



HFCL Limited

(formerly Himachal Futuristic Communications Ltd.)

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HFCL/SECT/20-21/online

June 07, 2020

The BSE Ltd. 1 st Floor, New Trading Wing, Rotunda Building Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400001 corp.relations@bseindia.com Security Code No.: 500183	The National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, C – 1, Block G Bandra – Kurla Complex, Bandra (E) Mumbai – 400051 cmlist@nse.co.in Security Code No.: HFCL
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RE: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

Subject: Earnings’ Presentation.

Dear Sir(s)/ Madam,

This is further to our earlier intimation dated June 05, 2020.

In terms of Regulation 30 read with Para A of Part A of Schedule III to the SEBI Listing Regulations, we hereby submit a copy of the **Earnings’ Presentation** on, *inter-alia*, the **Audited Financial Results of the Company for the 4th Quarter and Financial Year ended March 31, 2020**, both on **Standalone and Consolidated** basis, to be discussed during the **Earnings’ Call** scheduled to be held on **Monday, June 08, 2020 at 11:00 a.m.**

It may be noted that the Board of Directors of the Company has, considered and approved the aforesaid Financial Results of the Company, in its meeting held on June 05, 2020.

You are requested to take the above information on records and disseminate the same on your respective websites.

Thanking you.

Yours faithfully,

For **HFCL Limited**

(Formerly Himachal Futuristic Communications Limited)

(Manoj Baid)

Vice-President (Corporate) &
Company Secretary

Encl: Earnings’ Presentation.



HFCL LIMITED

**EARNINGS
PRESENTATION**

Q4-FY20 / FY20

Company Overview



- HFCL Limited (formerly known as Himachal Futuristic Communications Limited) is a Leading Technology Enterprise connecting the world with fully integrated communication network solutions and specialized services.
- The Company manufactures Optical Fiber, Optical Fiber Cables (OFC) and high end transmission and access equipment catering to different verticals and customers like telecom service providers, railways, defence and security & surveillance projects.
- The Company's in-House Centre for Excellence in Research located at Gurgaon along with invested R&D Houses and other collaborators at different locations in India and Abroad, innovate futuristic range of technology products and solutions with talented human intelligence.
- HFCL Group has fully integrated world class manufacturing facilities at five locations across India to produce wide range of cost competitive new technology products and solutions with proven edge over its peers.
- The Company exports to customers across the world to more than 50 countries.





OPTICAL FIBER CABLES

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

PASSIVE INTERCONNECT SOLUTIONS

- Cable Assemblies
- Indoor/Outdoor Cabinets
- Splitter Modules
- Joint Closure
- FTTH & Aerial cable assemblies
- EWIS for Defence and Aerospace Automotive

OPTICAL FIBER



TELECOM PRODUCTS

- Wi-Fi Network Products
- Microwave Radios
- Cloud-based Management Platform
- Telecom Power Systems
- LTE BSS Equipment

UNDER DEVELOPMENT

- Routers and Switches
- Intelligent Antenna Systems



DEFENCE PRODUCTS

- High Capacity Radio Relay

UNDER DEVELOPMENT / TESTING

- Software Defined Radios
- Ground Surveillance radar
- Electro Optic Devices
- Electronic Fuses



TELECOMMUNICATION NETWORK

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



RAILWAY COMMUNICATION NETWORK

- Turnkey solution Mainline Railway Telecom Network
- Turnkey solution for Metro Railway Telecom Network
- Integration of Signalling & Telecom Network



DEFENCE COMMUNICATION NETWORK

- OFC Network
- Optical Transport Network
- Fiber Monitoring & Management System
- Microwave Radio Network
- IPMPLS Network



BORDER & PERIMETRIC SECURITY SYSTEM

- Perimeter Security System for critical Infrastructure
- Smart Border Management System
- Gate Management System
- Smart & Safe City Solution
- Command & Control Centre

Manufacturing Facilities



OFC Manufacturing
Verna, Goa
Capacity: 8m fkm



Telecom Equipment Manufacturing
Solan, Himachal Pradesh



OFC Manufacturing
Chennai, Tamil Nadu
Capacity: 10.5m fkm



FRP Rods, IFGR, ARP Manufacturing
Hosur, Tamil Nadu
Capacity: FRP Thermal - UV 7,66,800 kms/
IGFR - 22.50 MT/ARP 1,80,000 kms



Optical Fiber Manufacturing
Hyderabad, Telangana
Capacity: Optical fiber - 6.4m fkm

EMPOWERING INNOVATION, INTRODUCING NEW TECHNOLOGIES



Team : Available intelligence of a large pool of technocrats with proven track record having International experience and business know-how

Expertise : Design & Development including System Engineering and Product design, Hardware & Software development, Mechanical design and providing end to end solution for Telecom, Defence, Railways and Security & Surveillance.

STRATEGY



- Promote In-house R&D & Innovation
- Co-innovate with other R&D Houses
- In-organic growth by acquiring R&D Houses at early stage
- Vision to develop products which can be sold globally and can be bench marked with other leading global manufacturers
- Focus on developing cost effective next generation products and solutions with own IPR

OPTICAL FIBER CABLES



Developed :

- Micromodule Cable 12F-288F.
- Steel Armored Micromodule Cable
- Ribbon Cable upto 2004F
- Higher Fiber Count Ribbon Unitube Cable
- Air blown cable ,compatible for extreme low temp.

Under Development :

- Higher Fiber Count Micromodule Cable (432-864F)
- Dry & Lower Diameter Micro modules cables- Upto 96F
- Dry Ribbon Cable Up to 288F
- Spider Web Ribbon Cable (1734F-3456F)
- Mini Drop Cable
- Hybrid Cable
- Tactical Cable (For Defense Application)

TELECOM PRODUCTS



Developed :

- Wi-Fi Network Products
- Microwave Radios
- Cloud Based Management Platform

Under Development :

- Routers & Switches
- Intelligent Antenna Systems

DEFENCE PRODUCTS



Developed :

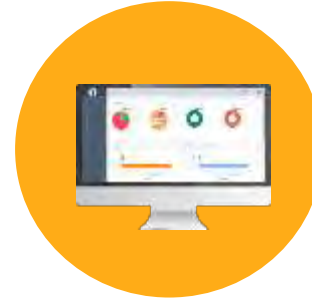
- High Capacity Radio Relay

Under Development :

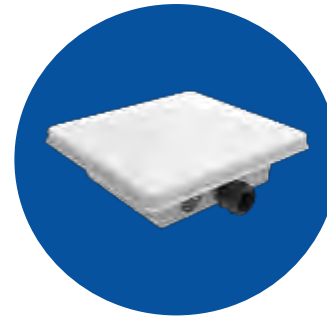
- Software Defined Radios
- Ground Surveillance Radar
- Electro Optic Devices
- Electronic Fuses

Globally benchmarked, Next Generation Wi-Fi Technology products and solutions

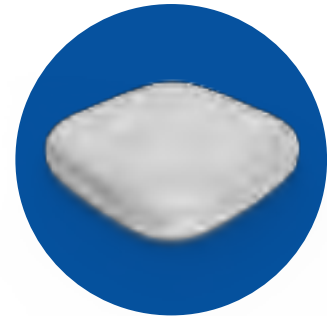
- IO is a platform that aims to bring in efficiency and intelligence to mobility and assist global citizens to use the most advanced Wi-Fi technology products & solutions while keeping a sharp focus on security and safety
- Fully designed, developed and manufactured in India with full IPR ownership residing with the Company
- Ready to meet the enormous global and Indian Wi-Fi network demand
- IO Networks are globally benchmarked with features of Next-Gen technologies across all products with flexibility to be customised
- Major Global Certifications in place



Controller & NMS



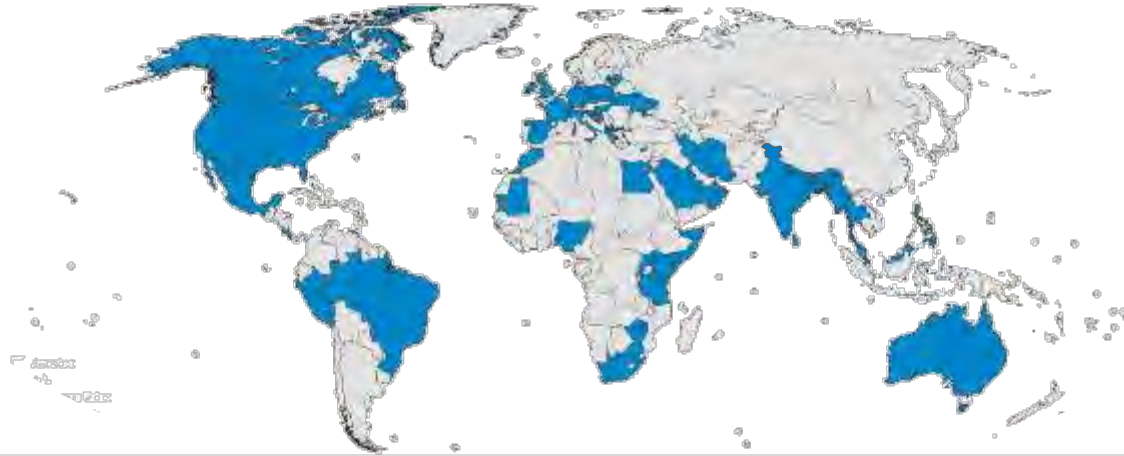
Unlicensed Band Radios



Wi-Fi Access Points

Key Customers





EUROPE

- Ireland
- Bosnia and Herzegovina
- Latvia
- Lithuania
- Croatia
- Czech Republic
- Macedonia
- France
- Germany
- Hungary
- Poland
- UK
- Italy
- Slovenia
- Spain
- Switzerland
- Albania
- Greece

AMERICAS

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

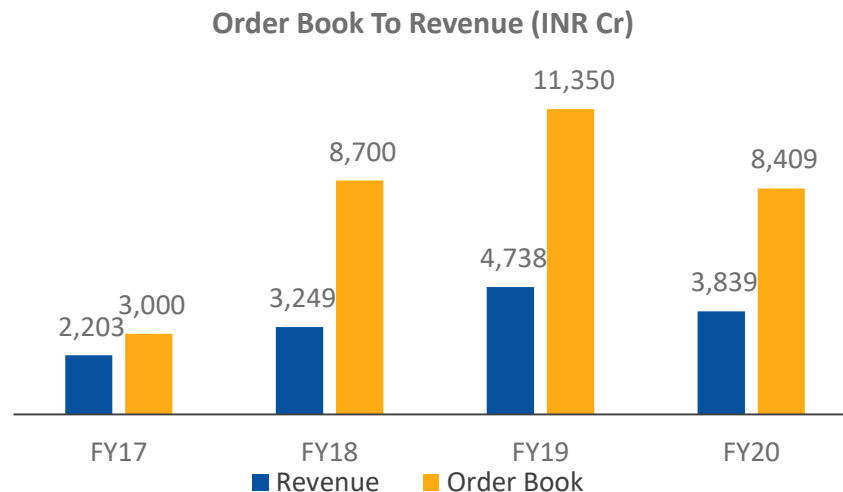
AUSTRALIA, ASIA

- Bangladesh
- Bhutan
- Burma (Myanmar)
- Malaysia
- Nepal
- Thailand
- Philippines
- Ukraine
- Singapore
- Sri Lanka
- Iran
- Kuwait
- Cyprus
- Mauritania
- Morocco
- Egypt
- Oman
- Qatar
- UAE
- Saudi Arabia
- Somalia

AFRICA

- Kenya
- Nigeria
- South Africa
- Rwanda
- Tanzania
- Uganda
- Zimbabwe

Current Order Book of ~INR 8,409 Cr provides visibility



Total Order book of ~INR 8,409 Cr as on 31 March, 2020

Prestigious orders spread across all business verticals and customers - telecom, defence, railways, security & surveillance, OFC Turnkey & manufacturing and private operators

~2.2 times
FY20 revenue
Strong Earning
Visibility

O&M Contracts
worth ~INR 1,614 Cr
Ensuring high margin
revenues YoY

TELECOM



- **5G, M2M, IoT** shall require extensive fiberisation. Networks shall become denser and deeper. About 70%-80% towers need to be fiberised
- **FTTH** shall become dominant for broadband dream
- **Govt. Initiatives** like Digital India, BharatNet, Defence Communication, Wi-Fi, Railways, Smart Cities etc. will propel demand for communication infra. New Digital Communication Policy sets aggressive targets

DEFENCE NETWORK



- Government has set the goal to reduce Imports from 65% to 30%
- Defence Procurement Procedure has been amended to encourage participation by domestic players
- Defence projects the export of INR 35,000 crores by 2025
- Policy measures will lead indigenous manufacturing of Electronic Fuses, Electro Optical Devices, UAVs, Radar, Electronic Warfare and communication equipment etc.

RAILWAYS



- Legacy Signaling and Telecom Systems need an overhaul
- New rail lines shall also deploy next generation telecom and signaling systems
- Indian Railways would spend huge amount over the next few years

SECURITY & SURVEILLANCE



- Smart cities & City surveillance, Perimeter security of critical infrastructure and Artificial Applications into surveillance present a promising opportunity
- High speed Communication technology shall play a key role with open data and end-to-end security
- OFC Connectivity being telecom backbone forms an essential part
- The rapid advancement in surveillance technologies are going to completely redefine the security functions

Value Proposition



Agile Portfolio of Products and Solutions

Agile portfolio of products and solutions backed by excellent manufacturing facilities

Healthy Order Pipeline

Order book of INR 8,409 provides earning visibility and comprises of INR 1,614 Cr high margin O&M Contracts

Global & Diverse Customer Base

Diverse Customer Base across geographies and all verticals of operations ensure sustainable growth

World Class Manufacturing Facilities

State of the Art Manufacturing Facilities capable to deliver latest technology products and solutions

New Business Verticals

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

Leadership

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

Inhouse R&D

Strong Team of R&D professionals continues to accelerate and bring in cost competitive new technology solutions with significant margins

Comfortable Debt Equity

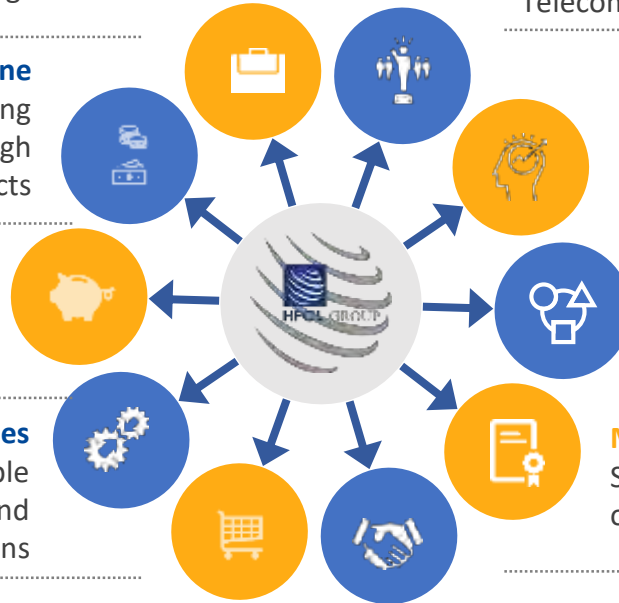
Comfortable D/E of 0.43x with credit rating of A-

Massive Business Opportunity

Stands benefitted with massive business opportunity across all its business verticals

Strategic Partnerships

Long standing association with marquee customers



Produce Technology Solutions with competitive capabilities for diverse and expanded Customer Base

Guided towards creating Shareholders' Value with strong Fundamentals for sustained Growth

- Our Centre for Excellence in Research alongwith Invested R&D Houses and Collaborators at different locations in India and Abroad are working on development new age technologies.
- We can leverage on State of the Art Manufacturing and network solution capabilities with proven track record to provide end to end solutions covering all aspects of value chain for any network solution
- We have worldwide customers and focus on expanding exports



Levers

- R&D and Technology
- State of the Art Manufacturing
- Network Solution Capabilities
- Worldwide Customers



Objectives

- Excel in Technology with New Products & Solutions
- Deliver Quality and Cost Competitive products & solutions
- Always remain a preferred vendor
- Expand Geographies & Customer Base



Goals

- Grow as a Technology Enterprise
- Create Shareholders' Value



Financial Overview

Q4FY20/FY20

Q4-FY20 Financial Highlights - Consolidated



Supply Chain disruptions from Q4 have impacted revenue and consequently profit margins

- Dispatches were effected during the lockdown period which have now resumed gradually
- There has been no cancellation of any orders and therefore, the impact can be construed just as deferment of revenue to the subsequent quarters
- The deferment of revenue has stressed the operating cycle and cash flows which the Company is able to manage efficiently
- There has been no impact on the assets of the Company. None of the assets have been impaired.
- The Company has taken several initiative for further cost rationalization including salary cut , restructuring of emoluments with increased performance linked component, reduction in administrative costs , resource optimisation etc.

Q4-FY20 Financial Highlights (Consolidated)

Total Income	EBITDA	EBIDTA Margins
INR 6,681 Mn	INR 763 Mn	11.42%
- 46.4% YoY	- 43.7% YoY	+ 55 Bps YoY
PAT	PAT Margins	Diluted EPS
INR 87 Mn	1.30%	INR 0.04
- 86.8% YoY	- 399 Bps YoY	- 92.0% YoY

FY20 Financial Highlights - Consolidated



Challenging FY20, yet the Company accelerated its technology thrust with R&D Initiatives, launched its own range of Wi-Fi Solutions. It also increased operating profits and margins

- Commenced production at greenfield facility for Optical Fiber
- Launched Indigenously developed Next Generation Wi-Fi Technology products and solutions to facilitate stronger Wi-Fi networks
- The Company also launched its range of Unlicensed Band Radios
- R&D and Technology remained to be the Core Belief with launch of products and a few acquisitions and collaborations.
- Cost efficiency coupled with high margin orders led to increased Operating Margin
- Effective capital management has kept a very low gearing of 0.43
- Strong Order Book of INR 8,409 Crs, well dispersed across verticals and customers with INR 1,614 Crs of O&M Orders

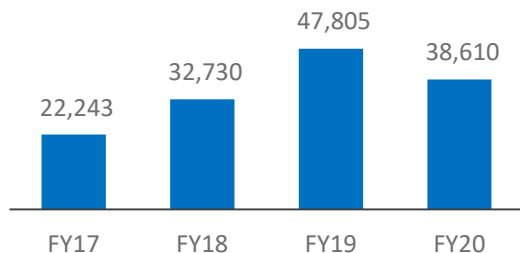
FY20 Financial Highlights (Consolidated)

Total Income	EBITDA	EBITDA Margins
INR 38,610 Mn	INR 5,162 Mn	13.37%
- 19.2% YoY	+ 12.6% YoY	+ 378 Bps YoY
PAT	PAT Margins	Diluted EPS
INR 2,373 Mn	6.15%	INR 1.76
+ 2.2% YoY	+ 129 Bps YoY	+ 0.6% YoY

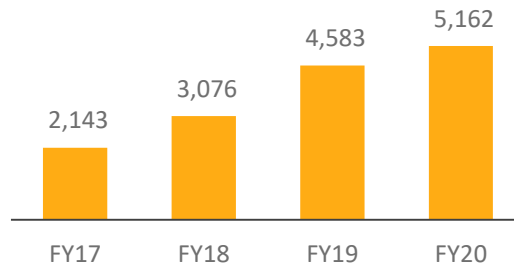
FY20 Performance Metrics – Consolidated



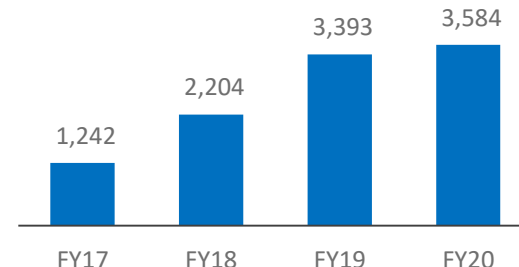
Total Income(INR Mn)



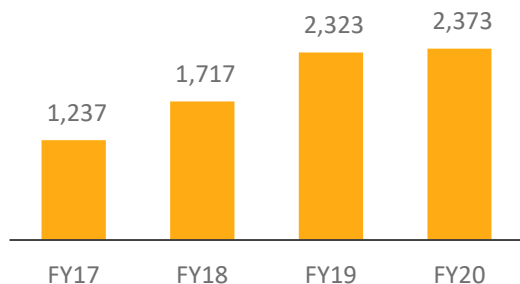
EBITDA (INR Mn)



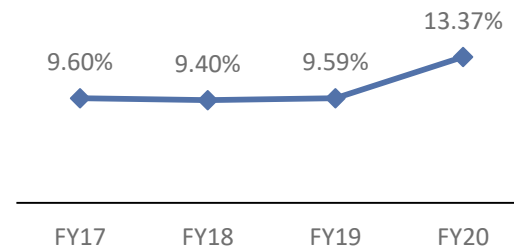
PBT (INR Mn)



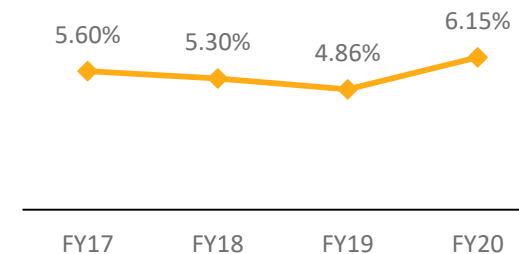
PAT (INR Mn)



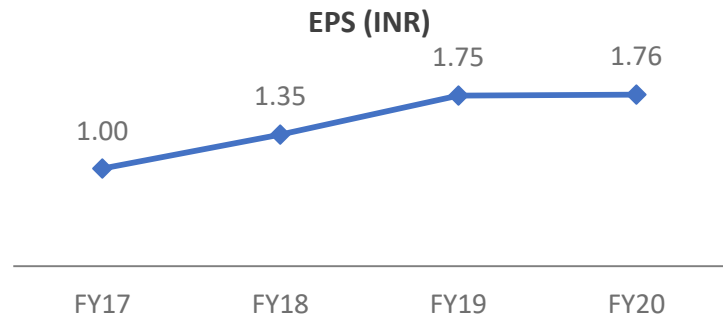
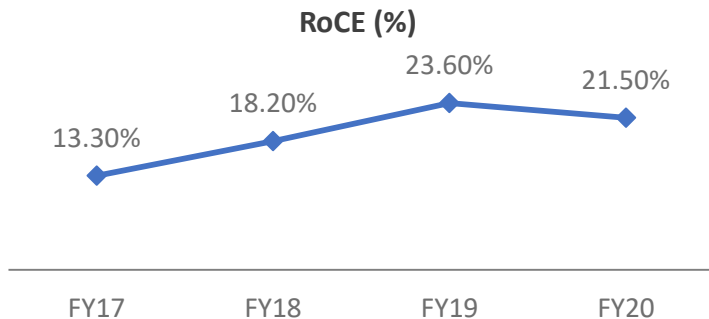
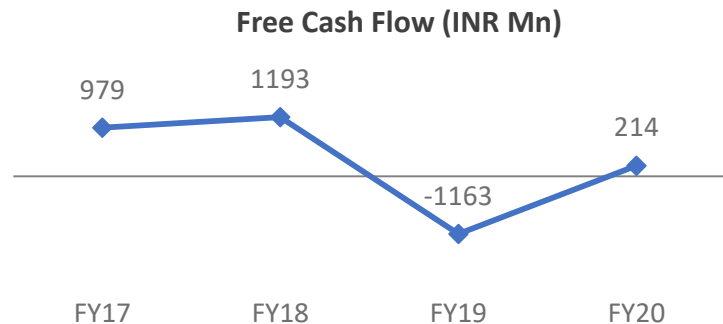
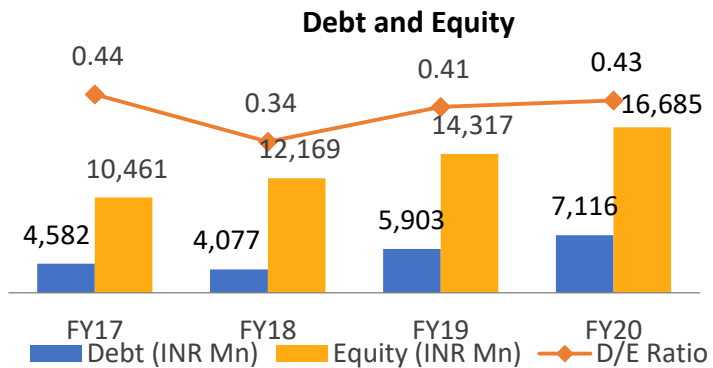
EBITDA Margin (%)



PAT Margin (%)



FY20 Performance Metrics – Consolidated



**Grow with Increased Returns
&
Create Shareholders' Value**



Increase profits in absolute value

- Own technology products to deliver good returns
- Choose high margin orders
- Backward integration to bring in efficiency
- Cost efficiency measure to continue



Continue with Low Gearing & Effective Working Capital Management

- Contain the gearing at reasonably low level
- Effective management of Working Capital



Improve Returns & Ratios

- Accelerate generation of Free Cash Flow
- Continue to enhance RoCE
- Expand EPS and other Return ratios

Q4-FY20 Consolidated Income Statement (IND-AS)



Particulars (INR Mn)	Q4-FY20	Q3-FY20	Q-o-Q	Q4-FY19	Y-o-Y
Revenue from Operations	6,632	8,535	(22.3)%	12,155	(45.4)%
Other Income	49	88	(44.3)%	314	(84.4)%
Total Income	6,681	8,623	(22.5)%	12,469	(46.4)%
Total Expenses	5,918	7,583	(22.0)%	11,114	(46.8)%
EBITDA	763	1,040	(26.6)%	1,355	(43.7)%
EBITDA Margin (%)	11.42%	12.06%	(64) Bps	10.87%	55 Bps
Depreciation	149	99	50.5%	85	75.3%
Finance Cost	333	240	38.8%	286	16.4%
Share of net profits of JV's accounted using equity method	-	(3)	NA	6	NA
Exceptional Items	-	-	NA	-	NA
PBT	281	698	(59.7)%	990	(71.6)%
PBT Margin (%)	4.21%	8.09%	(388) Bps	7.94%	(373) Bps
Tax	194	242	(19.8)%	331	(41.4)%
Profit after Tax	87	456	(80.9)%	659	(86.8)%
PAT Margin (%)	1.30%	5.29%	(399) bps	5.29%	(399) Bps
Other Comprehensive Income	10	(2)	NA	58	(82.8)%
Total Comprehensive Income	97	454	(78.6)%	717	(86.5)%
EPS (Diluted INR)	0.04	0.36	(88.9)%	0.50	(92.0)%

FY20 Consolidated Income Statement (IND-AS)



Particulars (INR Mn)	FY20	FY19	Y-o-Y
Revenue from Operations	38,389	47,378	(19.0)%
Other Income	221	427	(48.2)%
Total Income	38,610	47,805	(19.2)%
Total Expenses	33,448	43,222	(22.6)%
EBITDA	5,162	4,583	12.6%
EBITDA Margin (%)	13.37%	9.59%	378 Bps
Depreciation	420	270	(55.6)%
Finance Cost	1,148	919	(24.9)%
Share of net profits of JV's accounted using equity method	(10)	(1)	NA
Exceptional Items	-	-	NA
PBT	3,584	3,393	5.6%
PBT Margin (%)	9.28%	7.10%	218 Bps
Tax	1,211	1,070	13.1%
Profit after Tax	2,373	2,323	2.2%
PAT Margin (%)	6.15%	4.86%	129 Bps
Other Comprehensive Income	10	45	(77.8)%
Total Comprehensive Income	2,383	2,368	0.6%
EPS (Diluted INR)	1.76	1.75	0.6%

FY20 Consolidated Balance Sheet



Equities & Liabilities (INR Mn)	FY19	FY20	Assets (INR Mn)	FY19	FY20
(A) Share Capital	1,274	1,284	(A) Property plant & Equipment	2,022	4369
(B) Other Equity	13,143	15,401	(B) Capital Work in Progress	640	151
Non Controlling Interest	-100	-	(C) Right-of-use-Assets		201
Total -Shareholder Funds	14,317	16,685	(D) Goodwill	259	262
			(E) Other Intangible Assets	103	208
Non Current Liabilities			(F) Intangible Assets under development	215	187
(A) Financial Liabilities			(G) Investment in Associates/ JV	55	
(i) Borrowings	1,344	2,010	(H) Financial Assets		
(ii) Lease Liabilities		169	(i) Investment	517	557
(iii) Financial guarantee Obligations	22	0	(ii) Trade receivables	905	1199
(B) Provisions	248	319	(iii) Others	362	380
Total - Non – Current Liabilities	1,614	2,498	(I) Deferred Tax (Net)	799	122
			(J) Other Non Current Assets	405	43
Current Liabilities			Total - Non – Current Assets	6,282	7,679
Financial Liabilities			Current Assets		
(i) Borrowings	4,187	4,676	(A) Inventories	2,645	3,437
(ii) Lease Liabilities		50	(B) Financial Assets		
(iii) Trade Payables	8,645	8,152	(i) Investment	24	25
(iv) Other Financial Liabilities	2,398	5,271	(ii) Trade Receivables	14,724	16,098
(B) Current Tax Liabilities	-		(iii) Cash & Cash Equivalents	175	164
(C) Other Current Liabilities	1,212	519	(iv) Bank balances other than above	1,418	1,754
(D) Contract Liabilities	495	332	(v) Loans	140	150
(E) Provisions	74	107	(vi) Others-Advances	5,280	5,575
Total – Current Liabilities	17,011	19,107	(C) Current Tax Assets (Net)	595	975
			(D) Contract Assets	33	182
GRAND TOTAL - EQUITIES & LIABILITES	32,942	38,290	(E) Other Current Assets	1,626	2,251
			Total – Current Assets	26,660	30,611
			GRAND TOTAL – ASSETS	32,942	38,290

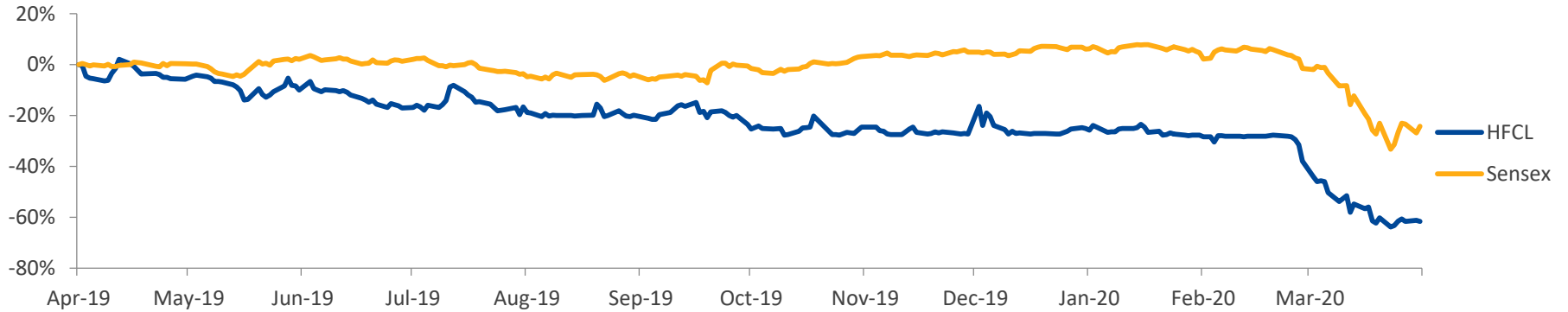
Returning to the Society

All Encompassing CSR Programme reaching to the ultimate beneficiaries

- Five Mobile Medical Clinics in different states benefitting 500 individuals of underprivileged community everyday
- Equipped HFCL Medi Dialysis centre in Delhi
- Smart Class Education benefitting 10,000 underprivileged children
- Scholarships in various schools and colleges including IIT – Madras for meritorious students
- Constructed Old Age Homes and providing them with the needed medical facilities
- Contribute to various other aspects for the welfare of the underprivileged with grants, sponsorships, disaster management contributions, food distribution etc.
- Work with reputed partners to deliver the service for the ultimate beneficiaries



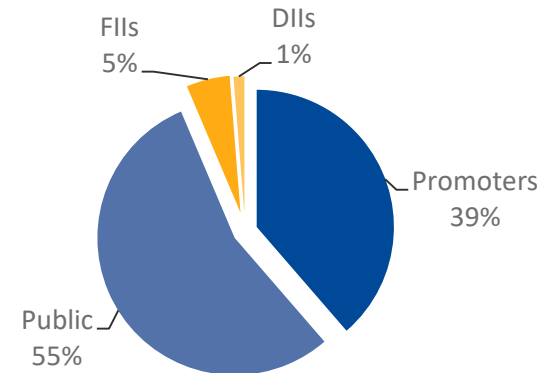
Capital Market Information



Price Data (As On 31st March, 2020)

Face value (INR)	1.0
Market Price (INR)	9.02
52 Week H/L (INR)	24.4/8.15
Market Cap (INR Mn)	11,585.08
Equity Shares Outstanding (Mn)	1,284.4
1 Year Avg. Daily trading volume ('000)	2,450.98

Shareholding - (As on 31st March, 2020)



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HFCL Limited

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For further details, please feel free to contact our Investor Relations Representatives:



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