,012,500	-
As at March 31, 2018	**1,239,377,194**	**123.94**	**6,037,500**	**-**
Add: Shares issued during the year	35,000,000	3.50	-	-
Add: Bonus shares issued during the year	-	-	-	-
Less: Share bought back/redeem during the year	-	-	6,037,500	-
As at March 31, 2019	**1,274,377,194**	**127.44**	**-**	**-**

* The Allotment Committee (Warrants) of the Board of Directors of the Holding Company at its meeting held on 5th November, 2018 and 29th March, 2019 has made allotment of 75,00,000 & 2,75,00,000 equity shares of the face value of ₹1/- each at a premium of ₹15 per equity share respectively to the warrant holders consequent upon exercise of their rights for conversion of warrants into equity shares. Upon allotment of

these equity shares, the paid up equity share capital of the Holding Company has increased from ₹123.94 Crore comprising of 123,93,77,194 equity shares of the face value of ₹1/- each to ₹127.44 Crore comprising of 127,43,77,194 equity shares of the face value of ₹1/- each.

** The liability component is reflected under the head Financial Liabilities (refer note no. 22).

(iii) Shareholders holding more than 5 percent of Equity Shares

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of share	% of Holding	No. of share	% of Holding
MN Ventures (P) Ltd	245,890,000	19.29%	238,390,000	19.23%
Nextwave Communications (P) Ltd	219,865,000	17.25%	212,365,000	17.13%

(iv) Terms/right attached to Equity/Preference Shares -

The Holding Company has issued equity share of ₹1/- each and preference share of ₹100/- each. On a show of hands, every holder of equity shares is entitled for one vote and upon a poll shall have voting rights in proportion to the shares of the paid-up equity 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. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amount in proportion to their shareholdings.

B. Other Equity

(₹in crore)

Particulars		As at March 31, 2019	As at March 31, 2018
(i)	**Retained Earnings**	868.54	723.94
(ii)	**Components of Other Comprehensive Income**		
	a. Debt instrument through other comprehensive income	-	(2.57)
	b. Changes in fair value of FVOCI equity instruments	(117.32)	(121.78)
	c. Remeasurement of defined benefit plans	8.76	8.50
(iii)	**Other Reserves***		
	a. Securities Premium	452.62	400.12
	b. Debenture Redemption Reserve	8.43	8.43
	c. Capital Redemption Reserve	80.50	20.12
	d. Employee Share based payment reserve	4.19	-
(iv)	**Money received against Convertible Warrants****	8.50	18.00
Total		**1,314.22**	**1,054.76**

*** Brief description of Other Reserves:**

a. Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

b. The Holding Company had issued redeemable non-convertible debentures and created Debenture Redemption Reserve (DRR) out of the profits of the Holding Company in terms of the Companies (Share capital and Debenture) Rules, 2014 (as amended). The Holding Company is required to maintain a DRR of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the DRR may not be utilised by the Company except to redeem debentures.

c. Capital Redemption reserve is created to the extent of Preference Share Capital redeemed i.e. 80,50,000 (previous year 20,12,500) CRPSs of ₹100/- each.

d. The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share based payment reserve (Refer note 56).

** During the Financial Year 2017-18 , Holding Company has issued 4,50,00,000 Convertible Warrants on preferential basis with a right to Warrant Holders to apply for and get allotted one equity share of face value of ₹ 1/- (Rupee One Only) each for each Warrant, within a period of 18 (Eighteen) months from the date of allotment of Warrants i.e. October 30, 2017, at a price of ₹16/- each (Rupees Sixteen Only). Out of total warrants issued, 3,50,00,000 warrants have been converted into equity share during the current financial year and the remaining 100,00,000 warrants have been converted in the equity shares during April, 2019.

i) Retained Earnings

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	723.94	549.73
Change in accounting policy (refer note 41)	(5.97)	27.52
Restated balance at the beginning of the reporting period	**717.97**	**577.25**
Add: Net profit for the period	232.26	171.70
Add/Less: adjsutments for-		
Transfer into Debenture redemption reserve	-	(1.06)
Transfer into Capital redemption reserve	(60.38)	(20.12)
Dividend paid on Equity shares (including tax on dividend)	(8.96)	-
Non-Controlling Interest	(12.35)	(3.83)
Closing Balance	**868.54**	**723.94**

(ii) Components of Other Comprehensive Income

(₹in crore)

Particulars	Debt instrument through other comprehensive income	Changes in fair value of FVOCI equity instruments	Remeasurement of defined benefit plans
As at April 1, 2017	(2.57)	(122.73)	8.23
Increase during the year	-	0.95	0.27
As at March 31, 2018	**(2.57)**	**(121.78)**	**8.50**
Increase during the year	(0.03)	4.46	0.26
Decrease during the year	2.60	-	-
As at March 31, 2019	**-**	**(117.32)**	**8.76**

(iii) Other Reserves

(₹in crore)

Particulars	Securities Premium	Debenture Redemption Reserve	Capital Redemption Reserve	Employee Share based payment reserve
As at April 1, 2017	400.12	7.37	-	-
Increase during the year	-	1.06	20.12	-
As at March 31, 2018	**400.12**	**8.43**	**20.12**	**-**
Increase during the year	52.50	-	60.38	4.19
As at March 31, 2019	**452.62**	**8.43**	**80.50**	**4.19**

(iv) Money received against convertible warrants

(₹in crore)

Name of Shareholder	
As at April 1, 2017	-
Increase during the year	18.00
As at March 31, 2018	**18.00**
Increase during the year	46.50
Decrease during the year	(56.00)
As at March 31, 2019	**8.50**

22 Non-Current Financial Liabilities - Borrowings

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
Preference Shares	-	60.38
Borrowings		
a) Term Loans		
from other parties (Refer Note 55 (ii))	6.24	6.24
b) Interest on Loan from other parties	24.22	23.69
	30.46	**90.31**
Secured		
Borrowings		
a.) Non-Convertible Debentures	33.73	33.73
b) Term Loans		
from Banks*	103.95	140.21
c) Vehicle Loans		
(i) from Banks	3.36	3.23
(ii) from others	0.07	0.16
	141.11	**177.33**
Less : Current maturities of long term debt - Term Loans	(25.00)	(65.21)
Less : Debentures redeemable in next 12 months	(11.24)	-
Less : Current maturities of long term debt - Vehicle Loans	(0.98)	(0.79)
Less : Preference Shares redeemable in next 12 months	-	(60.38)
Total	**134.35**	**141.26**

* Net off of ₹2.08 crores (Previous year Nil) as finance charge

Regarding Holding Company:

a) Nil (Previous Year: 60,37,500) Cumulative Redeemable Preference Shares (CRPS) of ₹100/- each aggregating to ₹Nil (Previous Year: ₹60.38 crore) has been 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. CRPS carried 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.

b) Company had issued 33,72,750 (Previous Year: 33,72,750) 10.30% secured unlisted Non- Convertible Redeemable Debenture (NCDs) of ₹100/- each aggregating ₹33.73 crore (Previous Year : ₹33.73 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 instalment in the ratio of 33.33%, 33.33% and 33.33% at the end of 30th September, 2019 (FY 2019-20), 2020 (FY 2020-21), 2021(FY 2021-22) respectively.

c) Term Loan of ₹75.00 crore (Previous year ₹103.32 crore) and Funded Interest Term Loan of ₹Nil (Previous year ₹6.31 crore) from one of the bank are secured by pari-passu first charge on all the Fixed Assets, 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. Further, loan is secured by way of pari passu second charge on the Current Assets of the Company.

d) Term Loan of ₹31.03 crore (Previous year ₹Nil) from one of the bank are secured by pari-passu first charge on entire Project Assets, both present and future, by way of equitable mortgage. The loan is further secured by pledge of 3,38,00,000 equity shares of promoters (M/s MN Ventures Private Limited), personal guarantee of Managing Director of the Company and Corporate Guarantee of M/s MN Ventures Private Limited. Repayment of this term loan would be made in 28 structured quarterly instalments over a period of 7 years commencing after moratorium period i.e. 12 months after date of commencement of the project.

e) Term Loan of ₹Nil (Previous year ₹4.67 crore, Working Capital Term Loan of ₹Nil (Previous year ₹3.64 crore) and Funded Interest Term Loan of ₹Nil (Previous year ₹10.34 crore) from a bank 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 Fixed Assets pertaining to the Company.

f) Working Capital Term Loans of ₹Nil (Previous year ₹5.01 crore) and Funded Interest Term Loans of ₹Nil (Previous year ₹6.92 crore) from banks 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 Fixed Assets of the Company.

g) Part of above Term Loans, Working Capital Term Loans and Funded Interest Term Loans from Banks amounting to ₹Nil (Previous year ₹52.71 crore) are secured by pledge of equity shares up to 51% (24,15,48,750 equity shares) of new co-opted promoters and also personally guaranteed by Managing Director of the Company. Such loans are further secured by way of Corporate Guarantee of M/s MN Ventures Private Limited.

h) Other Vehicle Loans of ₹3.44 crore (Previous Year ₹3.39 crore) from banks and others are secured by way of hypothecation of respective assets.

Regarding Subsidiary Company:

(i) The Board of Directors of the HTL Ltd has proposed a right issue of equity shares for ₹120.00 crore in the ratio of equity shares holding i.e 26% by GOI and 74% by Himachal Futuristic Communications Limited (HFCL), Holding Company. It is also proposed that the right issue be funded by way of conversion of outstanding loan alongwith interest due from GOI and advances/ loans extended by HFCL. The HTL Ltd is in the process of obtaining formal approval from the aforesaid Shareholders. Accordingly, loan outstanding from GOI alongwith interest and advances/loan received from HFCL have been shown under Non-Current Financial Liability instead of Current Financial Liability.

i) Term and other Loans - Repayment schedule and rate of interest -

(₹in crore)

Particulars	Term Loan	Term Loan	Vehicle Loan
Rate of Interest	10.75%	11%	8.90% to 10.30%
Outstanding amount	75.00	31.03	3.44
Repayment Due			
FY 2019-20	25.00	Payment of this term loan has not yet started. It will be started one year after the project is commissioned.	0.98
FY 2020-21	25.00		0.99
FY 2021-22	25.00		1.05
FY 2022-23 to FY 2026-27			0.42

23 Non-Current Financial Liabilities - Other Liabilities

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial guarantee Obligations (refer note no. 45c)	2.24	0.39
Total	**2.24**	**0.39**

24 Non-Current Liabilities - Provisions

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Provisions for Employee Benefits (refer note no. 43)		
Provision for Gratuity	16.04	13.48
Provision for Leave Encashment	8.75	9.58
Total	**24.79**	**23.06**

25 Current Financial Liabilities - Borrowings

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings - Loans repayable on demands		
Secured		
(i) from banks - Working Capital *	280.14	117.52
Unsecured		
(i) from banks - Vendors bills discounting	4.44	6.25
(ii) from other parties - Inter Corporate Deposit**	134.16	66.41
(iii) Buyers credit	-	10.91
Total	**418.74**	**201.09**

Regarding Holding Company:

*a) Working Capital Loans from banks aggregating to ₹249.57 crore (Previous year: ₹115.27 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% (24,15,48,750 equity shares) of promoters and are also personally guaranteed by Managing Director of the Company and further secured by way of corporate guarantee of M/s MN Ventures Private Limited.

b) Working Capital Loans from banks aggregating to ₹29.24 crore (Previous year: Nil) are secured by way of first pari passu charge on all current assets, moveable & immoveable fixed assets (Present & future) of GIS based Optical Fiber Network Management System (GOFNMS) project. The loan is further secured by second pari passsu charge on moveable & immoveable fixed assets, personal guarantee by Managing Director of the Company, corporate guarantee of M/s MN Ventures Private Limited, first pari passu charge of cash flows of the project and first pari passu charge on shares pledged/earmarked for working capital consortium.

Regarding Subsidiary Company:

c) Further loan of ₹1.32 crore (Previous year: ₹2.24 crore) is secured against hypothecation of Inventory cum Book Debts and all current assets of the Polixel Security Systems Pvt. Ltd. This loan is secured against corporate guarantee and pledge of shares by other Body Corporate.

** Inter Corporate Deposits are having a maturity of less than one year and carry interest rate 12% to 16%.

26 Current Financial Liabilities - Trade Payables

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
Due to Micro & Small Enterprises (refer note no. 44)	62.39	8.72
Others	802.11	553.92
Total	**864.50**	**562.64**

27 Other Financial Liabilities

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Retention Money*	141.10	193.75
Other Financial Liabilities		
Current maturities of long-term debts	25.98	66.00
Non Convertible Debentures (refer note no. 22)	11.24	-
Preference Shares (refer note no. 22)	-	60.38
Security deposit	4.69	4.48
Interest accrued	0.46	0.83
Creditors for Capital Goods	7.94	1.58
Expenses Payables	39.89	102.83
Other Employees related liabilities	8.38	7.33
Unpaid Dividends	0.10	-
Total	**239.78**	**437.18**

* Retention money are due on completion of erection/contracts/final acceptance by the Group.

28 Other Current Liabilities

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Others		
Statutory Liabilities payable	52.30	63.12
Advance from Customers	68.87	0.45
Total	**121.17**	**63.57**

29 Other Current Liabilities Provision

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Provisions		
Provisions for Employee Benefits (refer note no. 43)		
-Provision for Gratuity	1.40	1.09
-Provision for Leave Encashment	3.96	1.51
Provisions - Others	2.03	0.06
Total	**7.39**	**2.66**

30 Revenue from operations

(₹in crore)

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Sale and Services		
- Manufacturing and trading activities	1,348.91	870.27
- Turnkey project related activities	3,382.39	2,372.79
Other Operating Revenues		
- Scrap sale	2.18	1.94
- Export Incentives	4.31	3.53
Total	**4,737.79**	**3,248.53**

(i) While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Group has applied the practical expedient in Ind AS 115.

(ii) Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹49.52 crore which is expected to be recognised as revenue in the next year.

(iii) Revenue for corresponding year ended March, 31, 2018 are reported inclusive of Excise duty for the period up to June 30, 2017. The Government of India (GOI) has implemented Goods and Services tax (GST) from July 01, 2017 replacing Excise Duty, Service Tax and various other indirect taxes. As per Ind AS 115, the revenue for the year ended March 31, 2019 is reported net of GST and is not comparable with corresponding period.

(iv) Contract balances

(a) Changes in Contract assets are as follows-

(₹in crore)

Particulars	For the years ended March 31, 2019
Balance at the beginning of the year	-
Revenue recognised during the year	3.34
Invoices raised during the year	-
Balance at the end of the year	**3.34**

(b) Changes in contract liabilities (Unearned revenue) are as follows -

(₹in crore)

Particulars	For the years ended March 31, 2019
Balance at the beginning of the year	41.93
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	-
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	7.59
Balance at the end of the year	**49.52**

Revenues in excess of invoicing are classified as contract assets (which can also be refered to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which can also be refered to as unearned revenues). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

31 Other Income

(₹in crore)

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Other non-operating income		
Interest Income	20.51	12.74
Dividend Income	0.01	0.02
Financial guarantee Income	1.97	0.01
Exchange Fluctuation Income (Net)	4.22	4.05
Liquidated Damages on Sales (Net)	17.13	-
Others	3.12	7.67
Total	**46.96**	**24.49**

32 Cost of Material Consumed

(₹in crore)

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Opening Stock	47.22	39.14
Add : Purchases during the year	982.84	562.83
	1,030.06	601.97
Less: Closing Stock	82.79	47.22
Total	**947.27**	**554.75**

33 Other Direct Costs

(₹in crore)

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Project and labour service charges	1,551.48	1,221.45
Consumption of Packing Material	20.34	15.44
Consumption of stores and spares parts	10.06	4.86
Loose Tools written off	0.07	0.11
Total	**1,581.95**	**1,241.86**

34 Change in inventories of finished goods, work-in progress and stock-in trade

(₹in crore)

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Closing Stock		
Finished Goods	30.62	13.54
Stock in Trade- Goods	57.17	34.66
Works in progress	77.80	109.47
	165.59	**157.67**
Opening Stock		
Finished Goods	13.54	16.42
Stock in Trade- Goods	34.66	28.66
Works in progress	109.47	153.00
	157.67	**198.08**
Total	**(7.92)**	**40.41**

35 Employee benefits expenses

(₹in crore)

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Salaries, bonus and allowances	181.56	153.92
Contribution to Provident and other funds	8.65	7.67
Staff welfare expenses	5.36	6.53
Share Based payments to Employees (refer note no. 54)	4.19	-
Total	**199.76**	**168.12**

36 Finance costs

(₹in crore)

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Bank Loan Interest	33.60	39.52
Other Interest (net)	20.53	1.89
Bank Charges and loan processing fee	31.77	15.92
Dividend on redeemable preference shares	3.30	5.23
Tax on above Dividend	0.68	1.07
Financial Guarantee Impairment	1.99	-
Total	**91.87**	**63.63**

37 Other expenses

(₹in crore)

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Rent	8.97	8.65
Rates and Taxes	6.45	6.35
Auditors' Remuneration*		
- Audit Fees	0.86	0.88
- In Other Capacity	0.21	0.32
- Out of pocket expenses	0.07	0.10
Legal and Professional Charges	39.46	39.86
Communication Expenses	2.52	2.44
Travelling and Conveyance Expenses	31.85	27.07
Power and Fuel & Water Charges	14.96	11.66
Repairs and Maintenance	5.13	8.01
Insurance Expenses	7.02	3.92
Selling & Distribution Expenses	20.47	18.33
Bad debts, Loans and Advances, other balances written off (net)	19.87	(10.60)
Provision for doubtful debts	4.75	0.10
Directors Sitting Fee	0.33	0.36
Liquidated Damages on Sales	-	9.09
Research & Product Development Expenses	3.43	-
Corporate Social Responsibility Expenses (refer note no. 51)	3.45	3.99
Loss on debt instruments classified as FVTOCI	2.60	-
Miscellaneous Expenditure	16.51	12.39
Total	**188.91**	**142.92**

* Represent total fee paid to statutory auditors

38 Exceptional Items

(₹in crore)

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Guarantee Obligation Payout	-	1.79
Total	**-**	**1.79**

39 Earning per Share (EPS)- In accordance with the Indian Accounting Standard (Ind AS-33)

(₹in crore)

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Basic & Diluted Earnings per share		
Profit/Loss for the year	232.26	171.70
Profit attributable to ordinary shareholders (A)	219.91	167.87
Weighted average number of ordinary shares (B)	1,242,623,769	1,239,377,194
(used as denominator for calculating basic EPS)		
Potential equity shares	16,950,414	4,715,753
Weighted average number of ordinary shares (C)	1,259,574,183	1,244,092,947
(used as denominator for calculating diluted EPS)		
Nominal value of ordinary share	₹1/-	₹1/-
Earnings per share basic (A/B)	1.77	1.35
Earnings per share diluted (A/C)	1.75	1.35

40 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 following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Useful lives of property, plant and equipment and Intangible Assets

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

2. Recoverability of intangible asset and intangible assets under development

Capitalization of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the management has determined that there are no factors which indicates that these assets have suffered any impairment loss.

3. Employee benefits

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. The significant assumptions used to account for Employee benefits are described in Note 43.

4. Revenue Recognition

The Company assesses the services promised in a contract and identifies distinct performance obligation in the contract. Judgement is also required to determine the transaction price for the contract. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations. The Company exercises judgement in determinig whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits.

5. Taxes

Deffered tax assets are recognized for unused tax credits to the extent that is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deffered tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

6. Contingencies

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies and obligations. Obligations relating to Project Executions is largely depends upon performance of services by respective contractors. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable.

7. Fair Value of Unquoted equity investments:

In order to arrive at the fair value of unquoted investments, the Group obtains independent valuations. The techniques used by the valuer is Asset approach - Net assets value method.

41 Change in Accounting Policy

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group has adopted IND AS 115 Revenue from Contracts with Customers with a date of initial application of 1 April 2018. As a result, the Group has changed its accounting policy for revenue recognition as detailed below.

The new standard established a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange of transferring goods or services

to customer. The standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group has applied IND AS 115 using the cumulative effect method – i.e. by recognising the cumulative effect of initially applying IND AS 115 as an adjustment to the opening balance of equity at 1 April 2018. Therefore, the comparative information has not been restated and continues to be reported under Ind AS 18. The details of the significant changes and quantitative impact of the changes are set out below.

Impacts on financial statement

The Impact on the Group's Retained earnings as at 01 April 2018 is as follows:

(₹in crore)

Retained Earning	Amount
Balance as at 31 March 2018	**723.94**
Recognition of Assets for costs to fulfil a contract	32.81
Restatement of contract liability	41.93
Increase in deferred tax assets	3.16
Adjustment to retained earning from adoption of Ind AS 115	(5.96)
Restated Balance as at 31 March 2018	**717.96**

The following tables summarise the impacts of adopting IND AS 115 on the Group's financial statements for the year ending 31 March 2019.

(₹in crore)

Balance Sheet (extract) as at 31 March 2019	31 March 2019 without adoption of Ind AS 115	Increase / (decrease)	31 March 2019 as reported
Non-current Assets			
(a) Deferred tax assets (net)	76.78	3.05	79.83
Current Assets			
(a) Trade receivables	1,528.97	(3.34)	1,525.63
(b) Contract Assets	-	3.34	3.34
(c) Other current assets	119.56	41.23	160.79
Equity			
(a) Other Equity	1,321.55	(5.42)	1,316.13
Current Liabilities			
(a) Current Tax liabilities (Net)	9.96	0.18	10.14
(b) Contract liabilities	-	49.52	49.52

(₹in crore)

Statement of Profit and Loss (extract) for the year ended 31 March 2019	31 March 2019 without adoption of Ind AS 115	Increase / (decrease)	31 March 2019 as reported
Revenue from operations	4,373.79	(7.59)	4,366.20
Other Direct Cost	1,590.88	(8.43)	1,582.46
Profit before exceptional items and income tax	289.90	0.84	290.74
Tax expenses			
- Current tax	64.90	0.18	65.08
- Deferred Tax	41.52	0.11	41.63
Profit for the year	183.48	0.55	184.03

42(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 (P) Ltd.	100%
Moneta Finance (P) Ltd.	100%
HFCL Advance Systems (P) Ltd.	100%

(b) Information of Joint Ventures:

Name of the Joint - Venture Company	Percentage of Holding
DragonWave HFCL India Private Limited	49.90%

(c) 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 Profit & Loss	
	As % of Consolidated net assets	Amount (₹in cr.)	As % of Consolidated Profit/Loss	Amount (₹in cr.)
Parent				
Himachal Futuristics Communications Limited	100.58	1,440.07	79.91	189.22
Subsidiaries - Indian				
HTL Limited	(2.09)	(29.90)	19.81	46.90
Polixel Security Systems Private Limited	0.41	5.82	0.35	0.84
Moneta Finanace Private Limited	0.02	0.30	0.03	(0.06)
HFCL Advance Systems Private Limited	-	(0.03)	-	(0.01)
Non- Controlling intererst in all subsidiaries	0.69	9.95	5.15	12.19
Joint Ventures (Investment as per equity method)				
DragonWave HFCL India Private Limited*	0.38	5.50	(0.04)	(0.09)

* Based on the unaudited financial statement of JV entity

43 Employees Benefits

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged to Statement of Profit and Loss for the year as under :

(₹in crore)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employer's Contribution to Provident Fund	8.23	7.07

b) Defined Benefit Plan

The employees' gratuity fund scheme is 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 :

Particulars	Gratuity (Funded)		Leave Encashment	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy):				
Discount rate (per annum)	7.65%	7.50%	7.65%	7.50%
Rate of increase in Compensation levels	7.65%	7.50%	7.65%	7.50%
Average remaining working lives of employees (Years)	18.63	17.42	18.03	17.43

(₹in crore)

Table showing changes in present value of obligations :				
Present value of obligation as at the beginning of the year	16.12	13.23	11.09	9.41
Acquisition adjustment	Nil	Nil	Nil	Nil
Interest Cost	1.22	0.90	0.82	0.69
Past service cost (Vested Benefit)	Nil	0.47	Nil	1.50
Current Service Cost	2.70	2.29	2.97	2.69
Curtailment cost / (Credit)	Nil	Nil	Nil	Nil
Settlement cost /(Credit)	Nil	Nil	Nil	Nil
Benefits paid	(0.89)	(0.75)	(1.38)	(2.73)
Actuarial (gain)/ loss on obligations	0.33	(0.02)	(0.79)	(0.47)
Present value of obligation as at the end of the period	19.48	16.12	12.71	11.09

Table showing changes in the fair value of plan assets :				
Fair value of plan assets at beginning of the year	1.55	1.60	Nil	Nil
Acquisition adjustments	Nil	Nil	Nil	Nil
Expected return of plan assets	0.12	0.10	N.A.	N.A.
Employer contribution	0.36	0.23	Nil	Nil
Benefits paid	Nil	(0.23)	Nil	Nil
Actuarial gain/ (loss) on obligations	0.01	(0.15)	Nil	Nil
Changes deducted	-	-	Nil	Nil
Fair value of plan assets at year end	2.04	1.55	Nil	Nil

(₹in crore)

Particulars	Gratuity (Funded)		Leave Encashment	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Other Comprehensive Income :				
Actuarial (gain) / loss for the period - Obligation	0.34	(0.02)	(0.79)	(0.47)
Actuarial (gain) / loss for the period - Plan assets	(0.01)	-	-	Nil
Total (gain) / loss for the period	0.33	(0.02)	(0.79)	(0.47)
Actuarial (gain) / loss recognized in the period	0.33	(0.02)	(0.79)	(0.47)
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	19.48	16.12	12.71	11.09
Fair value of plan assets as at the end of the period	2.04	1.55	Nil	Nil
Funded Status	(17.44)	(14.57)	(12.71)	(11.09)
Unrecognised actuarial (gains) / losses	Nil	Nil	Nil	Nil
Net asset / (liability) recognised in Balance Sheet	(17.44)	(14.57)	(12.71)	(9.40)
Expenses recognised in Statement of Profit and Loss :				
Current service cost	2.70	2.29	2.97	4.19
Past service cost (Vested Benefit)	Nil	0.47	Nil	Nil
Interest Cost	1.22	0.90	0.82	0.69
Expected return on plan assets	(0.12)	(0.10)	Nil	Nil
Curtailment and settlement cost /(credit)	Nil	Nil	Nil	Nil
Expenses recognised in the Statement of Profit and Loss	3.80	3.56	3.79	4.88
Sensitivity analysis of the defined benefit obligation:				
a. Impact of the change in Discount Rate				
Present Value of Obligation at the end of the period	19.48	16.12	12.71	11.09
Impact due to increase of 0.5%	(1.13)	(0.98)	(1.39)	(0.11)
Impact due to decrease of 0.5%	1.08	0.93	1.56	0.15
b. Impact of the change in salary increase				
Present Value of Obligation at the end of the period	19.48	16.12	12.71	11.09
Impact due to increase of 0.5%	1.11	0.95	0.85	(0.02)
Impact due to decrease of 0.5%	(1.17)	(1.01)	(0.68)	0.06

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

(₹in crore)

Particulars	Gratuity (Funded)		Leave Encashment	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Maturity profile of defined benefit obligation:				
March 2019 to March 2020	1.63	1.22	1.50	1.26
March 2020 to March 2021	0.44	0.33	0.20	0.17
March 2021 to March 2022	0.29	0.38	0.14	0.10
March 2022 to March 2023	0.77	0.28	0.40	0.18
March 2023 to March 2024	0.96	0.63	0.29	0.29
March 2024 to March 2025	0.57	0.80	0.33	0.25
March 2025 onwards	14.51	12.14	9.47	8.45
Investment Details				
HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy	2.04	1.55	Nil	Nil

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

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, 2019	As at March 31, 2018
Principal amount due	62.39	8.72
Interest due on above	2.03	0.06
Interest paid during the period beyond the appointed day	0.06	-
Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the period	2.03	0.06
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 Group and has been relied upon by the auditors.

45 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of :

(₹in crore)

Particulars		As at March 31, 2019	As at March 31, 2018
(i)	Unexpired Letters of Credit (margin money paid ₹22.44 crore; Previous year ₹33.09 crore)	131.45	82.04
(ii)	Guarantees given by banks on behalf of the Company (margin money kept by way of fixed deposits of ₹98.14 crore; Previous year ₹68.79 crore)	654.70	346.39
(iii)	Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest ₹3.87 crore shown as advance)	19.89	10.06

Notes:

i) The Group's pending litigations comprise of claims against the Group and proceedings pending with Tax Authorities. The Group 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 Group does not expect the outcome of these proceedings to have a material impact on its financial position.

ii) The Group periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Group has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.

iii) As at 31st March, 2019 the Group has outstanding term derivative contracts as referred in Note no. 58.

(b) Capital Commitments

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	154.79	97.95

(c) Financial Guarantees

(₹in crore)

Issued in favour of	Issued to	Amount of guarantee	Purpose	Carrying amount as per Ind AS 109 March 31, 2019	Carrying amount as per Ind AS 109 March 31, 2018
Microwave Communications Ltd.	Credit Lyonnais Bank	9.60	Ad-hoc L/C	0.17	0.17
Microwave Communications Ltd.	The Vysya Bank Ltd	4.06	Working Capital	-	-
Exicom Tele-Systems Ltd.	Punjab National Bank	6.50	Working Capital	0.04	0.03

46 In the opinion of the Board, all assets other than fixed assets and non-current investments, have a realisable value in the ordinary course of business which is not significantly differ from the amount at which it is stated.

47 Lease payments under non-cancellable operating leases have been recognized as an expense in the Consolidated Statement of Profit and 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, 2019	For the Year Ended March 31, 2018
Not later than one year	3.55	1.10
Later than one year but not later than five years	1.73	0.68
More than five years	-	-

48 During the year, the Holding Company has paid interim dividends aggregating to ₹6.50 per Cumulative Redeemable Preference Share (CRPS) of par value of ₹100/ each for the year 2018-19. Further, 6% dividend on equity shares as approved by shareholders in the previous Annual General Meeting for financial year 2017-18, has also been paid to the Equity Shareholders.

49 "Related Party Disclosures" as required by Ind AS - 24 and Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(i). Name and description of related parties.-

Relationship	Name of Related Party
(a) Joint Venture:	DragonWave HFCL India Pvt. Ltd.
(b) Key management personnel :	Mr. Mahendra Nahata (Managing Director)
	Mr. Vijay Raj Jain (Chief Financial Officer)
	Mr. Manoj Baid (Vice President (Corporate) & Company Secretary)
	Mr.G.S.Naidu (COO & Manager) - HTL Ltd.
	Mr. C. D. Ponnappa (Chief Finance Officer) - HTL Ltd.
	Mr. S Narayanan (Company Secretary)- HTL Ltd.
(c) Post Employment Benefit Plans	HFCL Employees Group Gratuity Trust
	HFCL Employees Trust - ESOP
(d) Enterprises owned or Significantly influenced by key management personnel or their relatives.	MN Ventures Pvt. Ltd.
	Nextwave Communications Pvt. Ltd.
	Exicom Tele-Systems Ltd.
	Satellite Finance Pvt. Ltd.
	Shankar Sales Promotion Pvt. Ltd.
	Vinson Brothers Pvt. Ltd.

Note: Related party relationship is as identified by the Group 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, 2019 are as under:

(₹in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Purchases/receiving of Goods & services		
Exicom Tele-Systems Ltd.	10.28	-
Sales/rendering of Goods and Materials		
Exicom Tele-Systems Ltd.	0.90	-
Expenses - Rent /Other expenses		
Satellite Finance Pvt. Ltd.	0.35	-
Shankar Sales Promotion Pvt. Ltd.	0.45	-
Vinson Brothers Pvt. Ltd.	0.60	-
Contribution towards Warrant		
MN Ventures Pvt. Ltd.	9.00	3.00
Nextwave Communication Pvt. Ltd.	9.00	3.00
Closing Balances of Loans & Advances and Receivables		
Exicom Tele-Systems Ltd.	0.98	-
Satellite Finance Pvt. Ltd.	0.33	-
Contribution towards Gratuity Liabilities		
HFCL Employees Group Gratuity Trust	0.25	0.10
Guarantees and collaterals		
Exicom Tele-Systems Ltd.	6.50	6.50
Remuneration of Key Management Personnel's		
Mr. Mahendra Nahata (Managing Director)	8.80	6.80
Mr. Vijay Raj Jain (Chief Financial Officer)	1.67	1.42
Mr. Manoj Baid (Vice President (Corporate) & Company Secretary)	0.42	0.38
Mr. G.S. Naidu (COO & Manager)	0.53	0.47
Mr. C. D. Ponnappa (Chief Finance Officer)	0.46	0.41
Mr. S Narayanan (Company Secretary)	0.19	0.17
Share based payment to employees		
Mr. Vijay Raj Jain (Chief Financial Officer)	0.19	-
Mr. Manoj Baid (Vice President (Corporate) & Company Secretary)	0.08	-
Mr. G.S. Naidu (COO & Manager)	0.08	-
Mr. C. D. Ponnappa (Chief Finance Officer)	0.07	-

50 Segment Reporting

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 Group.

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 Group as a whole and not allocable to any segment.

vi. 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 Group'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		Other			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue								
Turnover	1,351.67	865.70	3,386.13	2,382.82	-	-	4,737.80	3,248.52
Segment Result	168.51	83.28	252.40	198.46	(0.01)	(0.11)	420.90	281.63
Unallocated Finance charges	-	-	-	-	-	-	91.86	63.63
Unallocated expenses	-	-	-	-	-	-	8.24	4.07
Unallocated Income	-	-	-	-	-	-	18.50	6.48
Profit before tax	-	-	-	-	-	-	339.29	220.41
Income tax (net)	-	-	-	-	-	-	107.03	48.71
Profit after tax	-	-	-	-	-	-	232.26	171.70
Other Information								
Segment assets	1,012.91	825.91	1,805.39	1,287.86	0.31	0.37	2,818.61	2,114.14
Unallocated other assets	-	-	-	-	-	-	485.72	474.26
Total assets	1,012.91	825.91	1,805.39	1,287.86	0.31	0.37	3304.33	2588.40
Segment liabilities	459.65	363.02	865.87	662.09	0.01	0.01	1,325.53	1,025.12
Unallocated other liabilities	-	-	-	-	-	-	547.09	406.72
Total liabilities	459.65	363.02	865.87	662.09	0.01	0.01	1872.62	1431.84
Depreciation	25.77	22.04	1.20	1.17	-	-	26.97	23.21
Capital Expenditure	69.40	30.33	1.54	0.58	-	-	70.94	30.91
Non-cash expenses other than Deprecation	18.98	0.65	6.51	0.40	-	-	25.49	1.05

(b) Secondary segment information

The Group caters mainly to the needs of Indian market and the export turnover being 1.89% (Previous year 3.26%) of the total turnover of the Company, there are no reportable geographical segments.

51 Corporate social responsibility expenses:

(₹in crore)

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
Gross amount to be spent by the Group during the year		3.57	4.30
Amount spent during the year:			
Contribution on acquisition of assets	-		
On other purposes	3.45	3.45	3.99

52 Interest charges on loans is net of Interest income from loans and advances amounting to ₹9.47 crore (Previous year ₹8.68 crore).

53 Debt of the Holding Company as restructured under Corporate Debt Restructuring (CDR) mechanism in financial year 2011-12 had been re-paid as per the approved Scheme, with improved performance, Company has also paid recompense amount of ₹148.47 crore as per exit term approved by CDR Empowered Group vide their order CDR(PMG) No.740/2015-16 dated March 22, 2016 on the recommendation of Monitoring Institution. CDR EG had given its approval for successful exit of the Holding Company from CDR mechanism vide letter No. CDR(DAP) No.218/2017-18 dated 01.09.2017.

54 On October 15, 2018, pursuant to the approval by the shareholders, the Board of Holding Company has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Holding Company and its subsidiaries under the Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan ("HFCL Plan 2017"). The maximum number of shares under the HFCL Plan 2017 shall not exceed 1,40,98,000 equity shares. Out of this, 70,49,000 equity shares will be issued against RSUs at par value and 70,49,000 equity shares will be issued against stock options at fair market price immediately prior to date of the grant i.e. ₹20.65 per share. The Employee can exercise the vested options/ units with in the maximum exercise period which shall be 5 years from the vesting date. The Stock options so granted will be vest over a period of 3 years and 70% RSUs granted will be vest at the end of 3 years from the date of grant and remaining 30% RSUs shall be vest in the 4th year from the date of grant.

The Nomination, Remuneration and Compensation Committee ('Committee') of the Board of Directors of Holding Company which comprises a majority of Independent Directors is responsible for administration and supervision of the Stock Option Plans.

The activity in the HFCL Plan 2017 for equity-settled, share-based payment transactions during the years ended March 31, 2019 and March 31, 2018 is as follows:

(₹in crore)

Particulars	Year ended March 31, 2019*		Year ended March 31, 2018	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
Employee Stock Options (ESOPs)				
Outstanding at the beginning	-	-	-	-
Granted	0.70	2.33	-	-
Exercised	-	-	-	-
Forfeited and expired	0.02	0.06	-	-
Outstanding at the end	0.68	2.27	-	-
Exercisable at the end	-	-	-	-
Restricted Stock Units (RSUs)				
Outstanding at the beginning	-	-	-	-
Granted	0.71	1.97	-	-
Exercised	-	-	-	-
Forfeited and expired	0.02	0.05	-	-
Outstanding at the end	0.69	1.92	-	-
Exercisable at the end	-	-	-	-

*Includes options granted to employees of subsidiary company.

The details of equity-settled RSUs and ESOPs outstanding as at March 31, 2019 are as follows:

Range of exercise prices per share	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
20-25 (ESOPs)	7,049,000	4	20.65
0 - 5 (RSUs)	7,049,000	5	1.00

The fair value of each equity-settled award is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

Particulars	For options granted during the year ended March 31, 2019	
	ESOPs	RSUs
Weighted average share price (₹)	20.65	20.65
Exercise price (₹)	20.65	1.00
Expected volatility	56.4% to 59.1%	56.8% to 59.1%
Expected life of the option (years)	3.50 to 5.50	4.50 to 5.50
Expected dividends	0.23%	0.23%
Risk-free interest rate	7.81% to 7.89%	7.85% to 7.89%
Weighted average fair value as on grant date (₹)	11.04	19.74

The expected life of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as expected exercise behavior of the employee who receives the RSU / ESOP. Expected volatility during the expected term of the RSU / ESOP is based on historical volatility of the observed market prices of the Holding Company's publicly traded equity shares during a period equivalent to the expected term of the RSU / ESOP.

55 In respect of subsidiary companies, the following additional notes to accounts are disclosed:-

HTL LIMITED

i) The Subsidiary has accumulated losses of ₹53.08 Crore (Previous year ₹100.18 Crore) as at March 31, 2019, resulting in negative net worth of ₹38.08 Crore (Previous year ₹85.17 Crore). The Company's current liabilities exceed its current assets by ₹11.61 Crore (Previous year ₹21.95 Crore) as of that date. Further, the Company has overdue loans from Government of India amounting to ₹6.24 Crore (Previous year: ₹6.24 Crore) together with interest accrued and due thereon of ₹24.21 Crore (Previous year: ₹27.16 Crore).

During the year, the Subsidiary has expanded the manufacturing capacity of optical fiber cables plant from 3.5 million FKM to 7 million FKM and set up Cable accessories manufacturing facility at Chennai plant. The Company has achieved Sales Turnover of 467.68 Crore as compared to previous year ₹282.33 Crore and achieved Profit after Tax (PAT) of ₹46.90 Crore. Based on current business scenario and the expected sales in the upcoming years, management is very confident of making positive net-worth position soon. Considering these matters the company is of the opinion that there is no uncertainty about the company being not able to continue as a going concern and hence the financial statements have been prepared on a going concern basis.

ii) Loan of ₹6.24 Crore (Previous year ₹6.24 Crore) together with interest accrued and due thereon of ₹27.68 Crore (Previous year ₹23.69 Crore) is due to Government of India (GOI). In addition to this, the GOI 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. 53 (iii) (b) above].

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 Company 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 2002. In respect of the remaining 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) Claims of ₹3.47 Crore receivable from BSNL against the compensation approved by Telecom Commission vide letter No. U-37012/3/97-FAC dated 1st May, 2001 for pre-closure of ETP project. Department of Telecommunications (DoT) vide letter No.U-37012-3/97-FAC dated 02.12.2003 has 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 reiterated the adjustment of ₹3.47 Crore compensation receivable by HTL in case of

ETP claim against the interest portion of the outstanding loan from Government of India (GOI) . After adjustment of ETP compensation of ₹3.47 Crore against the interest portion of outstanding GOI loan in terms of GOI letter dated 2nd December, 2003, the Company has made adequate interest provisions till 31.03.2019. In the financial statements, company has adjusted the said claim receivable from the interest liability due to GOI. The Subsidiary expects no further liability, once the adjustment is agreed upon. [Refer Note. 55 (ii) above].

iv) The Board of Directors of HTL Ltd has proposed a right issue of equity shares for ₹120.00 Crore in the ratio of equity shares holding i.e 26% by GOI and 74% by Himachal Futuristic Communications Limited (HFCL), Holding Company. It is also proposed that the right issue be funded by way of conversion of outstanding loan alongwith interest due from GOI and advances/ loans extended by HFCL. The Subsidiary is in the process of obtaining formal approval from the aforesaid shareholders. Accordingly, loan outstanding from GOI alongwith interest and advances/loan received from HFCL have been shown under Non-Current Financial Liability instead of Current Financial Liability.

56 Financial risk management objectives and policies

The Group'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 Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Group's senior management has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has constituted a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group'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, 2019					
Trade payables	26	864.50	864.50		**864.50**
Deposits (Retention Money)	27	141.10	141.10		**141.10**
Other liabilities	22,23,25,27	638.08	501.49	136.59	**638.08**
As at March 31, 2018					
Trade payables	26	562.64	562.64		**562.64**
Deposits (Retention Money)	27	193.75	193.75		**193.75**
Other liabilities	22,23,25,27	581.69	440.04	141.65	**581.69**

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 2019 and 31 March 2018.

Potential Impact of Risk	Management Policy	Sensitivity to Risk
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 as per the risk management policies.	The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.
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 Management.	If the equity prices had been 10% higher / lower: Other comprehensive income for the year ended 31st March 2019 would increase / decrease by ₹5.17 crore (for the year ended 31st March 2018: increase / decrease by ₹4.61 crore) as a result of the change in fair value of equity investment measured at FVTOCI.
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.	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 ₹1.39 Crore loss for year ended March 31st, 2019 (₹0.07 Crore loss for year ended March 31st 2018).

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. To manage trade receivable, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables. None of the Company's financial assets are either impaired or past due, and there were no indications that defaults in payment obligations would occur.

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.

None of the Company's financial assets are either impaired or past due, and there were no indications that defaults in payment obligations would occur.

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. The following table provides detail of the debt and equity at the end of the reporting period:

(₹in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Debt	590.31	408.34
Less : Cash and Cash equivalents (Note 15)	(17.53)	(66.56)
Net Debt	**572.78**	**341.78**
Total Equity	1,441.66	1,178.70
Net Debt to Total Equity	**0.40**	**0.29**

57 Financial Instruments by category

(₹in crore)

Particulars	As at 31.03.2019			As at 31.03.2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets						
I) Investments						
A) Equity Instruments						
i) Subsidiaries	-	-	-	-	-	-
ii) Associates & Joint Ventures	-	-	-	-	-	-
i) Structured entity Equity Instrument	-	49.83	-	-	44.18	-
ii) Structured entity						
a) Sumedha Fiscal Services Ltd.	-	0.04	-	-	0.08	-
b) Valiant Communications Ltd.	-	0.02	-	-	0.05	-
c) Magma Fincorp Ltd.	-	1.80	-	-	2.35	-
d) Media Matrix Worldwide Ltd.	-	-	-	-	-	-
e) Sahara One Media and Entertainment Ltd.	-	0.50	-	-	1.06	-
f) NSL Wind Power Company (Phoolwadi) Pvt. Ltd.	-	0.01	-	-	0.04	-
B) Mutual funds	0.02	-	-	0.02	-	-
C) Debentures & Bonds	-	-	1.85	-	-	1.88
D) Bank deposits	-	-	33.78	-	-	12.86
II) Trade receivables	-	-	1,562.90	-	-	1,182.32
III) Cash and Cash equivalents	-	-	17.53	-	-	66.56
IV) Other Bank balances	-	-	141.82	-	-	65.51
V) Security deposit for utilities and premises	-	-	5.85	-	-	4.56
VI) Other receivables	-	-	629.00	-	-	496.71
Total financial assets	**0.02**	**52.20**	**2,392.73**	**0.02**	**47.76**	**1,830.40**
2) Financial liabilities						
I) Borrowings						
A) From Banks	-	-	425.62	-	-	311.85
B) From Others	-	-	164.69	-	-	96.50
C) Preference Shares	-	-	-	-	-	60.38
II) Obligations under Finance Lease	-	-	-	-	-	-
III) Deposits	-	-	141.10	-	-	193.75
IV) Trade payables	-	-	864.50	-	-	562.64
V) Other liabilities	-	-	63.71	-	-	117.44
Total Financial liabilities	**-**	**-**	**1,659.62**	**-**	**-**	**1,342.56**

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 2019

(₹in crore)

Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2018	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds	13	0.02	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Ltd.	13	0.04	-	-
b) Valiant Communications Ltd.	13	0.02	-	-
c) Magma Fincorp Ltd.	13	1.80	-	-
d) Media Matrix Worldwide Ltd.	13	-	-	-
e) Sahara One Media and Entertainment Ltd.	13	0.50	-	-
f) Adinath Bio Labs Ltd.	13	-	-	-
g) Manvens Biotech Ltd.	13	-	-	-
h) Optimates Textile Industries Ltd.	13	-	-	-
i) Rashel Agrotech Ltd.	13	-	-	-
j) NSL Wind Power Company (Phoolwadi) Pvt. Ltd.	13	-	-	0.01
k) Exicom Tele-Systems Ltd.	8	-	-	16.77
l) AB Corp Ltd.	8	-	-	32.90
m) Midas Communication Technologies Pvt. Ltd.	8	-	-	-
n) The Greater Bombay Co-Op Bank Ltd.	8	-	-	0.07
o) India Card Technologies Pvt. Ltd.	8	-	-	-
p) Shankar Sales Promotion Pvt. Ltd.	8	-	-	0.09
q) Senior Consulting Pvt. Ltd.	8	-	-	-
r) Atul Properties Pvt. Ltd.	8	-	-	1.85
Total Financial Assets		**2.38**	**-**	**51.69**

B) Year Ending 31st March 2018

(₹in crore)

Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2017	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds	13	0.02	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Ltd.	13	0.08	-	-
b) Valiant Communications Ltd.	13	0.05	-	-
c) Magma Fincorp Ltd.	13	2.35	-	-
d) Media Matrix Worldwide Ltd.	13	-	-	-
e) Sahara One Media and Entertainment Ltd.	13	1.06	-	-
f) Adinath Bio Labs Ltd.	13	-	-	-
g) Manvens Biotech Ltd.	13	-	-	-
h) Optimates Textile Industries Ltd.	13	-	-	-
i) Rashel Agrotech Ltd.	13	-	-	-
j) NSL Wind Power Company (Phoolwadi) Pvt. Ltd.	13	-	-	0.04

Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2017	Note Nos.	Level 1	Level 2	Level 3
k) Exicom Tele-Systems Ltd.	8	-	-	9.15
l) AB Corp Ltd.	8	-	-	34.79
m) Midas Communication Technologies Pvt. Ltd.	8	-	-	-
n) The Greater Bombay Co-Op Bank Ltd.	8	-	-	0.07
o) India Card Technologies Pvt. Ltd.	8	-	-	0.02
p) Shankar Sales Promotion Pvt. Ltd.	8	-	-	0.15
q) Senior Consulting Pvt. Ltd.	8	-	-	0.03
r) Atul Properties Pvt. Ltd.	8	-	-	1.85
Total Financial Assets		**3.56**	**-**	**46.10**

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.

58 Foreign Currency Exposure

a) The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations will arise.

The Group 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 Group's strategy, which provides principles on the use of such forward contracts consistent with Group's Risk Management Policy. The Group does not use forward contracts for speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

b) Details of outstanding Hedging Contracts relating to Foreign LCs

(₹in crore)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
USD/INR	2,295,620	16.07	3,657,763	24.22

c) Foreign Currency exposure

(₹in crore)

Particulars		As at 31.03.2019		As at 31.03.2018	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
Trade payable	USD/INR	40,104,856	280.69	5,342,101	35.38
	EUR/INR	1,200,267	9.46	6,963	0.06
Trade receivable	USD/INR	1,594,058	10.78	5,273,775	33.82
	EUR/INR	244,066	1.85	190,260	1.51
	GBP/INR	202,417	1.78	86,728	0.79

d) Foreign currency sensitivity analysis

The following details demonstrate the Group's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation

at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans. A positive number below indicates an increase in profit or equity and vice-versa.

(₹in crore)

Particulars	As at 31.03.2019		As at 31.03.2018	
	INR strengthens by 5%	INR weakening by 5%	INR strengthens by 5%	INR weakening by 5%
Impact on profit or loss for the year				
USD Impact	(13.50)	13.50	(0.02)	0.02
EURO Impact	(0.38)	0.38	0.09	(0.09)
GBP Impact	(0.09)	0.09	0.04	(0.04)

59 Tax Reconciliation

(₹in crore)

Particulars	F.Y. 2018-19	F.Y. 2017-18
Net Profit as per Profit and Loss Account (before tax)	339.29	220.41
Current Tax rate @ 34.944%	**102.00**	**76.28**
Adjustment:		
MAT Adjustment	(34.21)	(19.43)
Depreciation & other adjustment	(3.23)	(13.51)
Dividend and Tax thereon	1.39	2.18
The amount of expenditure relatable income u/s 10	(0.54)	0.06
The amount of income u/s 10 - dividend	(0.01)	(0.01)
Tax Provision as per Books	**65.40**	**45.57**

60 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules 2019, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

(i) Ind AS 116 Leases

(ii) Ind AS 12 Income Taxes

(iii) Ind AS 19 Plan Amendment Curtailment or Settlement

(iv) Ind AS 23 Borrowing Costs

The Group is evaluating the impact of these amendments on its financial statements.

61 The Board of Holding Company has recommended a dividend of 10% per equity share for the financial year ended 31st March, 2019 subject to the approval of shareholders at the ensuing Annual General Meeting (AGM) of the Company or other authorities wherever required. The dividend for the financial year ended 31st March, 2019, if any, declared at the ensuing AGM, will be paid to the Shareholders within 30 days from the date of declaration.

62 Figures for the previous year has been regrouped/rearranged wherever necessary to confirm current year classification/presentation.

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

Sunil Bhansali
Partner
M.No.: 054645

New Delhi, 15th May, 2019

For and on behalf of the Board

M. P. Shukla
Chairman
DIN: 00052977

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Mahendra Nahata
Managing Director
DIN: 00052898

Manoj Baid
Vice-President (Corporate)
& Company Secretary
M.No.: FCS 5834

Annexure - A

Form AOC-1

(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	(53,07,66,796)	1,58,43,146	(3,48,561)	11,06,07,818
Total Assets	2,69,72,38,894	2,61,33,196	44,818	24,37,22,035
Total liabilities	3,07,80,05,690	90,050	2,93,378	13,13,05,658
Investments	1,01,95,000	1,93,68,780	Nil	Nil
Turnover	4,67,67,61,059	Nil	Nil	17,87,89,654
Profit before taxation	47,49,71,917	2,92,460	(98,882)	1,12,06,491
Provision for taxation	Nil	54,312	Nil	31,27,947
Profit after taxation	47,49,71,917	2,38,148	(98,882)	80,78,544
Proposed Dividend	Nil	Nil	Nil	Nil
% of Shareholding	74	100	100	100

Name of Subsidiaries which are yet to commence operations: NA

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

Name of Associates/Joint Ventures	DragonWave HFCL India Pvt. Ltd.
Latest audited Balance Sheet Date	31/03/2018
The date on which the Associate or Joint Venture was associated or acquired	10/03/2011
No. of Shares of Associates/Joint Venture held by the Company on the year end	34,93,000
Amount of Investments in Associates/Joint Venture (in ₹)	3,49,30,000
Extent of holding %	49.90
Description of how there is significant influence	Pursuant to Sec 2(6) of the Companies Act, 2013
Reason why the associates/joint venture is not consolidated	NA
Networth attributable to Shareholding as per latest audited Balance Sheet	11,19,23,305 as per Balance sheet of 31/03/2018
Profit / (Loss) for the year (2017-18) (in ₹)	3,84,35,297
i. Considered in Consolidation	Yes
ii. Not Considered in Consolidation	NA

1. **Names of associates or joint ventures which are yet to commence operations : NA**
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
DIN: 00052977

Mahendra Nahata
Managing Director
DIN: 00052898

V. R. Jain
Chief Financial Officer
PAN: AALPJ8603K

Manoj Baid
Vice-President (Corporate) &
Company Secretary
M.No.: FCS 5834

Date: 15th May, 2019

Place: New Delhi

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 32nd Annual General Meeting (AGM) of the Members of Himachal Futuristic Communications Limited will be held on Saturday, the 28th day of September, 2019 at 11:00 A.M. at the Mushroom Centre, Chambaghat, Solan – 173213, Himachal Pradesh, to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019, the reports of the Board of Directors and Auditors thereon; and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019 and the reports of the Auditors thereon and in this regard, to consider and if thought fit, to pass the following resolutions as an **Ordinary Resolution:**

"**RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended 31st March, 2019, along with the reports of the Board of Directors and Auditors thereon as laid before this meeting, be and are hereby received, considered and adopted.

RESOLVED FURTHER THAT the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019, along with the reports of Auditors thereon as laid before this meeting, be and are hereby received, considered and adopted."

2. Confirmation of Interim Dividend paid on Cumulative Redeemable Preference Shares

To confirm dividends paid on Cumulative Redeemable Preference Shares and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** the first interim dividend of ₹3.25 per share and second interim dividend of ₹3.25 per share on 6.50% Cumulative Redeemable Preference Shares of face value of ₹100/- each, for the financial year 2018-19, amounting to ₹3.98 crore (inclusive of tax of ₹67.81 lakhs) as declared by the Board of Directors on 31st October, 2018 and 7th January, 2019 respectively and already paid to preference shareholders, be and is hereby confirmed and approved."

3. Declaration of Dividend

To declare a Dividend of ₹0.10/- (Ten Paisa only) i.e. 10% per fully paid-up equity share of face value of ₹1/- (Rupee One only) for the financial year ended 31st March, 2019 and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** a Dividend at the rate of ₹0.10/- (Ten paisa only) i.e. 10% per fully paid-up equity share of face value of ₹1/- (Rupee One only) of the Company, be and is hereby declared for the financial year ended 31st March, 2019 and the same be paid as recommended by the Board of Directors of the Company, out of the distributable profits of the Company for the financial year ended 31st March, 2019."

4. Appointment of Director in place of the retiring Director

To appoint a Director in place of Mr. 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 the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** Mr. 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 (Non-Executive), liable to retire by rotation, of the Company."

SPECIAL BUSINESS:

5. Appointment of Dr. (Ms.) Tamali Sengupta (DIN: 00358658) as an Independent Director

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 ("the Act") and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and on the recommendation of the Nomination, Remuneration and Compensation Committee, Dr. (Ms.) Tamali Sengupta (DIN: 00358658), who was appointed as an Additional Director (Independent) not liable to retire by rotation by the Board of Directors, pursuant to Section 161(1) of the Act and whose term expires at this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Act from a member proposing the candidature of Dr. (Ms.) Tamali Sengupta for the office of Director, be and is hereby appointed as an Independent Director of the Company, whose office shall not be liable to retirement by rotation, to hold office for a term of 3 (Three) consecutive years w.e.f. December 24, 2018 to December 23, 2021.

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

6. Payment of remuneration by way of Commission to Non-Executive Directors including Independent Directors

To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 197, 198 and other applicable provisions of the Companies Act, 2013 (the "Act") and Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company and on the basis of recommendations of the Nomination,

Remuneration and Compensation ("NRC") Committee and the Board of Directors, consent of the members of the Company, be and is hereby accorded to the payment of remuneration by way of commission to the Non-Executive Directors including Independent Directors of the Company (i.e., Directors other than the Managing Director and/or Whole-time Directors), for a period of three financial years commencing from 1st April, 2019, as may be determined by the Board of Directors or the NRC Committee, for each of such Directors and distributed between such Directors in such manner, as may be determined by the Board of Directors or the NRC Committee, from time to time, subject to a ceiling of 1% (one percent) per annum of the net profits of the Company or such other percentage of the net profits of the Company as may be specified by the Act, from time to time in this regard, calculated in accordance with the provisions of Section 198 of the Act.

RESOLVED FURTHER THAT the above remuneration by way of commission, shall be in addition to the fee payable to such Directors for attending the meetings of the Board or any Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other Committee meetings.

RESOLVED FURTHER THAT the Board of Directors or the NRC Committee, be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

7. Change of Name of the Company

To consider and if thought fit, to pass the following Resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 4, 5, 13 and 14 and other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and any other applicable law(s), rule(s), regulation(s), guideline(s), the provisions of the Memorandum and Articles of Association of the Company and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Uniform Listing Agreements entered by the Company with the BSE Limited and the National Stock Exchange of India Limited (the "Stock Exchanges"), and subject to the approval of the Central Government and / or any other authority as may be necessary, consent of the members of the Company, be and is hereby accorded for change of name of the Company from "Himachal Futuristic Communications Limited" to "HFCL Limited".

RESOLVED FURTHER THAT Clause I of the Memorandum of Association of the Company, relating to Name of the Company, be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Clause I:

"I. The Name of the Company is **HFCL Limited**."

RESOLVED FURTHER THAT upon issuance of the fresh certificate of incorporation by the concerned Registrar of Companies consequent upon change of Name, the old name "Himachal Futuristic Communications Limited" as appearing in Name Clause of the Memorandum of Association of the Company and wherever appearing in the Articles of Association of the Company and other documents and places be substituted with the new name "HFCL Limited".

RESOLVED FURTHER THAT any one of the Directors and/or the Company Secretary of the Company, be and is hereby severally authorized to do and perform all such acts, deeds, matters and things as may be required or deemed necessary or incidental thereto including signing and filing all the e-forms and other documents with the statutory authorities, and to sign and execute all such agreements, deeds, documents and writings as may be necessary for and on behalf of the Company and to settle and finalize all issues that may arise in this regard in order to give effect to the above mentioned resolution and to delegate all or any of the powers conferred herein as they may deem fit."

8. Borrowing funds in excess of the limits as prescribed under Section 180(1)(c) of the Companies Act, 2013

To consider and if thought fit, to pass the following Resolution as a **Special Resolution:**

"**RESOLVED THAT** in supersession of the Special Resolution passed by the Members of the Company at their 27th Annual General Meeting of the Company held on September 30, 2014 and pursuant to the provisions of Section 180(1)(c), 180(2) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the enabling provisions of the Memorandum and Articles of Association of the Company, consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall be deemed to include any Committee duly constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), to borrow any sum or sums of money (in foreign currency or Indian rupees) including by way of fully/partly Convertible Debentures and/ or Non-Convertible Debentures, from time to time, at its discretion, from any one or more of the combinations of banks, financial institutions, firms, companies, bodies corporate, mutual funds, trusts, other organizations, institutions and/or any other persons, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may, at any time, exceed the aggregate of the paid-up share capital of the Company, its free reserves (that is to say reserves not set apart for any specific purpose) and securities premium, subject to such aggregate borrowings not exceeding the amount of ₹5,000 Crores (Rupees Five Thousand Crores only) and that the Board be and is hereby empowered and authorized to arrange funds and fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion, think fit.

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 it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and to execute all documents and writings to give effect to this resolution."

9. Creation of charge on the assets of the Company as prescribed under Section 180(1)(a) of the Companies Act, 2013

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** in supersession of the Special Resolution passed by the Members of the Company at their 27th Annual General Meeting of the Company held on September 30, 2014 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 ("the Act"), including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the enabling provisions of the Memorandum and Articles of Association of the Company, consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall be deemed to include any Committee duly constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) for creation of charge / mortgage / pledge / hypothecation / security or other encumbrances in addition to existing charge / mortgage / pledge / hypothecation / security or other encumbrances, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immovable properties, tangible or intangible assets of the Company, both present and future and / or the whole or substantially the whole or one or more or all or any part of the undertaking(s) of the Company, as the case may be in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings availed / to be availed by the Company by way of loan(s) (in foreign currency and / or rupee currency) and securities (comprising fully / partly convertible debentures and / or non-convertible debentures, bonds or other debt instruments), issued / to be issued by the Company, subject to the limits approved by the members of the Company under Section 180(1)(c) of the Act, from time to time, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the loan agreement(s), debenture trust deed(s) or any other document, entered into / to be entered into between the Company and the Lender(s) / Agent(s) / Trustee(s), etc. in respect of the said loans / borrowings / debentures / securities and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s) / Agent(s) / Trustee(s), etc.

RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank prior / pari-passu / subservient with / to the mortgages and /or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalize, settle, and execute such documents / deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creation of mortgages / charges / pledge / hypothecation / security or other encumbrances as aforesaid."

10. Conversion of loan into Shares or Convertible instruments or other securities

To consider and if thought fit, to pass the following Resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to Sections 62(1) and 62(3) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company and subject to all applicable circulars, notifications, guidelines issued by the Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges and such other statutory/regulatory authorities, and subject to all such other approvals, permissions, consents and sanctions of any authorities, as may be necessary, and subject to such conditions and modifications, as may be prescribed by any one of them while granting any such approval, permission, consent and / or sanction which may be agreed to by the Board, the consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall be deemed to include any Committee duly constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) to convert the whole or part of the outstanding loans, extended / to be extended by any one or more of the combinations of banks, financial institutions, firms, companies, bodies corporate, mutual funds, trusts, other organizations, institutions and/or any other persons (hereinafter referred to as "the Lenders") (whether disbursed on or prior to or after the date of this resolution and whether then due or payable or not) by the Company under the lending arrangements (existing and future arrangements), in the event of default or exercise of an option provided under the lending arrangements in facility agreements, into shares, or convertible instruments or other securities, of the Company, as per the terms contained in the respective loan documents executed/ to be executed between the Company and its Lenders (as already stipulated or as may be specified by the Lenders under the financing documents executed or to be executed in respect of the financial assistance which have already been availed or which may be availed) and such conversion shall be subject to the applicable statutory and regulatory guidelines for conversion of loans into shares, or convertible instruments or other securities of the Company.

RESOLVED FURTHER THAT within the overall existing borrowing limit of the Company under Section 180(1)(c) of the Companies Act, 2013, as may be approved by the shareholders of the Company, from time to time, the Board, be and is hereby authorized to negotiate and finalize the terms and conditions with the Lenders for raising further loans from time to time, and provide the Lenders with a right to convert such loans into shares, or convertible instruments or other securities, of the Company any time until there are amounts outstanding under such loans in accordance with the terms of the lending agreements, in the event of default or exercise of an option provided under the lending arrangements in facility agreements and subject to the applicable statutory and regulatory guidelines for conversion of loans into shares, or convertible instruments or other securities of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept such modifications and to accept such terms and conditions as may be imposed or required by the Lenders arising from or incidental to the aforesaid terms providing for such option and to do all such acts, deeds and things as may be necessary to give effect to this resolution.

RESOLVED FURTHER THAT subject to the applicable provisions of the Companies Act, 2013 and in accordance with the Memorandum of Association and Articles of Association of the Company and subject to all applicable circulars, notifications, guidelines issued by the Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges and such other statutory/ regulatory authorities, and all such other approvals, permissions, consents and sanctions of any authorities, as may be necessary, the Board be and is hereby authorized to offer, issue and allot from time to time to the Lenders such number of shares, or convertible instruments or other securities, of the Company, upon conversion of the outstanding portion of the loans, extended by the Lenders, into shares, or convertible instruments or other securities, of the Company in accordance with the terms of the lending agreements subject to the applicable statutory and regulatory guidelines for conversion of loans into shares, or convertible instruments or other securities of the Company.

RESOLVED FURTHER THAT the shares, or convertible instruments or other securities, of the Company to be issued pursuant to this resolution shall rank pari-passu with the respective existing shares, or convertible instruments or other securities of the Company in all respects.

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 it may in its absolute discretion deem necessary, proper or desirable as may be required to create, offer, issue and allot the aforesaid shares or convertible instruments or other securities, to dematerialize the shares of the Company and to resolve and settle any question, difficulty or doubt that may arise in this regard and to do all such other acts, deeds, matters and things in connection or incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby also authorized to delegate all or any of the powers herein conferred by this resolution on it, to any committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this 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 : August 28, 2019

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) 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, and applicable Rules made thereunder, the Register of Members and Share transfer books of the Company will remain closed from **September 23, 2019 to September 28, 2019** (both days inclusive) for the purposes of Annual General Meeting and Dividend on equity shares.

4. The Dividend, if any declared at the AGM, shall be payable to those Members whose name(s) stand registered:

   a) as Beneficial Owner on book closure i.e. **September 23, 2019**, as per the lists to be furnished by the National Securities Depositories Limited and the Central Depository Services (India) Limited in respect of the shares held in electronic form, and

   b) as Member in the Register of Members of the Company/ Registrars & Share Transfer Agent after giving effect to valid share transmissions in physical form lodged with the Company as at the end of business hours on or before **September 21, 2019**.

   The dividend on equity shares, if declared at the AGM, will be credited / dispatched within a period of 30 days from conclusion of the AGM.

5. Members are requested:

   a) to kindly notify the change of address, if any, to the Company/ their Depository Participant.

   b) to bring their attendance slip along with their copy of the Annual Report in the Meeting.

   c) to deposit the duly completed attendance slip at the Meeting.

6. **Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 amended on 8th June, 2018, read with press release vide PR No. 51/2018 dated December 03, 2018, it has been decided that securities of the listed companies can be transferred only in dematerialised form w.e.f. April 01, 2019. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.**

7. Members holding equity shares in physical form may use the facility of nomination. A Nomination Form will be supplied to them on request

8. Members holding shares in physical mode:

   (a) are required to submit their Permanent Account Number (PAN) and bank account details to the Company / MCS Share Transfer Agents Limited ("MCS") if not registered with the Company/ MCS as mandated by SEBI.

   (b) **are requested to register / update their e-mail address with the Company / MCS for receiving all communications from the Company electronically.**

9. Members holding shares in demat mode:

   (a) are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.

   (b) are advised to contact their respective DPs for registering the nomination.

   (c) **are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.**

10. Members desiring any information with regard to Annual Accounts/ Report are requested to submit their queries addressed to the Company Secretary at least 10 (ten) days in advance of the Meeting so that the information called for can be made available at the Meeting.

11. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on 25th September, 2017.

12. 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.

13. Relevant documents referred to in the accompanying Notice and Statement are open for inspection by the members at the Registered Office and the Corporate 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.

14. 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.

15. 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.

16. Copies of Annual Report for financial year ended 31st March, 2019 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.

17. The copies of the Annual Report 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.

18. 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 2 for 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 **September 25, 2019 (9:00 A.M.)** and ends on **September 27, 2019 (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 September 21, 2019**, 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:**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at **evoting@nsdl.co.in** mentioning your demat account number/folio number, your PAN, your name and your registered address.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders:

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to **scrutinizer@hfcl.com** with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. 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 download section of www.evoting.nsdl.com or call on toll free no.: **1800-222- 990 or contact Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email address: pallavid@nsdl.co.in/ evoting@nsdl.co.in or at telephone no. +91 22 24994545** who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the email address: **investor@hfcl.com**.

4. You can update your mobile number and email Id in the user profile details of the folio which may be used for sending communication(s) regarding NSDL e-Voting system in future.

VI. 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 **September 21, 2019**.

VII. 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. **September 21, 2019**, may obtain the login ID and password by sending a request at **evoting@nsdl.co.in** or Issuer at **investor@hfcl.com** and/or RTA at **admin@mcsregistrars.com**.

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.).

VIII. 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.

IX. Mr. Baldev Singh Kashtwal, Company Secretary in whole-time-practice having Membership No. FCS 3616 and C.P. No. 3169 has been appointed as the Scrutinizer to scrutinize the poll and remote e-Voting process in a fair and transparent manner.

X. 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.

XI. 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.

XII. The Results declared along with 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 the BSE Limited (BSE).

XIII. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of 32nd Annual General Meeting i.e. **September 28, 2019**.

XIV. Route Map of the venue of 32nd Annual General Meeting is enclosed in the Notice of Annual General Meeting.

"NO GIFT(S) WILL BE DISTRIBUTED IN THE ANNUAL GENERAL MEETING."

Details of Directors proposed to be appointed and re-appointed, pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India:

Name of the Director	Mr. Arvind Kharabanda	Dr. (Ms.) Tamali Sengupta
DIN	00052270	00358658
Date of Birth	March 09, 1947	September 27, 1962
Date of first appointment	October 30, 2004	December 24, 2018
Experience/ Expertise in Specific Functional Areas	Mr. Arvind Kharabanda has got over 44 years' experience in managerial positions, projects implementation and finance.	Dr. Sengupta has 32 years' experience in the legal field and is a specialist in transnational legal transactions in media, real estate development, insurance and infrastructure.
Qualification(s)	Chartered Accountant (CA)	Bachelor of Arts in Economics (Honours), LL.B and Doctorate and Masters in Law
Directorship in other Companies	Indiasign Private Limited My Box Technologies Private Limited India Sports Flashes Private Limited	SREI Infrastructure Finance Limited Home Credit India Finance Private Limited TSG Legal Consulting Private Limited Aria Hotels and Consultancy Services Pvt. Limited SPE Films India Private Limited Access India Advisors Limited
Chairmanship / Membership of Committees (across all Public Cos. in Audit, Stakeholders Relationship and Nomination & Remuneration Committees)	Committees Positions in Himachal Futuristic Communications Limited:- Audit Committee - Member Stakeholders' Relationship Committee- Member	Committees Positions in Himachal Futuristic Communications Limited:- Audit Committee - Member Stakeholders' Relationship Committee- Member
Shareholding in the Company	NIL	NIL
Relationship with other Directors and KMPs of the Company	NIL	NIL
No. of Board Meetings held/ attended	7 / 7	2 / 2
Details of Remuneration sought to be paid	Except, Sitting Fee for attending the Board and/or Committee Meetings, as may be determined by the Board of Directors, no other remuneration is payable.	Except, Sitting Fee for attending the Board and/or Committee Meetings, as may be determined by the Board of Directors, no other remuneration is payable.
Last Remuneration drawn (per annum)	₹7,35,000/- (Towards Sitting fee for Board and its Committee meetings)	₹1,05,000/- (Towards Sitting fee for Board and its Committee meetings)

The Board of Directors recommends the re-appointment of Mr. Arvind Kharabanda as a Non-Executive Director, liable to retire by rotation and Dr. (Ms.) Tamali Sengupta as an Independent Director of the Company, not liable to retire by rotation.

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

In terms of provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"), the Company should have at least one third of total number of directors as independent directors, with at least one independent woman director.

The Board of Directors of the Company, on the recommendations of the Nomination, Remuneration and Compensation Committee, had appointed Dr. (Ms.) Tamali Sengupta (DIN: 00358658) as an Additional Director in the category of Independent Director w.e.f. December 24, 2018, pursuant to the provisions of Section 149 and 161 of the Act and the Articles of Association of the Company. In terms of the provisions of Section 161(1) of the Act, Dr. (Ms.) Tamali Sengupta hold office up to the date of ensuing AGM of the Company.

The Company has received a declaration from Dr. (Ms.) Tamali Sengupta to the effect that she meets the criteria of independence as prescribed both under the sub-section 6 of Section 149 of the Act and under Regulation 25 read with Regulation 16(1)(b) of the SEBI Listing Regulations.

Dr. (Ms.) Tamali Sengupta is not dis-qualified from being appointed as Director in terms of Section 164 of the Act, and has given her consent to act as Director of the Company.

In the opinion of the Board, Dr. (Ms.) Tamali Sengupta fulfills the conditions specified in the Act and the rules made thereunder and the SEBI Listing Regulations and is independent of Management.

She doesn't hold any equity share in the Company.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Dr. (Ms.) Tamali Sengupta (DIN: 00358658) for the office of Director, to be appointed as such under Section 149 of the Act.

The terms and conditions of appointment of Independent Directors are available for inspection by members at the Registered Office and also on the web-site of the Company at http://www.hfcl.com/wp-content/uploads/2017/05/Terms-and-conditions-of-appointment-of-Independent-Directors-10.05.17.pdf.

Dr. Tamali Sengupta, 57, completed Bachelor of Arts in Economics (Honours) from University of Delhi and LL.B from Law faculty, University of Delhi. She did her Doctorate and Masters in Law from the Stanford Law School, Stanford University, California.

Dr. Sengupta has 32 years' experience in the legal field and is a specialist in transnational legal transactions in media, real estate development, insurance and infrastructure.

She is the Principal of T. SEN GUPTA & ASSOCIATES, a corporate law firm based in New Delhi, which provides advice on corporate law, entertainment law, intellectual property, insurance, project finance, corporate governance, and privatization.

Dr. Sengupta also has extensive experience in international joint-ventures, collaboration and licensing agreements, mergers and acquisitions. She has represented Indian companies in joint-ventures overseas and in relation to joint ventures in India with multinational corporations.

Dr. Sengupta has extensive experience in the structure of projects implemented under Project Finance and on foreign participation in the privatization of infrastructure. Sectors worked on include roadways, railways, ports, power and township development, both in India and overseas. She has wide experience in negotiations and drafting documents for privatization projects and has dealt with various forms of contractual agreements for project finance, including inter-alia, Concession agreements (BOT, BOOT, BOLT) as well as EPC & O&M Contracts.

She has advised on telecom Project for installing a fibre optic link throughout railway network of the Indian Railways and commercializing the service to provide basic telecom services to telecom companies.

She is a widely published author and written books on various subjects including Telecom. She is a Fellow of the Center of International Legal Studies at Salzburg.

A brief profile of Dr. (Ms.) Tamali Sengupta to be appointed as an Independent Director of the Company is given under the heading "Details of Directors proposed to be appointed and reappointed, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India" elsewhere in the Notice.

This Statement may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and SS-2 on General Meetings issued by the Institute of Company Secretaries of India.

It is proposed to appoint Dr. (Ms.) Tamali Sengupta as a Non-Executive Independent Director for a term of 3 (three) consecutive years with effect from December 24, 2018 to December 23, 2021, pursuant to Section 149 and other applicable provisions of the Act and the rules made thereunder. She will not be liable to retire by rotation.

Dr. (Ms.) Tamali Sengupta along with her relatives, is deemed to be interested in the resolution set out at Item No. 5 of the accompanying Notice with regard to her appointment.

Save and except the above, none of the Directors and Key Managerial Personnel of the Company and their relatives, is in anyway concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice.

The Board considers that the association of Dr. (Ms.) Tamali Sengupta would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director.

The Board recommends the appointment of Dr. (Ms.) Tamali Sengupta as an Independent Director as set out in Item No. 5 for the approval by the members of the Company.

ITEM NO. 6

Members may note that the Board of Directors of the Company comprises of eminent Non-Executive Directors including Independent

Directors, who are paid remuneration by way of sitting fee for attending the meetings of the Board of Directors and/or Committees thereof.

Considering the rich experience and expertise brought to the Board by the Non-Executive Directors and Independent Directors and in appreciation of contribution and services they have rendered/will be rendering to the Company, it is proposed that the Non-Executive Directors including Independent Directors of the Company, be paid remuneration by way of commission for a period of three financial years commencing from 1st April, 2019, in addition to the sitting fees and reimbursement of expenses for attending the meetings, at an amount not exceeding 1% (one percent) per annum of the net profits of the Company, calculated in accordance with the provisions of Section 198 the Act, in such amounts or proportions, as may be decided by the Board of Directors or the Nomination, Remuneration and Compensation ("NRC") Committee of the Company.

In view of Sections 197, 198 and other relevant provisions of the Companies Act, 2013 (the "Act"), a company can make payment of remuneration to Non-Executive Directors including Independent Directors, a sum not exceeding 1% of the net profits of the company, excluding sitting fees payable to such Directors. The amount to be determined by the Board or the NRC Committee, as remuneration payable to such Directors, shall be distributed amongst all or some of such Directors, in accordance with the decision that the Board or the NRC Committee may give in this regard.

The said remuneration to Non-Executive Directors including Independent Directors shall be in addition to the sitting fee payable to them and out-of-pocket expenses incurred for attending meetings of the Board and Committees thereof.

Based on the recommendation of the NRC Committee and the Board of Directors, the Company is seeking approval of the members by way of an Ordinary Resolution under Section 197 of the Act and Regulation 17(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to compensate the Non-Executive Directors including Independent Directors, by way of payment of commission for their time devoted and contributions made by them.

The resolution set out in Item No. 6 of the Notice is accordingly recommended by the Board for your approval.

All the Non-Executive Directors including Independent Directors of the Company and their relatives, may be deemed to be concerned or interested in the resolution set out at Item No. 6 of the Notice, to the extent of the remuneration by way of commission or sitting fees that may be received by such Directors and to the extent of their shareholding interest, if any.

Save and except as above, none of the other Directors/Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 6 of the Notice.

ITEM NO. 7

The Company is well known with its abbreviated name "HFCL", which stands for the full name viz. "Himachal Futuristic Communications Limited."

The present name of the Company gives impression that the activities of the Company are limited to the state of Himachal Pradesh only. However, this is far from truth. Today, the Company's presence is not only on PAN India level but also beyond the territory of the Nation.

In view of building new brand image, the name of the Company is proposed to be changed from "Himachal Futuristic Communications Limited" to "HFCL Limited", which is a blend of its present full name.

The proposed name of the Company contains word 'HFCL' as the Company is well known by this abbreviated name.

The Board of Directors at its meeting held on May 15, 2019 had approved the change in name of the Company subject to availability of the name from CRC, MCA. The new name has been made available to the Company by the Central Registration Centre (CRC) of Ministry of Corporate Affairs (MCA) vide its letter dated August 07, 2019. The availability of name, approved, is for a period of 60 days from the date of communication and hence, it is necessary to take immediate steps on receipt of availability of name.

The Companies Act, 2013 requires the Company to obtain the approval of members for change of name by way of Special Resolution. The shareholders' approval as well as approvals from all the statutory/ regulatory authorities including Stock Exchanges is also being sought.

The proposed change of name of the Company will be effected on obtaining requisite approval from the BSE Limited and the National Stock Exchange of India Limited where equity shares of your Company are listed and on complying with applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By virtue of the above change in the Name clause of the Company, it is required to alter its Memorandum of Association and Articles of Association accordingly.

As per the provision of the Companies Act, 2013, approval of the members is required to be accorded for changing the name of the Company by way of passing a Special Resolution, therefore, the Board recommends the resolution as set out at Item no. 7 for approval of the members of the Company by way of a special resolution.

None of the Directors or Key Managerial Personnel of the Company including their relatives, except to the extent of their respective shareholdings in the Company, in any way, financially or otherwise, is interested or concerned in the aforesaid Resolutions.

ITEM NO. 8 & 9

The members of the Company at their 27th Annual General Meeting held on September 30, 2014, had accorded approval to the Board of Directors of the Company to borrow money/moneys up to an aggregate amount of ₹2,500 Crores, by way of a Special Resolution passed under Section 180(1)(c) of the Companies Act, 2013 (the "Act").

Keeping in view your Company's existing and future funding requirements towards capital expenditures, operational expenditure and working capital expenditure and for general corporate purposes, the Company will require to borrow funds, from time to time.

It is proposed to borrow funds from one or more of the combinations of banks, financial institutions, firms, companies, bodies corporate, mutual funds, trusts, other organizations, institutions and/or any other persons (hereinafter referred to as the "Lenders") as may deem fit by the Company, which may, together with money already borrowed by the Company

(apart from temporary loans obtained from the Company from ordinary course of business), exceed the borrowing limits under the provisions of Section 180(1)(c) of the Act. The Company may borrow funds by way of issuing Secured/Unsecured Redeemable Non-Convertible/ Partly Convertible/ Wholly Convertible Bonds/ Debentures as well.

It is, therefore, proposed to increase the maximum borrowing limits up to ₹5,000 Crores (Rupees Five Thousand Crores only), in terms of Section 180(1)(c) and 180(2) of the Act.

Further, the borrowings by the Company, in general, are required to be secured by charge / mortgage / pledge / hypothecation / security or other encumbrances on all or any of the moveable or immovable or tangible or intangible properties of the Company, in such form, manner and ranking, as may be determined by the Board, from time to time, in consultation with the Lender(s). In order to facilitate securing the borrowings made by the Company or to be made in future, it would be necessary to create charge on the assets or the whole or substantially the whole or one or more or all or any part of the undertaking(s) of the Company.

Section 180(1)(a) of the Act provides for the power to the Board of Directors to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, subject to the approval of members in the general meeting.

The consent of the members is required under the provisions of Sections 180(1)(c) and 180(1)(a) of the Act, to borrow funds in excess of the limits and to mortgage and / or create a charge on any of the moveable and / or immovable properties and / or the whole or any part of the undertaking(s) of your Company to secure its borrowings.

Accordingly, the proposed Resolutions at Item Nos. 8 & 9 of the accompanying Notice is placed for approval of the Members by way of Special Resolutions to enable the Company to exercise the aforesaid powers as and when required.

None of the Directors or Key Managerial Personnel of the Company including their relatives, except to the extent of their respective shareholdings in the Company, in any way, financially or otherwise, is interested or concerned in the aforesaid Resolutions.

ITEM NO. 10

To meet funding requirements towards capital expenditures, operational expenditure and working capital expenditure and for general corporate purposes, your Company has availed / will avail financial assistance by way of loans, issue of debentures etc., from time to time, from any one or more of the combinations of banks, financial institutions, firms, companies, bodies corporate, mutual funds, trusts, other organizations, institutions and/or any other persons (hereinafter referred to as the "Lenders"), upon such terms and conditions as may be stipulated by them and approved by the Board.

In line with the regulatory changes in the recent past, the changes in the Companies Act, 2013 and in line with various directives issued by Reserve Bank of India, from time to time, the Company has been advised to pass a Special Resolution under Section 62(3) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder to enable the Lenders to convert the outstanding loans or any other financial assistance categorized as loans (hereinafter referred to as the "Financial Assistance"), in foreign currency or Indian Rupee, already availed from the Lenders or as may be availed from the Lenders, from time to time, at their option, into equity shares of the Company upon such terms and conditions as may be deemed appropriate by the Board and at a price to be determined in accordance with the applicable Securities and Exchange Board of India Regulations (SEBI Regulations) at the time of such conversion.

The proposed resolution at Item no. 10 is an enabling resolution under the provisions of the Section 62(3) and other applicable provisions of the Companies Act, 2013 in view of the fact that under the lending arrangements, the Bank(s) / Financial Institution(s) or lenders insist for inclusion of an option to convert the outstanding facility into Equity in the event of default or upon exercise of an option provided under the lending arrangements in the facility agreements.

Accordingly, the Board recommends the resolution as set out at Item No. 10 and seek approval of the members of the Company, to enable the Lenders, in terms of the lending arrangements, entered/to be entered and as may be specified by the Lenders under the financing documents already executed or to be executed in respect of the Financial Assistance availed/ to be availed, in the event of default or exercise of an option provided under the lending arrangements in facility agreements, to convert the whole or part of their respective outstanding Financial Assistance into equity shares of the Company, upon such terms and conditions as may be deemed appropriate by the Board and at a price to be determined in accordance with the applicable SEBI Regulations at the time of such conversion.

None of the Directors or Key Managerial Personnel of the Company including their relatives, except to the extent of their respective shareholdings in the Company, in any way, financially or otherwise, is interested or concerned in the aforesaid Resolutions.

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 : August 28, 2019

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)

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 32nd Annual General Meeting of the Company, held on Saturday, September 28, 2019 at 11:00 A.M. at the Mushroom Centre, Chambaghat, Solan – 173213 (H.P.)

.....

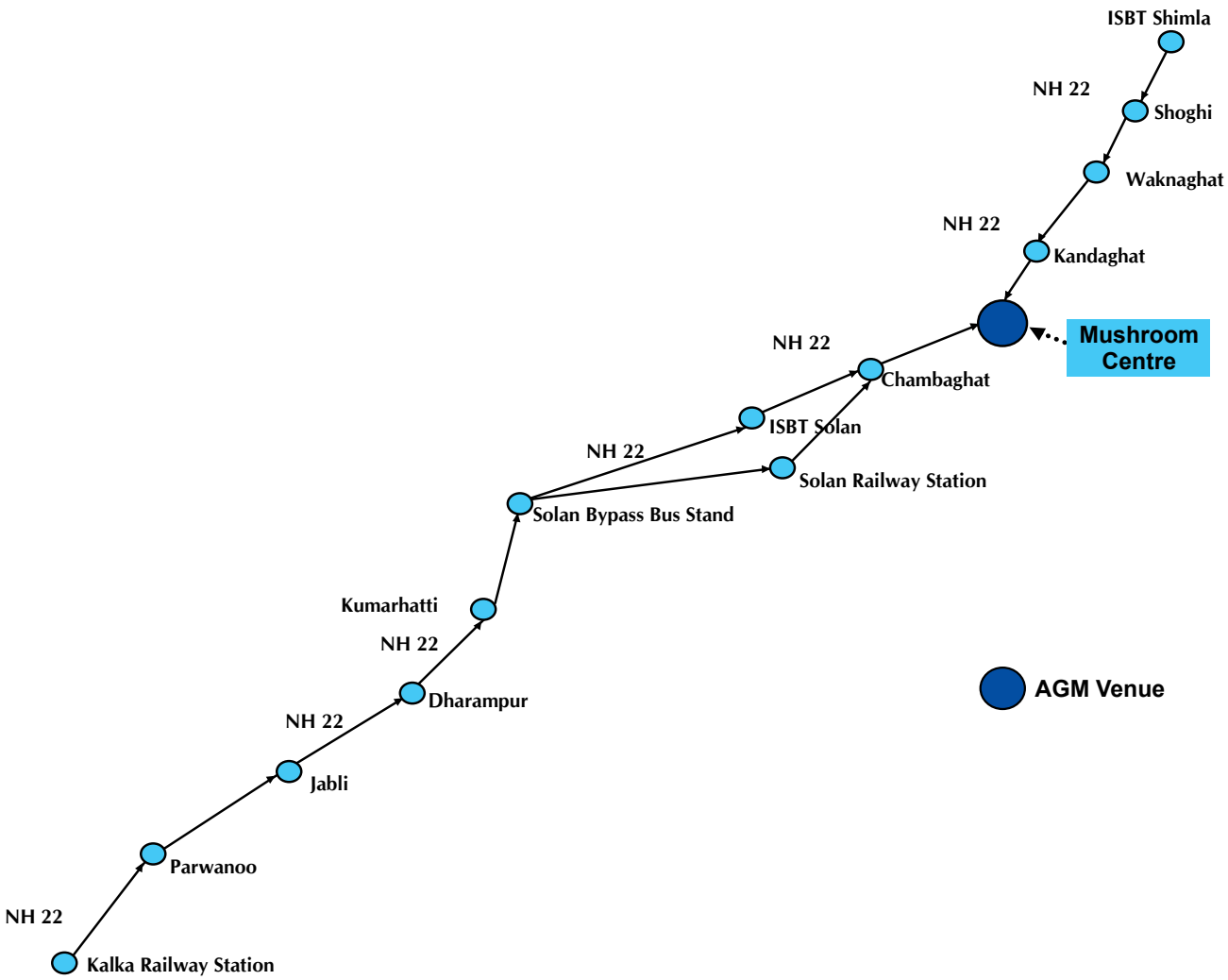
Signature of Shareholder

.....

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
(Corporate Identity Number: 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 Limited, 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 .....

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 32nd Annual General Meeting of the Company, to be held on Saturday, September 28, 2019 at 11:00 A.M. at the Mushroom Centre, Chambaghat, Solan-173213 (H.P.) and at any adjournment thereof in respect of such resolutions as mentioned below:

I wish my above Proxy to vote in the manner as indicated in the Box below** :

S. No.	Resolutions	For	Against
1.	To receive, consider and adopt the Audited Financial Statements, Reports of the Board of Directors and Auditors and the Audited Consolidated Financial Statements and Auditors' Report thereon.		
2.	To confirm Interim Dividend paid on Cumulative Redeemable Preference Shares		
3.	To declare dividend of ₹ 0.10 (Ten Paisa only) i.e. 10% per equity share for the financial year ended 31st March, 2019.		
4.	To re-appoint Mr. Arvind Kharabanda (DIN: 00052270), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment as a Director.		
5.	To appoint of Dr. (Ms.) Tamali Sengupta (DIN: 00358658) as an Independent Director.		
6.	To approve payment of remuneration by way of Commission to Non-Executive Directors including Independent Directors.		
7.	To approve change of Name of the Company.		
8.	To approve borrowing of funds in excess of the limits as prescribed under Section 180(1)(c) of the Companies Act, 2013.		
9.	To approve creation of charge on the assets of the Company as prescribed under Section 180(1)(a) of the Companies Act, 2013.		
10.	To approve conversion of loan into Shares or Convertible instruments or other securities.		

** 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.

Signed this ..... day of ....., 2019.

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. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

5. 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.



Upcoming Optical Fiber Plant, Hyderabad

Corporate information

BOARD OF DIRECTORS

Mr. Mahendra Pratap Shukla
Chairman (Non-Executive)

Mr. Mahendra Nahata
Managing Director

Mr. Arvind Kharabanda
Non-Executive Director

Dr. (Mr.) Ranjeet Mal Kastia
Non-Executive Director

Mr. Ranjeet Anandkumar Soni
Non-Executive Director
(Nominee - IDBI Bank Ltd.)

Mr. Surendra Singh Sirohi
Independent Director
(w.e.f. 27.08.2018)

Mr. Ved Kumar Jain
Independent Director
(w.e.f. 27.08.2018)

Dr. (Ms.) Tamali Sengupta
Independent Director
(w.e.f. 24.12.2018)

Ms. Bela Banerjee
Independent Director
(up to 26.09.2018)

CHIEF FINANCIAL OFFICER

Mr. Vijay Raj Jain

VICE-PRESIDENT (CORPORATE) & COMPANY SECRETARY

Mr. Manoj Baid

AUDITORS

S. Bhandari & Co.
Chartered Accountants
P-7, Tilak Marg, C- Scheme
Jaipur - 302 005

Oswal Sunil & Company
Chartered Accountants
71, Daryaganj
New Delhi - 110 002

INTERNAL AUDITOR

Anil Agarwal & Co.
Chartered Accountants
506, Surya Kiran Building
K G Marg, Connaught Place
New Delhi - 110 001

SECRETARIAL AUDITOR

Mr. B. S. Kashtwal
Practicing Company Secretary
106 1st Floor, Madhuban Tower
A-1 VS Block, Shakarpur Crossing
Delhi - 110 092

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
Yes Bank Limited
ICICI Bank Limited

REGISTERED OFFICE & TELECOM EQUIPMENT PLANT

8, Electronics Complex
Chambaghat
Solan - 173 213
Himachal Pradesh

OPTICAL FIBER 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
Ph: 011- 30882624

SECRETARIAL DEPARTMENT & INVESTOR RELATION CELL

8, Commercial Complex
Masjid Moth, Greater Kailash - II
New Delhi - 110 048

REGISTRAR & SHARE TRANFER AGENT (RTA)

MCS Share Tranfer Agent Limited
F-65, 1st Floor
Okhla Industrial Area, Phase-I
New Delhi-110 020
Ph: 011 - 41406149 - 52

CORPORATE IDENTITY NO.

L64200HP1987PLC007466



HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

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