



# Shaping

a vibrant future



**HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED**  
ANNUAL REPORT 2018-19

# What's where!

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## AGM Notice



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### Forward Looking Statements:

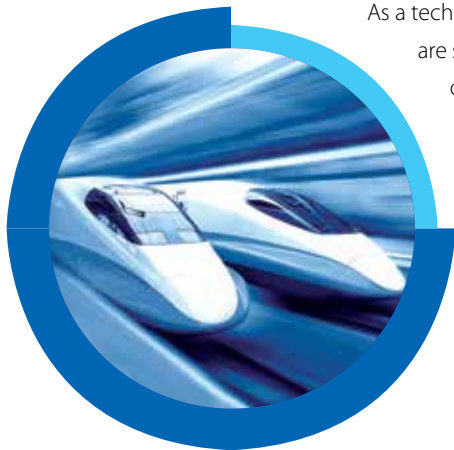
Certain statements in this Annual Report relating to the Company's future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We undertake no obligation to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



# 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

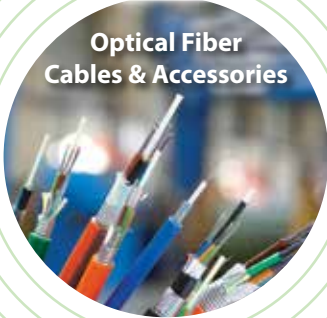
## TECHNOLOGY FOCUS

- 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

### Optical Fiber Cables & Accessories



### Telecom Products



### Surveillance & Defence products



**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

## 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



Optical Fiber Cable Plant, Chennai

**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.



OFC for their OFC Network project being implemented in Chhattisgarh under BharatNet Phase-II Programme of Government of India.

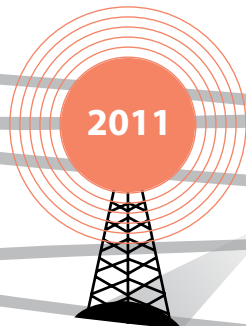
### March 04, 2019

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

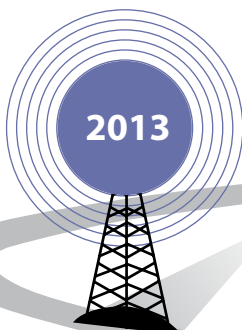
# Strengthening our growth foundation



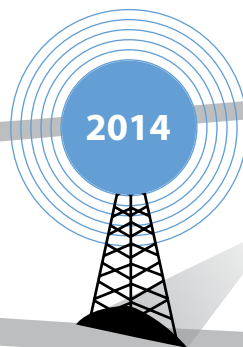
- New Strategic Partnership with Reliance Jio for creation of 4G Network Infrastructure
- Restructured Debt & Equity
- Merger of high net-worth company, Sunvision Engineering Company Pvt. Ltd.



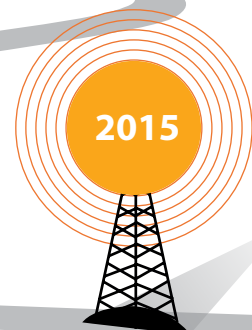
Capacity of Goa manufacturing facility expanded to 2.6m fkm



- Doubled the Revenue.
- PAT increased by 5 times



Capacity of Goa manufacturing facility expanded to 4.9m fkm



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



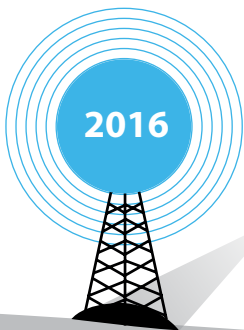




- Capacity of Goa manufacturing facility expanded to 7m fkm
- Commencement of OFC manufacturing facility at Chennai, in HTL Ltd., a subsidiary with capacity of 4m fkm

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

- 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



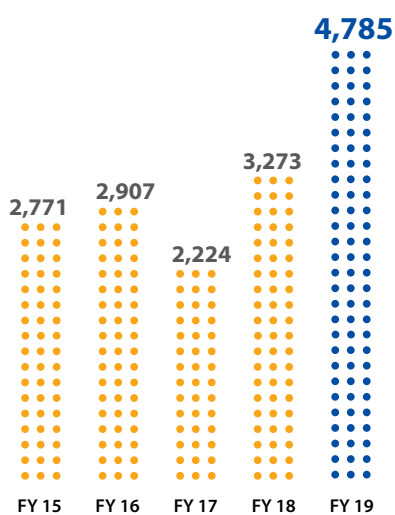
- Setting up of Optical Fiber Plant in Hyderabad with 6.4m fkm capacity. Expected to be completed by the end of 2019
- Acquired 90% stake in a technology focussed company, Raddef Private Limited which has expertise in RF and Microwave domain embedded systems, Communication systems, RADAR and Surveillance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



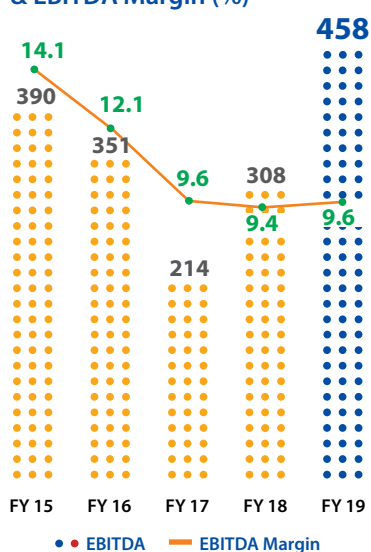


# Performance through the years

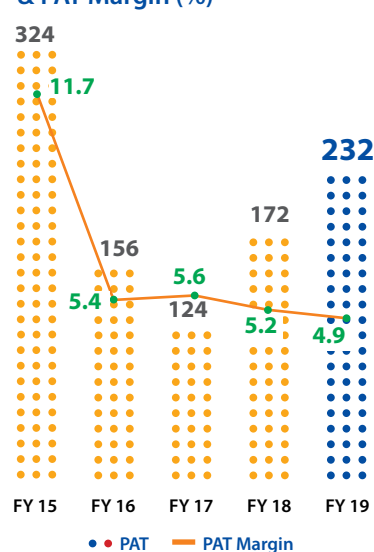
Revenue (₹in Crore)



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



PAT (₹in Crore) & PAT Margin (%)



Revenue

**₹4,785**  
Crore

EBITDA

**₹458**  
Crore