HFCL LIMITED

Our Company was originally incorporated as 'Himachal Futuristic Communications Limited' as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated on May 11, 1987 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh at Jalandhar. Our Company commenced business on July 13, 1987 pursuant to a certificate of commencement of business issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Subsequently, the name of our Company was changed to 'HFCL Limited' pursuant to a certificate of incorporation pursuant to change of name dated October 1, 2019 issued by the Registrar of Companies, Himachal Pradesh. For further details, please see "*General Information*" on page 251.

Registered Office: 8, Electronics Complex, Chambaghat, Solan – 173 213, Himachal Pradesh, India.
Corporate Office: 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi - 110 048, India
Telephone: +91-1792-230644; **E-mail:** secretarial@hfcl.com; **Website:** www.hfcl.com; **CIN:** L64200HP1987PLC007466

Issue of up to 8,72,72,727 equity shares of face value ₹ 1 each of our Company ("**Equity Shares**") at a price of ₹ 68.75 per Equity Share, including a premium of ₹ 67.75 per Equity Share (the "**Issue Price**"), aggregating up to approximately ₹ 600 crores (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 35.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 AND SECTION 62 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT")

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTIONS 42 AND 62 OF THE COMPANIES ACT, OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 44 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE, EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT (AS DEFINED HEREINAFTER). PROSPECTIVE INVESTORS SHALL CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND OUR COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THE PRELIMINARY PLACEMENT DOCUMENT AND/OR THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

The Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on December 6, 2021 was ₹ 78.35 and ₹ 78.30 per Equity Share, respectively. In-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue, have been received from BSE and NSE on December 6, 2021. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

A copy of the Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges. Our Company shall also make requisite filings with the RoC (as defined hereinafter), within the stipulated timeframe prescribed under the Companies Act and the PAS Rules (as defined hereinafter), as amended. This Placement Document has not been reviewed by SEBI, the Stock Exchanges, RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and the Issue will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue has only been made pursuant to the Preliminary Placement Document together with the Application Form, this Placement Document and the Confirmation of Allocation Note (as defined hereinafter). For further details, see "*Issue Procedure*" on page 203. The distribution of this Placement Document or the disclosure of its contents, without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers and sales are made. See *"Selling Restrictions"* on page 219 for information about eligible offerees for the Issue and *"Purchaser Representations and Transfer Restrictions"* on page 229 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information on our Company's website or any website directly or indirectly linked to our Company's website or the respective websites of the BRLMs (as defined hereinafter) or any of their respective affiliates does not constitute nor form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

This Placement Document is dated December 9, 2021.

BOOK RUNNING LEAD MANAGERS		
ICICI Securities	JM FINANCIAL	MONARCH
ICICI SECURITIES LIMITED	**JM FINANCIAL LIMITED**	**MONARCH NETWORTH CAPITAL LIMITED**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company, our Subsidiaries and the Equity Shares which is material in the context of the Issue. The statements contained in this Placement Document relating to our Company, our Subsidiaries and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company, our Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company and our Subsidiaries. There are no other facts in relation to our Company, Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Placement Document is provided as of the date of this Placement Document and neither our Company, our Subsidiaries nor the Book Running Lead Managers has any obligation to update such information to a later date.

The BRLMs have not separately verified all of the information contained in the Preliminary Placement Document and this Placement Document (financial, legal or otherwise). Accordingly, neither the BRLMs nor any of their respective shareholders, employees, counsels, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLMs and/or by any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or any other affiliates as to the accuracy or completeness of the information contained in the Preliminary Placement Document and this Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, our Subsidiaries and the Equity Shares or distribution of the Preliminary Placement Document and this Placement Document. Each person receiving the Preliminary Placement Document and this Placement Document acknowledges that such person has not relied either on the BRLMs or on any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or any other affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, our Subsidiary and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of the BRLMs. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares to be issued pursuant to this Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States, unless so registered, and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 219 and 229, respectively.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs specified by the BRLMs or their representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the

foregoing restrictions and not further distribute or make any copies of this Placement Document or any documents referred to in this Placement Document. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and the issue of Equity Shares may be restricted in certain countries or jurisdictions by applicable laws. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any country or jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, except for India, no action has been taken by our Company and the BRLMs that would permit an offering of the Equity Shares or distribution of this Placement Document in any country or jurisdiction, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of the Preliminary Placement Document or this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 219 and 229, respectively.

In making an investment decision, the prospective investors must rely on their own examination of our Company, our Subsidiaries, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of the Preliminary Placement Document or this Placement Document as legal, business, tax, accounting or investment advice. Prospective investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, our Company or the BRLMs are not making any representation to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to the Issue regarding the legality or suitability of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Sections 42 and 62 of the Companies Act, Rule 14 of the PAS Rules and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority, in India or any other jurisdiction, from buying, selling or dealing in securities including the Equity Shares. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

This Placement Document does not purport to contain all the information that any Eligible QIB may require. Further, this Placement Document has been prepared for information purposes to the Issue only and upon the express understanding that it will be used for the purposes set forth herein.

The Company does not undertake to update the Placement Document to reflect subsequent events after the date of the Placement Document and thus it should not be relied upon with respect to such subsequent events without first confirming the accuracy or completeness with the Company. None of the delivery of the Preliminary Placement Document or this Placement Document nor any issue of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date hereof.

The information on our Company's website, www.hfcl.com, or any website directly or indirectly linked to the website of our Company or on the website of the BRLMs or any of their respective affiliates, does not constitute nor form part of this Placement Document. Prospective investors should not rely on any such information contained in, or available through, any such websites.

The Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Placement Document has been prepared on the basis that all offers of Equity Shares in Member States of the European Economic Area ("**EEA**") (each a "**Member State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129 of the European Parliament and Council EC (and amendments thereto). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Placement Document should only do so in circumstances in which no obligation arises for the Company or the Book Running Lead Managers to produce a prospectus for such offer. Neither the Company nor the Book Running Lead Managers have authorized, nor does either authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Book Running Lead Managers which constitute the final placement of Equity Shares contemplated in this Placement Document.

Information to distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares that are the subject of the Issue have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "**UK Target Market Assessment**"). Notwithstanding the UK Target Market Assessment, "distributors" (for the purposes of the UK Product Governance Requirements) should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

In the United Kingdom, this document is being distributed only to, and is directed only at, persons: (A) (i) who have professional experience in matters relating to investments and who are investment professionals falling within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**FSMA Order**"), (ii) falling within Article 49(2)(a) to (d) of the FSMA Order, and (iii) to whom it may otherwise lawfully be communicated; and (B) who are "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018 (all such persons together being referred to as "**relevant persons**"). This document must not be acted on or relied on in the United Kingdom, by persons who are not relevant persons. Any investment or investment activity to which the document relates is available only to, in the United Kingdom, relevant persons. The communication of this offering memorandum to any person who is not a relevant person is unauthorized and may contravene the Financial Services and Markets Act 2000, as amended.

NOTIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

Singapore Securities and Futures Act Product Classification – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the CMP Regulations 2018) and (B) Excluded Investment

Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information to investors in certain other jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 219 and 229, respectively.

REPRESENTATIONS BY INVESTORS

All references to "you" or "your" in this section are to the Bidders in this Issue. By bidding for and/ or subscribing to any of the Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreements set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 1, 219 and 229, respectively, and to have represented, warranted and acknowledged to and agreed to us and the BRLMs as follows:

- You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable law in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office), having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and are eligible to invest in India under applicable law, including the SEBI FPI Regulations, FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets. You confirm that you are not an FVCI;

- You will provide the information as required under the Companies Act, the PAS Rules and applicable SEBI ICDR Regulations and rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;

- You are eligible to invest and hold the Equity Shares of our Company in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules**.**

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;

- You are aware that the Preliminary Placement Document and this Placement Document will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. The Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed, verified or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- The Preliminary Placement Document has been filed, and this Placement Document has been filed with the Stock Exchanges and the Preliminary Placement Document and this Placement Document has been displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your

obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document), and will honour such obligations;

- You are aware that, our Company, the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the BRLMs. The BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not, in any way, acting in any fiduciary capacity in relation to you;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the BRLMs may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLMs have advised you not to place undue reliance in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information, which is not set forth in the Preliminary Placement Document and this Placement Document;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared.

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding us or our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. None of our Company, the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category other than Eligible QIBs, and the Allotment of the same shall be at the sole discretion of our Company, in consultation with the BRLMs;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company has disclosed names and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document. However, disclosure of such details in relation to the proposed Allottees in this Placement

Document does not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLMs;

- You are aware that the pre-Issue and post-Issue shareholding pattern of our Company, as required by the SEBI Listing Regulations, has been filed by our Company with the Stock Exchanges;

- You are aware that if you together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 44;

- In making your investment decision, you have (i) relied on your own examination of us, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of us, the Equity Shares and the terms of the Issue, based solely on and in reliance of the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Company nor the BRLMs nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares);

- You will obtain your own independent tax advice from a service provider and will not rely on the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including in relation to limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against us or the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment;

- If you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' of our Company as defined under the Companies Act and the SEBI ICDR Regulations, and are not a person related to our Promoters, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent our Promoters or members of our Promoter Group (as defined under the SEBI ICDR Regulations) or persons or entities related thereto;

- You have no rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares, the acquisition of which shall not deem you to be a Promoters or a person related to the Promoters;

- You agree that in terms of Section 42 of the Companies Act and Rule 14 of the PAS Rules, we shall file the list of Eligible QIBs (to whom the Preliminary Placement Document has been circulated) along with other particulars including your name, complete address, phone number, e-mail address, permanent account number and bank account details, including such other details as may be prescribed or otherwise required even after the closure of the Issue with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;

- You will have no right to withdraw your Bid or revise your Bid downwards after the Bid/ Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not ultimately result in triggering an open offer under the SEBI Takeover Regulations as defined herein) and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- Your aggregate equity shareholding in our Company, together with other Eligible QIBs that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

  (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary or holding company and any other Eligible QIBs; and

  (b) 'Control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares to be issued pursuant to this Issue, are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares, to be issued pursuant to this Issue, will be obtained in time or at all. Neither our Company nor the BRLMs nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the BRLMs have entered into a Placement Agreement with our Company whereby the BRLMs have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of the Preliminary Placement Document and this Placement Document are exclusively the responsibility of our Company, and that neither the BRLMs nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates nor any person acting on its or their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the BRLMs or our Company or any other person, and the BRLMs or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the BRLMs and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 219 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" and *"Purchaser Representations and Transfer Restrictions"* on pages 219 and 229, respectively;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws.

- You are outside the United States, and you are subscribing for the Equity Shares in an "offshore transaction" as defined in and in compliance with Regulation S, and are not our Company's or the BRLMs' affiliate or a person acting on behalf of such an affiliate;

- You are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act.

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document.

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the BRLMs and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any

breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in the Preliminary Placement Document and this Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You acknowledge that the Preliminary Placement Document and this Placement Document do not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

- You are aware that in terms of the SEBI FPI Regulations and the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than fifty percent or common control) shall be below 10% of the total paid-up equity share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to our Company. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and Rule 6 of the FEMA Rules;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the BRLMs.

- You represent that you are not an affiliate of our Company or the BRLMs or a person acting on behalf of such affiliate.

- Our Company, the BRLMs, their respective affiliates, directors, officers, counsels, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the BRLMs; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including affiliates of the BRLMs, which is registered as a Category I FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such P-Notes provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs, subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been and are not being offered or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control,) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis ("**Investment Restrictions**"). The SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the Investment Restrictions shall also apply to subscribers of P-Notes and two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the P-Notes. Further, in the event a prospective investor has investments as an FPI and as a subscriber of P-Notes, the Investment Restrictions shall apply on the aggregate of the FPI investments and P-Notes positions held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with the FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA rules. These investment restrictions shall also apply to subscribers of P-Notes.

Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and does not constitute any obligations of or claims on the BRLMs.

Bidders interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

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DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of the contents of the Preliminary Placement Document and this Placement Document; or

2. warrant that the Equity Shares to be issued pursuant to this Issue, will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company;

It should not, for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'bidder', ''your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to the "our Company", the "Company" or the "Issuer" are to HFCL Limited on a standalone basis and references to 'we', 'us', 'our' or the 'Group' are to HFCL Limited together with our Subsidiaries and our Associates as well, on a consolidated basis.

Currency and units of presentation

In this Placement Document, references to 'US$', 'USD' and 'U.S. dollars' are to the official currency of the United States of America, references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to official currency of Republic of India, references to "EUR" or "€" are to Euro, the official currency of the European Union, references to "GBP" or "£" are to British pound, the official currency of the United Kingdom, references to "JPY" are to Japanese yen, the official currency of Japan and references to "AED" are to the United Arab Emirates Dirham, the official currency of the United Arab Emirates,. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Figures in this Placement Document have been presented in crores or in whole numbers where the numbers have been too small to present in crores unless stated otherwise. Further, certain figures in the "*Industry Overview*" section of this Placement Document have been presented in millions and billions. Our Audited Consolidated Financial Statements for Fiscal 2021 and the Unaudited Consolidated Financial Results as at and for the six months period ended September 30, 2021 are prepared in crores and have been presented in this Placement Document in crores for presentation purposes.

In this Placement Document, references to "crore(s)" represents "1,00,00,000", "million" represents "0.1 crore" or "1,000,000", "lakh(s)" represents "1,00,000" or "0.1 million" and "billion" represents "1,000,000,000" or "1,000 million" or "100 crore".

Unless otherwise specified, all financial numbers in parentheses represent negative figures.

Page numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Financial data and other information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to the terms "Fiscal", "Fiscals" or "Fiscal year", "FY", refer to the 12 month period ending March 31 of that particular year.

Unless stated otherwise or unless the context requires otherwise, the financial data in this Placement Document is derived from the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results. The Audited Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards ("**Ind AS**"), notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, prescribed under section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder and the other accounting principles generally accepted in India and guidance notes specified by the Institute of Chartered Accountants of India, which have been included in this Placement Document. The Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results should be read along with the respective reports issued thereon. For further information, see "*Financial Statements*" on page 254.

Our Company presents its financial statements under Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor does our Company provide a reconciliation of its audited consolidated financial statements to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results included in this Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting policies and practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. Prospective investors are advised to consult their advisors before making any investment decision.

Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. All figures from or derived from the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results are in decimals and have been rounded off to two decimal points, as has been presented in the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results. Certain operational numbers may have been rounded off to one decimal point in some instances. Unless otherwise specified, all financial numbers in parenthesis represent negative figures. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Non-GAAP financial measures

As used in this Placement Document, a non-GAAP financial measure is one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable Ind AS measures. From time to time, reference is made in this Placement Document to certain "non-GAAP financial measures," such as EBITDA, or earnings before interest, taxes and depreciation and amortization, operating EBITDA and interest coverage ratio. Our management believes that EBITDA and other non-GAAP financial measures provide investors with additional information about our performance, as well as ability to incur and service debt and make capital expenditures and are measures commonly used by investors. The non-GAAP financial measures described herein are not a substitute for Ind AS (or IFRS) measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. In addition, you should note, that other companies in the same industry as ours may calculate and present these data in a different manner and, therefore, you should use caution in comparing our data with data presented by other companies, as the data may not be directly comparable.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations and analysts and on data from other external sources, and on our knowledge of markets in which we compete.

Unless stated otherwise, statistical information, industry and market data used throughout this Placement Document has been obtained from the report titled "*An Industry Report on OFC and Telecom Equipment, Railway Communication Services and Defence Electronics*" dated October 2021 ("**Feedback Advisory Report**"), which is a report commissioned and paid for by us and prepared by Feedback Advisory.

This information is subject to change and cannot be certified with complete certainty due to limits on the availability and reliability of raw data and other limitations and uncertainties inherent in any statistical survey. The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Further, the calculation of certain statistical and/ or financial information/ ratios specified in the sections titled "*Business*", "*Risk Factors*", "*Management's Discussions and Analysis of Results of Operations and Financial Condition*" and otherwise in this Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the Feedback Advisory Report. Data from these sources may also not be comparable.

Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such information involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors - 44*"

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "can", "could", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will pursue", "will achieve", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition, results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts.

These forward-looking statements and any other projections contained in this Placement Document (whether made by our Company or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections.

Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- Any adjustment, cancellation or suspension of contracts in our Order Book by customers;
- Any loss or shutdown of operations at any of our manufacturing facilities;
- Any losses under our purchase orders and contracts with our customers or being subjected to disputes or contractual penalties as a result of cost overruns, delays in delivery or failures to meet contract specifications or delivery schedules;
- Cancellation and changes in scope of services in the award of large-scale contracts and turnkey project awards;
- Continuing impact of COVID-19 pandemic;
- Inability to keep abreast of the technological changes and new product introductions;
- Inability to successfully develop new products or continue our product portfolio expansion in a timely and cost-effective manner

Additional factors that could cause our actual results, performance or achievements to differ include but are not limited to, those discussed in "*Risk Factors*", "*Our Business*", *"Industry Overview"* and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 44, 124, 91 and 143, respectively.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what occurs in the future. As a result, actual future gains, losses or impact on revenue or income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by and information currently available to the management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither we, the BRLMs nor any of its affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or cash flows or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. All our Directors and Key Management Personnel named in this Placement Document, are residents of India and a significant portion of the assets of our Company are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A, respectively, of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except:

1. where the judgment has not been pronounced by a court of competent jurisdiction;

2. where the judgment has not been given on the merits of the case;

3. where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

4. where the proceedings in which the judgment was obtained were opposed to natural justice;

5. where the judgment has been obtained by fraud; and

6. where the judgment sustains a claim founded on a breach of any law then in force in India.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution. Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws. It is unlikely that an Indian court would enforce foreign judgments that would be contrary to or in violation of Indian law. Our Company and the Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmark India Private Limited ("**FBIL**"), which are available on the website of the RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ per US$)

	Period end[(1)]	Average[(2)]	High[(3)]	Low[(4)]
Fiscal ended:				
March 31, 2021	73.50	74.20	76.81	72.29
March 31, 2020	75.39	70.88	76.15	68.37
March 31, 2019	69.17	69.89	74.39	64.93
Month ended				
September 30, 2021	74.26	73.56	74.26	72.96
August 31, 2021	73.15	74.18	74.43	73.15
July 31, 2021	74.39	74.53	74.86	74.28
June 30, 2021	74.35	73.56	74.37	72.77
May 31, 2021	72.52	73.27	74.18	72.48
April 30, 2021	74.02	74.47	75.17	73.31

(Source: www.rbi.org.in and www.fbil.org.in)

(₹ per GBP)

	Period end[(1)]	Average[(2)]	High[(3)]	Low[(4)]
Fiscal ended:				
March 31, 2021	100.95	97.06	102.66	91.95
March 31, 2020	93.08	90.15	96.67	83.54
March 31, 2019	90.48	91.73	98.30	88.19
Month ended				
September 30, 2021	99.86	101.05	101.98	99.86
August 31, 2021	100.95	102.40	103.45	100.95
July 31, 2021	103.73	102.97	103.73	102.11
June 30, 2021	102.95	103.21	103.72	102.45
May 31, 2021	102.87	103.09	103.80	102.46
April 30, 2021	103.16	103.13	104.58	101.53

(Source: www.rbi.org.in and www.fbil.org.in)

(₹ per EUR)

	Period end[(1)]	Average[(2)]	High[(3)]	Low[(4)]
Fiscal ended:				
March 31, 2021	86.10	86.67	90.31	81.50
March 31, 2020	83.05	78.80	84.33	76.31
March 31, 2019	77.70	80.93	85.90	77.60
Month ended				
September 30, 2021	86.14	86.60	87.15	86.07
August 31, 2021	86.53	87.35	88.32	86.53
July 31, 2021	88.39	88.13	88.53	87.61
June 30, 2021	88.50	88.66	89.42	88.08
May 31, 2021	88.42	88.92	89.32	88.23
April 30, 2021	89.69	89.20	90.51	86.30

(Source: www.rbi.org.in and www.fbil.org.in)

(₹ per JPY)

	Period end[(1)]	Average[(2)]	High[(3)]	Low[(4)]
Fiscal ended:				
March 31, 2021	66.36	70.02	71.64	66.26
March 31, 2020	69.65	65.23	72.06	61.45
March 31, 2019	62.52	63.04	66.29	60.54

	Period end[1]	Average[2]	High[3]	Low[4]
Month ended				
September 30, 2021	66.35	66.76	67.36	66.18
August 31, 2021	66.60	67.53	68.08	66.60
July 31, 2021	67.89	67.57	68.36	66.92
June 30, 2021	67.28	66.82	67.45	66.25
May 31, 2021	66.08	67.11	67.70	65.96
April 30, 2021	68.02	68.35	69.43	66.36

(Source: www.rbi.org.in and www.fbil.org.in)

(₹ per AED)

	Period end[1]	Average[2]	High[3]	Low[4]
Fiscal ended:				
March 31, 2021	19.95	20.22	20.97	19.70
March 31, 2020	20.54	19.31	20.86	18.62
March 31, 2019	18.89	19.03	20.24	17.66
Month ended				
September 30, 2021	20.23	20.05	20.24	19.87
August 31, 2021	19.89	20.19	20.29	19.89
July 31, 2021	20.25	20.31	20.44	20.23
June 30, 2021	20.27	20.06	20.27	19.84
May 31, 2021	19.75	19.94	20.19	19.71
April 30, 2021	20.17	20.29	20.56	19.97

(Source: https://www.currency-converter.org.uk/currency-rates/historical/table/AED-INR.html)

1. *The price for the period end refers to the price as on the last trading day of the respective annual or monthly periods.*
2. *Average of the official rate for each Working Day of the relevant period.*
3. *Maximum of the official rate for each Working Day of the relevant period.*
4. *Minimum of the official rate for each Working Day of the relevant period.*

Note:

- *In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.*
- *High, low and average are based on the RBI reference rates and rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further, any references to any statute, rules, guidelines, regulations, agreement, document or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the section "*Industry Overview*", "*Statement of Possible Tax Benefits*", "*Legal Proceedings*" and "*Financial Statements*" on pages 91, 239, 247 and 254, respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
Our Company / the Company / the Issuer	HFCL Limited, a company incorporated in India under the Companies Act, 1956, having its registered office at 8, Electronics Complex, Chambaghat, Solan – 173213, Himachal Pradesh, India
the Group / us / we / our	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries and our Associates

Company Related Terms

Term	Description
Articles / Articles of Association / AoA	The articles of association of our Company as amended from time to time
Associate(s)	Our associate companies namely, Nimpaa Telecommunications Private Limited and BigCat Wireless Private Limited
Audit Committee	The audit committee of our Board of Directors
Audited Consolidated Financial Statements	Collectively, the audited consolidated financial statements of our Company, its Subsidiaries and its jointly controlled entity, DragonWave HFCL India Private Limited (consequent upon acquisition of balance 50.10% equity shares, joint controlled entity became wholly owned subsidiary with effect from December 17, 2019) as of and for the years ended March 31, 2021, 2020 and 2019 which have been prepared in accordance with the Ind AS, as specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013 to the extent applicable, each comprising of the consolidated balance sheet, consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flow and the consolidated statement of changes in equity , including summary of significant accounting policies and other explanatory information to the respective consolidated financial statements.
Auditors or Statutory Auditors	The current statutory auditors of our Company, namely, S. Bhandari & Co., Chartered Accountants and Oswal Sunil & Company, Chartered Accountants
Board of Directors / Board	The board of directors of our Company or any duly constituted committee thereof, as the context may require
Chief Financial Officer	The chief financial officer of our Company, being Vijay Raj Jain
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, being Manoj Baid
Corporate Office	8, Commercial Complex Masjid Moth, Greater Kailash – II, New Delhi - 110 048, India
Corporate Social Responsibility Committee	The corporate social responsibility committee constituted by our Board of Directors
Director(s)	Director(s) on the Board of our Company, unless otherwise specified
Equity Shares	The equity shares of our Company of face value ₹ 1 each
Feedback Advisory Report	Report titled "An Industry Report on OFC and Telecom Equipment, Railway Communication Services and Defence Electronics" dated October, 2021 issued by Feedback Advisory

Term	Description
HFCL Plan 2017	Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan–2017
Independent Director(s)	The non-executive and independent Directors of our Company appointed as per the Companies Act, 2013 and the SEBI Listing Regulations, as disclosed in "*Board of Directors and Senior Management*" on page 188
Key Management Personnel	Key management personnel of our Company in terms of Section 2(51) of the Companies Act, as disclosed in "*Board of Directors and Senior Management*" on page 188
Memorandum/ Memorandum of Association / MoA	The memorandum of association of our Company, as amended from time to time
Managing Director	The managing director of our Company, being Mahendra Nahata
Nomination, Remuneration and Compensation Committee	The nomination, remuneration and compensation committee constituted by our Board of Directors
Non-Executive Non-Independent Director	Non-executive non-independent directors of our Company. For details, see "*Board of Directors and Senior Management*" on page 188
Promoter Group	The persons and entities constituting the promoter group of our Company as determined in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations
Promoters	The promoters of our Company, namely, Manik Lal Nahata (Late)* Mahendra Nahata, Anant Nahata, MN Ventures Private Limited, NextWave Communications Private Limited, Fitcore Tech-Solutions Private Limited, Vinsan Brothers Private Limited and Shankar Sales Promotion Private Limited ** Manik Lal Nahata is a deceased promoter of our Company. As on the date of this Placement Document, 11,920 Equity Shares are held in the name of Manik Lal Nahata, which are yet to be transferred to his legal heir(s)*
Registered Office	8, Electronics Complex, Chambaghat, Solan – 173213, Himachal Pradesh, India
Risk Management Committee	The risk management committee constituted by our Board of Directors
Shareholder(s)	The holders of the Equity Shares of our Company, from time to time
Subsidiaries	The subsidiaries of our Company, namely: (i) DragonWave HFCL India Private Limited; (ii) HFCL Advance Systems Private Limited; (iii) HFCL B.V.; (iv) HFCL Inc.; (v) HFCL Technologies Private Limited; (vi) HTL Limited; (vii) Moneta Finance Private Limited; (viii) Polixel Security Systems Private Limited; and (ix) Raddef Private Limited
Stakeholders' Relationship Committee	The stakeholders' relationship committee constituted by our Board of Directors
Senior Management Personnel	Senior management personnel of our Company as disclosed in "*Board of Directors and Senior Management*" on page 188
Unaudited Consolidated Financial Results	Unaudited consolidated financial results of our Company, its Subsidiaries and one of its associate (jointly controlled entity), Nimpaa Telecommunications Private Limited as at and for the six-months ended September 30, 2021 prepared in accordance with the principles laid down in Indian Accounting Standards (Ind AS) 34, Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, read with relevant rules issued thereunder and other accounting principles generally accepted in India, as amended, and in compliance with Regulation 33 of the SEBI Listing Regulations.

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares following the determination of the Issue Price to investors on the basis of Application Forms submitted by them, in consultation with the BRLMs and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	The issue and allotment of Equity Shares pursuant to this Issue
Allottee(s)	Bidders who are Allotted Equity Shares of our Company pursuant to this Issue
Application Form	The form pursuant to which a Bidder indicated its interest to subscribe for the Equity Shares of our Company pursuant to the Issue
Bid(s)	An indication of interest by an Eligible QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue. The term "Bidding" shall be construed accordingly.
Bidder(s)	An investor, being an Eligible QIB who made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form

Term	Description
Bidding Period/ Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates, during which Bidders submitted their Bids
Book Running Lead Managers/ BRLMs	ICICI Securities Limited, JM Financial Limited and Monarch Networth Capital Limited
CAN/ Confirmation of Allocation Note	Note or advice or intimation to Bidders confirming the Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price, and requesting payment for the entire applicable Issue Price for all the Equity Shares Allocated to such Eligible QIBs
Closing Date	The date on which the Allotment of the Equity Shares offered pursuant to this Issue shall be made, i.e., on or about December 10, 2021
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to the Issue finalised by our Company in consultation with the BRLMs
Designated Date	The date of credit of Equity Shares pursuant to the Issue to the Allottees' demat accounts, as applicable to the relevant Allottees
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in the Issue under applicable law. In addition, Eligible QIBs are QIBs who are outside the United States, to whom Equity Shares are being offered in "offshore transactions", as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers, and sales are made.
Escrow Account	The account titled "*HFCL Limited –Escrow Account*" opened with the Escrow Bank, subject to the terms of the Escrow Agreement, into which the application monies payable by Bidders in connection with subscription to Equity Shares pursuant to the Issue was deposited
Escrow Bank	State Bank of India
Escrow Agreement	The escrow agreement dated December 6, 2021 entered into amongst our Company, the Escrow Bank and the BRLMs for collection of the Bid Amounts and remitting refunds, if any, of the amounts collected, to the Bidders in relation to the issue.
Floor Price	The floor price ₹ 72.33 per Equity Share, which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company has also offered a discount of ₹ 3.58 per Equity Share (4.95 % of the Floor Price) in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue	The offer, issuance and Allotment of 8,72,72,727 Equity Shares each at a price of ₹ 68.75 per Equity Share, including a premium of ₹ 67.75 per Equity Share, aggregating up to approximately ₹ 600 crores pursuant to Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	December 9, 2021
Issue Opening Date	December 6, 2021
Issue Price	A price per Equity Share of ₹ 68.75
Issue Size	The aggregate size of the Issue, up to 8,72,72,727 Equity Shares aggregating up to approximately ₹ 600 crores
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Pay-In Date	Last date specified in the CAN for the payment of application monies by Bidders in the Issue
Placement Agreement	The placement agreement dated December 6, 2021 between our Company and the BRLMs
Placement Document	This placement document dated December 9, 2021 issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	The preliminary placement document dated December 6, 2021 issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
QIBs/ Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations

Term	Description
QIP	Qualified institutions placement, being a private placement to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and applicable sections of the Companies Act, 2013, read with applicable provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Relevant Date	December 6, 2021 which is the date of the meeting wherein the Board of Directors, or a duly authorised committee, decided to open the Issue
Stock Exchanges	Together, NSE and BSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount along with the Application Form and who will be Allocated Issue Shares
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Conventional and General Terms/Abbreviations

Term	Description
AED	United Arab Emirates Dirham
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate identification number
Civil Code	The Indian Code of Civil Procedure, 1908
Companies Act/ Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder
Companies Act, 1956	The erstwhile Companies Act, 1956 and the rules made thereunder
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder to the extent in force pursuant to the notification of the Notified Sections
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	The consolidated FDI Policy, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India
DIN	Director Identification Number
EGM	Extraordinary general meeting
EUR	Euro
FBIL	Financial Benchmark India Private Limited
FDI	Foreign Direct Investment
FDI Policy	Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade (Formerly Department of Industrial Policy and Promotion), Ministry of Commerce and Industry, GoI by circular DPIIT file number 5(2)/2020-FDI Policy, with effect from October 15, 2020
Feedback Advisory	Feedback Advisory Services Pvt. Ltd.
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal Year/ Fiscal/ FY	A period of 12 months ending March 31, unless otherwise stated

Term	Description
Form PAS-4	Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI/ Foreign Portfolio Investor(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GBP	Great Britain Pound Sterling
GDP	Gross domestic product
GoI/ Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IAS Rules	The Companies (Indian Accounting Standards) Rules, 2015, as amended
ICAI	The Institute of Chartered Accountants of India
Ind AS	Indian accounting standards as notified by the MCA pursuant to Section 133 of the Companies Act read with the IAS Rules
Indian GAAP	Generally accepted accounting principles in India
Income Tax Act/IT Act	The Income tax Act, 1961
JPY	Japanese Yen
Ltd.	Limited
MCA	Ministry of Corporate Affairs
Networth	Paid up share capital plus all reserves and surplus (excluding revaluation reserves)
Non-Resident Indian(s)/ NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Deposit) Regulations, 2016
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014
PAT	Profit after tax / profit for the respective period / year
PBT	Profit before tax
P-Notes	Offshore derivative instruments, by whatever name called, which are issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India or unlisted debt securities or securitized debt instruments, as its underlying
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
Revenue	Revenue from operations is net of Goods and Service Tax as applicable.
Rs/Rupees/Indian Rupees	The legal currency of India
RoC / Registrar of Companies	Registrar of Companies, Himachal Pradesh
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S.$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
U.S. Securities Act	United States Securities Act of 1933, as amended
USA/ U.S./ United States	The United States of America

Term	Description
Video Conferencing / Other Audio-Visual Means facility or VC / OAVM facility	Audio- visual electronic communication facility employed which enables all the persons participating in a meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

Technical and Industry Terms

Term	Description
ADSS	All Dielectric Self Supporting
ARP	Aramid reinforced plastic
CID	Criminal Investigation Department, Government of Andhra Pradesh
DDT	Dividend Distribution Tax
ED	Directorate of Enforcement, Government of India
EIR	Effective interest method
ERP	Enterprise Resource Planning
FRP	Fibre reinforced plastic
FTTH	Fibre to the home
IGFR	Impregnated glass fibre reinforcement
IT	Information technology
OEM	Original equipment manufacturers
OFC Expansion	Capacity expansion of optic fibre and optic fibre cables
OFC	Optical fibre cable
MCA	Ministry of Corporate Affairs
PLI	Production linked incentive
PMA Manufacturers	Preferential Market Access Manufacturers
R&D	Research and development
SST	Securities transaction tax
UBR	Unlicensed band radios

SUMMARY OF BUSINESS

We are a leading technology enterprise in India manufacturing a range of products in optical fibre cable ("**OFC**"), optical fibre, cable accessories and telecom equipment, and we are also one of the largest integrated telecom network providers in India. (Source: Feedback Advisory Report, October 2021). We provide an end-to-end portfolio of integrated next generation optical and data networking solutions for telecommunications, defence communication and railway communication. Our network services include OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, fibre to home ("**FTTH**") and in-building solutions as well as defence and railway communication networks. Our products are used by both private and public enterprises, including major Indian telecommunications companies, railway companies and the Indian defence forces. In addition, we export our products to enterprise and business customers in over 30 countries.

With focused efforts towards moving to margin accretive products, our revenue from telecom products and turnkey services (primarily engineering, procurement and construction of various networks and systems) represented 41% and 59%, respectively, of our consolidated revenue from operations in the six months ended of September 30, 2021, and 27% and 73%, respectively, of our consolidated revenue from operations in Fiscal 2021. Our telecommunication products are used to build networks that carry voice, data and video communication, mobile and broadband networks over optical fibre. Our products are CE certified (for use in the EU) and meet all international IEC, EIA/TIA and Bellcore standards. We manufacture OFC which forms the backbone of telecommunication networks used in critical applications. In Fiscal 2021, we had the largest market share in India for OFC supplies on the basis of OFC revenue. *(Source: Feedback Advisory Report, October 2021)*. Our OFC products include armoured cables, unarmoured cables, aerial cables, micro cables, micro module cables, ribbon cables and FTTH cables.

In addition to OFC, we have backward integrated facilities for manufacture of optical fibre, aramid reinforced plastic ("**ARP**") rods, fibre reinforced plastic ("**FRP**") rods and impregnated glass fibre reinforcement ("**IGFR**") yarns. We are also one of the largest manufacturers of Wi-Fi systems and unlicensed band radios ("**UBRs**") in India based on revenues in Fiscal 2021. *(Source: Feedback Advisory Report, October 2021).* We also produce variety of security and surveillance products. These products include video management systems ("**VMS**"), video analytics, automatic number plate recognition system and traffic light violation detection systems.

We offer our customers comprehensive digital solutions for telecommunication, defence communication and railway communication. We offer our customers end-to-end network services for OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, FTTH and in-building solutions. By the end of September 30, 2021, we installed over 150,000kms of OFC. In addition, we have developed a number of networks and systems for deployment in the defence context which include OFC and optical transport networks, fibre monitoring and management systems, routing networks, and microwave radio solutions. Further, in the railway sector, we offer an expanded portfolio of services comprising of network design, equipment supply, installation and commissioning, network integration, and post deployment support" for metro lines, mainline railways, as well as upcoming dedicated railway freight corridors in India.

As at September 30, 2021, we had five operational manufacturing facilities, including three located at Goa, Chennai (Tamil Nadu), Hosur (Tamil Nadu) and two at Hyderabad (Telangana). Our manufacturing facilities have the combined approximated installed capacity as certified by our chartered engineers, PM Pai & Associates for GOA, Chand Kumar Bhatia for Hyderabad, and M. Muniyandi for Chennai & Hosur, of 22.1 million fkm of OFC; 630,000 ckm of FTTH cables; 8 million fkm of optical fibre; 504,000 km/annum of FRP; 660,000 km/annum of ARP; and 2,700 MT IGFR yarns, as at September 30, 2021.

Our manufacturing and product offerings are also supported by our two R&D centres in Gurugram and Bengaluru. As of October 20, 2021, we had a dedicated in house R&D team of 184 employees. We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. We have a number of products under development in telecommunications including Wi-Fi 5 and 6 access points point-to-multipoint radios, cell site routers, routers, DU (Distributed Unit) aggregation routers, CU (Centralised Unit) aggregation routers, and passive optical network ("**PON**") products; and in defence including thermal weapon sights, ground surveillance radar and software defined radio. We also launched a 5G business unit to cater to the needs of communication service providers, enterprises and industry verticals both in India and overseas. The primary focus of the 5G business Unit is on 5G transport products, 5G RAN products and global system integration services. In addition, we are the only Indian company to have developed electronic fuses for artillery ammunition with own intellectual property rights. Our electronic fuses are NATO (North Atlantic Treaty Organization) certified

resulting in access to a wider customer base among NATO countries. We are currently setting up manufacturing facilities for these electronic fuses in Hyderabad.

As at September 30, 2021, our Order Book was ₹5,821.75 crore (including advance purchase orders), of which 67% comprises large turnkey projects, 14% comprises product orders and 19% comprises other product and services orders. For further information on our Order Book, see "*Our Order Book*" on page 134.

Key financial information

Set forth below is certain of our key financial information on a consolidated basis:

(*in* ₹ crore*, except percentages and ratios*)

Particulars	Six months ended September 30, 2021 (unaudited)	Six months ended September 30, 2020 (unaudited)	Fiscal 2021 (audited)	Fiscal 2020 (audited)	Fiscal 2019 (audited)
Revenue from operations	2,328.92	1,754.08	4,422.96	3,838.91	4,737.79
Gross margin	631.07	424.01	1,019.04	904.65	799.93
Gross margin (%)	27.10%	24.17%	23.04%	23.57%	16.88%
EBITDA	364.74	220.39	585.71	516.17	458.22
EBITDA margin	15.66%	12.56%	13.24%	13.45%	9.67%
Profit after tax	176.63	74.66	246.24	237.33	232.26
PAT margin	7.58%	4.26%	5.57%	6.18%	4.90%
Capital expenditure	77.09	28.07	106.07	167.88	177.06
Operating cash flows	440.17	(23.07)	56.82	172.36	33.94
ROCE[(1)]	22.72%	14.84%	19.80%	21.55%	23.65%
ROE[(1)]	16.87%	8.55%	13.71%	15.31%	17.95%
Debt / equity ratio	0.33	0.49	0.48	0.43	0.41
Net debt / EBITDA ratio	1.87	3.88	1.57	1.38	1.29

Note:
(1) *ROE and ROCE for the six months ended September 30, 2021 and 2020 have been annualized.*

For information about Non-GAAP financial measures as set forth in the table above, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations -Non-GAAP Financial Measures"* on page 164.

Our Strengths

We believe that we possess a number of competitive strengths, which enable us to successfully execute our business strategies, including the following:

Poised to capitalise on opportunities in Telecom, Defence and Railways

Our strategy is to be positioned for the upcoming opportunities in telecommunications, defence and railways. According to Feedback Advisory, the Indian OFC industry was valued at USD 530 million in Fiscal 2020 and is expected to grow to reach USD 700 million in Fiscal 2024. *(Source: Feedback Advisory Report, October 2021).* Further, in the view of Feedback Advisory, the potential of 5G in India is truly game-changing. *(Source: Feedback Advisory Report, October 2021).* For example, the global 5G system integration market size was USD 6.0 billion in Fiscal 2020 and is expected to grow at a CAGR of 27.2% from Fiscal 2021 to Fiscal 2025; the global 5G router market size was estimated at USD 450 million in Fiscal 2020 and is expected to reach USD 7,500 million by 2025; and the global small and macro cell market (which are part of the 5G radio coverage) was estimated at USD 785 million in Fiscal 2020 and is expected to grow to USD 15.8 billion by Fiscal 2025. *(Source: Feedback Advisory Report, October 2021).* Likewise, the market opportunities in defence will grow over the next five years as India plans to spend USD130 billion to modernize its armed forces. *(Source: Feedback Advisory Report, October 2021).* A recent report by the Indian Electronics & Semiconductor Association estimates the Indian aerospace and defence electronics market to have been around USD 6.2 Billion in Fiscal 2018 and is likely to reach to USD 15-16 Billion by Fiscal 2032. *(Source: Feedback Advisory Report, October 2021).* Further, in railway communications, the overall opportunity is estimated to be USD 1.8 billion to 2 billion in global metro rail projects over the next 7 to 10 years. *(Source: Feedback Advisory Report, October 2021).*

As more fully discussed below, we are focused on business strategies to prepare our Company to take advantage of these market opportunities by

- Expanding our manufacturing capabilities;
- Extending our market reach;
- Building internal structures to focus on key specialization areas; and
- Improving our product mix to margin accretive own-designed products.

It is our intention to continue to be an integral part of India's digital journey by participating in the major national projects planned by the GoI, for example, we won the mandate to implement PM-WANI, a flagship GoI initiative to provide public Wi-Fi networks in India's remote villages. During Fiscal 2021, we set up a model PM-Wani Village in Baslambi (Haryana) to offer high speed broadband connectivity, and we currently are setting up model PM Wani village in Baidebettu village in Karnataka. We are also engaged on a number of hybrid projects for the implantation of Bharat Net Phase 2, which is a GoI initiative to connect approximately 650,000 villages with Internet. We intend to continue work with the GoI, PSUs and State Government agencies and companies to help achieve the GoI's "Digital India" goals.

Further, we are an active participant in the GoI's "Make in India" campaign. In line with this policy, we manufacture OFC and electronic equipment for the telecommunications and defence. We intend to leverage the GoI's second round of the production linked incentive ("**PLI**") scheme for telecom and networking products which provides incentives of 4% to 6% on sales of good manufactured in India for period of five years. We also intend to avail ourselves of the potential benefits of the GoI's Preferential Market Access policy, under which indigenous manufacturers are given preference in procurement by Government agencies over foreign manufacturers.

Leading technology enterprise with diversified product offering and comprehensive network solutions

We are a leading technology enterprise and one of the largest integrated telecom network providers in India. *(Source: Feedback Advisory Report, October 2021).* Our products are used by both private and public enterprises, including major telecommunications companies and the Indian defence forces. Our Company also implement integrated network solutions across the telecommunications, defence, railways and security & surveillance sectors. In Fiscal 2021, we had the largest market share in the Indian market for OFC supplies on the basis or revenue. *(Source: Feedback Advisory Report, October 2021).* We were also one of the largest manufacturers in Fiscal 2021 of Wi-Fi systems and unlicensed band radios ("**UBRs**") in India based on revenues. *(Source: Feedback Advisory Report, October 2021).*

Our telecommunication products are used to build networks that carry voice, data and video communication, mobile and broadband networks over optical fibre. Our products are CE certified (for use in the EU) and meet all international IEC, EIA/TIA and Bellcore standards. We manufacture OFC which forms the backbone of telecommunication networks used in critical applications. Our OFC products include armoured cables, unarmoured cables, aerial cables, micro cables, micro module cables, ribbon cables and FTTH cables. In addition to OFC, we have backward integrated facilities for manufacture of optical fibre, ARP rods, FRP rods and IGFR yarns. Further, we produce a variety of telecommunication equipment for telecom including point-to-point and point-to-multipoint unlicensed band radios and Wi-Fi access points. We also produce variety of security and surveillance products.

We offer our customers comprehensive digital solutions for telecommunication, defence communication and railway communication. We offer our customers end-to-end network services for OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, FTTH and in-building solutions. In addition, we have developed a number of networks and systems for deployment in the defence context which include OFC and optical transport networks, fibre monitoring and management systems, routing networks, and microwave radio solutions. Further, in the railway sector, we offer an expanded portfolio of services comprising of network design, equipment supply, installation and commissioning, network integration, and post deployment support" for metro lines, mainline railways, as well as upcoming dedicated railway freight corridors in India.

As of September 30, 2021, our product, system and network offerings include the following:

Telecommunications	Defence	Railways
• Optical fibre • Optical fibre cables (OFC • Wi-Fi products • High Capacity Radio Relay ("**HCRR**") switches • Passive connectivity solutions	• Night vision devices • Electronic fuses • OFC and optical transport networks • Fibre monitoring and management systems • MPLS networks • Microwave radio solutions	• Passenger information display systems • Fibre optic transmission systems • CCTV video surveillance systems • Operation/Plant management and control systems • Integrating communication network for metro rail and mainline railways

(Source: Feedback Advisory Report, October 2021).

Strong Diversified Order Book including Marquee Projects

As at September 30, 2021, our Order Book was ₹5,821.75 crore (including advance purchase orders), of which 67% comprises large turnkey projects, 14% comprises product orders and 19% comprises other product and services orders.

Our "Order Book" comprises anticipated revenues from the unexecuted portions of existing contracts (including signed contracts for which all pre-conditions to entry into force have been met and letters of acceptance issued by the customer prior to execution of the final contract) as at a particular date.

The following table summarizes our Order Book as at September 30, 2021.

Particulars	Outstanding as at September 30, 2021	Percentage of Total Order Book
Type of Project or Products	(in ₹ crore)	(%)
Telecommunications projects and products	2,599.42	44.65%
Defense projects and products	2,572.33	44.18%
Railway projects and products	514.68	8.84%
Security and Surveillance projects and products	135.31	2.32%
Total	**5,821.75**	**100.00%**

The following summaries describe certain projects or orders, which are in our Order Book as at September 30, 2021.

Telecommunications:

- *Reliance JIO 4G OFC Network*: We are engaged by Reliance Jio in rolling out its 4G OFC Network services across Northern India. We have deployed a FTTH network connecting approximately 3.5 million home customers in 207 cities of Northern India.

- *Bharat Net Phase-2.* We are engaged on a number of hybrid projects for the implantation of Bharat Net Phase 2. BharatNet is a GoI initiative to connect every village with Internet and is likely to cover 650,000 villages by 2023.

Defence

- *Network For Spectrum ("**NFS**") project:* The GoI is implementing the NFS project (funded by the DoT), which is an India-wide secure, multi-service and multi-protocol converged network based on exclusive and dedicated tri-services optical transport backbone. BSNL is the implementation agency and we received various orders from BSNL including supply of equipment and services along with a 10-year O&M component.

- *Fibre network overlay*: We are integrating a fibre network overlay with GIS maps, satellite images and commercial land base data for the Indian defense forces including implementation of CCTV surveillance, access system and fire detection system at over 300 army locations.

- *DWDM based optical transmission backbone network:* We are planning, design and implementation of a nationwide IP backbone and access network for the Indian defense forces.

- *Microwave broadband radio*: We are providing end-to-end solutions for a number of hybrid microwave broadband radio links in remote areas.

- *Umbrella Network Management System:* We have been sub-contracted as part of this contract by Larsen & Toubro and the project is in the execution phase.

Railway

- *Freight Corridor Projects:* We are implementing telecom networks for greenfield domestic railway freight corridor projects, which includes the eastern and western dedicated freight corridors.

- *Kanpur and Agra Metro Rail:* We are setting up telecommunication systems for Kanpur and Agra Metro rail projects.

- *Video Monitoring Systems:* We are installing and activating approximately 25,000 video monitoring systems at more than 600 railway locations in India

- *Overseas projects:* We were awarded projects by Larsen & Toubro to set up telecommunication systems including OFC networks for Mauritius and Dhaka Metro rail.

For further information, see "*Our Order Book*" on page 134.

Long relationships with major stakeholders

We cater to various customers across different industry segments like telecommunications, defence and railways. Our major customers include

- *Telecommunications*: Reliance Jio, Larsen & Toubro, Airtel, Freedom Fibre, BSNL, Sify, SCCI Alphatrack;

- *Railway*: Larsen & Toubro and Mauritius Metro Rail; and

- *Defence*: OEM majors across the sector including aerospace.

In addition, we also sell our products and services to PSUs like BSNL, TCIL, JCNL as well as the Ministry of Defence, the Ministry of Communications, other GoI agencies and State governments agencies and companies.

We have a history of high customer retention from our customers and derive a significant proportion of our revenues from repeat business (defined as repeat business generated from a customer in the past three fiscal years) built on our successful execution of prior engagements. For example, we are supplying products and rendering services to Reliance Group since 1997-98, Larsen & Toubro since 2013-14, BSNL since 1990-91 and the Ministry of Defence since 1997-98.

Modern manufacturing infrastructure, equipment and technology

We have upgraded and continue to expand, our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity. As at September 30, 2021, we had five operational manufacturing facilities, including three located at Goa, Chennai (Tamil Nadu), Hosur (Tamil Nadu) and two at Hyderabad (Telangana). Our manufacturing facilities have the combined approximated installed capacity as at September 30, 2021, as certified by our chartered engineers, PM Pai & Associates for GOA, Chand Kumar Bhatia for Hyderabad, and M. Muniyandi for Chennai & Hosur, as follows:

- 22.1 million fkm of OFC;
- 630,000 ckm of FTTH cables;
- 8 million fkm of optical fibre;
- 504,000 km/annum of FRP rods;
- 660,000 km/annum of ARP rods; and

- 2,700 MT IGFR yarns.

We are expanding our manufacturing capacity and adding new products lines. See, "*Our Strategy- Expanding Manufacturing Capabilities*" on page 130.

Our manufacturing is supported by two R&D Centres in Gurugram and Bengaluru. As of September 30, 2021, we had a dedicated in house R&D team of 184 employees. We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our R&D expenditure (including our investment in R&D entities) was ₹36.99 crore, ₹44.61 crore, ₹13.64 crore and ₹24.26 crore, respectively.

Healthy financial performance to support growth

We have built our business organically and have demonstrated a healthy financial performance and consistent growth in profitability. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our consolidated revenue from operations was ₹2,328.92 crore, ₹4,422.96 crore, ₹3,838.91 crore, and ₹4,737.79 crore. Our consolidated revenue from exports as a percentage of consolidated revenue from operations has grown from 1.89% in 2019 to 3.19% in Fiscal 2020, 4.54% in Fiscal 2021 and 7.41% in the six months ended September 30, 2021. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our EBITDA was ₹364.74 crore, ₹ 585.71 crore, ₹516.17 crore, and ₹458.22 crore, respectively, while our EBIDTA margins in the same periods were 15.66%, 13.24%, 13.45% and 9.67%, respectively. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our profit after tax was ₹176.63 crore, ₹246.24 crore, ₹237.33 crore, and ₹232.26 crore, respectively; and our profit after tax margins were 7.58%, 5.57%, 6.18% and 4.90%, respectively, for the same periods.

Our debt-to-equity ratio continues to be low and, as of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, was 0.33, 0.48, 0.43 and 0.41, respectively; and our net debt was ₹683.67 crore, ₹919.61 crore, ₹711.64 crore and ₹590.30 crore, as of the same respective periods.

Our results have also benefited from our prudent capital allocation plans. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our capital expenditure was ₹77.09 crore, ₹106.07 crore, ₹167.88 crore and ₹177.06 crore and our ROCE was 22.72%, 19.80%, 21.55% and 23.65%, in the same respective periods.

Strong Promoter led management team with extensive experience

We believe that the experience, depth and diversity of our directors, management team and our Promoter have enabled our Company to be recognized as a customer centric, technology driven organization and to achieve our position as one of the leading OFC and telecom equipment companies in India. Our promoter and Managing Director of our Company, Mr. Mahendra Nahata, has been an executive director of our Company since September 28, 1990 to September 30, 1992 and thereafter, continued on the Board as a director of our Company. Subsequently, he was appointed as a whole time director with effect from October 1, 1997 and our Managing Director since June 14, 2004. Mr. Nahata is supported by a talented management team. Our core management team is experienced in the telecommunications, defense and rail industries. The majority of our management team have spent more than 10 years with our Company and bring capabilities to enable us to understand and anticipate telecommunication market trends, manage our business operations and growth, leverage our customer relationships and respond to changes in technology in a rapidly changing environment. We intend to continue to leverage on the experience of our management team and their understanding of the telecommunications industry in order to take advantage of current and future market opportunities. For more information, see the sections entitled "*Board of Directors and Senior Management*" on page 188.

Our Strategy

The key elements of our business strategy are as follows:

Improving our product mix to margin accretive own-designed products

We aim to change our revenue mix over time towards margin accretive products through expanded capacity in the OFC and FTTH cable segment and the development of new telecommunications and defense electronics products. With focused efforts towards moving to margin accretive products, our revenue from telecom products and turnkey services (primarily engineering, procurement and construction of various networks and systems)

represented 41% and 59%, respectively, of our consolidated revenue from operations in the six months ended of September 30, 2021, and 27% and 73%, respectively, of our consolidated revenue from operations in Fiscal 2021. We intend to achieve this mix by expanding our manufacturing capabilities (as discussed below), expanding our R&D activities, growing our marketing reach and also by leveraging our longstanding customer relationships. By altering our revenue mix, we expect access to new geographies (domestically and internationally), develop a more stable revenue flow and lower our working capital requirements.

Expanding Manufacturing Capabilities

To provide us with a foundation to continue to grow our products business, we are expanding our manufacturing capabilities. We are in the process of adding additional 1.4 mn fkm and 1.25 mn fkm per annum capacity of OFC manufacturing capacity at our Hyderabad and Chennai facilities respectively. Both these expansions are designed to enhance our portfolio with conventional cables along with newer types of cables such as micro duct cable, micromodule cable and advance ribbon cable, among others. We are also in the process of expanding our FTTH cable manufacturing capacity by an additional 1,20,000 ckm per annum at our Hyderabad facility. Further we are looking to strengthen our backward integration facilities manufacturing fibre, ARP and FRP at Hyderabad and Hosur.

In addition, we are in the process of establishing a new greenfield manufacturing facility for the manufacture of defense electronic products at Hyderabad. We have recently been allotted a piece of land measuring 24,282.0 square metres in Hyderabad. We intend to produce defense electronic products like electro optic devices, electronic fuses at this new facility.

For further information, please see "*Risk Factors - Our proposed capacity expansion plans relating to our manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns*." on page 49.

Extending our market reach

As part of our initiative to build the product side of our business, we look to expand our reach and thereby increasing our exports to existing and new international markets. In the six months ended September 30, 2021 and Fiscal 2021, we exported our products to over 30 countries. Some of the key geographies to which we export our products include the United Arab Emirates, Turkey, Germany, Canada, Argentina and Uruguay. During the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, our sales from exports as a percentage of our gross revenue from operations were 7.41%, 4.54%, 3.19% and 1.89%, respectively.

We intend to expand our export to various countries so as to increase our exports as a percentage of our overall business. To that end, we intend to recruit sales and marketing talent internationally and selectively add representative office where necessary to secure business. In addition, we intend to leverage our existing customer relationships to expand our business to mirror their international reach.

Building new structures to focus on key specialization areas

We are in the process of building new internal structures to focus on key specialization areas for future growth. These internal teams have been enabled by management to focus on new products and processes that we believe will augment our portfolio and improve our efficiency.

As part of our focus on R&D, we inaugurated a new research and development centre in Bengaluru in June 2021 which is primarily dedicated to the development of 5G products. With this new R&D centre along with our Gurugram R&D centre, as of September 30, 2021, we have a dedicated in house R&D team of 184 employees, which includes 73 employees in the communications area, 42 employees in the 5G technologies area, 58 in the defence technologies area and 11 in the OFC area. In addition, we are investing in technology including 5G solutions by partnering with renowned players and start-ups like Nivetti Systems, IP Infusion, NXP, Big Cat Wireless, Comm Agility, Metanoia, Aricent and Wipro.

We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. As of September 30, 2021, some of our major products under development are set forth below.

Telecom:

- 5G RAN products
- Wi-Fi 5 and 6 access points
- Point-to-multipoint radios
- Cell site routers
- DU/CU Aggregation routers
- Passive optical network ("**PON**") products

Defense:

- Ground surveillance radar
- Thermal weapon sights
- Software defined radio

We also launched a 5G business unit to cater to the needs of communication service providers, enterprises and industry verticals both in India and overseas. The primary focus of the 5G business Unit is on 5G transport products, 5G RAN products and global system integration services.

The table below sets for our portfolio under development, impact and opportunity capitalization and the cumulative market size of each of our 5G segment focus areas.

Addressable product segment	Company Portfolio under development	Impact/Opportunity capitalization	Cumulative Market Size* (Fiscal 2021-2025)
5G Transport products	• Cell Site Router • DU (Distributed Unit) Aggregation Routers • CU (Centralized Unit) Aggregation Routers	Modernization requirement for transformation of transport network for 5G	USD 16.4 billion
5G RAN products	• 5G 8T8R/16T16R Macro RU (Radio Unit) • 5G 2T2R/4T4R Indoor Small Cell for FR1 (Sub 6 GHz) and FR2 (Millimetre Wave) • 5G 2T2R/4T4R Outdoor Small Cell for FR1 and FR2	Compliant to 3GPP Release 16 and based on open standards like Open RAN	USD 35.8 billion
Global System Integration	• Product Attached Services by integration of products across the ecosystem • Managed service provider for Telco Cloud • 5G autonomous operations enabled by data, analytics and artificial intelligence • Managed service provider for selective industry verticals • Industry solutions delivered as a service model • Cloud transformation enabled for communication service providers and enterprise customers	Disaggregated option in 5G to purchase core and access network under Open RAN	USD 65.4 billion

* Total Addressable Market
(Source: Feedback Industry Report, October 2021)

Further, we have created a separate delivery organization. Our delivery organization looks after the execution of our various turnkey contracts. It works in close coordination with the respective business units and customers to help our delivery commitments.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 44, 79, 217, 203 and 235 respectively.

Issuer	HFCL Limited
Face value	₹ 1 per Equity Share
Issue Price	₹ 68.75 per Equity Share (including a premium of ₹ 67.75 per Equity Share)
Floor Price	₹ 72.33 per Equity Share, calculated on the basis of Regulation 176 of the SEBI ICDR Regulations Our Company may offer a discount of up to 5% on the Floor Price in accordance with the approval of the Shareholders accorded through their special resolution dated September 30, 2021 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Issue Size	Issue of 8,72,72,727 Equity Shares, aggregating up to approximately ₹ 600 crores, at a premium of ₹ 67.75 each A minimum of 10% of the Issue Size, i.e., at least 87,27,273 Equity Shares were made available for Allocation to Mutual Funds only and the balance 7,85,45,454 Equity Shares were made available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation only to Mutual Funds, such undersubscribed portion may be Allotted to other Eligible QIBs
Date of Board resolution authorizing the Issue	September 3, 2021 and December 6, 2021
Date of Shareholders' resolution authorizing the Issue	September 30, 2021
Dividend	See "*Description of Equity Shares*" and "*Dividends*" on pages 235 and 90
Eligible Investors	Eligible QIBs, to whom Preliminary Placement Document and the Application Form were delivered and who are eligible to bid and participate in the Issue For further details, see "*Issue Procedure*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 203, 219 and 229, respectively. The list of Eligible QIBs to whom this Placement Document and Application Form were delivered has been determined by our Company in consultation with the BRLMs
Equity Shares issued and outstanding immediately prior to the Issue	1,28,93,11,494 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	1,37,65,84,221 Equity Shares
Issue procedure	This Issue was made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 203
Listing and trading	Our Company has obtained in-principle approvals dated December 6, 2021 from BSE and NSE in terms of Regulation 28(1)(a) of the SEBI

	Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue Our Company will make applications to each of the Stock Exchanges after Allotment and credit of Equity Shares to the beneficiary account with the Depository Participant to obtain final listing and trading approval for the Equity Shares, to be issued pursuant to this Issue	
Lock-up	For details of the lock-up, see "*Placement – Lock-up*" on page 217	
Transferability restrictions	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. See "Issue Procedure", "*Selling Restrictions*" *and "Purchaser Representations and Transfer Restrictions"* on pages 203, 219 and 229, respectively.	
Use of proceeds	The gross proceeds from the Issue aggregating to approximately ₹ 600 crores. The net proceeds from the Issue, after deducting fees, commissions and Issue related expenses are approximately ₹ 588.56 crores. See "*Use of Proceeds*" on page 79 for information regarding the use of Net Proceeds from the Issue	
Risk factors	See "*Risk Factors*" on page 44 for a discussion of risks you should consider before investing in the Equity Shares	
Indian taxation	See *"Statement of Possible Tax Benefits"* on page 239	
Closing Date	The Allotment of the Equity Shares is expected to be made on or about December 10, 2021	
Ranking and dividends	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends. The Shareholders who hold Equity Shares as on the relevant record date will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. Please see sections "*Dividends"* and "*Description of the Equity Shares"* on pages 90 and 235, respectively.	
Security Codes/ Symbols for the Equity Shares	**ISIN**	INE548A01028
	BSE Code	500183
	NSE Symbol	HFCL

SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information derived from our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results. For further details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*", on pages 143 and 254, respectively.

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Summary consolidated balance sheet

(₹ in Crores)

Particulars	As at Sep 30, 2021 (unaudited)	As at March 31, 2021 (audited)	As at March 31, 2020 (audited)	As at March 31, 2019 (audited)
ASSETS				
Non-current Assets				
(a) Property, Plant and Equipment	441.58	443.35	436.93	202.18
(b) Capital work-in-progress	53.04	11.82	15.06	64.01
(c) Right-of-use-assets	25.06	20.32	20.11	-
(d) Goodwill	26.17	26.17	26.17	25.85
(e) Intangible assets (other than Goodwill)	15.06	17.97	20.82	10.35
(f) Intangible assets under development	35.54	24.20	18.71	21.51
(g) Investment accounted for using equity method	0.91	-		5.50
(h) Financial Assets				
(i) Investments	34.82	34.82	55.69	51.68
(ii) Trade Receivables	436.35	444.83	119.87	90.47
(iii) Loans	6.50	6.50	6.50	-
(iv) Others	28.70	11.03	31.54	36.22
(i) Deferred tax assets (net)	6.26	6.70	12.15	79.92
(j) Other non-current assets	14.09	18.26	4.30	40.46
Total Non Current Assets	**1,124.08**	**1,065.97**	**767.85**	**628.15**
Current Assets				
(a) Inventories	426.74	435.26	343.68	264.53
(b) Financial Assets				
(i) Investments	7.23	5.79	2.50	2.39
(ii) Trade Receivables	2,227.69	2,610.99	1,609.82	1,472.42
(iii) Cash & cash equivalents	55.35	21.30	16.44	17.53
(iv) Bank balances other than (iii) above	296.03	285.14	175.41	141.82
(v) Loans	13.24	11.87	14.98	13.97
(vi) Others	348.79	461.81	557.50	527.97
(c) Current Tax Assets (net)	5.36	75.56	97.53	59.47
(d) Contract Assets	112.82	20.70	18.48	3.34
(e) Other current assets	250.03	221.41	224.77	162.60
Total Current Assets	**3,743.28**	**4,149.83**	**3,061.11**	**2,666.04**
Total Assets	**4,867.36**	**5,215.80**	**3,828.96**	**3,294.19**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	128.65	128.44	128.44	127.44
(b) Other Equity	1,944.32	1,787.77	1,540.00	1,314.22
Equity attributable to owners of the Company	**2,072.97**	**1,916.21**	**1,668.44**	**1,441.66**
Non-controlling interest	14.47	7.26	(0.05)	(9.95)
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	171.93	250.78	200.94	134.35
(ii) Lease liabilities	20.31	18.47	16.93	-
(iii) Other financial liabilities	-	-		2.24
(b) Provisions	34.96	36.50	31.96	24.79
Total Non Current Liabilities	**227.20**	**305.75**	**249.83**	**161.38**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	511.73	587.64	467.60	418.74
(ii) Lease Liabilities	6.44	3.75	5.01	-
(iii) Trade Payables				

Particulars	As at Sep 30, 2021 (unaudited)	As at March 31, 2021 (audited)	As at March 31, 2020 (audited)	As at March 31, 2019 (audited)
- total outstanding dues of micro enterprises and small enterprises	207.12	181.49	80.54	62.39
- total outstanding dues to other than micro enterprises and small enterprises	1,196.60	1,566.47	734.70	802.11
(iv) Other financial liabilities	420.40	487.41	527.12	239.78
(b) Current Tax liabilities (Net)	16.52	46.37	-	-
(c) Other current liabilities	151.54	71.22	51.93	121.17
(d) Contract liabilities	27.09	30.11	33.16	49.52
(e) Provisions	15.27	12.12	10.68	7.39
Total Current Liabilities	**2,552.72**	**2,986.58**	**1,910.74**	**1,701.10**
Total Liabilities	**2,779.92**	**3,292.33**	**2,160.57**	**1,862.48**
Total Equity and Liabilities	**4,867.36**	**5,215. 80**	**3,828.96**	**3,294.19**

Summary consolidated statement of profit and loss

(₹ in Crores)

	Particulars	As at Sep 30, 2021 (unaudited)	As at March 31, 2021 (audited)	As at March 31, 2020 (audited)	As at March 31, 2019 (audited)
I	**INCOME**				
	Revenue from operations	2,328.92	4,422.96	3,838.91	4,737.79
	Other Income	9.34	36.13	22.08	42.74
Total Income (I)		**2,338.26**	**4,459.09**	**3,860.99**	**4,780.53**
II	**EXPENSES**				
	Cost of Materials Consumed	433.57	644.22	521.77	947.27
	Other Direct costs	557.29	973.23	1,625.08	1,581.95
	Purchases of stock-in trade	703.16	1,778.40	881.62	1,416.56
	Change in inventories of finished goods, work-in progress and stock-in trade	3.83	8.07	(94.21)	(7.92)
	Employee benefits expense	157.20	252.85	224.34	199.76
	Finance Costs	89.53	176.09	114.82	91.87
	Depreciation, Impairment and Amortization expenses	35.83	68.63	41.95	26.97
	Other Expenses	118.47	216.61	186.22	184.69
Total Expenses (II)		**2,098.88**	**4,118.10**	**3,501.59**	**4,441.15**
III	**Profit / (loss) before Share of profit/ (loss) of joint venture, exceptional items and income tax (I-II)**	**239.38**	**340.99**	**359.40**	**339.38**
IV	Share of profit/ (loss) of an associate	(0.09)	-	(1.05)	(0.09)
V	**Profit / (loss) before exceptional items and income tax (III+IV)**	**239.29**	**340.99**	**358.35**	**339.29**
VI	Exceptional item	-	4.13	-	-
VII	**Profit / (Loss) before tax (V - VI)**	**239.29**	**336.86**	**358.35**	**339.29**
VIII	**Tax expense**				
	- Current tax	62.00	86.13	53.58	65.41
	- Deferred Tax	0.66	4.49	67.44	41.62
IX	**Profit/(loss) for the year (VII-VIII)**	**176.63**	**246.24**	**237.33**	**232.26**
X	**Other Comprehensive Income (OCI):**				
	Items that will not be reclassified to profit or loss				
	(i) Remeasurements of defined benefit plans	(0.89)	3. 80	1.75	0.47
	(ii) Income tax on above item	0.22	(0.95)	(0.79)	(0.36)
	(iii) Gain/(Loss) on Equity Instruments designated through OCI	0.93	2.56	0.09	4.46
	Items that will be reclassified to profit or loss				
	(i) Loss on translation of foreign operation	(0.21)	(0.45)	(0.08)	-
	(ii) Debt instruments through OCI	-	-	-	(0.03)
	Total Other comprehensive income/(loss) for the year	**0.05**	**4.96**	**0.97**	**4.54**
XI	**Total comprehensive income for the year (IX+X)**	**176.68**	**251. 20**	**238.30**	**236.80**
XII	**Profit attributable to:**				
	Owners of the Parent	169.44	239.00	227.25	219.91
	Non-controlling interest	7.22	7.24	10.09	12.35
XIII	**Total comprehensive income for the year attributable to:**				
	Owners of the Parent	169.49	243.89	228.38	224.61
	Non-controlling interest	7.21	7.31	9.94	12.19

Particulars		As at Sep 30, 2021 (unaudited)	As at March 31, 2021 (audited)	As at March 31, 2020 (audited)	As at March 31, 2019 (audited)
XIV	**Earnings per share from continuing and Total operations attributable to the equity holders of the Holding Company during the year**				
	- Basic	1.32	1.86	1.77	1.77
	- Diluted	1.32	1.87	1.76	1.75

Summary consolidated statement of cash flow

(₹ in Crores)

	Particulars	As at Sep 30, 2021 (unaudited)	As at March 31, 2021 (audited)	As at March 31, 2020 (audited)	As at March 31, 2019 (audited)
I.	**Cash Flow From Operating Activities**				
	Net Profit before Taxes and Exceptional Items	239.29	336.86	358.35	339.29
	Adjustments for				
	Depreciation, Impairment and Amortization expenses	35.83	68.63	42.85	26.97
	(Gain)/Loss on disposal of property, plant and equipment	(0.08)	0.03	0.19	0.05
	Financial Guarantee impairment	-	(0.40)	(0.40)	(1.97)
	Impairment loss, Bad Debts, advances and miscellaneous balances written off	(0.42)	4.66	6.59	24.61
	Employee Share based payments expenses	2.22	3.89	7.52	4.19
	Share of profit of joint ventures	0.09	-	1.05	0.09
	Dividend and interest income classified as investing cash flows	(1.65)	(3.77)	(5.12)	(10.14)
	Finance costs (net)	90.21	176.09	114.82	91.86
	Investment written off	-	-		2.60
		126.20	**249.13**	**167. 49**	**138.26**
	Change in operating assets and liabilities				
	(Increase)/Decrease in Trade and other receivables	392.20	(1,330.79)	(172.33)	(353.44)
	(Increase)/Decrease in Inventories	8.52	(91.59)	(79.15)	(50.96)
	Increase/(decrease) in Trade payables	(344.24)	932.72	(49.76)	301.87
	(Increase)/Decrease in other financial assets	102.56	(14.00)	(60.62)	(189.01)
	(Increase)/decrease in other non-current assets	(13.73)	20.91	(1.41)	(20.79)
	(Increase)/decrease in other current assets	(120.79)	1.17	(77.35)	(98.03)
	Increase/(decrease) in provisions	3.15	1.43	2.91	4.72
	Increase in other Non current liabilities	(2.64)	7.89	6.60	2.20
	Increase in other current liabilities	71.31	(39.12)	168.45	(11.70)
		96.34	**(511.38)**	**(262.66)**	**(415.14)**
	Cash generated from/(used in) operations	**461.83**	**74.61**	**263.19**	**62.41**
	Income taxes paid (net)	(21.66)	(17.79)	(90.83)	(28.47)
	Net cash inflow from/(used in) operating activities	**440.17**	**56.82**	**172.36**	**33.94**
II	**Cash flows from investing activities**				
	Payment for acquisition of subsidiaries & other investments	(1.50)	(13.03)	(3.41)	
	Payments for property, plant and equipment including CWIP	(65.55)	(97.37)	(155.66)	(155.11)
	Payments for Intangible Assets	(11.54)	(8.70)	(12.22)	(21.95)
	Proceeds from sale of property, plant and equipment	0.52	2.15	0.07	0.03
	Payment for loan to body corporate	(1.36)	3.11	(1.02)	-
	Proceeds from sale of Investment	-	33.13		-
	Dividends received	-	-	0.02	0.01
	Interest received	1.22	3.77	5.35	26.69
	Net cash inflow from /(used in) investing activities	**(78.21)**	**(76.95)**	**(166.87)**	**(150.33)**
III	**Cash flows from financing activities**				
	Proceeds from issues of Warrants	4.35	-	7.50	46.50
	Proceeds from borrowings	51.25	280.95	181.45	235.12
	(Redemption) of Preference Share	-	-	-	(60.38)
	(Repayment) of borrowings	(287.76)	(73.84)	(61.62)	(53.68)
	Finance lease payments	(7.73)	(7.76)	(7.25)	-
		(239.89)	**199.36**	**120.08**	**167.56**
	Less:				

Particulars		As at Sep 30, 2021 (unaudited)	As at March 31, 2021 (audited)	As at March 31, 2020 (audited)	As at March 31, 2019 (audited)
	Finance Costs paid	(88.02)	(174.38)	(111.34)	(91.34)
	Dividends paid to company's shareholders	-	-	(15.32)	(8.86)
	Net cash inflow from/(used in) financing activities	**(327.91)**	**24.98**	**(6.58)**	**67.36**
IV	**Net increase /(decrease) in cash and cash equivalents (I+II+III)**	**34.05**	**4.86**	**(1.09)**	**(49.03)**
V	Cash and cash equivalents at the beginning of the financial year	21.30	16.44	17.53	66.56
VI	**Cash and cash equivalents at end of the year**	**55.35**	**21.30**	**16.44**	**17.53**

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the country, the industry and segments in which we currently operate. We have described the risks and uncertainties that our management believes are material but the risks set out in this Placement Document may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in future. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussions and Analysis of Financial Condition and Results of Operations" on pages 124, 91 and 143, respectively, as well as the financial, statistical and other information contained in this Placement Document. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.

Unless otherwise stated, references in this section to "our Company", "we", "us", or "our" (including in the context of any financial or operational information) are to HFCL Limited and our Subsidiaries on a consolidated basis.

Our fiscal year ends on March 31 of each year. Accordingly, references to a "Fiscal" year are to the 12-month period ended March 31 of the relevant year. The financial information included in this section for Fiscal 2021, Fiscal 2020 and Fiscal 2019 has been extracted from our Audited Consolidated Financial Statements beginning on page 261. The financial information included in this section for the six months ended September 30, 2021 and September 30, 2020 has been extracted from our Unaudited Consolidated Financial Statements approved by the Board of Directors and limited reviewed by statutory auditors of the Company beginning on page 258.

The industry-related information contained in this section is derived from the Feedback Advisory Report. We commissioned and paid for the Feedback Advisory Report for the purposes of confirming our understanding of the industry in connection with the Issue.

Internal Risk Factors

Risks Relating to Our Business

1. The contracts in our Order Book may be adjusted, cancelled or suspended by our customers and, therefore our Order Book is not necessarily indicative of our future revenues or profit.

As at September 30, 2021, our Order Book was ₹5,821.75 crore (including advance purchase orders), of which 67% comprises large turnkey projects, 14% comprises product orders and 19% comprises other product and services orders. Our "Order Book" comprises anticipated revenues from the unexecuted portions of existing contracts (including signed contracts for which all pre-conditions to entry into force have been met and letters of acceptance issued by the customer prior to execution of the final contract) and from advance purchase orders and advance work orders for which we are yet to receive final purchase orders or work orders.

There can be no assurance that our Order Book will actually be realized as revenues or, if realized, will result in profits. Certain of our contracts are subject to cancellation, termination, or suspension at the discretion of the customer at any stage of the contract. Clauses in the tender documents which may be used to cancel or suspend or terminate the contracts, for example, include statements like "in the event of continuous/continual non-performance, the Purchaser reserves the right to procure the items/goods/services from elsewhere at the sole risk and cost of the supplier and to recover all such extra costs incurred by the Purchaser in procuring such items, etc. from the resources available. Alternatively, the Purchaser may cancel the Contract completely or partly without prejudice to its rights under the alternatives available".

In addition, the contracts in our Order Book are subject to changes in the scope of services and products to be supplied as well as adjustments to the costs relating to the contracts or place of delivery. Projects can remain in Order Book for extended periods of time because of the nature of the project and the timing of the particular services required by the project. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed. There may also be disputes in relation to our Order Book and receivables outstanding. Any delay, cancellation, dispute or payment default could adversely affect our business, results of operations and financial condition. For more information on our Order Book, see "*Our Business — Our Order Book*" on page 134.

2. ***Our business is dependent on our manufacturing facilities, and we are subject to certain risks in our manufacturing process. Any slowdown or shutdown in our manufacturing operations or strikes, work stoppages by our employees that could interfere with our operations could have an adverse effect on our business, financial condition and results of operations.***

Our manufacturing facilities and R&D centres are subject to operating risks, such as (i) the risk of substantial disruption or shutdown due to breakdowns or failure of equipment, natural disasters, storms, fires, explosions, earthquakes, floods and other catastrophic events, which could cause power interruptions and water shortages, actual, potential or suspected epidemic outbreaks, terrorist attacks and wars, labour disputes, strikes, lock-outs, loss of services of our external contractors, and industrial accidents, (ii) performance below expected levels of output or efficiency, and (iii) obsolescence.

Our manufacturing facilities are also subject to operating risk arising from any failure to comply with the directives of relevant government authorities (such as environmental authorities) or any changes in governmental regulations affecting our business and our facilities, such as any change in the zoning of the land on which our manufacturing facilities are located into a residential or other non-industrial use, which could lead to a loss of licenses, certifications, permits and the ability to continue operating our current manufacturing facilities and R&D centres. Moreover, catastrophic events could also destroy any inventory and capital assets located at our facilities and R&D centres. If there is any prolonged disruption or shutdown of operations at our manufacturing facilities attributed to various reasons as stated above, we may not be able to replace the equipment or inventories or use different facilities to continue our operations in a timely and cost-effective manner or at all. We may not be able to recover from damages or interruptions caused to our manufacturing facilities in a timely manner or at all. The occurrence of any such event could result in the temporary or long-term closure of any of our manufacturing facilities, severely disrupt our business operations and could have a material adverse effect on our business, results of operations and financial condition. For details of our manufacturing facilities, see "*Our Business*" on page 124.

Success of our operations depends on availability of labour and good relationships with our labour force. We have two labour unions at our manufacturing units. We experienced a work stoppage and lock out of employees in July 2019 at our Solan facility, which is no longer operational. We have not had any other labour strikes or cessation of work due to labour disputes in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019. Strikes and lockouts as a result of disputes with our labour force may adversely affect our operations. We cannot assure you that we shall not experience any strikes or lockouts on account of labour disputes in the future. Such events could disrupt our operations and may have a material adverse effect on our business, results of operations and financial condition. In addition, we also may face protests from local citizens at our existing facilities or while setting up new facilities, which may delay or halt our operations.

3. ***We could incur losses under our purchase orders with our customers or be subjected to disputes or contractual penalties as a result of cost overruns, delays in delivery or failures to meet contract specifications or delivery schedules which may have a material adverse effect on our business, results of operations and financial condition.***

Our purchase orders with our customers provide for liquidated damages for late delivery of our products and/or services. In the past, there have been instances of time overruns, due to which we have been required to re-negotiate some of the terms, such as date of delivery of our purchase orders and customer contracts due to a delay in delivery (owing to a combination of internal as well as external factors beyond our control.) There can be no assurance that our customers in future will not rescind their contracts with us if there is a delay in delivery beyond the time stipulated in the contract or we may need to renegotiate some of our customer contracts. This may have an impact on our reputation, which could have a material adverse effect on our business, results of operations and financial condition. Further, payment of liquidated damages and renegotiation of terms of purchase orders/ contracts could also have an adverse impact on our financial

position and cash flows. In addition, certain of our customer purchase orders/ contracts, enable our customers to set off payments for goods delivered against previous outstanding balances. Any such instances may also impact our cash flows and have an adverse impact on our business operations.

4. ***We operate in a competitive environment and may not be able to effectively compete which could have a material adverse effect on our business, results of operations and financial condition.***

The market wherein we operate is competitive, rapidly evolving and is characterized by frequent introductions of new and improved solutions, applications and technologies. We expect competition to persist and intensify in the future as the market wherein we operate is constantly evolving and growing with new and existing competitors devote considerable resources to introducing and enhancing products and services. Accordingly, our ability to grow our business in accordance with our strategy will depend on our ability to introduce new products, adapt to new technologies, respond to pricing strategies by competitors, redevelop our brand, execute agreements with technology partners, improve our manufacturing capabilities and technology and develop intellectual property.

Our competitors may devote greater resources to the development, promotion and sale of their products than we do. They may have lower costs and be able to withstand lower prices better in order to gain market share. They may be more diversified than we are and better able to leverage their other businesses, products and services to be able to accept lower returns and gain market share. In addition, our competitors may have greater engineering, technical, manufacturing, research and development, sales, marketing and financial resources and capabilities than we have. These competitors may be able to respond more rapidly than we can to new or emerging technologies or changes in customer requirements, including introducing a greater number and variety of products than we can.

To remain competitive, we must continue to invest significant resources in modernisation, research and development, manufacturing, sales and marketing and customer support. We cannot be sure that we will have sufficient resources to make these investments or that we will be able to make the technological advances necessary to be competitive. Failure to compete successfully against current or future competitors could have a material adverse effect on our business, results of operations and financial condition.

We expect that in the future a limited number of large customers will continue to comprise a significant percentage of our operating revenue. Consequently, if we are unable to expand our sales volumes to existing customers, maintain our relationship with our key customers or diversify our customer base, we may experience material fluctuations or decline in our revenue and reduction in our operating margins, as a result of which our business, results of operations and financial condition could be materially and adversely affected.

5. ***We are dependent on the award of large-scale turnkey project awards which are subject to cancellation and changes in scope of services and for which cost over-runs and delays may adversely affect our business, results of operations and financial condition.***

In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, 44%, 56%, 42% and 24% of our consolidated revenue was generated from large-scale turnkey projects (turnkey contracts more than ₹25 crore). The timing of when project awards will be awarded is unpredictable and outside of our control. We operate in competitive markets where it is difficult to predict whether and when we will receive awards since these awards and projects often involve complex and lengthy negotiations and bidding processes. These processes can be impacted by a variety of factors including governmental approvals, financing contingencies, commodity prices, environmental conditions and overall market and economic conditions. In addition, during an economic downturn, many of our competitors may be more inclined to take greater or unusual risks or terms and conditions in a contract that we might not deem as standard market practice or acceptable. As a result, we are subject to the risk of losing new awards to competitors. Because a substantial portion of our revenues are generated from large projects, our results of operations can fluctuate over fiscal years and quarters, depending on whether and when project awards occur and the commencement and progress of work under such awarded contracts. Hence, there is a risk that revenue may not be derived from awarded projects as quickly as anticipated. Also, any cancellation or suspension of an order by a customer may also affect our business, results of operations and financial condition.

There are various risks associated with the execution of large-scale integrated contracts and turnkey projects including, but not limited to, the following:

- Large scale contracts include manufacturing and procuring many types of products. Any delay in manufacturing or procuring components for manufacturing or procuring the products (which are not manufactured by us) will result in the delay in execution of the project.
- Large contracts also involve partnering with other agencies and partners. Any failure of other agencies or our partners in the execution of their part of the work might affect the execution of all or part of the project.

- Large scale contracts may be delayed due to customer issues and events beyond our control.

At present, large-scale contracts and turnkey projects represent a significant part of our Order Book and may represent a significant part of our Order Book in the future, increasing the potential volatility of our results of operations and cash flows and exposure to individual contract risks. For further information on these projects and our Order Book, see "*Our Business - Order Book*" on page 134. Managing such large-scale contracts and turnkey projects may also increase the potential relative size of cost overruns and negatively affect our operating margins. If we do not achieve our expected margins or suffer losses on one or more of these large-scale contracts or turnkey projects, our business, results of operations and financial condition could be materially adversely affected.

6. The impact of the COVID-19 pandemic is uncertain and still evolving, and could adversely affect our business, results of operations and financial condition.

In December 2019, a human infection was traced to a novel strain of coronavirus (also known as COVID-19) and has since spread to over 200 countries and territories. The outbreak of COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020, and as of the date of this Placement Document, is still ongoing. The GoI initiated a nation-wide lockdown from March 24, 2020 that lasted until May 31, 2020 and has been extended periodically by varying degrees by state governments and local administrations. We were required to shut down our manufacturing facilities and our various project operations. Our plants progressively resumed operations pursuant to orders from April 5, 2020 at Goa, from May 3, 2020 at Hyderabad. Operations at our subsidiary's (HTL Limited's) plants also resumed operations from April 11, 2020 at Chennai and from April 23, 2020 at Hosur. Although the nationwide lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020 in multiple states across specific districts that were witnessing increases in COVID-19 cases. The second wave of COVID-19 infections impacted India in April, May and June 2021. The second wave resulted in significant strain on the health infrastructure in the Country resulting in several states announcing lockdown measures. The second wave also resulted in a large part of the population working from home and implementing social distancing measures. In June 2021, the COVID-19 reported cases from the second wave started to decline and the GoI and state governments started gradually easing some of the strict precautionary measures.

Globally, border controls, travel restrictions and quarantine measures have been imposed by various countries in an effort to contain the spread of the COVID-19 outbreak, which have resulted in a period of business disruption as well as restrictions on business activity and the movement of people comprising a significant portion of the world's population, and a decrease in economic activity in a number of countries, including India. Moreover, there is no assurance that such measures will be effective in ending or restricting the spread of COVID-19, and many countries have experienced further COVID19 outbreaks even after such measures had been eased.

The COVID-19 pandemic has also resulted in economic challenges driven by labour shortage, logistics disruptions and reduced demand. As a result, many industries have been exposed to disruptions in carrying out business operations, resulting in loss of business and reduction in cash flows, which has created stress in different sectors of the economy. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, financial condition and prospects.

Our business, financial condition, results of operations and prospects were materially and adversely affected due to the COVID -19 pandemic, and these adverse effects included (but were not limited to) the following:

- Current and future restrictions on our workforce's access to any of our manufacturing facilities and the health and availability of our workforce could limit our ability to meet customer orders and have a material adverse effect on our business, results of operations and financial condition. The restrictions also have adversely affected, and adversely affect, the project work underway at various project sites. This may result in completion delays of the projects which may have adverse impact on the commitments given to customers and adversely affect our business, results of operations and financial condition and prospects.

- We may experience delays and defaults associated with collection of payments from customers, due to the economic slowdown caused by the COVID-19 pandemic, which may adversely affect our cash flows and results of operations. This may be further aggravated by our customers' difficulty in accessing sources of financing as a consequence of volatility in domestic and international markets and/or a domestic and global economic slowdown.

- Restrictions in response to COVID-19 placed by the GoI and state governments have been changing based on the dynamic situation. The extent and/or duration of ongoing or new workforce restrictions and limitations could impact our ability to manufacture and deliver our products, carry out work on projects, conduct R&D activities, and manage our business. Further, governmental lockdowns, restrictions or new regulations could significantly impact our operations.

- Our business may be affected by a variety of external factors that may affect the price or marketability of our products and services, including disruptions in the capital markets, changes in interest rates that may increase our funding costs and reduced demand for our products due to economic conditions. The COVID-19 pandemic has significantly increased economic and demand uncertainty and has led to disruption and volatility in the global and domestic capital markets, which could increase the cost of capital and adversely impact access to capital. A period of extremely volatile and unstable market conditions would likely increase our funding costs and negatively affect market risk mitigation strategies. Furthermore, the volatility in global and domestic capital markets may cause increased volatility in currency exchange rates reducing our ability or increase the costs to mitigate these risks. Any depreciation of the Indian rupee could result in higher hedging cost and increased costs of our imports of raw materials.

- In response to COVID-19, many of our management and administrative employees are working remotely from their homes but technology in employees' homes may not be as robust as in our offices and could cause the networks, information systems, applications, and other tools available to employees to be more limited or less reliable than in our offices. The continuation of work-from-home measures introduces additional operational risk, especially cybersecurity risk. These cyber risks include greater phishing, malware, and other cybersecurity attacks, vulnerability to disruptions of our information technology infrastructure and telecommunications systems for remote operations, increased risk of unauthorized dissemination of confidential information, limited ability to restore systems in the event of a systems failure or interruption, and a greater risk of a security breach resulting in destruction or misuse of valuable information.

- A number of our employees have also been infected with the COVID-19 virus in Fiscal 2021 and in Fiscal 2022 during the second wave. Accordingly, we have and may continue to lose key management and employee personnel hours due COVID-19 related illness and related issues.

- We rely on many suppliers and contractors. During Fiscal 2021 and during the current Fiscal 2022, we have faced several challenges and continue to face challenges to obtain materials from our suppliers and materials we do obtain often are at higher prices than in the past year. Increases in prices of raw material and oil prices could have a material adverse effect on our business, results of operations and financial condition. In addition, global logistics disruptions have resulted in an increase in our freights and logistics costs and may continue to do so.

The extent to which the COVID-19 pandemic, and the related global economic impact, affect our business, results of operations and financial condition will depend on future developments that are highly uncertain and cannot be predicted, including the spread, scope and duration of the COVID-19 pandemic and any recovery period, the effectiveness of further steps taken by the GoI and the RBI to mitigate the economic impact in response to the pandemic, the effects on our customers, counterparties, employees and third-party service providers, and the time it takes for economic activities to return to pre-pandemic levels. As of the date of this Placement Document, there is significant uncertainty relating to the severity of long-term adverse impact of

the ongoing COVID-19 pandemic on the domestic and global economy, domestic and global financial markets and the Indian telecommunications industry, and we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our businesses. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this section.

7. ***Our proposed capacity expansion plans relating to our manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns.***

We are proposing to expand our operations at our existing facilities and to set up a new facility to manufacture defence products. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; accidents, construction and development delays or defects; construction being affected by adverse weather conditions; satisfactory and timely performance by construction contractors; receipt of any governmental or regulatory approvals and permits; political risk; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. We may also require additional financing in order to expand and upgrade our existing facilities as well as to construct new facilities. Consequently, we cannot assure you that any of our expansion projects will be completed as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. If we experience significant delays in the implementation of our expansion plans or if there are significant cost overruns, the overall benefit of such plans to our revenues and profitability may decline. If the expenditure that we incur does not produce anticipated or desired results, our business, results of operations and financial condition will be adversely affected. For further information, see "*Business - Our Strategies*" and "*Use of Proceeds*" on pages 130 and 79, respectively.

8. ***We are dependent on and derive a substantial portion of our revenue from a limited number of Government Customers (as defined below) and exposes us to risks inherent in doing business with them, which may adversely affect our business, results of operations and financial condition.***

We are dependent on a limited number of private and public customers and projects. Many of our customers are PSUs like BSNL, TCIL, JCNL, the Ministry of Defence, the Ministry of Communications and other GoI agencies, as well as State Government entities (together, "***Government Customers***").

Our revenue and Order Book are concentrated with, and we are dependent on, a limited number of customers and projects. In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, our top ten customers accounted for 83%, 89%, 84% and 90% of our telecom revenue, and 100%, 95%, 98% and 97% of our turnkey revenue respectively; our top five customers accounted for 76%, 81%, 72% and 86% of our telecom revenue and 99%, 93%, 96% and 96% of our turnkey revenue respectively. Cancellation by customers or delay or reduction in their orders could have a material adverse effect on our business, results of operations and financial condition. Further, where anticipated orders fail to materialize can result in mismatch between our inventories of raw materials and of manufactured products, thereby increasing our costs relating to maintaining our inventory and reduction of our margins, which may adversely affect our profitability and liquidity. In addition, we may not find any customers or purchasers for the surplus or excess capacity, in which case we would be forced to incur a loss. Further, our inability to find customers for surplus products may result in excessive inventories which may become obsolete and may be required to be written off in the future.

Our revenue and Order book are also concentrated with Government Customers. In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, Government Customers accounted for approximately 45%, 49%, 41% and 25% of our revenue from operations, respectively. As at September 30, 2021, approximately 53% of our Order book was concentrated in projects with the GoI, PSUs and State Governments as customers.

Given that we derive a significant portion of our revenue from Government Customers, we are exposed to various risks inherent in doing business with them, which may adversely affect our business, results of operations and financial condition. These risks include:

- participation in contracts with Government Customers could subject us to stricter regulatory and testing requirements which may increase our compliance costs;

- execution of the detailed definitive documentation and agreements with Government Customers may take a significant amount of time and cause delays;

- delays in project implementation and key initiatives where we have invested significant costs;
- delays in payment due to the time taken to complete internal processes of Government Customers;
- levy of liquidated damages due to our execution delays, which may adversely affect our profit margins;
- political and economic factors such as pending elections, changes in leadership among key governmental decision makers, changes or delays in the implementation of government policies, revisions to tax policies and reduced tax revenues can affect the number and terms of new government contracts signed;
- any disinvestment by the GoI of its shareholding in such entities could result in a change in business operations of such entities, which may impact existing or future business arrangements between our Company and such entities; and
- terms and conditions of contracts with Government Customers, including requests for proposals and tenders tend to be more onerous and are often more difficult to negotiate than those for other commercial contracts.

9. The telecommunications technology market and telecommunications equipment manufacturing market are characterised by rapid technological changes. These changes may affect the demand for our products like OFC, telecommunications equipment and defence products. If we are unable to keep abreast of the technological changes and new product introductions, our business, results of operations and financial condition may be adversely affected.

India is expected to witness a massive digital transformation over the next few years with many emerging technologies set to make faster inroads once 5G and 5G enabled technologies come to the forefront. *(Source: Feedback Advisory Report, October 2021).* Our future performance will depend on the successful development, introduction and market acceptance of new, improved and enhanced products that address these changes as well as current and potential customer requirements and changing market trends. New products based on new or improved technologies may render existing products obsolete. In addition, a slowdown in demand for our existing products like OFC, certain telecommunications equipment and defence products ahead of a new product introduction could result in a write-down in the value of inventory on hand related to existing products and/or a charge for the impairment of long-lived assets related to such products. If our customers defer or cancel orders for existing products due to a slowdown in demand or in the expectation of a new product release or if there is any delay in development or introduction of our new products or enhancements of our products, our business, results of operations and financial condition would be adversely affected.

Further, we regularly bid for tenders, and execute agreements for manufacturing, developments and supply of products and services in collaboration with our technology partners. We also have relationships with technology and telecommunications companies as well as start-ups to provide us with access to new technology and products to expand our offering to customers as well as to drive our company-wide efforts towards innovation. In the event that we are unable to continue to enter into such arrangements, or renew such arrangements, we may be unable to service the requirements of our existing as well future customers, which may lead to a fall in our market share. Any such inability may lead to a material adverse impact on our business, results of operations and financial condition.

As part of our strategy and to cater to the changing customer preferences and market trends, we have introduced various new products and services in recent years. As we introduce these new products and services, we may face risks including, among other things, disruption in customers' ordering patterns, excessive or insufficient levels of existing product inventories, difficulties in ramping-up our manufacturing arrangements, revenue deterioration in our existing product lines, insufficient supplies of new products to meet customers' demand, possible product and technology defects and a potentially different sales and support environment. The development and commercialisation process are both time consuming and capital intensive. We may focus our resources on technologies that may not become widely accepted or may not be commercially viable. Our ongoing investments in research and development and our collaboration with technology partners for new products and processes may result in higher costs without a proportionate increase in revenues. Further, we may be unable to maintain our collaboration with our technology partners that are necessary for developing our new products and processes. Product development delays may result

from numerous factors, including, changing product specifications and customer requirements and unanticipated engineering complexities, difficulties in hiring and retaining necessary technical personnel, difficulties in reallocating engineering resources and overcoming resource limitations and changing market or competitive product requirements.

There is also a possibility that we may miss a market opportunity because we failed to invest, or invested too late, or were unable to enter into an arrangement with a technology partner, in a technology product or enhancement sought by our customers.

Changes in market demand or investment priorities may also cause us to discontinue existing or planned development for new products or features, which can have an adverse effect on our relationships with customers. If we fail to make the right investments or fail to make them at the right time or our failure to manage the introduction of new products and services in line with our strategy and as per the changing customer preferences and market trends could have a material adverse effect on our business, results of operations and financial condition.

10. ***We are dependent on our R&D activities for our future success. If we do not successfully develop new products or continue our product portfolio expansion in a timely and cost-effective manner, our business, results of operations and financial condition may be adversely affected.***

We are dependent on our R&D activities and engineers/technical experts at our R&D centres for our future success. In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, our recurring R&D expenses were ₹20.13 crore, ₹17.83 crore, ₹5.73 crore and ₹3.43 crore, respectively, which represented 0.86%, 0.40%, 0.15% and 0.07% of our consolidated revenue from operations, respectively. In addition, in the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, our capital expenditure on R&D was ₹16.86 crore, ₹26.78 crore, ₹7.91 crore and ₹20.83 crore, respectively. Our future results of operations depend, to a significant degree, on our ability to successfully develop new products and continue our product portfolio expansion in a timely and cost-effective manner. As part of our business strategies, we intend to further diversify our product portfolio by entering into new product value chains. In addition, we intend to expand our capacities in existing products as well as expanding and strengthening our research capabilities in order to ensure rapid product innovation. Innovation continues to be the key determinant for our success. We believe the development and commercialisation of new products are complex, time-consuming, costly and involves a high degree of business risk. We may encounter unexpected delays in the launch of these products or these products, and even if launched as planned, such products may not perform as we expect.

The success of our new product offerings will depend on several factors, including our ability to properly anticipate customer needs; obtain timely regulatory approvals; establish collaborations with suppliers and customers; develop and manufacture our products in a timely and cost-effective manner through our R&D efforts; and successfully market and sell our products. In addition, the development and commercialisation of new products is characterised by significant upfront costs, including costs associated with R&D, product development activities, obtaining regulatory approvals, building inventory and sales and marketing. Our planned investments in new manufacturing facilities and equipment for future expansion could result in higher costs, especially in the event of cost overruns, without a proportionate increase in revenues. Additionally, some of our competitors in telecommunications and defence segments may have greater financial, research and technological resources. They may also be in a better position to identify market trends, adapt to changes in industry and offer innovative new products. Accordingly, if we do not successfully develop new products or continue our product portfolio expansion in a timely, cost-effective manner that is attractive to our customers, our business, business, results of operations and financial condition may be adversely affected.

11. ***Our inability to successfully implement some or all our business strategies in a timely manner or at all could have an adverse effect on our business.***

As part of our strategy aimed towards business growth and improvement of market position, we intend to implement several business strategies, which include:

- Focusing on upcoming opportunities in Telecom, Defence and Railways;
- Improving our product mix to margin accretive own-designed products;
- Expanding and Modernizing Manufacturing Capabilities;

- Extending our market reach; and
- Building internal structures to focus on key specialization areas.

Our strategy may not succeed due to various factors, including our inability to reduce our debt and our operating costs, our failure to develop new products and services with sufficient growth potential as per the changing market preferences and trends, our failure to execute agreements with our technology and strategic partners, our failure to effectively market these new products and services or foresee challenges with respect to our business initiatives, our failure to sufficiently upgrade our infrastructure, machines, automation, equipment and technology as required to cater to the requirement of changing demand and market preferences, our failure to maintain highest quality and consistency in our operations or to ensure scaling of our operations to correspond with our strategy and customer demand, changes in GoI policy or regulation, our inability to respond to regular competition, and other operational and management difficulties. Any failure on our part to implement our strategy due to many reasons as attributed aforesaid could be detrimental to our long-term business outlook and our growth prospects and may materially adversely affect our business, results of operations and financial condition. For further details of our strategies, see "*Our Business – Our Strategies*" on page 130.

12. We are dependent on a number of key personnel, including our senior management and qualified and experienced professionals, and the loss of, or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.

Our performance depends largely on the efforts and abilities of our senior management, other key personnel and the performance and productivity of our operational managers. We believe that the inputs and experience of our senior management and our key managerial personnel are valuable for the development of business and operations and the strategic directions taken by our Company. For details in relation to the experience of our key managerial personnel, see section titled "*Board of Directors and Senior Management*" on page 188. There is no assurance, however, that these individuals or any other member of our senior management team will not leave us or join a competitor. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, results of operations and financial condition.

13. Our failure to manage growth effectively may adversely impact our business, results of operations and financial condition.

Our ability to sustain growth depends primarily upon our ability to manage key issues such as our ability to sustain existing relationships with our clients, ability to obtain raw materials, components and stock-in-trade at better prices, ability to compete effectively, ability to scaling up our operations, adhering to high quality and execution standards, our ability to expand our manufacturing capabilities and our presence in India as well as globally, the effectiveness of our marketing initiatives, selecting and retaining skilled personnel. Sustained growth also puts pressure on our ability to effectively manage and control historical and emerging risks. Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our business, results of operations and financial condition.

14. We require sizeable amounts of working capital for our continued operation and growth. Our inability to meet our working capital requirements could have a material adverse effect on our business, results of operations and financial condition.

Our business requires working capital for day-to-day operations, procurement of raw materials and production. In addition, large-scale turnkey projects and contracts may require us to incur substantial working capital costs before milestone payments are made to cover these costs for the purpose of ensuring that such projects and contracts are delivered and completed on a timely manner. For example, we required substantial working capital for Defence NFS projects executed or under execution. In addition, certain purchase orders may require a considerable increase in materials and production costs, or fees for technology collaborators, particularly in connection with new product areas. The credit period given to customers may be considerable and customers may not be invoiced for products until the time of product delivery or after product delivery and, in some cases, the customer may not pay our invoices on time or at all. As at September 30, 2021, we

had total outstanding working capital loans aggregating to ₹353.40 crore. Our inability to meet our working capital requirements through borrowings or cash from our operations, as the case may be, could have a material adverse effect on our business, results of operations and financial condition.

15. ***We rely on a number of third party suppliers for our key components, materials and stock-in-trade as well as customer support services including product repairs and returns. If such third parties fail to deliver such components, products and support services in a timely manner or meet our specifications, our ability to meet our product delivery and quality obligations will be undermined and as a result, our reputation, business, results of operations and financial condition may be materially and adversely affected.***

We rely on a number of suppliers for our components, materials and stock-in-trade which are an integral part of our product and service offering. Further, some of such suppliers are the sole sources for procuring such components. Any defects in quality may not appear during the testing phase in our factory but may appear in the customer network at a later stage, resulting in additional costs as well as loss of reputation for us. In addition, we rely on third party suppliers to provide customer support services including product repairs and returns.

Given our reliance on our suppliers, if any one of our suppliers is unable to deliver the components, materials, stock-in-trade or customer support services in a timely manner, or at all, or meet our design or quality specifications, we may be unable to meet our product and service delivery timelines. Delayed supplies from our suppliers may in turn result in delayed deliveries by us to our customers and we may incur liquidated damages. There can be no assurance that we will be able to maintain strategic relationships with our suppliers or diversify our supplier base. Further, our suppliers may enter into exclusive arrangements with our competitors and we may be unable to obtain alternative sources for our components at commercially reasonable prices, or at all or enter into alternative arrangements with other manufacturing partners.

If we are unable to deliver reliable and high-quality products or services or timely resolve any issues relating to our products and services, confidence in our business could be undermined and we may be unable to expand or maintain our customer base and market share. We may incur additional expenses for resolving errors, providing damages for the defects or delays, extending warranties, increasing insurance coverage, obsolescence of inventory and defective products. In addition, we may have to divert significant research and development efforts to resolve such defects. Our customers may also bring legal actions against us, which could expose us to additional liabilities. Further, we may also be unable to realise any results from our research and development efforts undertaken to develop those products and recognise any revenue from the sales of those products in a timely manner, or at all. If any of these eventualities materialise, our reputation, business, results of operations and financial condition could be materially and adversely affected.

16. ***The majority of our customers operate in the telecommunications industry. Factors that adversely affect this industry or product spending by companies within this industry may adversely affect our business, results of operations and financial condition.***

We derive a large proportion of our revenues from customers that operate in the telecommunications industry. Any significant decrease in product spending by customers in this industry like Reliance Jio and other private telecommunications companies or GoI departments and PSUs, like, BSNL, BBNL, the Ministry of Defence, from which we derive significant revenues may reduce the demand for our products. Further, any significant decrease in the growth of the telecommunications industry, or significant consolidation in this industry, or any decrease in growth or consolidation in other industry segments in which we operate, may reduce the demand for our services and have an adverse effect on our business, results of operations and financial condition. In addition, as fewer customers gain control of the telecommunications industry as a result of consolidation, pricing pressure is likely to increase and a change of ownership of our customers resulting from such consolidation could also result in the loss of our current customers if the new owners select another networking equipment vendor or vendors over us.

17. ***We are subject to foreign currency fluctuations in respect of purchases of raw materials, components and stock-in-trade made in various foreign currencies, payments to foreign technology partners and purchases by foreign customers.***

We import a portion of our equipment as well as components, materials and stock-in-trade used in our business and services. Accordingly, we are subject to foreign currency fluctuations in respect of such transactions made in various foreign currencies. Further, any political or economic disturbances in the countries from where we import could interrupt the timely supply of equipment procured by us. The exchange

rate between the Rupee and other currencies, including the US dollar and the Euro, has changed substantially in recent years and may fluctuate substantially in the future.

While most of our revenues and our expenses are denominated in Indian Rupees, we may enter into agreements, including financing agreements and agreements to acquire components and capital equipment, which are denominated in foreign currencies and require us to bear the cost of adverse exchange rate movements. Accordingly, any fluctuation in the value of the Rupee against these currencies has and may affect the cost of servicing and repaying any obligations we may incur that expose us to exchange rate risk.

We engage in a limited amount of hedging in connection with the import of raw materials. We take forward exchange coverage in respect of part of imports through letters of credit. At present, we do not otherwise hedge our foreign currency exposure. If, in the future, foreign exchange rates are contrary to our expectations, we could incur losses independent of the relative strength of our business, which could affect our business, results of operations and financial condition.

18. We are subject to certain legal proceedings and we cannot assure you that we will be successful in all of these actions. In the event we are unsuccessful in litigating any or all of the disputes, our business, results of operations and financial condition may be adversely affected.

We are contesting certain legal proceedings in various courts and tribunals, including civil and taxation related cases before various forums and cannot assure you that the outcome of these legal proceedings will be favourable. We have also been issued legal notices by parties and/or received notices by regulatory authorities that could potentially result in legal proceedings. For instance, our Company has received orders from the Directorate of Enforcement, Government of India ("ED") directing our Company and certain officials of our Company (including our individual Promoter) to provide *inter alia* information and documents with respect to certain GDRs issued by our Company in FY 2002-2003. Our Company has submitted the responses and documents requested from time to time (latest on October 12, 2021) and no further communication has been received from ED in this regard. However, at this stage, we are unable to ascertain the outcome or impact thereof of any action(s) that may be undertaken by the ED in this matter. Any unfavourable order in such matters may adversely affect our Company's reputation and financial conditions. Further, SEBI had also issued show cause notices in this regard, which have subsequently been settled by way of two settlement orders in 2019, without any admission or establishment of guilt by our Company.

Any adverse decision in any of these cases may adversely affect our reputation and financial condition. Such litigation could divert management time and attention and consume financial resources in their defense or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, results of operations and financial condition could be adversely affected. For further details of the material legal proceedings that we are subject to, see the chapter titled "*Legal Proceedings*" on page 247. Further, for details of certain past non-compliance of corporate governance requirements, please see "*Board of Directors and Senior Management– Corporate Governance*" on page 193.

19. We require various regulatory approvals and licenses for the purpose of our business. Our inability to obtain such regulatory approvals and licenses for the purpose of our business in a timely manner or at all, or to comply with the terms and conditions of our existing regulatory approvals and licenses or maintaining the required filings and registers under such required laws, may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.

We require certain regulatory approvals, sanctions, licenses, registrations and permissions for operating and expanding our business and also to maintain registers and updated filings under various provisions of law. Further, certain approvals, licenses and permits are valid for a certain period and are required to be renewed at regular intervals in accordance to the timelines prescribed under the relevant statues or as may be provided under the terms of such approvals, licenses and/or permits. We need to apply for certain approvals, including the renewal of approvals that expire from time to time, in the ordinary course of our business. Any inability to receive or ability to renew such approvals in the time frames prescribed under law or as may be required for the purpose of the business or not maintaining the required registers or updated filings, could adversely affect our business and result in closure of manufacturing facilities and/or the application of penalties. If we do not obtain, renew or maintain the regulatory approvals required to operate our business, it may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.

In addition, as our manufacturing facilities cater to various Government Customers, many of these Government Customers certify our plants and production from time to time and test and certify our products at various stages including at the time of delivery. Any failure of our plants to receive certification by our customers or if a large volume of products were to fail our customers' testing and certification requirements, our business, results of operations and financial condition could be adversely affected.

Further, the approvals required by our Company are subject to certain conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with terms or condition thereof, or pursuant to any regulatory action.

20. Our statutory auditors provided an emphasis matter included in its report with respect to our financial statements for Fiscal 2020 and Fiscal 2021.

The details of an emphasis of matter included in the report of our statutory auditors with respect to our financial statements for Fiscal 2020 is as follows:

"We draw attention to Note 41 of the consolidated financial statements which describes management's assessment of the impact of the outbreak of COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period.

Our opinion is not modified in respect of this matter."

The details of an emphasis of matter included in the report of our statutory auditors with respect to our financial statements for Fiscal 2021 is as follows:

"We draw attention to Note 40 of the consolidated financial statements which describes management's assessment of the impact of the COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period.

Our opinion is not modified in respect of this matter."

21. We are subject to various laws and regulations, including environmental, health and safety laws and regulations in India, which may subject us to increased compliance costs, which may in turn result in an adverse effect on our business, results of operations and financial condition.

Our business and operations are subject to a broad range of environmental, health and safety risks. We are subject to various central, state and local laws and regulations in relation to the environment and health and safety of employees, and laws and regulations concerning issues such as damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal. We are required to obtain and maintain various regulatory approvals and registrations for our operations, including consents from the local pollution control board in India to establish and operate manufacturing facilities in India. There can be no assurance that these relevant authorities will issue such permits or approvals, or renewals thereof, in the time frame anticipated by us. While we believe we currently have all the permits and approvals required for operating our manufacturing facility, certain of these approvals require to be renewed periodically, and we cannot assure you that we would be successful in renewing them in a timely manner or at all.

In addition, being a listed company, we are also covered under various SEBI regulations, including but not limited to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. In order to comply with all applicable regulations, we may incur compliance costs and such compliance may be time consuming.

These laws, rules and regulations also prescribe for penalties in case of any violations, and such permits or approvals may impose certain additional conditions on our Company. In case of breach of, or non-compliance with such conditions or registration requirements, we may incur additional costs and liabilities in relation to compliance with these laws and regulations or any remedial measures in relation thereto and such permits or approvals granted to our Company may be suspended, revoked or cancelled. These additional costs and liabilities could be on account of penalties, fines, remedial measures and clean-up liabilities or due to compliance with more onerous laws or regulations. Moreover, the laws and regulations under which we

operate are subject to change and any change to these laws and regulations could adversely affect our business, results of operations and financial condition.

22. Negative publicity could damage our reputation and adversely impact our business and financial results.

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. Negative public opinion about our industry generally or us specifically, could adversely affect our ability to attract and retain customers, and may expose us to litigation and regulatory action. Negative publicity can result from our actual or alleged conduct in any number of activities, regulatory compliance or actions that may be taken by government regulators.

For example, in September 2021, our Company, through external media reports, became aware of an FIR registered by the Criminal Investigation Department, Government of Andhra Pradesh ("CID") dated September 9, 2021, against some other companies, our Company, our directors (at the time of bidding for the tender) including our individual Promoter, for certain allegations raised in a complaint filed by the Managing Director, AP State FiberNet Limited in relation to a tender floated in the year 2015. Pursuant to the media reports, our Company reached out to the CID representatives and a statement by the authorised signatory of our Company has been sent to CID on October 29, 2021 and November 01, 2021 clarifying that the Company and its directors had no role in the tender process of Infrastructure Corporation of Andhra Pradesh Limited (now renamed as AP State FiberNet Limited) and our Company was not a party to the agreement entered into with Infrastructure Corporation of Andhra Pradesh Limited. However, any negative publicity in traditional or social media may adversely affect our reputation.

23. We may not be able to correct defects or irregularities in title to the land which we own or have right to use on leasehold basis.

There may be legal defects and irregularities in title to the lands on which we currently own or have right to use on leasehold basis such as parcel of land at Solan, Himachal Pradesh and at Jaipur, Rajasthan. Our rights in respect of these lands may be compromised by unregistered conveyance or leasehold instruments in the property's chain of title and / or litigations on such land. For further details of the legal proceedings that we are subject to, before High Court of Rajasthan in respect to land we own at Jaipur, see the chapter titled "*Legal Proceedings*" on page 247. Any defects or irregularities of title may result in loss of development rights over such land. Any inability to correct any such defects or irregularities of title may have an adverse effect on our financial condition.

24. We have incurred significant capital expenditure during the last three Fiscal Years. We may require substantial financing for our business operations and planned capital expenditure and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability.

During the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, we incurred capital expenditure of ₹77.09 crore, ₹106.07 crore, ₹167.88 crore and ₹177.06 crore, respectively. A significant amount of our capital expenditure in these periods was aimed at increasing our manufacturing and R&D capacities. Our management adopts and implements business strategies that take into account a number of macro and micro economic considerations, including our current financial condition and expected levels of growth over the medium to long term.

There can be no assurance that our expansion plans will be implemented as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. If we experience significant delays or mishaps in the implementation of the expansion plans or if there are significant cost overruns, then the overall benefit of such plans to our revenues and profitability may decline. To the extent that the planned expansion does not produce anticipated or desired output, revenue or cost-reduction outcomes, our business, financial condition and results of operations will be adversely affected.

In the future, we may require substantial capital for our business operations and planned capital expenditure to maintain and grow our existing infrastructure, purchase equipment and develop and implement new technologies in our new and existing manufacturing facilities. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. Additional debt

financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your investment in our Company and could adversely impact our future Equity Share price.

Our ability to obtain additional financing on favourable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate. Our ability to raise debt financing on acceptable terms also depends on our credit ratings. For further information on the risks associated with credit ratings, see *Risk Factors* - "*Any downgrade of our debt ratings could adversely affect our business*." We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our planned capital expenditure, our business, results of operations and financial condition.

25. Our performance may be adversely affected if we are not successful in forecasting customer demands, managing our inventory or working capital.

For our product manufacturing, we maintain a raw material inventory of 60 to 80 days. We use our ERP software (SAP) to evaluate our inventory balances of materials based on shelf life, expected sourcing levels, known uses and anticipated demand based on forecasted customer order activity and changes in our product sales mix. Efficient inventory management is a key component of the success of our business, results of operations and financial condition. To be successful, we must maintain sufficient inventory levels and an appropriate product sales mix to meet our customers' demands, without allowing those levels to increase to such an extent that the costs associated with storing and holding other inventory adversely affects our results of operations. Our inventory levels have increased marginally over the last three fiscal years. If our raw materials, components and stock-in-trade purchase decisions do not accurately predict sourcing levels, customer trends or our expectations about customer demands and needs are inaccurate, we may have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely affect our results of operations. In addition, our working capital requirements have increased in recent years due to the general growth of our business. If a client defaults in making its payment on a product to which we have devoted significant resources, it may also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. All of these factors may result, or have resulted, in increases in our working capital requirements. If we are unable to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms or at all, it may adversely affect our business, results of operations and financial condition.

26. We are entitled to certain export incentives for a specified period of time. Expiry or early withdrawal of such subsidies or export incentives may adversely affect our business, results of operations and financial condition. Further, our inability to fulfil our export obligations under Advance Authorization Licenses, could subject us to payment of customs duties together with interest thereby adversely impacting our business, results of operations and financial condition.

We benefit from certain subsidies and export incentives under export promotion schemes such as Merchandise Exports from India Scheme (MEIS) and Duty Drawback scheme. If these subsidies or export incentives are withdrawn, or there is a delay in disbursements of benefits under such schemes, our business, results of operations and financial condition may be adversely affected. In addition, our business, results of operations and financial condition may be adversely affected if we are subject to any dispute with the tax authorities in relation to these benefits or in the event, we are unable to comply with the conditions required to be complied with in order to avail ourselves of these benefits.

Further, we avail ourselves of exemptions from customs duties under Advance Authorization Licenses. Although there have been no instances in the past of our failure to fulfil our export obligations, our inability to fulfil any of our export obligations under such Advance Authorization Licenses, could subject us to payment of customs duties together with interest thereby impacting our business, results of operations and financial condition.

27. Our inability to maintain, protect and enforce our intellectual property rights, could adversely affect our business, results of operations and financial condition.

We rely on a combination of trademark, patent, trade secret, and copyright law and contractual restrictions to protect our intellectual property. We have applied for certain registrations in connection with the protection of our intellectual property relating to our tradenames, trademarks and patents. Our applications and registrations may in the future be opposed, withdrawn, objected or are otherwise under dispute. If any of our unregistered intellectual property are registered in favour of a third party, we may not be able to claim registered ownership of such intellectual property, and consequently, we may be unable to seek remedies for infringement of intellectual property by third parties. Our inability to obtain or maintain these registrations may adversely affect our business, results of operations and financial condition.

Our agreements with our employees and consultants who develop our products on our behalf include confidentiality provisions and provisions on ownership of intellectual property developed during employment or specific assignments; however, these agreements may not effectively prevent unauthorized use or disclosure of our confidential information, our intellectual property including our proprietary products, technology, systems and processes and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information or infringement of our intellectual property. Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our proprietary products, technology, systems and processes and use information that we consider proprietary. In addition, unauthorized parties may also attempt, or successfully endeavour, to obtain our intellectual property, confidential information, and trade secrets through various methods, including through cybersecurity attacks, and legal or other methods of protecting this data may be inadequate. In addition, our trade secrets may become known or independently developed by our competitors, and in such cases, we may no longer enjoy the exclusive use of some of our formulations or maintain the confidentiality of information relating to our products.

We may need to litigate to protect our intellectual property or to defend against third party infringement. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorised use or take appropriate and timely steps to enforce or protect our intellectual property. Any inability to use or protect our intellectual property could affect our relationships with our customers, which could materially and adversely affect our brand, business, results of operations and financial condition.

28. Failure or disruption of our IT, manufacturing automation systems and/or ERP systems may adversely affect our business, results of operations and financial condition.

We have implemented various information technology ("***IT***") and/or enterprise resource planning ("***ERP***") solutions to cover key areas of our operations, procurement, dispatch and accounting. We also have various automation systems and software that automate our manufacturing and production. These systems are potentially vulnerable to damage or interruption from a variety of sources, which could result from (among other causes) cyber-attacks on or failures of such infrastructure or compromises to its physical security, as well as from damaging weather or other acts of nature. A significant or large-scale malfunction or interruption of one or more of our IT systems, ERP systems or manufacturing automation systems could adversely affect our ability to keep our operations running efficiently and affect product availability, particularly in the country, region or functional area in which the malfunction occurs, and wider or sustained disruption to our business cannot be excluded. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. Such malfunction or disruptions could cause economic losses for which we could be held liable or cause damage to our reputation. Any of these developments, alone or in combination, could have a material adverse effect on our business, results of operations and financial condition. Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT, manufacturing automation systems and/or ERP systems may lead to inefficiency or disruption of our operations and thereby adversely affecting our business, results of operations and financial condition.

29. ***Our success depends on the smooth supply and transportation of raw materials, components and stock-in-trade from our suppliers to our plants and of our products from our plants to our customers, which is subject to various uncertainties and risks.***

We procure our raw materials, electrical components, and stock-in-trade from domestic and international suppliers. Any disruption of our suppliers' operations and/or inadequate or interrupted transportation of the raw materials and stock-in-trade to our facilities could result in delay in manufacturing the products for the customers and adversely affect our reputation, business, results of operations and financial condition. We depend principally on roadways, seaborne and airborne transportation for the delivery of raw materials, components and stock-in-trade to our manufacturing facilities and the delivery of our products from our manufacturing facilities to our customers. We rely on third parties to provide such services. These transportation providers may not be adequate to support our existing and future operations. Further, disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, geopolitical events, or other events could impair our ability to supply our products to our customers. In the event of any of the foregoing, we may be required to buy our components, materials and stock-in-trade at unfavourable prices depending on demand and competition for components and materials, which could materially and adversely affect our reputation, business, results of operations and financial condition.

30. ***We are dependent on third parties for the supply of utilities, such as water, gas and electricity, at our manufacturing facilities and any disruption in the supply of such utilities could adversely affect our manufacturing operations.***

We procure utilities such as water, natural gas and electricity from third parties for use at our manufacturing plants. Reliance on third parties for such utilities exposes us to risks such as shortage or break down in supply, the correction of which is in the hands of such third parties. Any breakdown of our relationship with any of our utility providers could adversely affect our operations. In case of a break- down of our relationship with the utility providers, we are unable to assure you that we shall be able to source such utilities from alternate sources in a timely manner, which could adversely affect our business, financial condition and results of operations.

31. ***The demand of our products in foreign countries is subject to international market conditions and regulatory risks that could adversely affect our business, results of operations and financial condition. Further, Our Company may not be successful in penetrating new export markets.***

We export our products to over 30 countries. During the six month period ended September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our revenues from exports were ₹172.62 crore, ₹200.64 crore, ₹122.46 crore and ₹89.54 crore, respectively, and our revenues from exports as a percentage of consolidated revenues from operations were 7.41%, 4.54%, 3.19% and 1.89%, respectively, during the same periods. Therefore, any developments in the global telecommunications or defence industries could have an impact on our sales from exports. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. There can be no assurance that the European Community and the United States, among others, where we seek to sell our products will not impose trade restrictions on us in future. We may also be prohibited from exporting to certain restricted countries that may be added to a sanctions list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States. Any such imposition of trade barriers may have a material adverse effect on our business, results of operations and financial condition.

Further, our expansion into new export markets subjects us to various challenges, including those relating to our lack of familiarity with the culture and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. In addition, the risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets. By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including compliance with a wide range of laws, regulations and practices; exposure to expropriation or other government actions; and political, economic and social instability.

32. We might infringe upon the intellectual property rights of others and any misappropriation of our intellectual property could harm our competitive position.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may require us to alter our technologies, obtain licenses or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. If such claims are raised, those claims could: (a) adversely affect our relationships with current or future customers: (b) result in costly litigation; (c) cause product shipment delays or stoppages; (d) divert management's attention and resources; (e) subject us to significant liabilities; (f) require us to enter into potentially expensive royalty or licensing agreements and (g) require us to cease certain activities. In the case of an infringement claim made by a third party, we may be required to defend such claims at our own cost and liability and may need to indemnify and hold harmless our customers. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement that we are not aware of. Any of the foregoing could adversely affect our business, results of operations and financial condition.

In addition, in certain cases, our customers share their intellectual property rights in the course of the product development process that we carry out for them. If our customer's intellectual property rights are misappropriated by our employees in violation of any applicable confidentiality agreements, our customers may seek damages and compensation from us. This could have an adverse effect on our business, results of operations and financial condition and damage our reputation and relationships with our customers.

33. Failure to maintain confidential information of our customers could adversely affect our results of operations or damage our reputation.

We enter into confidentiality agreements and non-disclosure agreements with our customers and other third parties. Our agreements with our customers also contain confidentiality and non-disclosure clauses. As per these agreements, we are required to keep confidential, the know-how and technical specifications, if any, provided to us by these customers. In the event of any breach or alleged breach of our confidentiality agreements with our customers, these customers may terminate their engagements with us or initiate litigation for breach of contract. Moreover, most of these contracts do not contain provisions limiting our liability with respect to breaches of our obligation to keep the information we receive from them confidential. As a result, if our customers' confidential information is misappropriated by us or our employees, our customers may consider us liable for that act and seek damages and compensation from us, in addition, to seeking termination of the contract. Assertions of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have a material adverse effect on our business, results of operations and financial condition. Even if such assertions against us are unsuccessful, they may cause us to incur reputational harm and substantial cost.

34. Any downgrade of our debt ratings could adversely affect our business.

As of the date of this Placement Document, we have received the following credit ratings on our debt and credit facilities.

Instrument or Rating Type	Amount (₹ in crore)	Entity	Date	Ratings
Long Term Bank Facilities – Term Loan and Cash Credit	556.80	HFCL	September 27, 2021	A; Infomerics Valuation and Rating Pvt Ltd
Short Term Bank Facilities – LC/BGs	1842.02	HFCL	September 27, 2021	A1; Infomerics Valuation and Rating Pvt Ltd
Long Term Bank Facilities – Term Loan and Cash Credit	579.77	HFCL	July 13, 2021	A-; Care Ratings Ltd
Non-Convertible Debentures	11.24	HFCL	July 13, 2021	A-; Care Ratings Ltd

Instrument or Rating Type	Amount (₹ in crore)	Entity	Date	Ratings
Short Term Bank Facilities -LC/BGs	1842.02	HFCL	July 13, 2021	A2; Care Ratings Ltd
Long Term Bank Facilities – Term Loan and Cash Credit	54.00	HTL	July 13, 2021	A-; Care Ratings Ltd
Short Term Bank Facilities -LC/BGs	145.00	HTL	July 13, 2021	A2; Care Ratings Ltd

These ratings assess our overall financial capacity to pay our obligations and are reflective of our ability to meet financial commitments as they become due. There can be no assurance that these ratings will not be revised or changed by the above rating agencies due to various factors, including on account of the COVID-19 pandemic. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

35. An inability to comply with repayment and other covenants in the financing agreements could adversely affect our business, financial condition, cash flows and credit rating.

We have entered into agreements in relation to financing arrangements with certain banks for working capital facilities and bank guarantees. As of September 30, 2021, we had total outstanding borrowings of ₹683.66 crore comprising of non-current borrowings of ₹171.93 crore and current borrowings of ₹511.73 crore. The agreements with respect to our borrowings contain restrictive covenants, including, but not limited to, requirements that we obtain consent from the lenders prior to undertaking certain matters including, among others, effecting a merger, amalgamation or scheme of arrangement, change in capital structure of our Company and entering into forward contracts, swaps, options, or other liability management contracts in respect of short term facilities.

Further, under the terms of our borrowings, we are required to create a charge by way of hypothecation/ mortgage on the entire current assets/immoveable properties of our Company, together with cash in hand, bank accounts and receivables, and, in our term loans, fixed assets. As these assets are hypothecated in favour of lenders, our rights in respect of transferring or disposing of these assets are restricted. There can be no assurance that we will be able to comply with the financial or other covenants prescribed under the documentation for our financing arrangements or that we will be able to obtain consents necessary to take the actions that may be required to operate and grow our business. Further, if we fail to service our debt obligations, the lenders have the right to enforce the security created in respect of our secured borrowings. If the lenders choose to enforce security and dispose our assets to recover the amounts due from us, our business, results of operations and financial condition may be adversely affected.

Any failure to comply with the conditions and covenants in our financing agreements or the creation of additional encumbrances that is not waived by our lenders or guarantors or otherwise cured or occurrence of a material adverse event could lead to an event of default and consequent termination of our credit facilities could adversely affect our business, results of operations, financial condition and cash flows.

36. Our Company has unsecured loans which are repayable on demand. Any demand from lenders for repayment of such unsecured loans may adversely affect our business, results of operations, financial condition and cash flows.

As of September 30, 2021, our Company has unsecured loans amounting to ₹170.16 crore and may, in the future, continue to avail unsecured borrowings (such as loans from body companies), which may be recalled at any time, with or without the existence of an event of default, on short or no notice. Such recalls on borrowed amounts may be contingent upon happening of an event beyond our control and there can be no assurance that we will be able to persuade our lender to give us extensions or to refrain from exercising such recalls, which may adversely affect our business, results of operations, financial condition and cash flows.

37. Employee misconduct could harm us and is difficult to detect and deter.

Although we closely monitor our employees, misconduct, including acts of bribery, corruption or fraud by employees or executives, such acts could include binding us to transactions that exceed authorized limits or

present unacceptable risks, or they may hide unauthorized or unlawful activities from us, which may result in substantial financial losses and damage to our reputation and loss of business from our customers. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter employee or executive misconduct and the precautions taken and systems put in place to prevent and detect such activities may not be effective in all cases. Any instances of such misconduct could adversely affect our business and our reputation.

38. Information relating to the installed manufacturing capacity of our manufacturing facilities included in this Placement Document are based on various assumptions and estimates and future production and capacity may vary.

Information relating to the historical installed capacity of our manufacturing facilities included in this Placement Document is based on various assumptions and estimates of our management and independent chartered engineers, including assumptions relating to expected operations, availability of raw materials, expected unit utilization levels, downtime resulting from scheduled maintenance activities, downtime resulting from change in stock keeping units for a particular product, unscheduled breakdowns as well as expected operational efficiencies. Actual production volumes and capacity utilization rates may differ from the estimated production capacities and historical capacity utilization of our manufacturing facilities. Investors should therefore not place undue reliance on our historical installed capacity information for our existing manufacturing facilities included in this Placement Document.

39. We engage contract labour for carrying out certain business operations.

In order to retain operational efficiencies, we engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing units as well as at our offices. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our business, results of operations and financial condition.

40. Our business may expose us to potential product liability claims and recalls, which could adversely affect our results operation, goodwill and the marketability of our products.

We may be exposed to risks of products recalls and returns. In addition, we may be exposed to potential product liability claims, and the severity and timing of such claims are unpredictable. While we have taken insurance to protect us from such claims; however, this insurance coverage may be inadequate or not applicable to a particular set of claims. We face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, whether or not such claims are valid. We may also be subject to claims resulting from manufacturing defects or negligence in storage or handling which may lead to the deterioration of our products. Product liability claims, regardless of their merits or the ultimate success of the defence against them, are expensive. Even unsuccessful product liability claims would likely require us to incur substantial amounts on litigation and require our management's time and focus. Accordingly, such product liability claims, may adversely affect our results of operation, goodwill and the marketability of our products.

41. Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, results of operations and financial condition.

Our operations are subject to various risks inherent to the telecommunications industry and to the sale and maintaining inventory of products, as well as other risks such as theft, robbery, acts of terrorism and other force majeure events. We maintain insurance coverage for anticipated risks which are standard for our type of business and operations. As of September 30, 2021, carrying value of property, plant and equipment and inventories is ₹ 921.36 crore constituting 18.93% of total assets, of which we have an insurance coverage of 107.90% of the carrying value of such assets. Our insurance policies cover our manufacturing facilities, warehouses and offices from losses in the case of fire, special perils, burglary and theft. We have also obtained inventory insurance for our products, insurance for liabilities and losses incurred during implementation of our various projects, and directors' and officers' liability insurance. There are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by

insurance or exceeds our insurance coverage, our business, results of operations and financial condition could be adversely affected.

42. If we are unable to establish and maintain an effective internal controls and compliance system, our business and reputation could be adversely affected.

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis in respect of compliance requirements and internal guidelines. We periodically test and update our internal processes and systems and there have been no past material instances of failure to maintain effective internal controls and compliance system. However, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances.

We take reasonable steps to maintain appropriate procedures for compliance and disclosure and to maintain effective internal controls over our financial reporting so that we produce reliable financial reports and prevent financial fraud. As risks evolve and develop, internal controls must be reviewed on an ongoing basis. Maintaining such internal controls requires human diligence and compliance and is therefore subject to lapses in judgment and failures that result from human error. Any lapses in judgment or failures that result from human error can affect the accuracy of our financial reporting, resulting in a loss of investor confidence and a decline in the price of our equity shares.

Further, our operations are subject to anti-corruption laws and regulations. These laws generally prohibit us and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We participate in collaborations and relationships with third parties whose actions could potentially subject us to liability under these laws or other local anti-corruption laws. While our code of conduct requires our employees and intermediaries to comply with all applicable laws, and we continue to enhance our policies and procedures in an effort to ensure compliance with applicable anti-corruption laws and regulations, these measures may not prevent the breach of such anti-corruption laws, as there are risks of such breaches in emerging markets, such as India, including within telecommunications sector. If we are not in compliance with applicable anti-corruption laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, results of operations and financial condition and liquidity. Likewise, any investigation of any potential violations of anti-corruption laws by the relevant authorities could also have an adverse impact on our business and reputation.

43. We conduct certain business operations on leased premises and our inability to renew such leases may adversely affect our business, results of operations and financial condition.

We have lease arrangements for some of our manufacturing facilities, R&D facilities, warehouses, offices, regional and project offices, and guest house. While the lease agreements for our manufacturing facilities are typically long term in nature and provide us with an option to renew them, they also provide the lessor with the right to terminate the lease for non-compliance of the terms of the agreement. We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. In case of any deficiency in the title of the owners from whose premises we operate, breach of the contractual terms of any lease, leave and licensing agreements, or if any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate our agreements, we may suffer a disruption in our operations and will have to look for alternate premises. Further, some of our lease agreements may not have been duly stamped as per applicable law or registered with the registering authority of the appropriate jurisdiction. An instrument not duly stamped, or insufficiently stamped, is not admitted as evidence in any Indian court or may even attract a penalty as prescribed under applicable law.

44. We have had negative net cash flows in the past and may continue to have negative cash flows in the future.

We have experienced negative cash flows from operations in the recent past. The following table sets forth our cash flows for the periods indicated:

(₹ in crore)

	Six months ended September 30, 2021 (Unaudited)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Net cash generated from Operating Activities	440.17	56.82	172.36	33.94
Net cash generated from/ (used) in Investing Activities	-78.21	-76.94	-166.87	-150.33
Net cash (used) in Financing Activities	-327.91	24.98	-6.58	67.36
Net increase in Cash and Cash Equivalents	34.05	4.86	-1.09	-49.03

For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 254 and 143, respectively. We cannot assure you that our net cash flows will be positive in the future.

45. Our contingent liabilities that have not been provided for in our financial statements on materialisation may have an adverse impact our financial condition.

The table below sets out our contingent liabilities (as disclosed in our Audited Consolidated Financial Statements and prepared in accordance with Ind AS) which have not been provided for as of September 30, 2021 and March 31, 2021.

(₹ in crore)

Contingent Liabilities	As of September 30, 2021	As of March 31, 2021
Unexpired Letters of Credit	273.77	371.44
Guarantees given by banks on behalf of the Group	821.96	805.57
Claims against the Group towards sales tax, income tax and others in dispute not acknowledged as debt	66.93	64.79
Custom Duty against import under EPCG scheme	4.18	4.60

Any or all of these contingent liabilities may become actual liabilities. In the event that any of these contingent liabilities materialises, our business, results of operations and financial condition may be adversely affected.

46. Our Promoters will continue to exert substantial voting control over our Company after completion of the Offer, which may limit your ability to influence the outcome of matters submitted for approval of our shareholders.

As on the date of this Placement Document, our Promoters hold 540,093,812 of our Equity Shares (which represents 41.89% of our pre-Offer Equity Share capital). For further details, see "*Capital Structure*" on page 82. Following the completion of the Offer, our Promoters, may continue to hold same number of equity shares in the Equity Share capital. This concentration of ownership could limit your ability to influence corporate matters requiring shareholders' approval. Our Promoters will have the ability to significantly influence matters requiring shareholders' approval, including the ability to appoint Directors on our Board and the right to approve significant actions at Board and at shareholders' meetings, including the issuance of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association. In addition, if our shareholders do not act together, such matters requiring shareholders' approval may be delayed or may not occur at all, which could adversely affect our business. Moreover, these shareholders are not obligated to provide any business opportunities to us. If such other shareholders invest in another company in competition with us, we may lose the support provided to us by them, which could adversely affect our business, results of operations and financial condition and cash flows. We cannot assure you that our existing shareholders will not have conflicts of interest with other shareholders or with our Company. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

47. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have entered into various transactions with related parties. While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. For details on our related party transactions, see "*Related Party Transactions*" on page 89. We cannot assure you that such transactions, individually or in the aggregate, even if entered into at arms-length terms, will always be in the best interests of our shareholders and will not have an adverse effect on our business, results of operations and financial condition.

48. Certain of our Promoters, Directors and key managerial personnel have interests in our Company in addition to their normal remuneration or benefits and reimbursement of expenses incurred.

Certain of our Promoters, Directors and key managerial personnel have interests in our Company that are in addition to reimbursement of expenses and normal remuneration payable to them. Certain Promoters, Directors and key managerial personnel may be deemed to be interested to the extent of Equity Shares held by them, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. We cannot assure you that our Promoters, Directors and our key management personnel will exercise their rights as shareholders to the benefit and best interest of our Company. For further details of such interests, see "*Board of Directors and Senior Management*" on pages 188, respectively.

49. We may not be able to utilise the proceeds from this Issue in the manner set out in this Placement Document in a timely manner or at all.

Our funding requirements and the deployment of the proceeds from this Issue are based on our current business plan and strategy, which includes funding our OFC Expansion, funding capital expenditure requirements for our OFC and defense facilities, and funding expenditure towards upgradation of our R&D initiatives (including inorganic growth initiatives). For details in relation to the objects of the Issue, see "*Use of Proceeds*" on page 79. Our management will have discretion to decide how the proceeds of the issue will be utilised. We cannot assure that the current business plans and expansion projects will be implemented in their entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these funding requirements. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our business, financial condition, results of operations and prospects. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of the Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business, results of operations and financial condition.

50. Grant of stock options by our Company will result in a charge to our statement of profit and loss and will, to that extent, reduce our reported profits, and exercise of stock options may lead to dilution.

Our Company has framed and implemented an employee stock option scheme (the "***ESOP Scheme***"). For further details, see "*Capital Structure – Employee Stock Option Plans*" on page 87.

As of the date of this Placement Document, we have outstanding stock options under our ESOP Scheme. Grant of stock options by our Company will result in a charge to our statement of profit and loss and will, to that extent, reduce our reported profits in future periods. Any issuance of the equity or equity-linked securities by us, including through exercise of employee stock options pursuant to the ESOP Scheme may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Our employees may also choose to exercise the vested options and subsequently sell the Equity Shares upon listing. Any perception by investors that such issuances or sale might occur could also affect the trading price of the Equity Shares.

51. We cannot assure you that our Company will declare dividends to its shareholders in the future.

The declaration and payment of dividends, if any, in the future will be recommended by our Board of Directors, as per the dividend distribution policy of the Company as approved by the Board of Directors of the Company and will also depend on a number of factors, including our earnings and profitability, cash generated from operations, capital requirements and overall financial conditions. Consequently, we may be unable to pay dividends in the near- or medium-term. In the event we do not declare dividends going forward, our reputation and the price of the Equity Shares shall be adversely affected. While our Company has declared dividend in the past, there can be no assurance that we shall, or shall be able to, declare dividends in future. For further information, see "*Dividends*" on page 90 of this Placement Document.

52. Our Subsidiaries may not pay cash dividends on shares that we hold in them. Consequently, our Company may not receive any return on investments in our Subsidiaries.

Our Subsidiaries are separate and distinct legal entities, having no obligation to pay dividends and may be restricted from doing so by law or contract, including applicable laws, charter provisions and the terms of their financing arrangements. We cannot assure you that our Subsidiaries will generate sufficient profits and cash flows, or otherwise be able to pay dividends to us in the future.

53. We track certain operational metrics with internal systems and tools. Certain of our operational metrics are subject to inherent challenges in measurement which may adversely affect our business and reputation.

We track certain operational metrics, including key business and non-GAAP metrics such as EBITDA, EBITDA margin, ROC, ROCE, among others, with internal systems and tools and which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which we rely. Our internal systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. If the internal systems and tools we use to track these metrics undercount or over count performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our platforms are used across large populations. In addition, limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. If our operating metrics are not accurate representations of our business, if investors do not perceive our operating metrics to be accurate, or if we discover material inaccuracies with respect to these figures, we expect that our business, reputation, results of operations and financial condition would be adversely affected.

54. Certain sections of this Placement Document contain information from Feedback Advisory Report which has been commissioned and paid for by us and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.

Certain sections of this Placement Document include information based on, or derived from, the Feedback Advisory Report or extracts of the Feedback Advisory Report prepared by Feedback Advisory, which is not related to our Company, Directors or Promoters. We commissioned and paid for this report for the purpose of confirming our understanding of the industry in connection with the Issue. All such information in this Placement Document indicates the Feedback Advisory Report as its source. Accordingly, any information in this Placement Document derived from, or based on, the Feedback Advisory Report should be read taking into consideration the foregoing.

Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources do not guarantee the accuracy, adequacy or completeness of the data. Further, the Feedback Advisory Report is not a recommendation to invest or disinvest in any company covered in the Feedback Advisory Report. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Placement Document based on, or

derived from, the Feedback Advisory Report. You should consult your own advisors and undertake an independent assessment of information in this Placement Document based on, or derived from, the Feedback Advisory Report before making any investment decision regarding the Issue. See "*Industry Overview*" on page 91.

55. Changes in tax laws or challenges to the Company's tax position could adversely affect the Company's business, results of operations and financial condition.

Our business, results of operations and financial condition could be adversely affected by any change in the extensive central and state tax regime in India applicable to us and our business. Tax and other levies imposed by the central and state governments in India that affect our tax liability, include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges, which are introduced on a temporary or permanent basis from time to time. This extensive central and state tax regime is subject to change from time to time. The final determination of our tax liability involves the interpretation of local tax laws and related regulations in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred.

For instance, the Government of India has implemented two major reforms in Indian tax laws, namely the GST, and provisions relating to general anti-avoidance rules ("***GAAR***"). The indirect tax regime in India has undergone a complete overhaul. The indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by Goods and Service Tax with effect from July 1, 2017. The GST regime is subject to amendments and its interpretation by the relevant regulatory authorities. GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of any precedents on the subject, the application of these provisions is subjective. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Further, the Finance Act, 2020, has, amongst others things, notified changes and provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax ("***DDT***"), will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Risks Relating to Doing Business in India

56. A slowdown in economic growth in India could adversely affect our business, results of operations and financial condition and the trading price of the Equity Shares.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown or perceived slowdown in the Indian economy or the Indian telecommunications industry could adversely affect our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. In particular, the COVID-19 pandemic caused an economic downturn in India and globally. The second wave of COVID-19 infections impacted India in April, May and June 2021. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations and financial condition and the trading price of the Equity Shares.

India's economy could be adversely affected by a general rise in interest rates or inflation, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves and exchange rate fluctuations may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, results of operations and financial condition.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like application of GST; political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions; and other significant regulatory or economic developments in or affecting India or its telecommunications sector.

57. The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries which may have an adverse effect on our business, results of operations and financial condition and the trading price of the Equity Shares.

The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, U.S. and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the trading price of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union.

Trade tensions developed between the U.S. and major trading partners, most notably China, following the introduction of a series of tariff measures in both countries. Although China has been the primary target of U.S. trade measures, value chain linkages mean that other emerging markets, primarily in Asia, may also be impacted. China's policy response to these trade measures also presents a degree of uncertainty. There is some evidence of China's monetary policy easing and the potential for greater fiscal spending, which could worsen existing imbalances in its economy. This could undermine efforts to address already high debt levels and increase medium-term risks. These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and the global credit and financial markets. This and any prolonged financial crisis may have an adverse impact on the Indian economy, and in turn on our business, results of operations and financial condition.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and indirectly in the Indian economy in general. Any worldwide financial instability could influence the Indian economy. In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. In addition, any increase in interest rates by the United States Federal Reserve will lead to an increase in the borrowing costs in the United States which may in turn impact global borrowing as well. Furthermore, in several parts of the world, there are signs of increasing retreat from globalization of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect Indian exports. However,

the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

Since December 2019, the ongoing outbreak of COVID-19 has affected countries globally, with the World Health Organisation declaring the outbreak as a pandemic on March 11, 2020. There have been border controls, lockdowns and travel restrictions imposed by various countries, as a result of the COVID-19 outbreak. Such outbreak of an infectious disease together with the resulting restrictions on travel and/or imposition of lockdown measures have resulted in protracted volatility in domestic and international markets has resulted in a global slowdown and crisis. In particular, the COVID-19 outbreak has caused stock markets worldwide to fluctuate significantly in value and has impacted global economic activity. A number of governments have revised gross domestic product growth forecasts for 2020 and 2021 downwards in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession.
If we are unable to successfully anticipate and respond to changing economic and credit market conditions, our business, results of operations and financial condition may be adversely affected.

58. Political instability or changes in the economic policies by the GoI could impact our business, results of operations and financial condition.

We are incorporated in India and derive substantial majority of our revenues from our operations in India. Consequently, our performance and the market price and liquidity of our Equity Shares may be affected by exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise significant influence over many aspects of the Indian economy. Our business, the telecommunications industry and the market price and liquidity of our Equity Shares, may be affected by changes in the GoI's policies, including taxation.

Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. However, there can be no assurance that such policies will be continued and any significant change in the GoI's policies in the future could affect our business and economic conditions in India in general. As economic liberalisation policies have been a major force in encouraging private funding in the Indian economy, any change in these policies could have a significant impact on business and economic conditions in India, which could adversely affect our business, financial condition and results of operations. In addition, any geopolitical stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could affect the price of our Equity Shares.

59. Natural calamities, climate change and health epidemics and pandemics such as COVID-19 could adversely affect the Indian economy and our business, results of operations and financial condition. In addition, hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect our business, results of operations and financial condition.

India has experienced natural calamities, such as earthquakes, floods and drought in recent years. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect our business, and may damage or destroy our facilities or other assets. Similarly, global or regional climate change or natural calamities in other countries where we operate could affect the economies of those countries. Any of these natural calamities could adversely affect our business, results of operations and financial condition.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. In addition, the COVID-19 pandemic, has caused a worldwide health crisis and economic downturn. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, adversely affect our business. See "*The impact of the COVID-19 pandemic is uncertain and could adversely affect our business, results of operations and financial condition.*"

India has from time-to-time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. Recently there have been ongoing mass protest by farmers, against three farm acts

which were passed by the Parliament of India in September 2020. The introduction of the law caused protests in several parts of the country like Delhi, Haryana and Punjab. In case there are mass protests leading to civil unrest, such incidents could impact both our operations and adversely affect our business, results of operations and financial condition. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armaments and Kashmir. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

60. Differences exist between Ind-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Placement Document.

Our Financial Statements for the six months ended September 30, 2021 and Fiscal 2021, Fiscal 2020, Fiscal 2019 in this Placement Document are prepared and presented in accordance with Ind-AS. Ind-AS differs from accounting principles with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Differences exist between Ind-AS, U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Placement Document. Accordingly, the degree to which the financial information included in this Placement Document will provide meaningful information is dependent on the Investor's familiarity with Ind-AS and the Companies Act. Any reliance by persons not familiar with Ind-AS on the financial disclosures presented in this Placement Document should accordingly be limited.

61. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

In recent months, consumer and wholesale prices in India have exhibited increased inflationary trends, as the result of an increase in crude oil prices, higher international commodity prices, and higher domestic consumer and supplier prices. The Consumer Price Index increased from 3.4% (average) in Fiscal 2019 to 4.8% (average) in Fiscal 2020 to an estimated 6.2% (average) in Fiscal 2021. Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees, raw materials and other expenses. There can be no assurance that we will be able to pass on any additional expenses to our customers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our business, results of operations and financial condition.

62. Any downgrading of India's debt rating by an international rating agency could have an adverse impact on our business and the trading price of the Equity Shares.

Any adverse revision to the rating of India's domestic or international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

63. The extent and reliability of Indian infrastructure, to the extent insufficient, could adversely impact our business, results of operations and financial condition.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies including our products, and add costs to doing business in India. These problems could interrupt our business operations, which could have adverse effect on our business, results of operations and financial condition.

64. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, results of operations and financial condition.

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Additionally, as an Indian Company with Equity Shares listed on the Stock Exchanges, we are subject to additional regulatory requirements, both in terms of compliance with the SEBI LODR Regulations.

There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, results of operations and financial condition. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities. For example, the Government of India implemented a comprehensive national goods and services tax regime with effect from July 1, 2017, that combines multiple taxes and levies by the federal and state governments into a unified tax structure. In addition, the GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain and may or may not have an adverse tax impact on us.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties.

65. Our businesses and activities may be regulated under competition laws in India, and any adverse application or interpretation of such laws could adversely affect our business, results of operations and financial condition.

The Competition Act, 2002 (the "***Competition Act***") regulates practices that could have an appreciable adverse effect on competition in the relevant market in India. Any adverse application or interpretation of the Competition Act could adversely affect our business, results of operations and financial condition. Under the Competition Act, any arrangement, understanding or action in concert, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial monetary penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors, which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition.

Further, the Competition Act prohibits abuse of a dominant position by any enterprise, directly or indirectly, including by way of unfair or discriminatory pricing or conditions in sale of goods or services, limiting production of goods, provision of services, or technical or scientific developments relating to goods or services to the prejudice of consumers, using a dominant position in one relevant market to enter into, or protect, another relevant market, denial of market access, or making the conclusion of contracts subject to acceptance of unrelated supplementary obligations. Such practices are subject to substantial monetary penalties and may also be subject to compensation for losses and orders to divide the enterprise.

If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, proceedings initiated by the CCI, any claim by any party under the Competition Act, or any adverse publicity due to scrutiny or prosecution under the Competition Act, including financial penalties, our business, results of operations and financial condition may be adversely affected.

Acquisitions, mergers and amalgamations that exceed certain revenue and asset thresholds require prior approval by the CCI. Any acquisitions, mergers or amalgamations that have an appreciable adverse effect on competition in India may be subject to remedial measures proposed by the CCI. We cannot assure you that we will be able to obtain approval for any such future transactions on satisfactory terms, or at all.

66. There may be difficulty in enforcing a judgment obtained outside India against our Company.

Our Company is a limited liability company incorporated under the laws of India. Our Board of Directors comprises of eight Directors, all of whom are Indian citizens. All of our Key Managerial Personnel are residents of India and majority of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Code of Civil Procedure, 1908 (the "***Civil Code***").

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except:

(a) where it has not been pronounced by a court of competent jurisdiction;

(b) where it has not been given on the merits of the case;

(c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where it has been obtained by fraud; or

(f) where it sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by the relevant court in India. Under the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record, but such presumption may be displaced by proving want of jurisdiction. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code but the United States has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of the judgment and not on the date of the payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

For details in relation to enforceability of judgments obtained outside India, see "*Enforcement of Civil Liabilities*" on page 18.

Risks relating to our Equity Shares and the Issue

67. An investor will not be able to sell any of the Equity Shares other than on a recognized Indian stock exchange for a period of 12 months from the date of this Issue.

The Equity Shares are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of the Equity Shares, QIBs subscribing to the Equity Shares may only sell their Equity Shares on the Stock Exchanges and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price and liquidity of the Equity Shares.

68. Any future issuance of the Equity Shares or sales of the Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of the Equity Shares.

A future issuance of Equity Shares by us may dilute your shareholding in the Company. There are no restrictions on our ability to issue further Equity Shares, including allotment of any securities to the Promoters, other than as stipulated under applicable laws. The issue and allotment of Equity Shares by us to third parties would result in a dilution of your shareholding and rights in the Company.

Moreover, any significant disposal of Equity Shares by any of our significant shareholders, or the perception that such sales will occur, may affect the trading price of our Equity Shares. As a publicly traded company, there is no restriction on our shareholders to dispose of a part or the entirety of their shareholding in the Company, which could lead to a negative sentiment in the market regarding the Company that could in turn impact the value of the Equity Shares.

69. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of their ownership position.

Pursuant to the Companies Act, 2013 a company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution when the votes cast in favour of the resolution by the holders who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. However, if the law of the jurisdiction the Investor is in does not permit them to exercise their pre-emptive rights without us filing a Preliminary Placement Document or registration statement with the applicable authority in the jurisdiction they are in, they will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to make such a filing, you may not be able to exercise your pre-emptive rights in relation to such an offering. To the extent that Investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

70. The price of the Equity Shares may be volatile.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our equity shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our equity shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our equity shares.

71. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on BSE and NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

72. Applicants to the Issue are not allowed to withdraw or revise downwards their Bids after the Bid /Issue Closing Date.

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operations and financial condition of our Company, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/ Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Company may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

73. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the stock exchanges, the quantum of gains and any available treaty exemption. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of securities transaction tax ("***STT***"), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Additionally, the Finance Act, 2020 provides, amongst others things that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident.

74. Our Equity Shares are quoted in Indian rupees in India and investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.

Investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be paid in Indian Rupees. In addition, foreign investors that seek to sell Equity Shares will have to obtain approval from the RBI, unless the sale is made on a stock exchange or in connection with an offer made under regulations regarding takeovers. The volatility of the Indian rupee against the US dollar and other currencies may subject investors who convert funds into Indian rupees to purchase our Equity Shares to currency fluctuation risks.

75. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

MARKET PRICE INFORMATION

As on the date of this Placement Document, 1,28,93,11,494 Equity Shares have been issued, subscribed and paid up. The face value of the Equity Shares is ₹ 1 per Equity Share. The Equity Shares have been listed on BSE since May 5, 1989 and on NSE since March 9, 2011. The Equity Shares are listed and traded on NSE under the symbol HFCL and BSE under the scrip code 500183.

On December 6, 2021, the closing price of the Equity Shares on BSE and NSE was ₹ 78.35 and ₹ 78.30 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

1. The following tables set out the reported high, low and average of the closing prices of the Equity Shares on NSE and BSE and number of Equity Shares traded on the days on which such high and low prices were recorded and the total trading turnover for Fiscals 2021, 2020 and 2019.

BSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total turnover of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total turnover of Equity Shares traded on date of low (₹)**	**Average price for the year (₹)**
2021	34.75	January 15, 2021	48,23,791	16,11,91,342	8.65	April 03, 2020	30,004	2,63,107	18.54
2020	24.40	April 15, 2019	5,66,412	1,35,43,204	8.15	March 24, 2020	75,010	6,40,200	18.24
2019	35.25	June 20, 2018	33,64,464	11,58,39,337	17.20	December 10, 2018	10,97,123	2,00,34,411	23.94

(Source: www.bseindia.com)

NSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total turnover of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total turnover of Equity Shares traded on date of low (₹)**	**Average price for the year (₹)**
2021	34.65	January 15 2021	4,15,58,389	1,39,12,45,974	8.65	April 03, 2020	9,95,524	87,37,444	18.53
2020	24.40	April 15 2019	40,49,518	9,73,16,912	8.10	March 24, 2020	27,86,311	2,38,90,944	18.24
2019	35.25	June 20, 2018	1,39,43,525	48,03,42,488	17.00	December 10, 2018	42,20,570	7,71,25,211	23.94

(Source: www.nseindia.com)

Note:

1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.

2. In case of two days with the same high price, low price, the date with the higher traded volume has been chosen.

3. *In the case of a year, average price for the year represents the average of the closing prices on each day of each year.*

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2. The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months, as applicable:

NSE											
Month, year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹)	Average price for the month (₹)*	Equity Shares traded in the month	
										Volume	Turnover (₹)
November 2021	79.70	November 9, 2021	54,11,903	41,78,56,258	68.00	November 29, 2021	64,52,543	45,67,15,874	74.18	13,16,17,863	9,77,25,71,680
October 2021	82.85	October 18, 2021	90,25,802	73,13,57,343	68.80	October 25, 2021	30,86,093	21,63,56,242	75.34	9,12,95,544	7,00,41,08,410
September 2021	80.90	September 14, 2021	45,52,200	36,26,29,762	66.15	September 3, 2021	21,02,786	14,49,39,030	73.27	8,30,34,328	6,13,28,26,085
August 2021	76.85	August 02, 2021	34,10,171	25,74,02,807	55.55	August 23, 2021	50,35,987	29,73,60,669	66.97	6,85,92,375	4,57,17,89,504
July 2021	95.70	July 06, 2021	11,36,76,463	10,35,66,59,341	66.25	July 01, 2021	92,12,971	61,85,82,563	78.76	46,91,41,122	38,69,54,96,507
June 2021	72.70	June 23, 2021	18,42,37,347	12,78,66,07,246	42.60	June 1, 2021	1,70,61,963	75,02,52,983	55.15	95,49,43,846	55,96,59,84,074

(Source: www.nseindia.com)

BSE											
Month, year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹)
November 2021	79.55	November 9, 2021	7,07,209	5,47,96,249	68.10	November 29, 2021	6,77,931	4,79,34,817	74.23	1,46,96,550	1,09,59,33,158
October 2021	82.95	October 18, 2021	25,62,704	20,83,11,415	68.35	October 01, 2021	3,38,815	2,42,43,198	75.32	1,89,70,623	1,46,13,40,911
September 2021	81.5	September 15, 2021	2,48,073	1,98,34,847	67.80	September 3, 2021	3,20,913	2,20,49,351	73.25	90,61,996	66,54,19,595
August 2021	77.00	August 02, 2021	8,43,272	6,36,56,423	55.35	August 23, 2021	4,00,444	2,36,07,877	67.04	1,23,45,751	83,01,35,103
July 2021	95.70	July 06, 2021	96,78,911	88,69,99,885	66.20	July 01, 2021	24,15,229	16,24,07,773	78.79	5,95,09,553	4,81,13,26,190
June 2021	72.65	June 23, 2021	1,34,98,439	93,76,66,810	42.65	June 01, 2021	16,17,723.00	7,12,22,734.00	55.15	9,88,57,089	5,71,23,44,123

(Source: www.bseindia.com*)*

Note:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In case of two days with the same high price, low price, the date with the higher traded volume has been chosen.*
3. *In the case of a month, average price for the month represents the average of the closing prices on each day of each month.*

- The following table set forth the details of the number of Equity Shares traded on the Stock Exchanges and the turnover during Fiscals 2021, 2020 and 2019:

Fiscal	Number of Equity Shares Traded		Turnover (In ₹)	
	BSE	NSE	BSE	NSE
2021	23,75,47,380	1,88,35,43,248	5,36,31,48,254	43,00,41,82,199
2020	10,71,89,157	49,82,02,530	1,90,35,24,715	9,11,18,99,233
2019	26,05,95,595	1,18,54,41,144	6,66,19,15,052	30,72,56,42,382

(Source: www.bseindia.com and www.nseindia.com)

- The following tables set forth the market price on the Stock Exchanges on September 6, 2021 being the first working day following the approval of the Board for the Issue:

BSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹)**
70.35	72.25	68.85	72.25	12,83,387	9,17,23,088

(Source: www.bseindia.com)

NSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹)**
70.00	72.20	70.00	72.20	55,44,083	39,69,44,341

(Source: www.nseindia.com)

USE OF PROCEEDS

The gross proceeds of the Issue aggregate to approximately ₹600 crores. After deducting the Issue expenses (including fees and commissions) of approximately ₹ 11.44 crores, the net proceeds of the Issue are approximately ₹588.56 crores (the "**Net Proceeds**").

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake the objects contemplated by us in this Issue.

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds towards funding of capital expenditure requirements for capacity expansion of optic fibre and optic fibre cables ("**OFC Expansion**") by the Company or through its subsidiaries; funding capital expenditure requirements for defence facilities; repayment of our long term and short term borrowings availed from banks and others, funding expenditure towards upgradation of our R&D initiatives (including inorganic growth initiatives); funding our long term working capital requirements and general corporate purposes.

Details of the Use of Proceeds

(a) OFC Expansion

The proposed capital expenditure for the OFC Expansion includes cost for, *inter alia*, civil works, plant and machinery, MFA, preoperative and other incidental expenses. The break-up of the proposed capital expenditure to be incurred for this OFC Expansion, aggregating to ₹ 3,165 million (estimated) is set forth below:

Sr. No	Particulars	Estimated cost (in ₹ million)
1.	Civil works	510
2.	Plant and machinery	2,625
3.	MFA, Preoperative and incidental expenses	30
	Total	**3,165**

Source: The estimated cost of the OFC Expansion, has been certified by Dr Mohammad Muazzam, Chartered Engineer, by way of his certificate dated December 6, 2021.

The OFC Expansion is expected to add (i) 12 million fkm of Optic Fibre; and (ii)1.4 million fkm of Optical Fibre Cable and 1.2 lakh ckm of FTTH cables, respectively, to our existing OFC capacity, at Hyderabad. The estimated cost of the OFC Expansion will be financed by a mix of (a) debt financing facilities from various lenders, (b) a portion of the Net Proceeds, and (c) internal accruals. We intend to complete the utilization of the Net Proceeds towards the aforesaid OFC Expansion between December 2021 to April 2023.

(b) Other use of proceeds

In addition to the OFC Expansion, we propose to utilise the Net Proceeds towards funding capital expenditure requirements for defence facilities; repayment of our long term and short term borrowings availed from banks and others, funding expenditure towards upgradation of our R&D initiatives (including inorganic growth initiatives); funding our long term working capital requirements and general corporate purposes. The Net Proceeds which are proposed to be deployed towards these purposes are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, is not applicable in respect of the aforementioned.

General corporate purposes

The general corporate purposes for which we propose to utilise Net Proceeds include meeting exigencies, including but not restricted towards strategic initiatives, acquisitions, investments in future subsidiaries of our Company, opening or setting up offices, business development initiatives, R&D, acquiring fixed assets, meeting any expense (including capital expenditure requirements) of our Company, including salaries and wages, rent, administration, insurance, repairs and maintenance, payment of taxes and duties, meeting expenses incurred in the ordinary course of business and towards any exigencies. In addition to the above, we may utilise the Net Proceeds towards other expenditure considered expedient and as permissible under applicable law and approved by the Board of Directors or a duly constituted committee thereof.

If the Net Proceeds are not completely utilised for the purposes stated hereinabove by such periods due to factors such as (i) economic and business conditions; (ii) increase competition; (iii) delay in construction or procuring equipment; (iv) receiving the necessary approvals; and (v) other commercial considerations, the same would be utilised (in part or full) in the subsequent periods as may be decided by our Board, in accordance with applicable law. Further, the Board may at its discretion, utilise any unutilised portion of Net Proceeds towards general corporate purposes.

The use of proceeds indicated hereinabove is based on management estimates, current circumstances of our business and the prevailing market conditions. Subject to applicable law, our management will have flexibility in deploying the Net Proceeds. We may have to revise our funding requirements and deployment from time to time on account of various factors such as financial condition, business strategy and external factors such as market conditions including the COVID-19 pandemic, competitive environment and interest or exchange rate fluctuations, changes in design and configuration of the project, increase in input costs of construction materials and labour costs, logistics and transport costs, incremental preoperative expenses, taxes and duties, interest and finance charges, engineering procurement and construction costs, working capital margin, regulatory costs, environmental factors and other external factors which may not be within the control of our management.. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our Board. For further details, see "*Risk Factors – We may not be able to utilise the proceeds from this Issue in the manner set out in this Placement Document in a timely manner or at all.*" on page 65.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC, or final listing and trading approvals are received from each of the Stock Exchanges, whichever is later.

Interim use of funds

In accordance with the policies instituted by our Board and as may be permissible under applicable laws and government policies, our management will have the flexibility in deploying the Issue proceeds. Pending utilisation for the purposes described above, we intend to temporarily invest funds in creditworthy instruments, including money market, mutual funds, deposits with banks and financial institutions, and structured products. Any modification/ change in the investment policy would be at the discretion of the Board from time to time and in accordance with applicable laws.

Other Confirmations

Neither our Promoters nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

Further, neither our Promoters nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoters, Directors, Key Managerial Personnel or Senior Management Personnel are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The following table sets forth the capitalisation of our Company, on a consolidated basis, as at September 30, 2021 and as adjusted to give effect to the receipt of the gross proceeds of the Issue.

This table should be read in conjunction with "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 44, 143 and 254, respectively.

(₹ in crores)

Particulars	Pre-Issue (as at September 30, 2021) (on a consolidated basis) [(1)]	Post-Issue as adjusted for the Issue (on a consolidated basis)[(2)]
Short term borrowings		
- Secured	303.04	303.04
- Unsecured	170.16	170.16
Current maturities of long term borrowing/finance lease obligations	38.54	38.54
Long term borrowings		
- Secured	138.54	138.54
- Unsecured	33.39	33.39
Total debt (A)	**683.67**	**683.67**
Equity:		
Equity Share capital	128.65[(3)]	137.38
Other Equity	1,944.32	2535.59
Non-controlling interests	14.47	14.47
Total equity (B)	**2,087.44**	**2687.44**
Total capitalization (A+B)	**2,771.11**	**3371.11**

Notes:

1. The above statement does not include lease liability as per Ind AS 116 disclosed under financial liability in the Unaudited Consolidated Financial Results for the six months period ended September 30, 2021.
2. Without consideration of share issue expenses. The figures in this column are unaudited and derived by giving effect to the issue of 8,72,72,727 Equity Shares at a price of ₹68.75 per Equity Share (including a premium of ₹67.75 per Equity Share) through the Issue, without consideration for any other transactions or movements in such financial statement line items post September 30, 2021.
3. Equity share capital is net of equity shares held by the HFCL Employees Trust as on September 30, 2021.

CAPITAL STRUCTURE

The share capital of our Company as on date of this Placement Document is as follows:

(in ₹, except share data)

Particulars	Aggregate nominal value[#] (in ₹)
Authorised Share Capital	
5,10,00,00,000 Equity Shares of ₹1 each	5,10,00,00,000
2,50,00,000 redeemable cumulative preference shares of ₹100 each	2,50,00,00,000
Issued, subscribed and paid-up share capital prior to the Issue	
1,28,93,11,494 Equity Shares of ₹1 each[(4)]	1,28,93,11,494
Present Issue in terms of this placement document[(1)]	
Up to 8,72,72,727 Equity Shares at a premium of ₹67.75	8,72,72,727
Issued, subscribed and paid-up share capital after the Issue	
1,37,65,84,221 Equity Shares	1,37,65,84,221
Securities premium account	
Prior to the Issue[(2)]	4,77,31,33,283
After the Issue [(3)]	10,68,58,60,537

[#] *Except for securities premium account*

(1) The Issue was approved by the Board of Directors in its meeting on September 3, 2021 and December 6, 2021. Subsequently, our Shareholders, through a special resolution approved the Issue on September 30, 2021.

(2) As on September 30, 2021

(3) The amount has been calculated on the basis of gross proceeds from the Issue.

(4) Equity Shares including shares held in the HFCL Employees Trust

Equity share capital history of our Company

The history of the equity share capital of our Company as on the date of this Placement Document is provided in the following table:

Date of issue/ allotment	Number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
May 20, 1987	100	10	10	Cash	Initial subscription to the MoA	100	1,000
July 12, 1988	1,70,000	10	10	Cash	Further issue	1,70,100	17,01,000
March 25, 1989	8,30,000	10	10	Cash	Allotment of equity shares pursuant to initial public offer	10,00,100	1,00,01,000
September 8, 1990	17,26,750	10	10	Cash	Rights issue	27,26,850	2,72,68,500
October 8, 1990	73,400	10	10	Cash	Rights issue	28,00,250	2,80,02,500
June 16, 1993	98,00,875	10	30	Cash	Rights issue	1,26,01,125	12,60,11,250
March 17, 1994	18,45,000	10	72	Cash	Private placement	1,44,46,125	14,44,61,250
March 25, 1994	39,40,000	10	30	Cash	Private placement	1,83,86,125	18,38,61,250
March 25, 1994	5,50,000	10	72	Cash	Private placement	1,89,36,125	18,93,61,250
March 30, 1994	6,80,000	10	72	Cash	Private placement	1,96,16,125	19,61,61,250
March 30, 1994	11,00,000	10	30	Cash	Private placement	2,07,16,125	20,71,61,250

Date of issue/ allotment	Number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
March 31, 1994	4,40,000	10	72	Cash	Private placement	2,11,56,125	21,15,61,250
March 31, 1994	14,45,000	10	30	Cash	Private placement	2,26,01,125	22,60,11,250
April 2, 1994	85,000	10	72	Cash	Private placement	2,26,86,125	22,68,61,250
April 8, 1994	13,75,000	10	72	Cash	Private placement	2,40,61,125	24,06,11,250
April 8, 1994	14,00,000	10	30	Cash	Private placement	2,54,61,125	25,46,11,250
April 25, 1994	16,15,000	10	30	Cash	Private placement	2,70,76,125	27,07,61,250
May 3, 1994	15,25,000	10	72	Cash	Private placement	2,86,01,125	28,60,11,250
August 7, 1995	2,15,05,380	10	73.12	Cash	Allotment of equity shares pursuant to issue against GDRs	5,01,06,505	50,10,65,050
January 29, 1997	1,45,50,000	10	10	Other than cash	Allotment pursuant to the scheme of amalgamation of erstwhile Himachal Telematics Limited with our Company	6,46,56,505	64,65,65,050
March 3, 2000	70,00,000	10	1,050	Cash	Further issue	7,16,56,505	71,65,65,050
April 10, 2000	15,76,809	10	1,450	Cash	Private placement	7,32,33,314	73,23,33,140
June 24, 2000	55,88,841	10	1,450	Cash	Private placement	7,88,22,155	78,82,21,550
September 4, 2002	5,43,99,560	10	46.608	Cash	Pursuant to issue against GDRs	13,32,21,715	1,33,22,17,150
January 8, 2003	29,16,969	10	33	Cash	Conversion of FCCBs to equity shares	13,61,38,684	1,36,13,86,840
February 27, 2003	58,70,769	10	26	Cash	Conversion of FCCBs to equity shares	14,20,09,453	1,42,00,94,530
March 10, 2003	9,15,036	10	26.07	Cash	Conversion of FCCBs to equity shares	14,29,24,489	1,42,92,44,890
March 27, 2003	50,79,381	10	18.77	Cash	Conversion of FCCBs to equity shares	14,80,03,870	1,48,00,38,700
April 11, 2003	81,04,273	10	11.70	Cash	Conversion of FCCBs to equity shares	15,61,08,143	1,56,10,81,430
April 19, 2003	1,31,79,913	10	11.70	Cash	Conversion of FCCBs to equity shares	16,92,88,056	1,69,28,80,560
April 28, 2003	52,58,888	10	11.70	Cash	Conversion of FCCBs to equity shares	17,45,46,944	1,74,54,69,440

Date of issue/ allotment	Number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of conside ration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
May 1, 2003	20,24,358	10	11.70	Cash	Conversion of FCCBs to equity shares	17,65,71,302	1,76,57,13,020
May 19, 2003	1,20,94,871	10	11.70	Cash	Conversion of FCCBs to equity shares	18,86,66,173	1,88,66,61,730
May 31, 2003	5,92,13,885	10	11.70	Cash	Conversion of FCCBs to equity shares	24,78,80,058	2,47,88,00,580
July 30, 2003	7,80,101	10	29.65	Cash	Conversion of FCCBs to equity shares	24,86,60,159	2,48,66,01,590
July 30, 2003	3,60,00,000	10	-	Cash	Conversion of loan to equity shares	28,46,60,159	2,84,66,01,590
September 20, 2003	62,59,144	10	11.70	Cash	Conversion of FCCBs to equity shares	29,09,19,303	2,90,91,93,030
September 30, 2003	78,51,282	10	11.70	Cash	Conversion of FCCBs to equity shares	29,87,70,585	2,98,77,05,850
October 31, 2003	52,39,358	10	11.70	Cash	Conversion of FCCBs to equity shares	30,40,09,943	3,04,00,99,430
November 21, 2003	67,78,632	10	11.70	Cash	Conversion of FCCBs to equity shares	31,07,88,575	3,10,78,85,750
December 6, 2003	13,72,777	10	11.70	Cash	Conversion of FCCBs to equity shares	31,21,61,352	3,12,16,13,520
January 16, 2004	9,70,726	10	11.70	Cash	Conversion of FCCBs to equity shares	31,31,32,078	3,13,13,20,780
March 12, 2004	36,79,017	10	11.70	Cash	Conversion of FCCBs to equity shares	31,68,11,095	3,16,81,10,950
April 1, 2004	1,15,94,871	10	11.70	Cash	Conversion of FCCBs to equity shares	32,84,05,966	3,28,40,59,660
June 11, 2004	13,60,200	10	10	Cash	Conversion of FCCBs to equity shares	32,97,66,166	3,29,76,61,660
April 29, 2005	57,95,939	10	11.70	Cash	Conversion of FCCBs to equity shares	33,55,62,105	3,35,56,21,050
July 1, 2005	53,98,461	10	11.70	Cash	Conversion of FCCBs to equity shares	34,09,60,566	3,40,96,05,660
July 22, 2005	18,60,683	10	11.70	Cash	Conversion of FCCBs to equity shares	34,28,21,249	3,42,82,12,490
August 22, 2005	29,79,829	10	11.70	Cash	Conversion of FCCBs to equity shares	34,58,01,078	3,45,80,10,780
September 12, 2005	43,36,581	10	11.70	Cash	Conversion of FCCBs to equity shares	35,01,37,659	3,50,13,76,590
July 6, 2006	6,30,21,734	10	23	Cash	Conversion of FCCBs to equity shares	41,31,59,393	4,13,15,93,930

Date of issue/ allotment	Number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
August 11, 2006	9,69,565	10	23	Cash	Conversion of FCCBs to equity shares	41,41,28,958	4,14,12,89,580
September 4, 2006	16,86,200	10	26.45	Cash	Conversion of FCCBs to equity shares	41,58,15,158	4,15,81,51,580
September 18, 2006	1,18,02,739	10	21.90	Cash	Conversion of OFCDs to equity shares	42,76,17,897	4,27,61,78,970
October 3, 2006	16,86,200	10	26.45	Cash	Conversion of FCCBs to equity shares	42,93,04,097	4,29,30,40,970
November 3, 2006	33,72,400	10	26.45	Cash	Conversion of FCCBs to equity shares	43,26,76,497	4,32,67,64,970
November 13, 2006	33,72,400	10	26.45	Cash	Conversion of FCCBs to equity shares	43,60,48,897	4,36,04,88,970
February 13, 2007	33,72,400	10	26.45	Cash	Conversion of FCCBs to equity shares	43,94,21,297	4,39,42,12,970
March 2, 2007	33,72,400	10	26.45	Cash	Conversion of FCCBs to equity shares	44,27,93,697	4,42,79,36,970
March 26, 2010	2,00,00,000	10	10	Cash	Conversion of loan to equity shares	46,27,93,697	4,62,79,36,970
Pursuant to a special resolution dated November 26, 2010 and an order of the High Court of Himachal Pradesh dated January 5, 2011, approving composite scheme of arrangement and amalgamation of Sunvision Engineering Company Private Limited into our Company, the equity share capital of our Company was reduced from ₹ 4,62,79,36,970 (i.e 46,27,93,697 equity shares of ₹10 each) to ₹ 46,27,93,697 (i.e., 46,27,93,697 Equity Shares of ₹1 each.)							
February 10, 2011	47,00,00,000	1	11.15	Other than cash	Allotment pursuant to scheme of amalgamation	93,27,93,697	93,27,93,697
February 10, 2011	5,96,01,640	1	11.74	Other than cash	Allotment pursuant to scheme of amalgamation	99,23,95,337	99,23,95,337
November 10, 2011	24,69,81,857	1	9.84	Cash	Preferential allotment to lenders under CDR	1,23,93,77,194	1,23,93,77,194
November 5, 2018	75,00,000	1	16	Cash	Preferential allotment upon conversion of warrants	1,24,68,77,194	1,24,68,77,194
March 29, 2019	2,75,00,000	1	16	Cash	Preferential allotment upon conversion of warrants	1,27,43,77,194	1,27,43,77,194
April 9, 2019	52,08,333	1	16	Cash	Preferential allotment upon	1,27,95,85,527	1,27,95,85,527

Date of issue/ allotment	Number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of conside ration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
					conversion of warrants		
April 29, 2019	47,91,667	1	16	Cash	Preferential allotment upon conversion of warrants	1,28,43,77,194	1,28,43,77,194
July 15, 2021	49,34,300	1	20.65	Cash	Pursuant to HFCL Plan 2017	1,28,93,11,494	1,28,93,11,494

In the last one year preceding the date of this Placement Document, our Company has not issued any Equity Shares for consideration other than cash.

Bank of Baroda, Indian Bank, ICICI Bank Limited, IDBI Bank Limited, Punjab National Bank (including erstwhile Oriental Bank of Commerce, United Bank of India, Union Bank of India), State Bank of India and Yes Bank Limited (collectively "**Lenders**") have agreed to release the pledge on 24,15,48,750 equity shares held by Anant Nahata, NextWave Communications Private Limited and MN Ventures Private Limited (which has since been released), subject to furnishing non-disposal undertaking(s) in favour of the Lenders and/or any authorised nominee thereof. The aforesaid non-disposal undertaking(s) along with existing non disposal undertaking, if any, will be executed/registered with the depositories within 60 days from the date of Allotment.

Pre-Issue and post-Issue shareholding pattern of Company

The pre-Issue and post-Issue shareholding pattern of our Company, as on September 30, 2021, is set forth below:

#	Category	Pre-Issue (as of September 30, 2021)		Post-Issue *	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of shareholding
A.	Promoter holding[#]				
1.	Indian				
	Individual	72,17,011	0.56	72,17,011	0.52
	Body corporates	53,28,76,801	41.33	53,28,76,801	38.71
	Others	0	0.00	0	0.00
	Sub-total	54,00,93,812	41.89	54,00,93,812	39.23
2.	Foreign promoter	0	0.00	0	0.00
	Sub-total (A)	54,00,93,812	41.89	54,00,93,812	39.23
B.	Non-Promoter holding				
1.	Institutional investors	5,92,05,517	4.59	12,24,78,161	8.90
2.	Non- Institutional investors				
	Private corporate bodies	20,53,78,298	15.93	22,93,78,381	16.66
	Directors and relatives (other than promoters)	0	0.00	0	0.00
	Indian public	45,55,52,088	35.33	45,59,35,788	33.12
	Others including Non-Resident Indians (NRIs)	2,62,53,579	2.04	2,62,53,579	1.91
	Sub-total (B)	74,63,89,482	57.89	83,40,45,909	60.59
3.	Non-Promoter non-public *(Employee Benefit Trust)*	28,28,200	0.22	24,44,500	0.18
	Sub-total (C)	28,28,200	0.22	24,44,500	0.18
	Grand Total (A+B+C)	**128,93,11,494**	**100**	**1,37,65,84,221**	**100.00**

** The table for the post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category as of September 30, 2021, adjusted for Allocation made in the Issue, and reflects the shareholding of all other categories of shareholders as of September 30, 2021.*

Includes the shareholding of the members forming part of Promoter Group.

Employee stock option plan

Our Company adopted the Himachal Futuristic Communications Limited (HFCL) Employees' Long Term Incentive Plan – 2017 ("**HFCL Plan 2017**"), which was approved by our Board pursuant to a resolution dated August 26, 2017 and our Shareholders pursuant to a special resolution dated September 25, 2017. Under the HFCL Plan 2017, our Company is allowed to grant up to 2,50,00,000 options or units convertible to Equity Shares to eligible employees of our Company. The objective of the HFCL Plan 2017 is to promote entrepreneurial behaviour among employees of our Company, motivate them with incentives and reward their performance with ownership in proportion to the contribution made by them as well align the interests of the employees with that of our Company. The eligibility and number of options to be granted to an eligible employee is determined on the basis of criteria laid down in the HFCL Plan 2017 and is administered by the Nomination, Remuneration and Compensation Committee through the HFCL Employees' Trust. The options granted shall vest on the eligible employees not earlier than one year and not later than five years from the date of grant of options. The HFCL Plan 2017 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

As on the date of this Placement Document, the details of options pursuant to HFCL Plan 2017 are as follows:

Particulars	Number of employee stock options	Number of restricted stock units ("RSUs")
Total number of stock options/ RSUs	1,00,00,000	1,00,00,000
Stock options/ RSUs granted	70,49,000	70,49,000
Stock options/ RSUs vested	45,34,600	-
Stock options/ RSUs exercised	24,89,800	-
Stock options/ RSUs forfeited	7,12,000	10,41,000
Total stock options/ RSUs outstanding	38,47,200	60,08,000

Other Confirmations

(i) Except as disclosed below, our Company has not made any allotments, including for consideration other than cash, in the last one year preceding the date of this Placement Document.

Date of issue/allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Total consideration (₹)	Reason/ Nature of allotment
July 15, 2021	49,34,300	1	20.65	Cash	10,18,93,295	Pursuant to HFCL Plan 2017 to HFCL Employees' Trust

(ii) Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice for the meeting conducted through VC / OAVM facility on September 30, 2021, to the Shareholders for the approval of this Issue.

(iii) There will be no change in control of our Company pursuant to the Issue.

(iv) Our Company has not allotted securities on preferential basis or private placement or by way of rights issue in the last one year preceding the date of this Placement Document.

(v) Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

(vi) Except as disclosed in "-*Employee stock option plan*" above, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Placement Document.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 253.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) Six month period ended September 30, 2021; (ii) Fiscal 2021; (iii) Fiscal 2020; and (iv) Fiscal 2019, as per the requirements under Ind AS 24 'Related party disclosures' notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules 2015, as amended and as reported, please see the section titled "*Financial Statements*" on page 254.

DIVIDENDS

The declaration and payment of final dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act. See *"Description of the Equity Shares*" on page 235.

Our Board may also, from time to time, declare interim dividends. Our Board has approved and adopted a formal dividend distribution policy on November 28, 2016 in terms of Regulation 43A of the SEBI Listing Regulations ("**Dividend Distribution Policy**").

In accordance with the Dividend Distribution Policy, the dividend pay-out shall be determined by our Board after taking into account a number of factors, including but not limited to, working capital requirements, capital expenditure requirement, business expansion and growth, likelihood of crystalisation of contingent liabilities, additional investment in subsidiaries and associates, upgradation of technology and physical infrastructure, acquisition of brands and business, cost of borrowing, creation of contingency fund, changes in economic environment and other factors that may be considered relevant from time to time.

The following table details the dividend declared and paid or payable by our Company on the Equity Shares in respect of the six months period ended September 30, 2021, Fiscals 2021, 2020, 2019 and post September 30, 2021 till the date of filing of this Placement Document:

Period	Face Value of Equity Share (in ₹)	Dividend per Equity Share (in ₹)	Total amount of dividend[#] (in ₹ crores)	Dividend rate (%)	Dividend distribution tax (in ₹ crores)
From October 1, 2021 till the date of filing of the PPD	1.00	0.15	19.34*	15	-
Six months ended September 30, 2021	1.00	-	-	-	-
Fiscal 2021	1.00	-	-	-	-
Fiscal 2020	1.00	0.10	12.84	10	2.64
Fiscal 2019	1.00	0.06	7.44	6	1.52

*****_Dividend for the financial year ended March 31, 2021 declared at the AGM held on September 30, 2021 was paid to the Shareholders on October 16, 2021._

[#]_Including unclaimed dividend._

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue. The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid in the future or that the amount thereof will not be decreased. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, the factors set out in the Dividend Distribution Policy and such other factors that the Board may deem relevant in its discretion, subject to the approval of our Shareholders.

The Equity Shares to be issued in connection with this Issue shall qualify for dividend including interim dividend, if any, that is declared and record date thereof occurs after the Allotment. See "*Description of the Equity Shares*" on page 235. For a summary of some of the restrictions that may inhibit our ability to declare or pay dividends, See "*Risk Factors – We cannot assure you that our Company will declare dividends to its shareholders in the future*" on page 66.

For a summary of certain consequences under Indian taxation law of dividend distributions to shareholders, see "*Statement of Possible Tax Benefits*" on page 239.

INDUSTRY OVERVIEW

*The information contained in this section is derived from various industry and publicly available resources. The information also includes information available from reports or databases of Feedback Advisory Services Pvt. Ltd. ("**Feedback Advisory**"). Neither the Company, its Directors, the Placement Agents nor any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.*

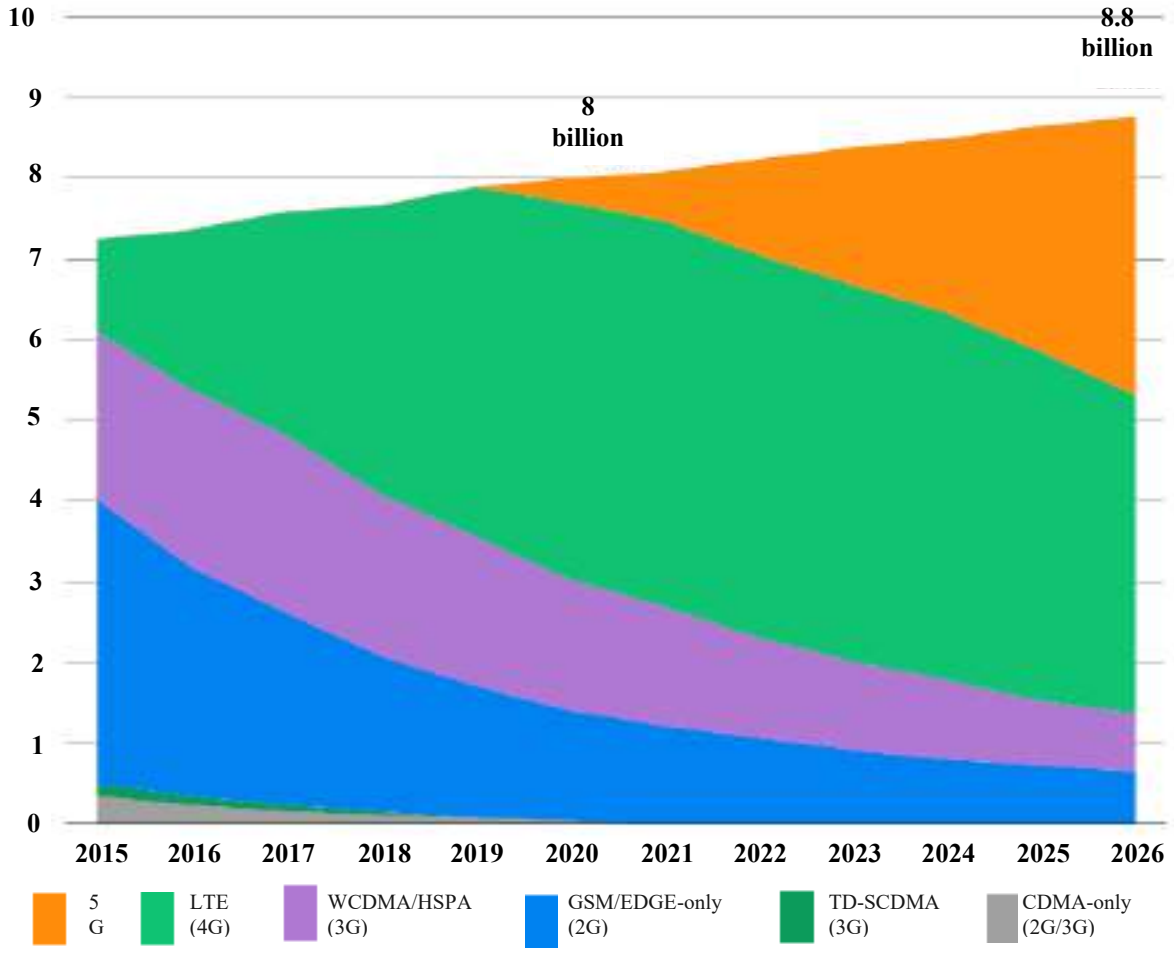
*Feedback Advisory has taken due care and caution in preparing the "An Industry Report on OFC and Telecom Equipment Railway Communication Services and Defence Electronics", released in November 2021 (the "**Feedback Advisory Report**") based on the* information *obtained by Feedback Advisory from sources which it considers reliable ("**Data**"). However, Feedback Advisory does not guarantee the accuracy, adequacy or completeness of the Data / Feedback Advisory Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Feedback Advisory Report. The Feedback Advisory Report is not a recommendation to invest / disinvest in any entity covered in the Feedback Advisory Report and no part of the Feedback Advisory Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Feedback Advisory especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Feedback Advisory Report. Without limiting the generality of the foregoing, nothing in the Feedback Advisory Report is to be construed as Feedback Advisory providing or intending to provide any services in jurisdictions where Feedback Advisory does not have the necessary permission and/or registration to carry out its business activities in this regard. The Company will be responsible for ensuring compliances and consequences of non-compliances for use of the Feedback Advisory Report or part thereof outside India. No part of the Feedback Advisory Report may be published/reproduced in any form without Feedback Advisory's prior written approval.*

Overview of the Global Telecom Industry

In calendar years 2020 and 2021, the world faced an unexpected crisis as a result of the COVID-19 pandemic. As physical connectivity among the population was adversely affected, digital connectivity gained prominence across the globe. According to the Feedback Advisory Report, mobile network data traffic grew by 46% between the first quarter of 2020 and the first quarter of 2021.

Global mobile subscriptions

In calendar year 2020, there were approximately 8.0 billion global mobile subscriptions, mobile broadband (*i.e.*, wireless internet access via mobile networks) constituted a predominant share of 83% of all mobile subscriptions. Among these 8.0 billion global mobile subscriptions, 6.0 billion were smartphone subscriptions. Feedback Advisory expects that smartphone penetration will increase further from 2020 to reach 7.7 billion in 2026, representing approximately 88% of all mobile subscriptions. It is estimated that global mobile subscriptions will increase to approximately 8.8 billion by the end of calendar year 2026, with subscriptions with mobile broadband constituting a predominant share of 91%.

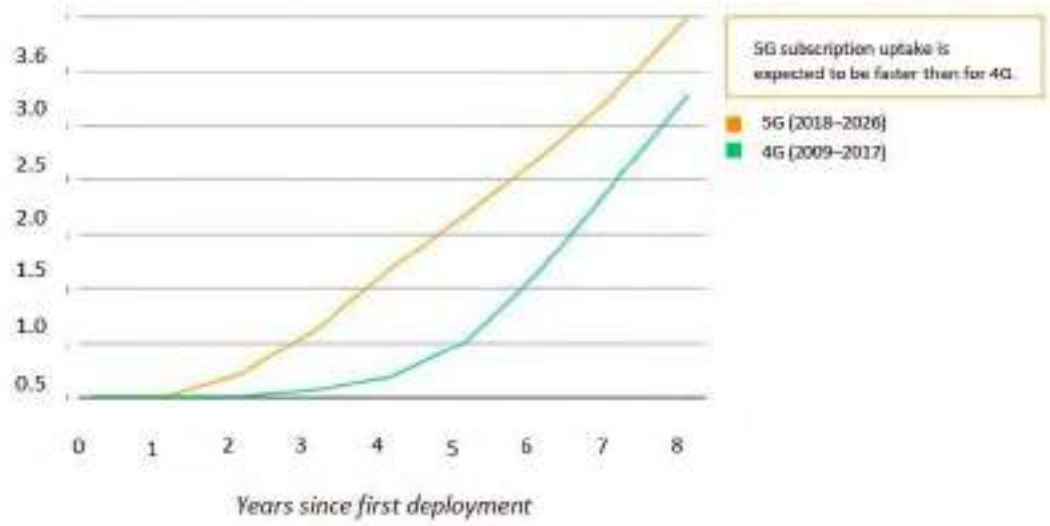


*Notes: (1) In 2026, **3.5** billion 5G subscriptions are forecast.*
*(2) IoT connections are not included in this graph. Fixed wireless access ("**FWA**") connections are included*
Source: Feedback Advisory Report; Ericsson Report 2021

Growth drivers

Better connectivity, faster speed, increasing consumption of data, IoT, connected mobility, Industry 4.0 and AR/VR are some of the drivers pushing the growth of the 5G technology and the overall global industry. The speed of 5G uptake is expected to be far higher than 4G.

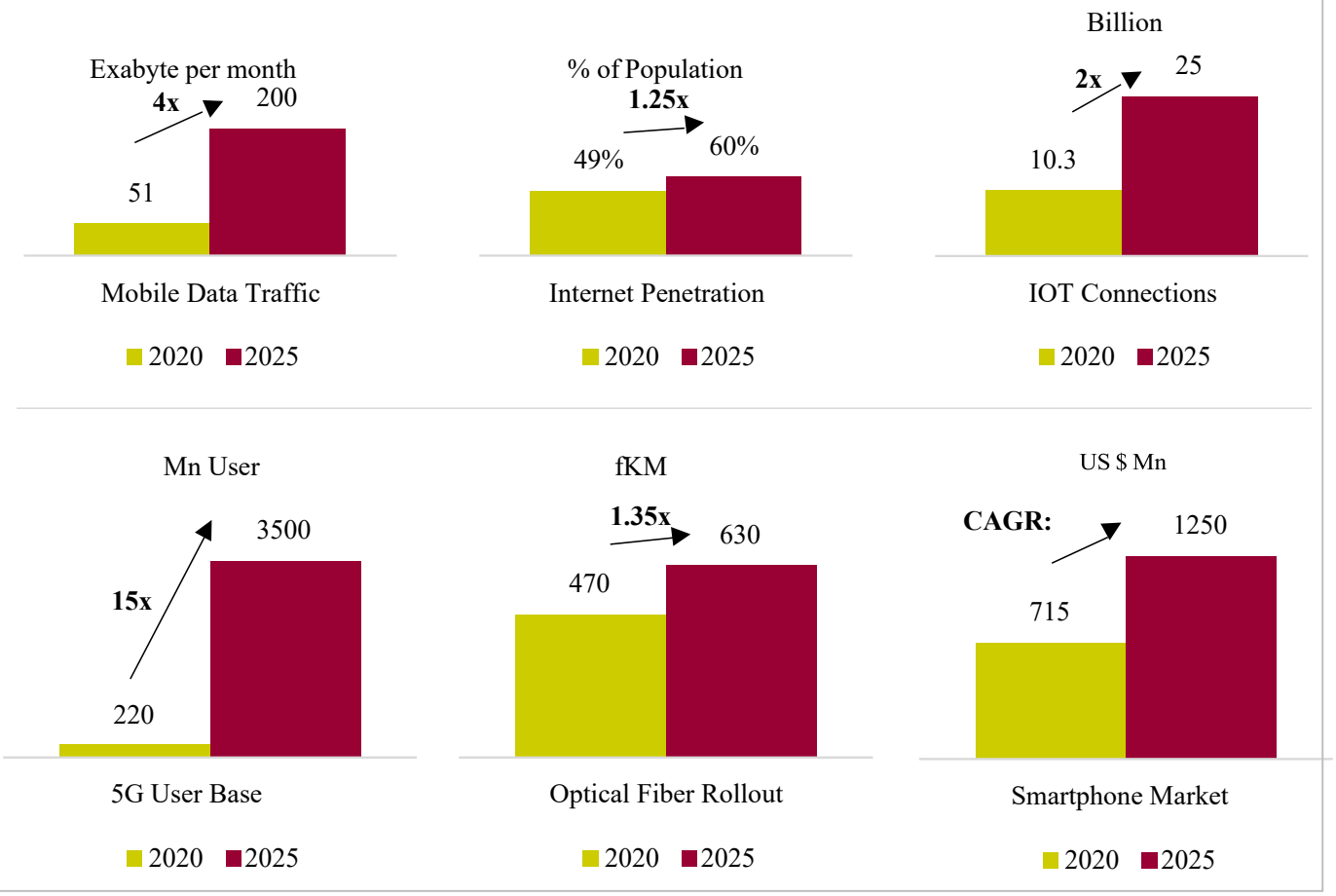
Comparison of 5G and 4G subscription uptake in the first years of deployment (billion)



Source: Feedback Advisory Report

Global mobile data traffic is expected to reach over 200 exabytes (one exabyte is equal to one billion gigabytes) per month, with the 5G subscriber base reaching 3.5 billion users by 2025. Internet penetration is expected to reach 60% of the global population and IoT connections are expected to grow from 10.3 billion to 25.0 billion by 2025. The smartphone market is expected to grow at a CAGR of 12.0% from 2020 to 2025 to reach US$1.25 billion in 2025. Optical fibre cable rollout is expected to reach 600 fkm by Fiscal 2025, making the optical fibre cable industry a US$10.2 billion market by Fiscal 2025.

Global Telecom Drivers (CY 2020-2025)



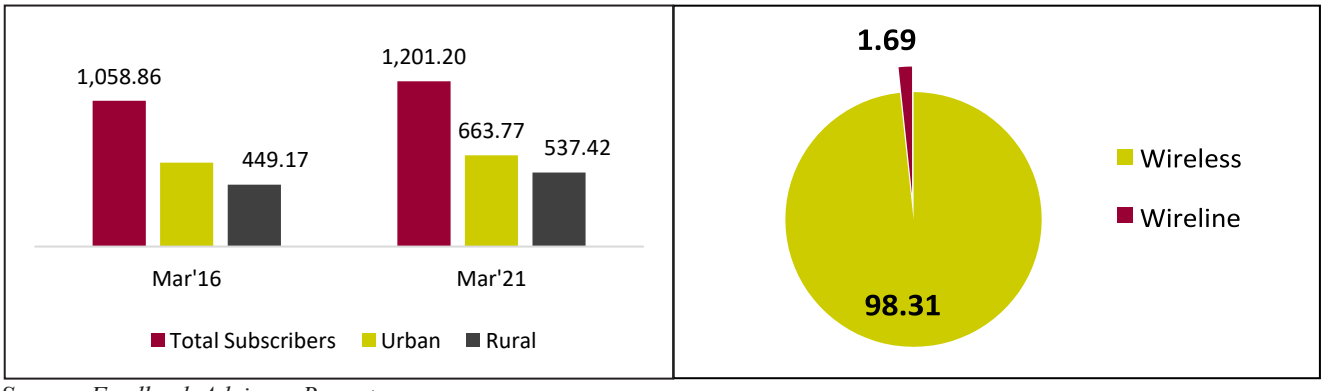
Source: Feedback Advisory Report

Overview of the Indian Telecom Industry

Expanding telecom subscriber base

According to the Feedback Advisory Report, as at March 2021, India is the second-largest telecommunication market and has the second-highest number of internet users in the world. India's telephone subscriber base increased from 1,058.86 million in March 2016 to 1,201.20 million in March 2021. Among these telephone subscriptions, 98.31% (or 1,180.96 million) were wireless/mobile subscriptions, as at March 2021.

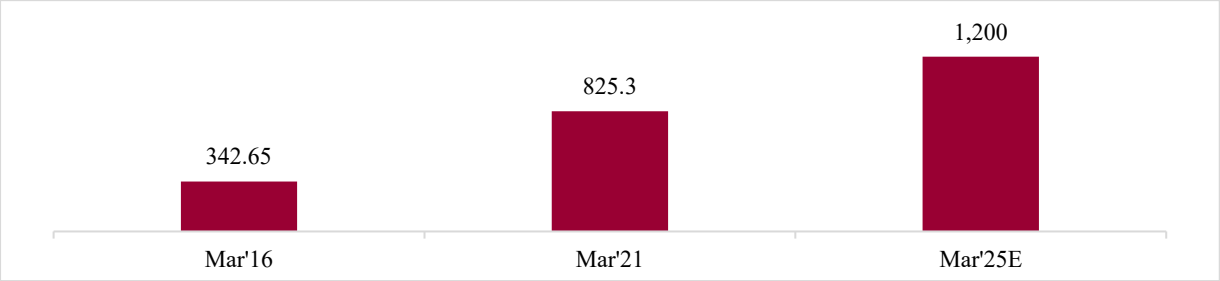
Total telephone subscribers in India (in million) Wireless and wireline shares (as at March 2021)



Source: Feedback Advisory Report

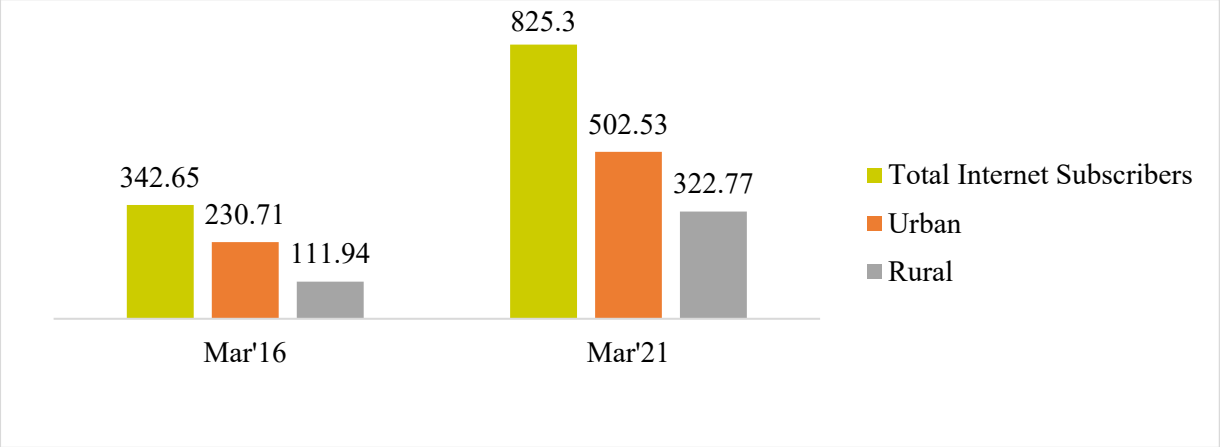
Internet penetration in India is expected to grow steadily and is likely to be bolstered by Government policies. Demand for internet in India is expected to be driven by the rise in consumption of Over-The-Top ("**OTT**") contents, Internet-of-Things ("**IoT**") applications and the latest work-from-home trend due to COVID-19, as well as faster access speed and increased affordability. The number of internet subscribers increased from 342.65 million in March 2016 to 825.3 million in March 2021. CRISIL research expects that the number of internet subscribers in India to further increase to 1,200 million by end of March 2025.

Internet Penetration Total Internet Subscribers – (in Million)



Source: Telecom Regulatory Authority of India; Feedback Advisory Report

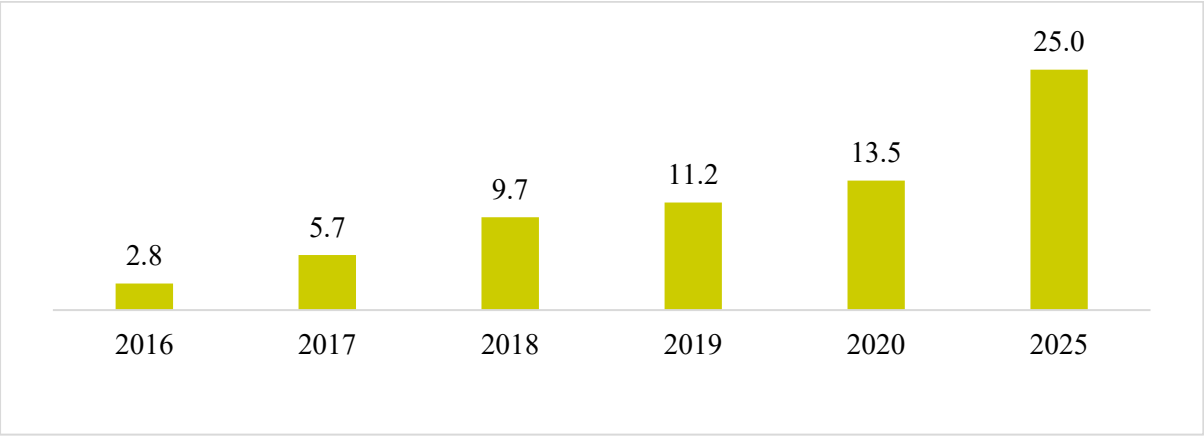
Total Internet Subscribers – Urban vs Rural (in Million)



Source: Feedback Advisory Report

The average data per user is expected to reach 25 GB/month by end of 2025, up from 2.8 GB/month in 2016 and 13.5 GB/month in 2020.

Average Data per User in GB (per month)



Source: Nokia Mbit and Ericsson; Feedback Advisory Report

The growth in the Indian telecom industry is expected to be driven by:

- Strengthening of the telecom infrastructure: The Government and private operators are working to strengthen the telecom infrastructure in the country. The fiberised cell tower ratio is expected to increase from 33% in 2020 to 70% by 2025. Growth momentum in the telecom infrastructure is driving the market for optical fibre, optical fibre cable and accessories, along with telecom equipment.

- 5G spectrum: The 5G spectrum auction in India is expected to be held in 2022/2023. According to the latest Ericsson Mobility Report, it is expected that the number of 5G subscribers in India will reach 330 million by the end of 2026, representing 26% of the total subscribers.

- BharatNet: The Government has taken the initiative to connect every village with internet access. The Government intends to cover 650,000 villages under this initiative by 2023. The Government has set a target to lay 670,000 km of optical fibre cable ("**OFC**"), and to install 120,000 Wi-Fi access points and 650,000 fibres-to-home ("**FTTH**") connections by 2022. Also, the pan-India 4G network rollout undertaken by Bharat Sanchar Nigam Limited ("**BSNL**"), a government-owned telecom service provider, includes both wireless and optical transmission infrastructure.

- Production-Linked Incentive ("**PLI**") scheme: In February 2021, the Government has approved the PLI scheme in 10 key sectors (including telecom and networking products) to boost the country's manufacturing capabilities, exports and promote the "*Atmanirbhar Bharat*" initiative. According to the Feedback Advisory Report, the PLI scheme has the potential to reduce the share of telecom imports in overall demand to under 50%. PLI scheme is expected cover major telecom equipment, except optical fibres. Under this scheme, incentives will be provided to manufacturers and exporters of specific telecom and networking products. In particular, ₹121.95 billion (equivalent to US$1.65 billion) has been approved by the Government for telecom & networking products and the scheme is expected to attract investment of approximately ₹30 to 40 billion (equivalent to US$410 to 550 million).

- Government spending allocation: The Government has allocated ₹90 billion (equivalent to approximately US$1.2 billion) to boost telecom connectivity across the country, which includes high-speed OFC or satellite-based broadband services across 22,000 million village panchayats. The Government has also allocated ₹52 billion (equivalent to US$0.7 billion) to rollout the entire OFC required for setting up the defence communications network.

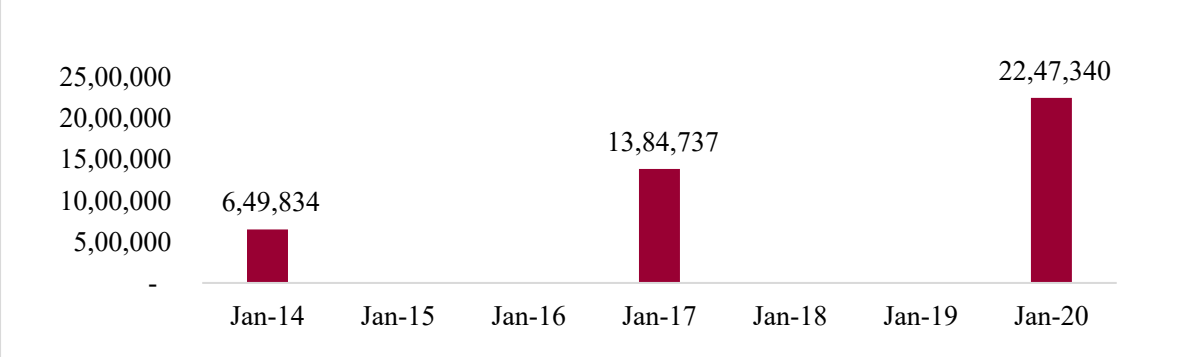
Telecom infrastructure

Mobile towers and BTSs

The Government has taken several policy initiatives to facilitate infrastructure growth, including without limitation, trading/sharing/liberalization of spectrum, permitting passive and active infrastructure sharing, among others. The Government has also carried out an awareness campaign to correct the misconceptions of the public regarding Electro Magnetic Field ("**EMF**") radiation emission from mobile towers. The number of mobile towers installed in India had increased from 415,724 in December 2015 to 630,806 in November 2020.

Around 1.60 million additional Base Transceiver Stations ("**BTSs**") for 2G/3G/4G-LTE services have been added by Telecom Service Providers ("**TSPs**") during the period from March 2014 to November 2020.

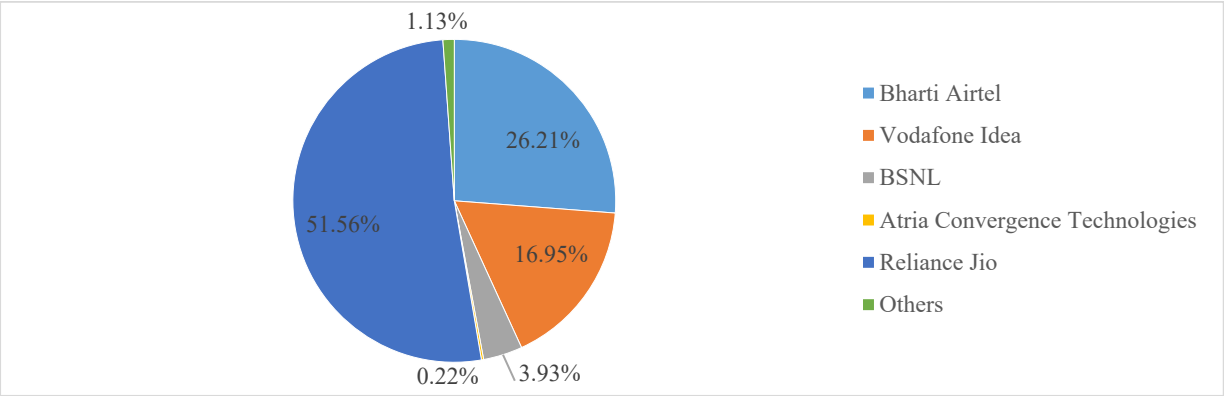
BTS Growth during 31st March 2014 to 30th November 2020



Source: Feedback Advisory Report

Access service providers in the telecom in the telecom industry

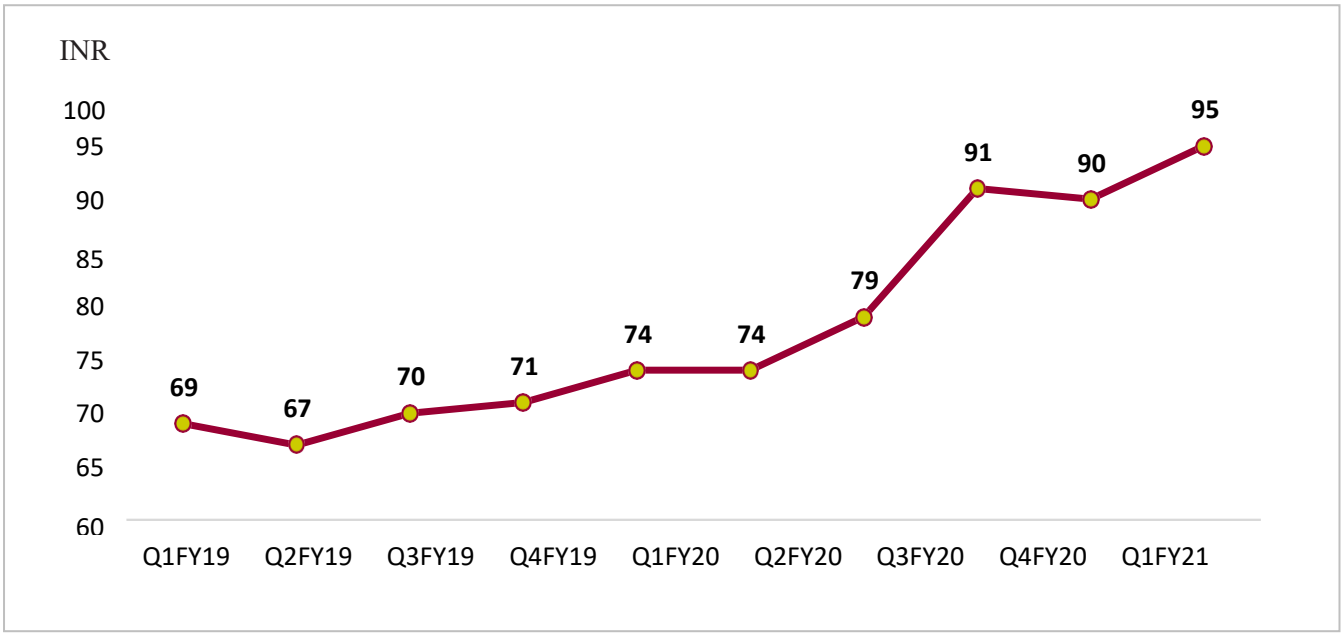
Service Provider-wise Market Share of Broadband (Wired +Wireless) Services as on 31st March 2021



Source: Feedback Advisory Report

Average Revenue per User (ARPU) of the Indian telecom industry

Indian telecom industry's Average Revenue per User ("**ARPU**") reached ₹90 in the first quarter of fiscal 2021, representing a year-on-year growth of 28.2%. The growth was primarily driven by price increase undertaken by the telecom companies for their prepaid users from December 2019 onwards.



Source: Feedback Advisory Report

Service delivery in villages through BharatNet

BharatNet is an Indian government initiative to connect every village with internet access. It is expected to cover 650,000 villages by 2023. As of February 2021, under the BharatNet project, approximately 150,000 Gram Panchayats ("**GPs**") have already been connected with high-speed broadband connectivity, which will enable provision of various services in the rural areas. As of December 2020, under the BharatNet project, Wi-Fi hotspots have been installed in 100,000 GPs and approximately 500,000 Fibre-To-The-Home ("**FTTH**") broadband connections have been provided.

The Union Cabinet has approved the implementation of BharatNet in 16 states in India through public-private partnership ("**PPP**") model. The network will cover 361,000 villages through GPs or village blocks. Under the PPP model, the Government will give responsibility of upgradation, maintenance and operation of the network to

private players. To make this undertaking commercially attractive for private players, the Government will foot the bill partially, through viability gap funding capped at ₹190,410 million (equivalent to approximately US$2,608.4 million). The total cost of implementation of BharatNet under the PPP model is estimated to be ₹294,320 million (equivalent to approximately US$4,031.8 million).

Government initiatives in the Indian telecom sector

The Government has played an active role in supporting the telecom sector through various policies that aim to increase digitisation. With the objective of bringing in next-generation technology, the Government intends to hold 5G spectrum auctions by end of Fiscal 2022. The economic impact of introducing the 5G technology is estimated to reach US$1.0 trillion by 2035.

National Infrastructure Pipeline

One of the Government's most important demand-enhancing policy initiatives is "National Infrastructure Pipeline" ("**NIP**") proposed in December 2019. The NIP is a six-year investment plan to augment infrastructure in different sectors of the Indian economy. The Government has targeted an investment of close to INR3.1 trillion in digital infrastructure over six year from Fiscal 2020 to Fiscal 2025, as part of the NIP. The goal of the NIP include:

(i) 100% population coverage for telecom and high-quality broadband services for socio-economic empowerment of every citizen in India; and

(ii) digital payments and e-governance infrastructure for delivery of banking and public services.

The success of the infrastructure expansion plan under the NIP would partially depend on whether stakeholders in the NIP are playing their due roles, including state governments and public sector and private sector enterprises. The table below sets out the targets to be achieved by March 2025 under the NIP and the status as at December 2019:

S. No.	Target (March 2025)	Status (as at December 2019)
1.	India ranks first in term of mobile phone -100% tele density, even in rural areas	India ranks second in term of mobile phones 1-2 billion total mobile subscribers
2.	Higher internet penetration of more than 80% providing seamless connectivity of rural and remote through schemes such as Bharat Net	Internet penetration is close to 40%
3.	Availability of government service in real time on mobile - access to quality education, healthcare facilities and financial inclusion	Issues such as poor connectivity and date speeds prevail due to poor operation and maintenance
4.	5G technology to fuel Industry growth and Innovation, harnessing the power of emerging digital technologies, such as IOT, cloud, AI and big data payment getaways fintech	4G Technology has enable India to move Towards a digital economy by providing faster internet connectivity at affordable prices
5.	India to emerge as data-centre hub fuelling growth of Fintech E-commerce, OTT	Private business focusing to build massive data center on the back of data localization, uptake of cloud computing and growing e-governance

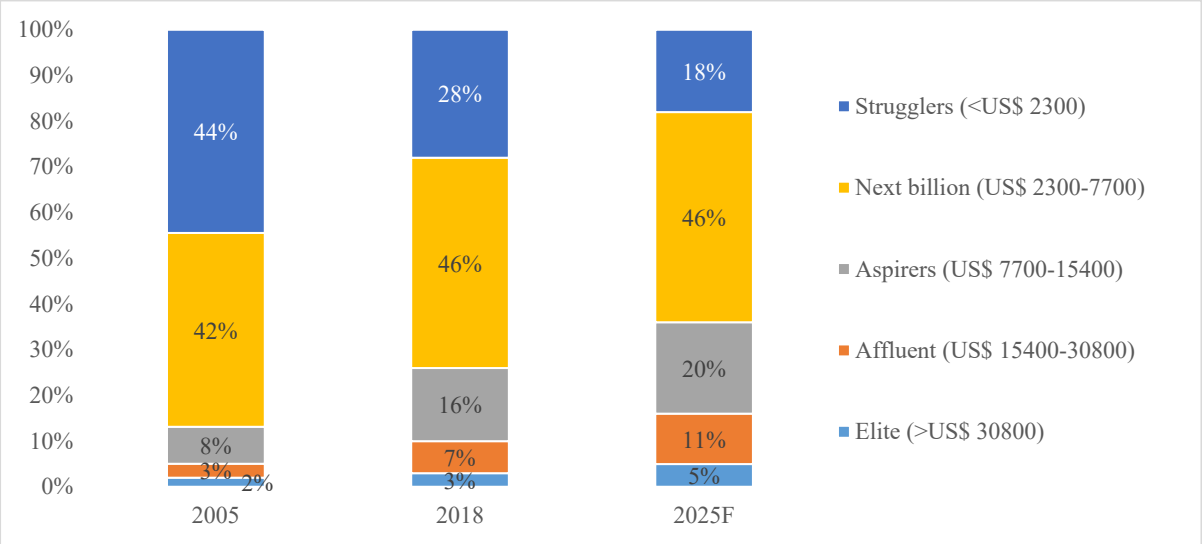
Source: National Infrastructure Pipeline; Feedback Advisory Report

Growth drivers of the Indian telecom industry

Rising income and growing rural market

CRISIL Research expects that rising income and growing rural market will drive demand for telecom services in India.

Indian residents shifting from low to high income groups (%) Million Household, 100%



Source; Feedback Advisory Report

Strong policy supports

Strong policy supports are expected to drive the growth of the Indian telecom industry in the future. Certain of these policy supports are set out below:

- Adequate 5G airwaves: In January 2021, the Competition Commission of India ("**CCI**") urged the Government to ensure adequate 5G airwaves to be auctioned at affordable rates amid acute financial stress in the debt-laden telecom sector.

- Make in India: In February 2021, the Government has launched the Production-Linked Incentive ("**PLI**") scheme in 10 key sectors (including telecom and networking products) to boost the country's manufacturing capabilities, exports and promote the "*Atmanirbhar Bharat*" initiative. The PLI scheme has the potential to reduce the share of telecom imports in overall Indian telecom industry to under 50%. Under this scheme, incentives will be provided to manufacturers and exporters of specific telecom and networking products. PLIs are expected to cover major telecom equipment, except optical fibres. In particular, ₹121.95 billion (equivalent to US$1.65 billion) has been approved by the Government for telecom & networking products. The scheme is expected to draw an investment of INR30-40 billion (equivalent to US$410-550 million) for the telecom & networking products segment.

- Standards of quality wireline and wireless services: The Telecom Regulatory Authority of India ("**TRAI**") made regulations to amend the standards of quality of wireline (telephone service) and cellular mobile telephone service. These regulations have been laid down to ensure effective compliance with the quality-of-service regulations and to protect eh interest of the customers.

Higher FDI flow

To attract foreign investment for adequate infrastructure development, the Government has focused on liberalising the Foreign Direct Investment ("**FDI**") regime for the telecom sector. Currently, the Government permits 100% FDI under automatic route for the telecom equipment manufacturing sector, as well as 100% FDI for the telecom services section with 49% under automatic route. From April 2000 to December 2020, FDI inflows in the Indian telecom sector stood at US$37.62 billion, accounting for approximately 7.0% of the total FDI inflows into the country. It is expected that more FDI will drive the growth of the Indian telecom industry.

Overview of the Optical Fibre Cable Market

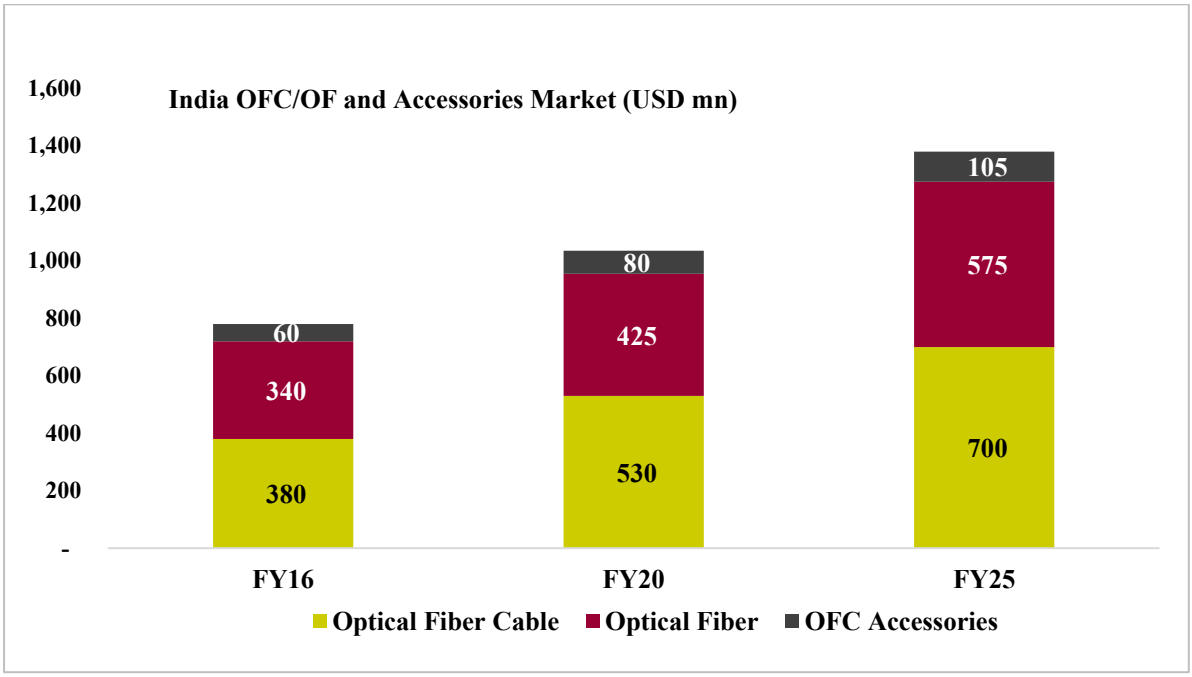
The global optical fibre cable market

According to the Feedback Advisory Report, the global total addressable market ("**TAM**") for optical fibre cable ("**OFC**"), optical fibre ("**OF**") and OFC accessories was valued at US$14.1 billion in Fiscal 2020 and is expected to grow at a CAGR of 5.3% to reach US$18.25 billion by Fiscal 2025.

According to the Feedback Advisory Report, the global optical fibre cable ("**OFC**") market was valued at US$8.0 billion in Fiscal 2020 and is expected to reach US$10.2 billion by Fiscal 2025. The global optical fibre market was valued at US$4.9 billion in Fiscal 2020 and is expected to grow at a CAGR of 5.8% to reach US$6.5 billion by Fiscal 2025. The diameters of optical fibres are getting smaller and smaller to suit deployment challenges raised by end-user applications. In April 2020, Prysmian S.p.A became the first company to release a portfolio of cables that make use of optical fibres having a diameter of just 180 micrometres. These dabbles are deployed for Fibre-to-the-X ("**FTTX**") and 5G networks globally.

The Indian optical fibre cable market

According to the Feedback Advisory Report, the Indian optical fibre cable market was valued at US$530 million in Fiscal 2020 and is expected to grow to reach US$700 million by Fiscal 2025. The Government has set a target of laying 670,000 kilometres of OFC, and of installing 120,000 Wi-Fi access points and 650,000 ckm fibre to the home ("**FTTH**") connections by end of March 2022. The Government has allocated INR90,000 million (equivalent to US$1,232 million) to boost telecom connectivity across the country, including providing high-speed OFC or satellite-based broadband services across the 220,000 villages by end of March 2023. In addition, the Government has also allocated INR52,000 million (equivalent to US$712.3 million) to roll out the entire optical fibre cable network required for setting up the defence communications network by end of March 2022.



Source: Feedback Advisory Report

The leading players in the Indian optical fibre cable market

The following table sets forth the OFC deployed by leading players in India as of fiscal 2020:

Service Provider	rKM (route km)
BSNL (incl BharatNet)	800,000
Reliance Jio	1,100,000
Bharati Airtel	310,289
Vodafone Idea	372,000
RailTel	60,000

Service Provider	rKM (route km)
Powergrid	67,000
Army	60,000
Others*	230,711
Total	3,000,000

Source: Feedback Advisory Report

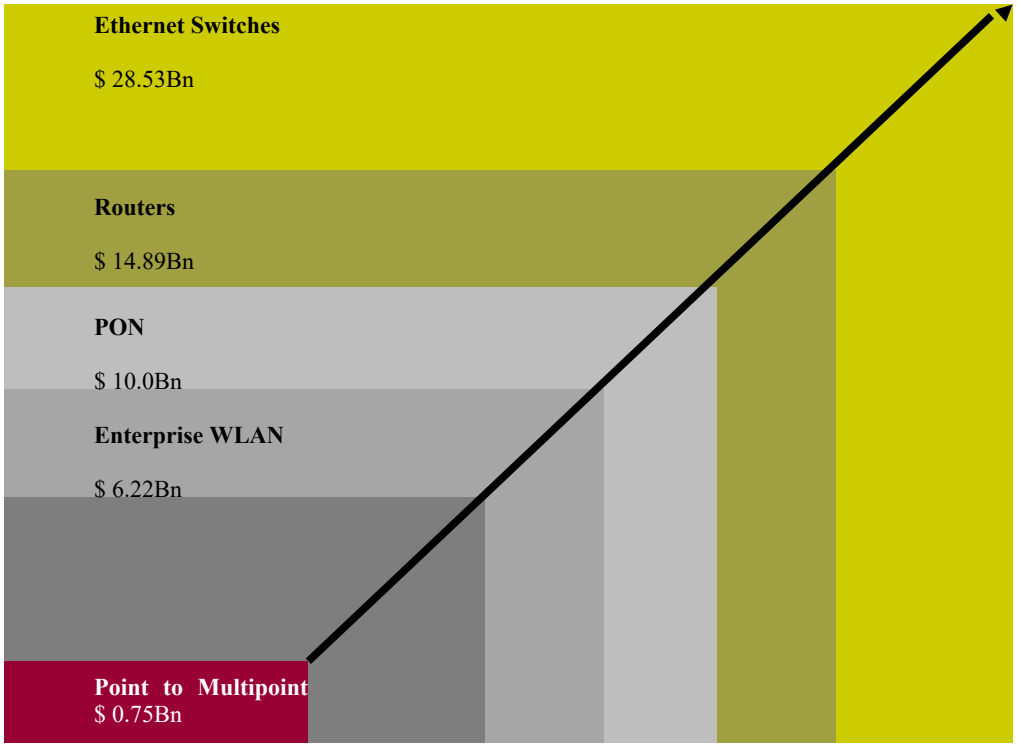
Sterlite Technologies Ltd. ("**STL**") and HFCL Limited are the two leading players in the Indian optical fibre cable market by revenue. HFCL Limited, as a leading player, has the largest market share in the Indian OFC market in Fiscal 2021. STL is the largest exporter, generating 75-80% of their OFC revenue from export.

Key Players	Revenue from Operations FY'21 (₹ Billion)	Revenue by Product FY'21 (₹ Billion)
Sterlite Technologies Ltd.	41.42 (Standalone) 48.25 (Consolidated)	Consolidated revenue: 48.25 billion (Note- For Standalone same split not given) Cloud: 2% Citizen Networks: 22% Enterprises: 11% Telcos: 65% Standalone: 41.42 Billion Revenue from sale of products: 20.17 Revenue from sale of services: 0.56 Revenue from network integration projects: 19.14 Revenue from software products/licenses and implementation activities: 1.05 Other operating revenue: 0.47
HFCL Ltd.	41.06	Telecom Products: 12.05 Turnkey Contracts and Services: 32.18
Vindhya Tele. Ltd.	15.02	Cable: 4.56 EPC: 10.46
Birla Cables Ltd.	3.29	Optical Fibre Cables (OFC): 1.65 Copper Telecommunication/Structured Cables: 1.52
Aksh Optifiber Ltd.	2.45	Manufacturing: 2.06 Services: 0.39 Trading: 0.02
Paramount Comm. Ltd.	5.19	Power Cables: 51.1% Telecom Cables (OFC and PIJF): 14.3% Railway Cables: 20.7% Domestic Wires: 7.7% EPC & Others: 6.2%

Source: Feedback Advisory Report

Overview of the Telecom Equipment Market

According to the Feedback Advisory Report, the global TAM for telecom equipment market, comprising of Point to Multipoint ("**PtMP**"), Point to Point ("**PtP**"), Passive Optional Network Terminals ("**xPON**"), routers and ethernet switches, was valued at US$64.0 billion in Fiscal 2020 and is expected to reach US$89.2 billion by Fiscal 2025.



Source: Feedback Advisory Report

Overview of the ethernet switches product segment

Types of ethernet switches

An ethernet switch is an internet connectivity tool that connects multiple networks and devices into a high-speed local area network ("**LAN**").

Ethernet switches work on different layers. The two popular layers that are widely used are as follows:

(1) Layer 2 ("**L2**") switches: L2 switches are data link layer switches which works with frames. The switches of this layer identify and transmit data only through MAC-addresses and does not interact with any higher layer addresses, such as IP. L2 switches may be both managed or unmanaged.

(2) Layer 3 ("**L3**") switches: L3 switches are network layer switches that already understand IP addresses of the devices, determine the ways to deliver data and the shortest routes (routing) using protocols. L3 switches can only be managed.

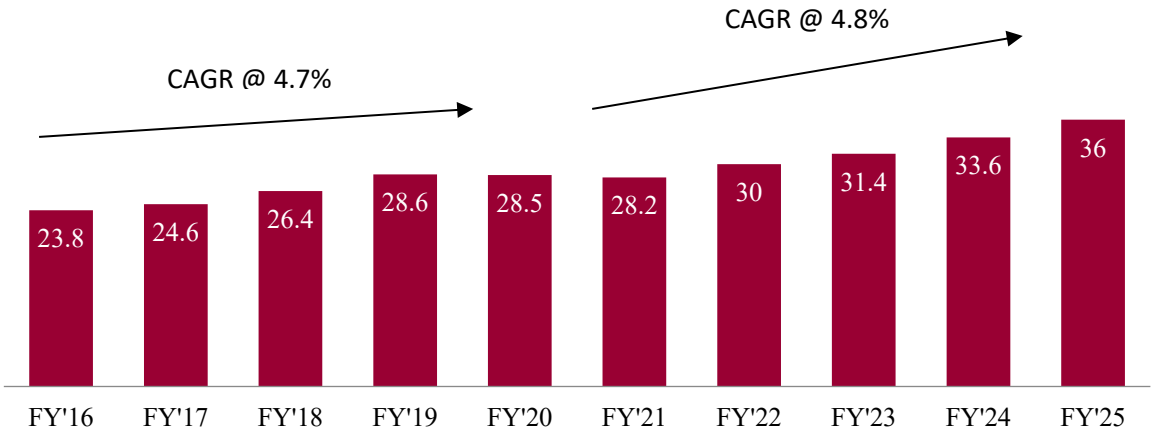
Global market size of ethernet switches

The global ethernet switch market was valued at US$28.5 billion in Fiscal 2020. The industrial ethernet switch market was valued at US$2.94 billion in Fiscal 2020, which is approximately 10% of the total global ethernet switch market. The industrial managed ethernet switch market was estimated to be US$1.3 billion in Fiscal 2020, among which L2 managed switches was estimated to be US$1.1 billion.

According to the Feedback Advisory Report, the global ethernet switch market is projected to grow at a CAGR of 4.8% from US$28.5 billion in Fiscal 2020 to US$36.0 billion by Fiscal 2025. In particular, the industrial ethernet switch market is projected to grow at a higher CAGR of 7.0% from US$ 2.94 billion in Fiscal 2020 to US$4.0 billion by Fiscal 2025. Among the industrial ethernet switch market, the managed switch market is

expected to witness highest CAGR of 12.5% to reach US$2.4 billion by Fiscal 2025, with the L2 managed switch segment contributing US$2.0 billion by Fiscal 2025.

Global Ethernet switches market future growth (US$ billion)



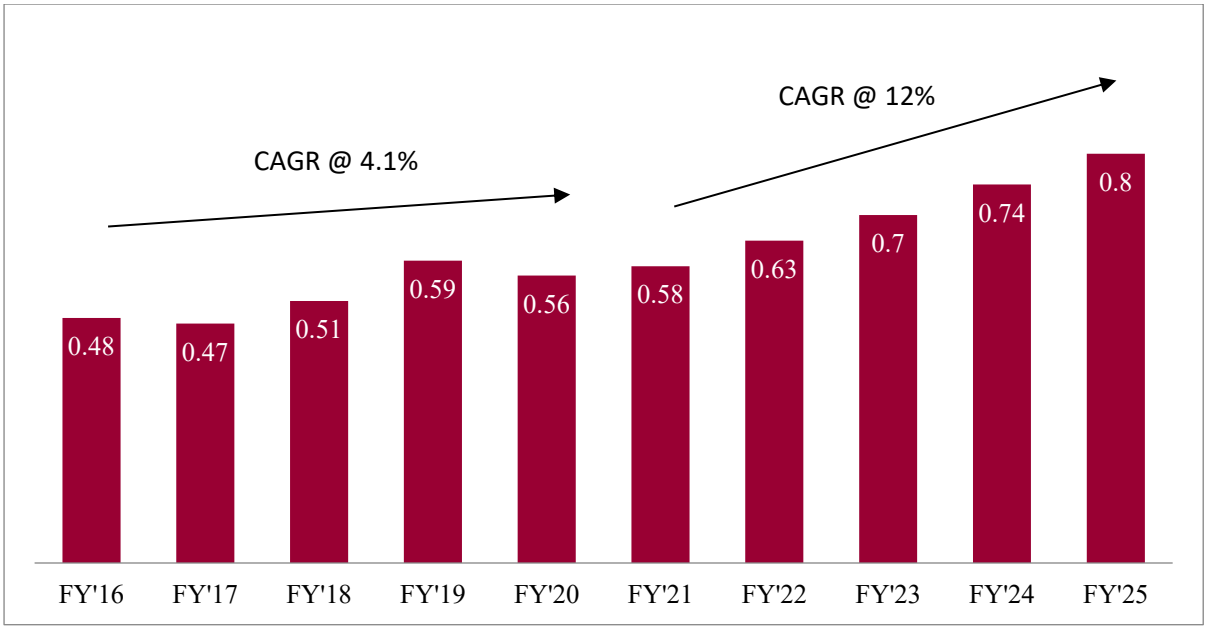
Source: Feedback Advisory Report

Major key players in the market are: Cisco Systems Inc., Siemens Ag, Huawei, Juniper Networks, H3C, Belden Inc., Hewlett Packard, Arista, Brocade Communications Systems, D-link Corporation, Allied Telesis Inc., Microsoft Corporation.

Indian ethernet switch market

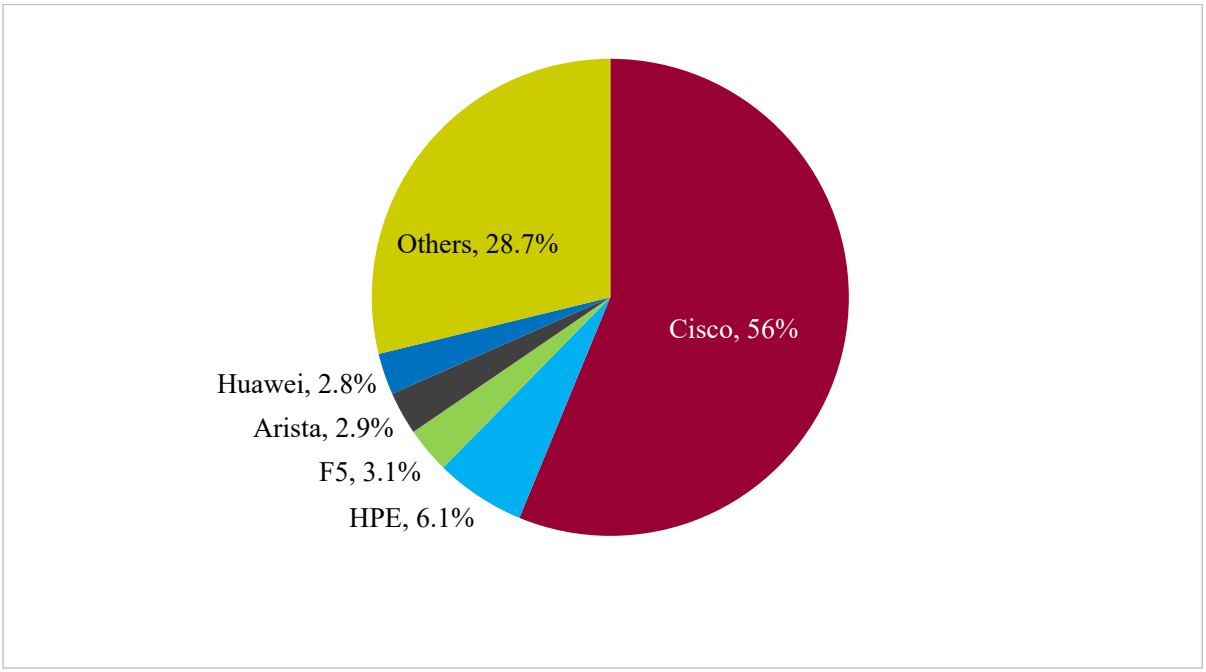
The ethernet switch market in India was estimated to be valued at US$562 million in Fiscal 2020, representing approximately 2% of the global ethernet switch market. The value of the ethernet switch market in India is expected to grow at a CAGR of 12% from US$0.58 billion in Fiscal 2021 to US$0.80 billion in Fiscal 2025.

Indian Ethernet switches market's future projection (US$ billion)



Source: Feedback Advisory Report

The major market players in the ethernet switch market in India in Fiscal 2020 are shown below:



Source: Feedback Advisory Report

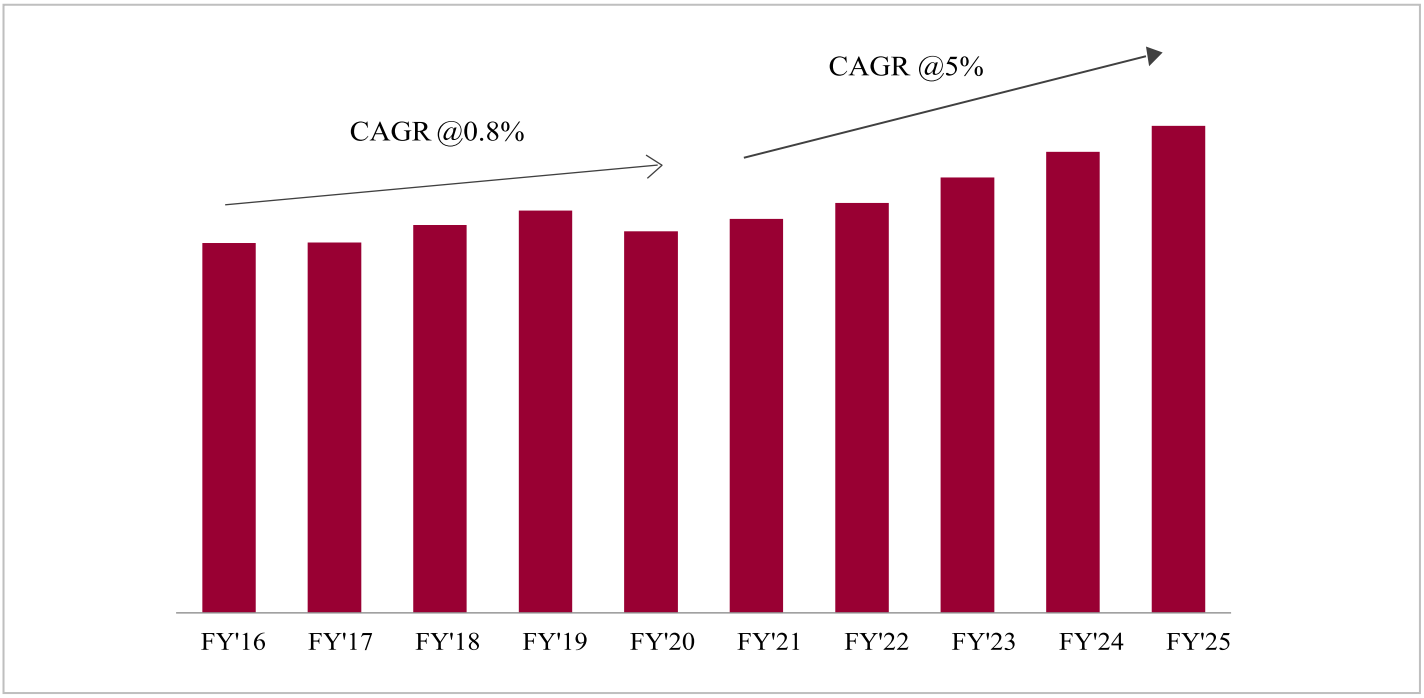
Overview of the router product segment

A router is a networking device that directs network traffic by forwarding data packets between computer networks. A router sends information from the internet to personal devices such as computers, phones and tablets.

The global router market was valued at US$14.9 billion in Fiscal 2020. In Fiscal 2020, North America was the largest geographical market for routers, accounting for almost 40% of the worldwide revenue in this segment, followed by Asia Pacific, Europe, Middle East and Africa ("**EMEA**") and Latin America.

The global router market is expected to witness considerable growth in the coming years, primarily due to factors including increasing adoption of broadband services, growing need for high-speed bandwidth as well as high demand for intelligent homes and offices. The global router market is expected to grow at a CAGR of 5% from US$15.4 billion in Fiscal 2021 to US$19.0 billion by Fiscal 2025.

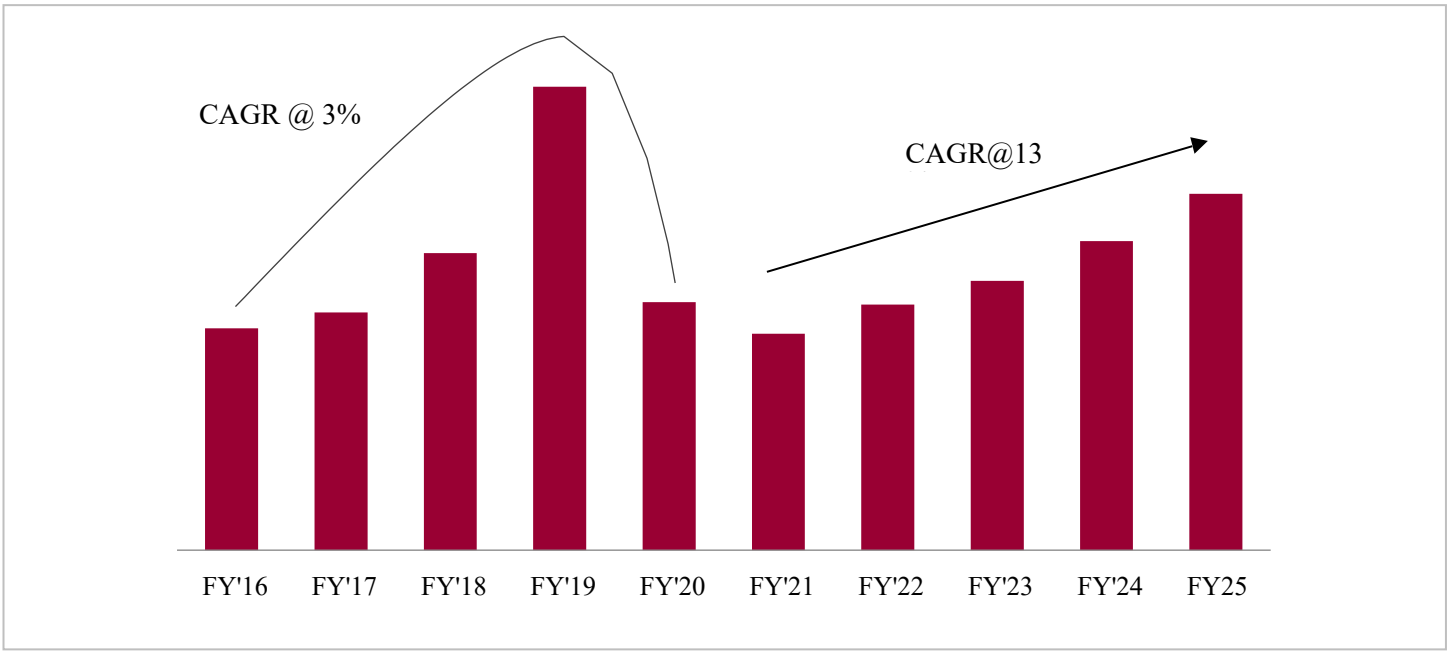
Global router market size (US$ billion)



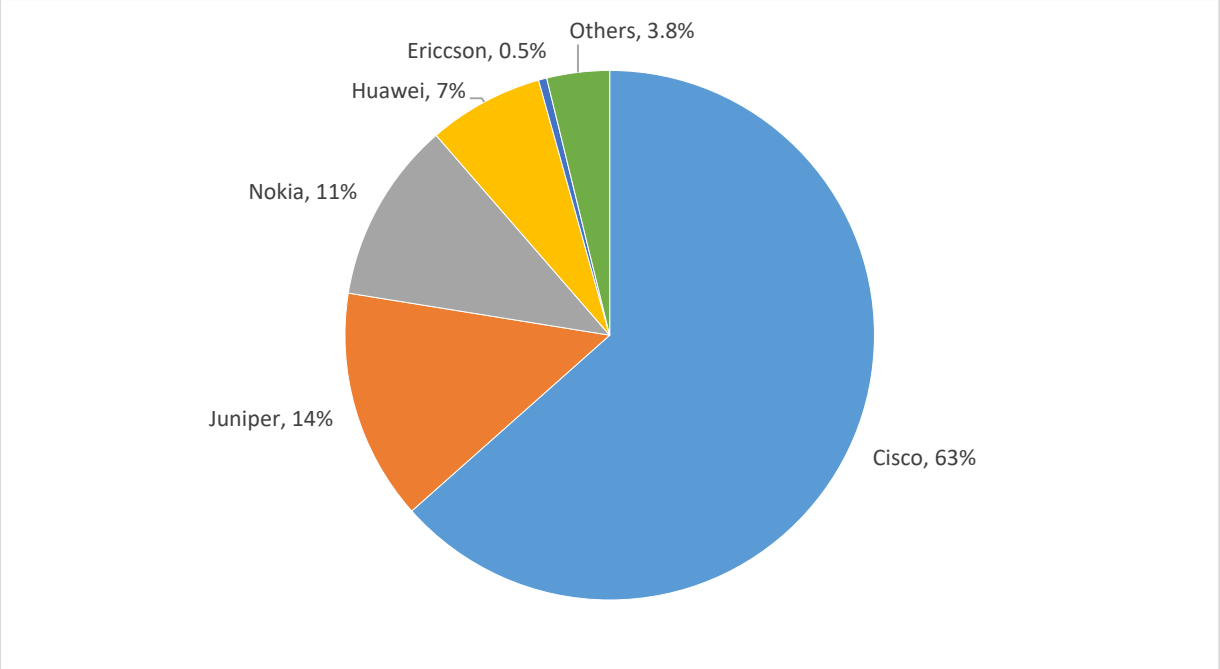
Source: International Data Corporation (IDC) and Feedback Advisory Report

The Indian router market was valued at US$314 million in Fiscal 2020. According to the Feedback Advisory Report, the Indian router market is expected to grow at a CAGR of 13% from US$270 million in Fiscal 2021 to US$450 million in Fiscal 2025.

Indian router market size (US$ billion)



Source: IDC; Feedback Advisory Report



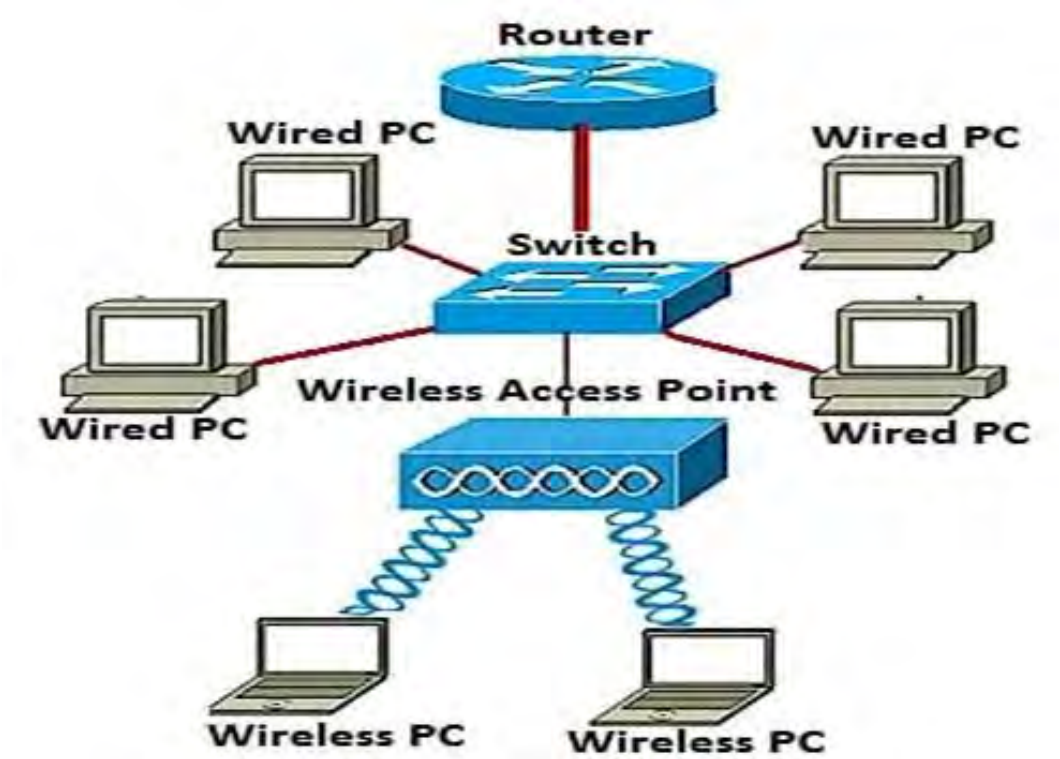
Source: IDC; Feedback Advisory Report

Major drivers of the growth in the Indian router market include increasing adoption of broadband services, growing need for high-speed bandwidth, growing demand for intelligent homes and office spaces, and increasing adoption of internet services such as telecommuting, video conferencing and entertainment using wireless technologies.

Overview of the WLAN product segment

A WLAN is a wireless computer network that links two or more devices using wireless communication to form a local area network within a limited area. A wireless access point ("**WAP**") is a networking device that allows wireless-capable devices to connect to a wired network. A WAP acts as a portal for devices to connect to a local area network. Access points are used for extending the wireless coverage of an existing network and for increasing the number of users to connect to such existing network.

A high-speed ethernet cable runs from a router to a WAP, which transforms the wired signal into a wireless one.



A WAP then links to end-user devices through Wi-Fi.

Source: Feedback Advisory Report

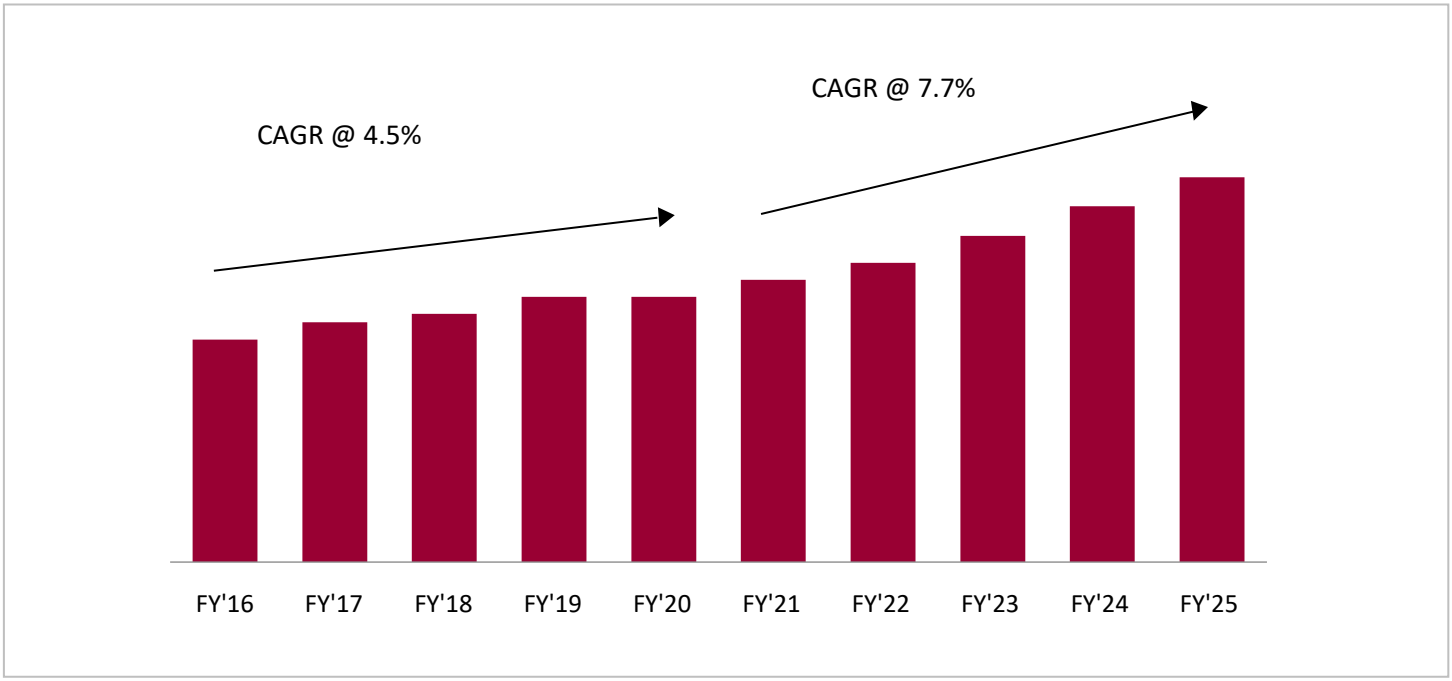
Global WLAN market

According to the Feedback Advisory Report, the global WLAN market was estimated at US$12.4 billion in Fiscal 2020. In Fiscal 2020, the United States had the largest market share in the global WLAN market, accounting for approximately 47% of the global market, followed by Europe with a 29% market share.

Globally, Cisco Systems, Hewlett Packard Enterprise (Aruba Networks), Ubiquity Networks, Huawei and CommScope (Ruckus Networks) are the 5 leading players. Other key players include –TP Link, D Link, Netgear, Extreme Networks (Acquired Aerohive), Sophos Ltd., Avaya Inc, Xirrus, Inc., Zebra, Linksys, Fortinet, Inc..

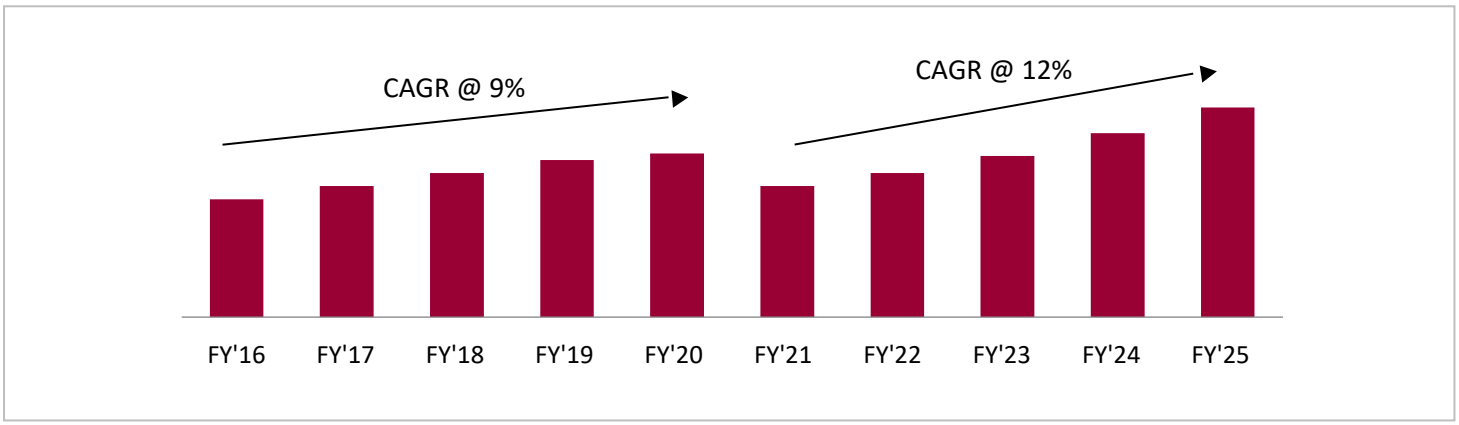
Going forward, the adoption of cloud-based solutions for wireless communications, rising implement of voice-over-internet protocol ("**VoIP**") and rising demand for improved connectivity infrastructure across various commercial sectors is expected to drive the growth of the global WLAN market. According to the Feedback Advisory Report, the value of the global WLAN market is expected to grow at a CAGR of 7.7% from US$6.6 billion in Fiscal 2021 to US$9.0 billion in Fiscal 2025.

Global WLAN market size (US$ billion)



Source: Feedback Advisory Report

According to the Feedback Advisory Report, the Indian WLAN market was estimated to be US$220 million in fiscal 2020. The Indian WLAN market is also expected to grow at a CAGR of 12% from US$0.10 billion in Fiscal 2021 to US$0.16 billion in Fiscal 2025. Cisco, Hewlett Packard Enterprise ("**HPE**"), TP-Link, D Link and Netgear are the leading players in the Indian WLAN market. Other key players include Commscope, Extreme Networks (Acquired Aerohive), Ubiquiti, Huawei, Sophos Ltd..

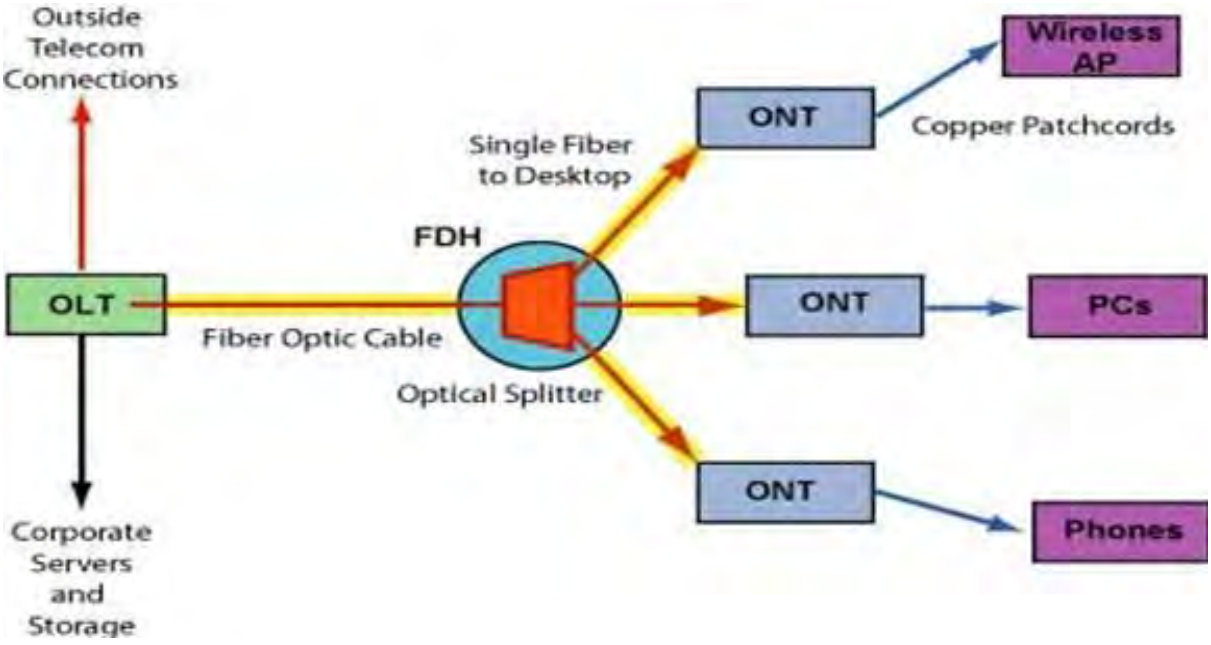


Source: Feedback Advisory Report

Growth of the global and Indian WLAN market is expected to be driven by the adoption of cloud-based solutions for wireless communication, rising implementation of VoIP, increasing adoption of cloud-driven WLAN as well as rising need for improved connectivity infrastructure across various commercial sectors.

Overview of the PON market segment

A passive optical network ("**PON**") is a fibre-optic telecommunications technology for delivering broadband network access to end customers. Its architecture implements a point-to-multipoint topology in which a single optical fibre serves multiple endpoints by using unpowered (or passive) fibre-optic splitters to divide the fibre bandwidth among the endpoints. PONs are often referred to as the last mile between an internet service provider ("**ISP**") to its customers.



Source: Feedback Advisory Report

PONs can be categories into six different types as follows:

1. APON – ATM PON;
2. BPON – Broadband PON;
3. CPON – Composite PON;
4. EPON – Ethernet PON;
5. GPON – Gigabit PON; and
6. WDM PON – Wavelength Division Multiplexing PON.

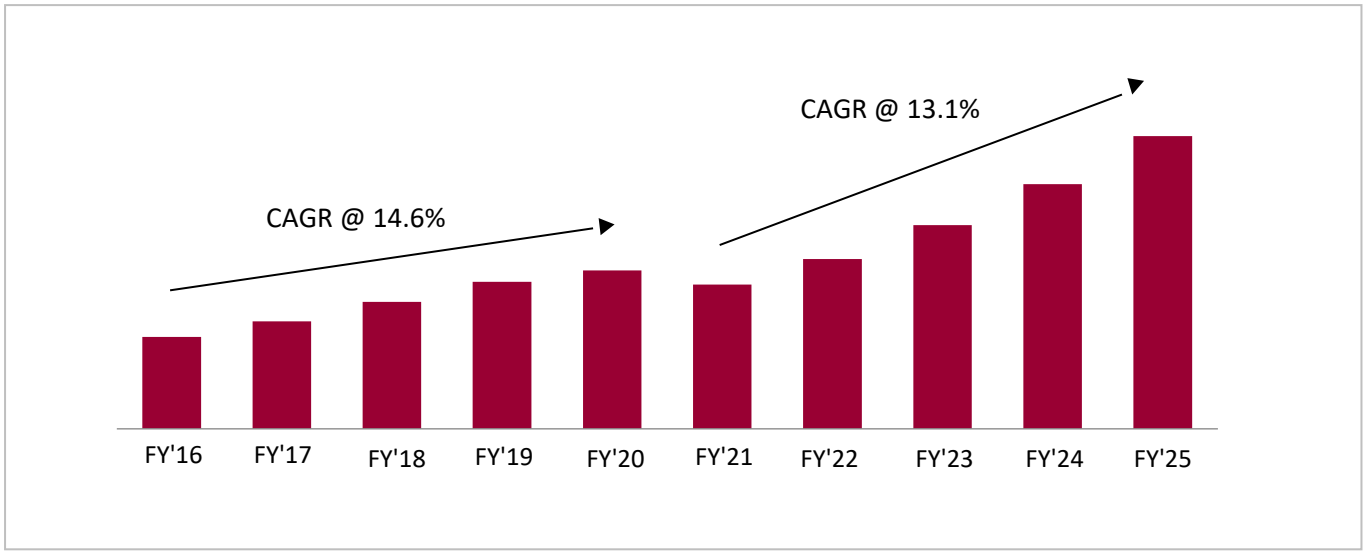
As of Fiscal 2020, GPON constituted approximately 50% of the global PON market.

The application segments of PON include fibre-to-the-home ("**FTTH**"), other fibre-to-the-building ("**FTTX**") and mobile backhaul.

Global PON market size

According to the Feedback Advisory Report, the global PON terminal market was estimated at US$10.0 billion in Fiscal 2020. Governments in various countries are adopting Smart City programs with fibre optic rich networks to enable smooth flow of IoT infrastructure. Due to the COVID-19 pandemic, an increasing number of organizations are promoting work-from-home schemes for their employees. Telecom companies are, therefore, making active efforts to build full-fibre infrastructure to deliver an ultrafast, ultra-reliable and future-proof broadband network. In addition, various countries are increasing the deployments of GPON, FTTH and FTTX applications. All of these are expected to drive the growth in the global PON terminal market. According to the Feedback Advisory Report, the global PON market is expected to grow at a CAGR of 13.1% from US$9.1 billion in Fiscal 2021 to US$18.5 billion in Fiscal 2025.

Global PON terminal market size (US$ billion)



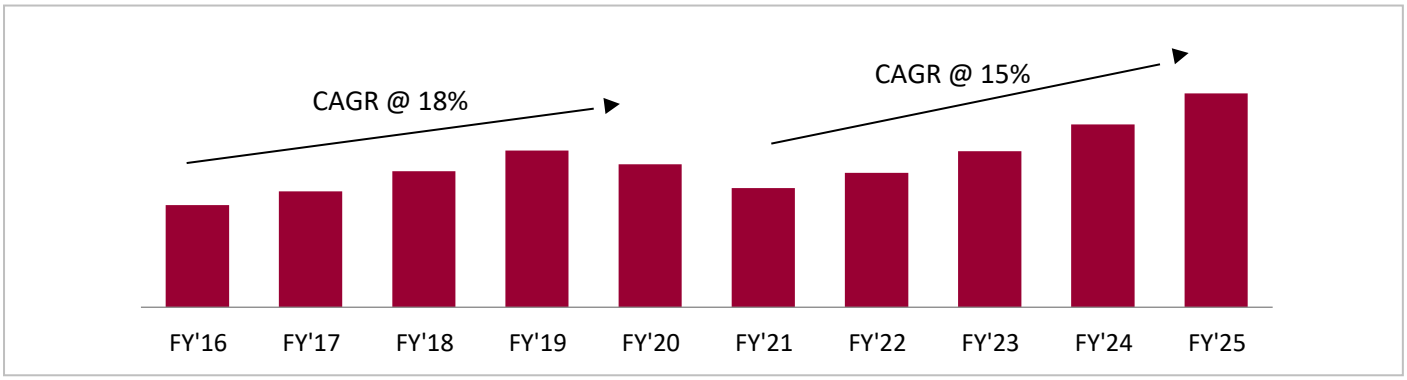
Source: Feedback Advisory Report

Leading players in the global PON market include Huawei, Calix, Alcatel Lucent, ZTE and Nokia, with Huawei being the market leader accounting for 35% of the total global PON market, followed by Nokia and ZTE.

Indian PON market size

According to the Feedback Advisory Report, in Fiscal 2020, the value of the Indian PON terminal market is estimated at US$210 million. The growth of the Indian PON terminal market is expected to be driven by the rising demand for high-speed connectivity in office premises and commercial buildings. In addition, the rapid development of 5G service in the country is expected to drive the demand for efficient backhaul technology in the telecom section, thereby further driving the demand for PONs. The value of the Indian PON terminal market is expected to grow at a CAGR of 15% from US$180 million in Fiscal 2021 to US$310 million in Fiscal 2025.

Indian Scenario: (US$ billion)



Source: Feedback Advisory Report

Key players in the Indian PON market include, among others, Alphion India Pvt. Ltd., Ericsson India Pvt. Ltd, Adtran Networks India Private Limited, Cisco Systems India Pvt. Ltd, Genexis India Pvt. Ltd., Nokia India Private Limited, Huawei Telecommunications (I) Co. Pvt. Ltd, Mitsubishi Electric India Private Limited, Tejas Networks Limited, ZTE Telecom India Private Limited.

Overview of the PTP and PTMP product segment

Radio frequency spectrum is vital for wireless communication infrastructure. Use of most of the radio frequency spectrum requires a license provided by a national regulatory body or the government. However, many countries have allocated some spectrum for unlicensed use, which can be for general purposes or specific applications. The 2.4 GHz and 5 GHz bands are unlicensed radio frequency spectrum widely used in the world for Wi-Fi services. Equipment and radios that work on licensed and unlicensed spectrum bands are called licensed broadband radio

and unlicensed broadband radios, respectively. Broadband radio units offer reliable, high-speed and secure wireless connectivity between multiple remote locations through high-capacity wireless point-to-point ("**PTP**") and point-to-multipoint ("**PTMP**") configurations.

Point-to-point ("**PTP**") radio network connects two communication devices, namely a transmitter and a receiver. There are no other connections to or from the wireless radio link. Therefore, the capacity of the entire link is reserved to transfer data between the two points. Low latency and reliability are key benefits of PTP radio network configuration.

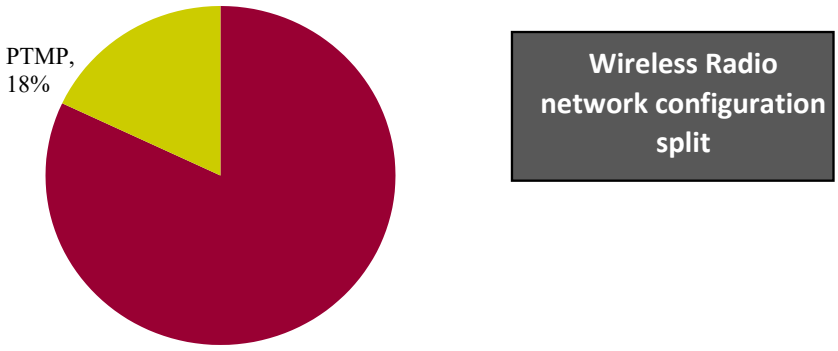


Source: Feedback Advisory Report

Point-to-Multipoint ("**PTMP**") radio network involves a single transmitter sending data to multiple receivers. The receives are not connected to one another, but only to the single transmitter. PTMP radio network is ideal for sending small amounts of data to multiple locations or users. The capacity of the entire channel is shared between the locations. Data is transmitted to every point in the network and is received by each receiver. Each receiver determines if the information is intended or otherwise and processes or discard it accordingly.

Global PTP and PTMP radio networks market size

According to the Feedback Advisory Report, the global PTP and PTMP radio networks market is estimated to be US$4.3 billion in Fiscal 2020, with the United States having the largest market share of 45%, followed by Europe having a market share of 25%. Approximately 82% of the value of the global PTP and PTMP radio networks market in Fiscal 2020 was contributed by the PTP segment.

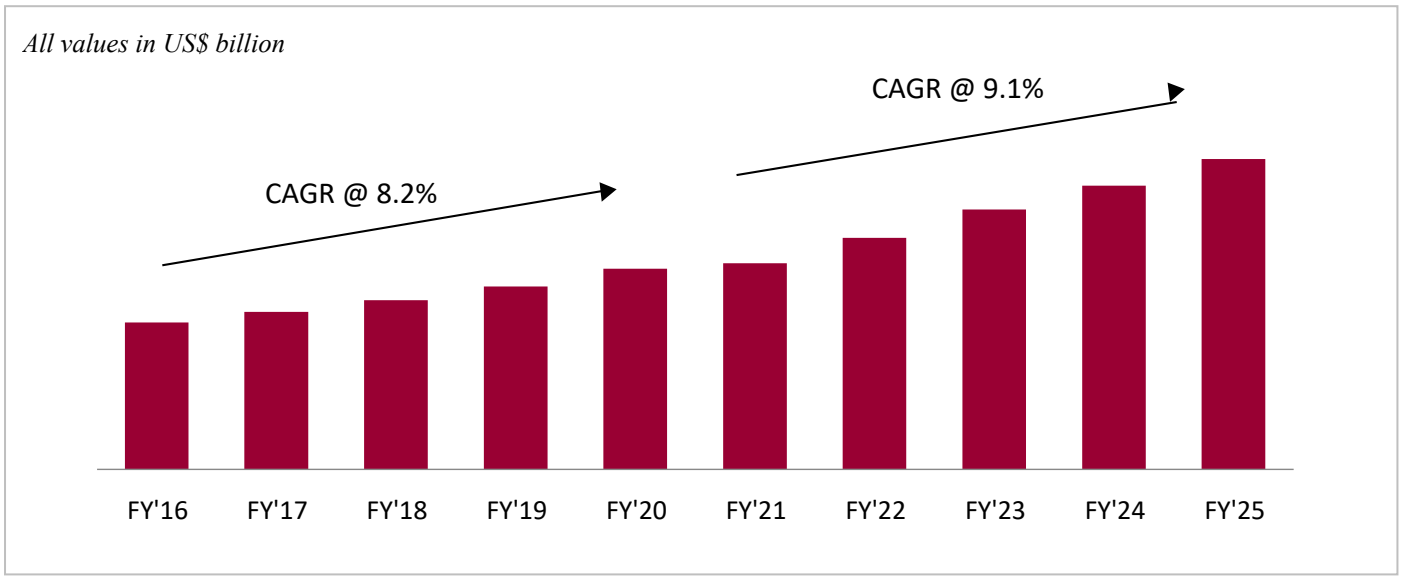


Source: Feedback Advisory Report

Increased demand for smart cities and Wi-Fi hotspots, among other things, are expected to drive the demand for PTP and PTMP radio networks. According to the Feedback Advisory Report, the value of the global PTP and

PTMP radio networks market is expected to grow at a CAGR of 9.1% from US$4.5 billion in Fiscal 2021 to US$6.7 billion in Fiscal 2025.

Global PTP and PTMP radio networks market (US$ billion)



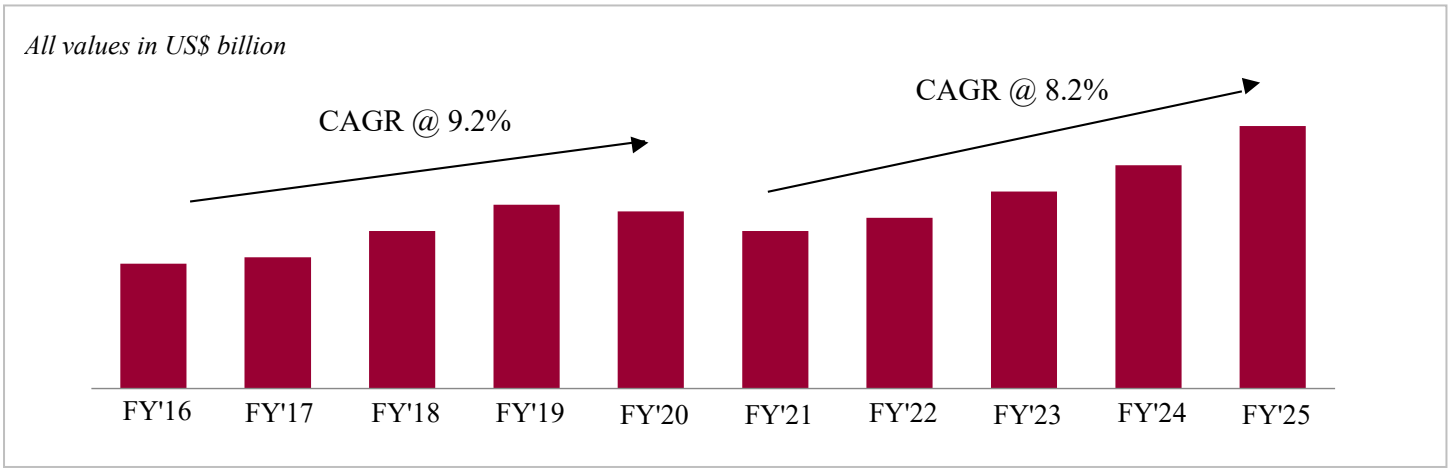
Source: Cambium estimates; Feedback Advisory Report

The key players in the global PTP and PTMP radio networks market include Radwin, Cambium, Mikrotik, Airspan and Maksat Technologies.

Indian PTP and PTMP radio networks market

The Indian PTP and PTMP radio networks market is estimated to be US$135 million in fiscal 2020. It is expected to grow at a CAGR of 8.2% from US$120 million in Fiscal 2021 to US$200 million in Fiscal 2025.

Indian PTP and PTMP radio networks market (US$ billion)



Source: Feedback Advisory Report

Mainly international companies are operating in this space and dominating the Indian market. Key players in the Indian PTP and PTMP market include Radwin, Ubiquiti, Alvarion, Cambium, Maksat Technologies, Vihaan Netwoks, Huawei Global, MIMOSA Networks, Prima Technologies and Airspan.

Growth in the Indian PTP and PTMP radio networks market is expected to be driven by the initiatives and projects undertaken by the Government, such as BharatNet and NOFN, which requires the use of unlicensed airwaves to complement the existing fibre network, in particular in hilly terrains where it is difficult to lay fibre. In addition, Wi-Fi hotspots also require the use of unlicensed spectrum and related equipment, as it is difficult for telecom

operators and ISPs to deploy more cellular infrastructure due to cost and spectrum resources concerns. Smart cities projects are also expected to drive growth of the Indian PTP and PTMP radio networks market.

Overview of the 5G telecom equipment market

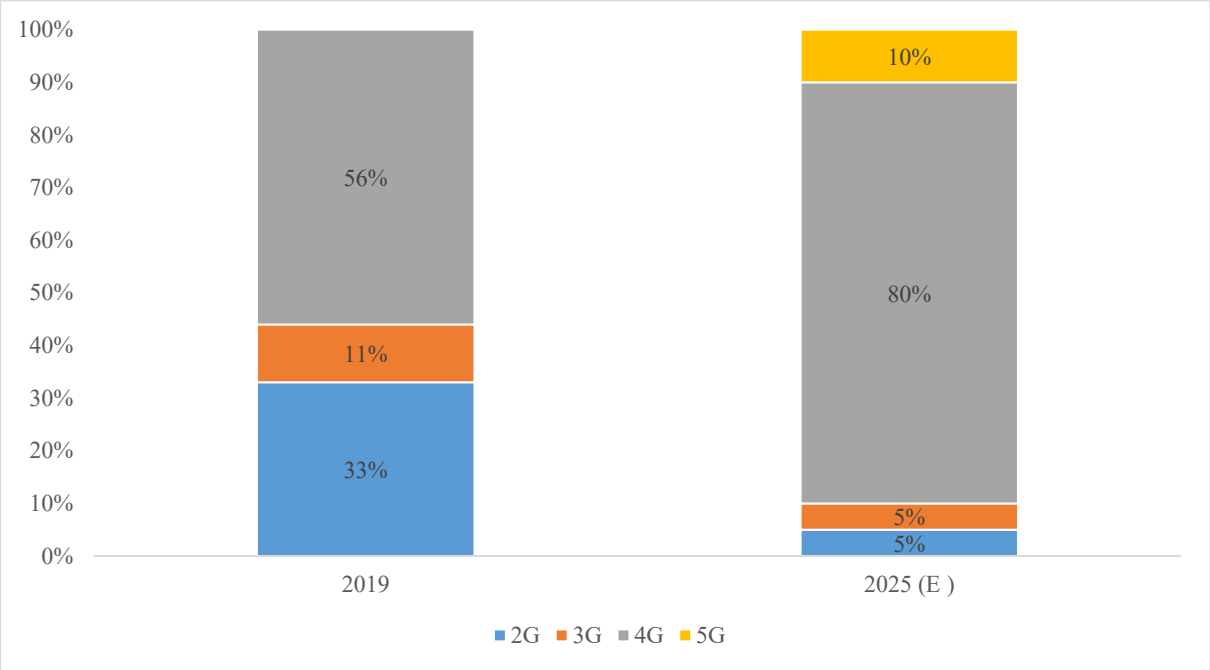
Launch of 5G in India

The launch of 5G in India may come as quickly as the first half of 2022. The Government and the Department of Telecom Industry in India have undertaken a number of measures to prepare for the launch of 5G in India. They are anticipating an accelerated rate of fiberisation to connect rural India in the near future. As per the National Broadband Mission, around 2 million km of optical fibre will be installed country-wide, covering approximately 70% of the towers, by 2024. Mobile operators will conduct 5G India trials for the next six months across both rural and semi-urban settings, in addition to urban areas. The key applications of 5G in India, including remote education, telemedicine, drone-based agriculture monitoring across end-user verticals, will be tested in Indian settings.

CRISL Research estimates that the cumulative telecom spend during Fiscal 2021 to Fiscal 2025 to be approximately US$50.0 billion, approximately 30% of which will be spend on 5G.

By 2026, the number of 5G subscribers in India is expected to reach 350 million. With an increase in demand for data usage and the industry's efforts to expand the subscriber base, the 4G subscriber base is estimated to reach up to 82% in 2025, while 2G and 3G subscriber base is expected to decline to 6% and 5%, respectively.

TECHNOLOGY MIX FOR INDIAN CONNECTIONS



Source: Feedback Advisory Report

5G small and macro cells

A 5G network typically uses two types of cells, namely small cells and macro cells. Small cells make sure of low-power, short-range wireless transmission systems that cover small geographical areas or close proximity indoor and outdoor spaces. Macro cells are part of the radio access networks and provide important radio coverage for cellular network. Usually, macro cell antennas are mounted on towers and/or masts at the cellular base stations. Such macro cell antennas can be placed at various locations, such as on rooftops, poles, towers or buildings. They can also be wall-mounted or, in certain cases, installed on the ground.

While both macro cells and small cells provide 5G connectivity, their signal propagation and building penetration capabilities differ to a great extent. Signal propagation, or coverage radius, is the key difference between macro cells and small cells. Macro cells provide low-frequency coverage for miles, while small cells provide high-

frequency coverage for around 100 yards only. Building penetration refers to the ability for the cells to work indoor. Lower frequencies from macro cells travel far and through walls, windows and other physical barriers. On the other hand, signals from small cells can be blocked by physical barriers and thus, cannot reach multiple rooms indoors.

Cost-wise, macro cells cost much more than small cells. Traditionally, macro cells cost around US$200,000 to set up, while small cells cost around US$10,000.

According to the Feedback Advisory Report, the global small and macro cells market is estimated at US$785 million in Fiscal 2020 and is expected to reach US$15.85 billion by Fiscal 2025.

5G routers

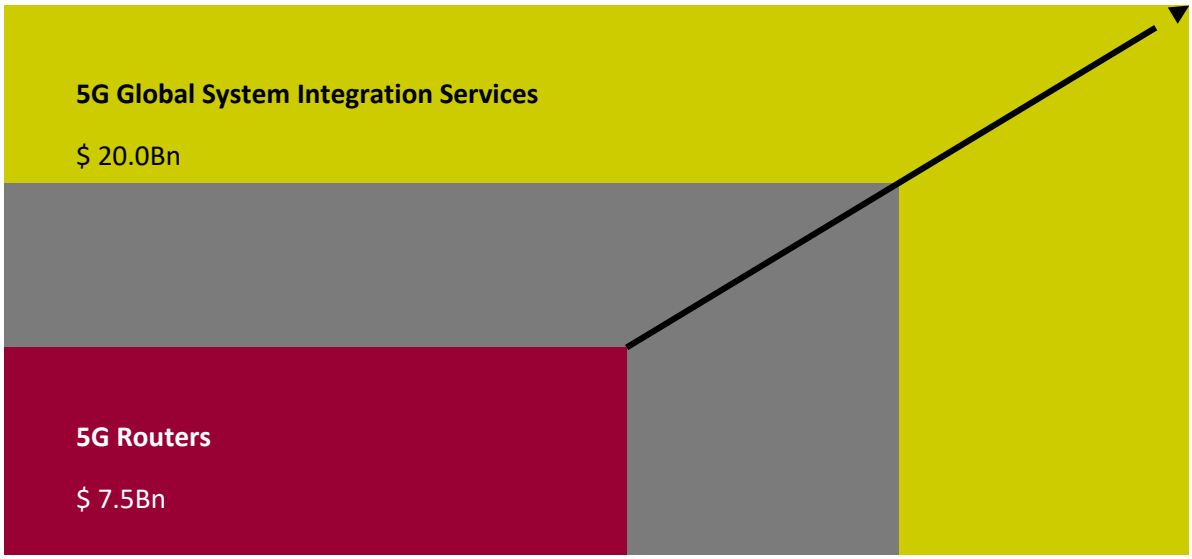
According to the Feedback Advisory Report, the global 5G router market is estimated at US$450 million in Fiscal 2020 and is expected to reach US$7,500 million by Fiscal 2025. 5G routers are expected to contribute to approximately 40-50% of the global router market in Fiscal 2025. The Indian 5G router market is expected to reach US$225 million by Fiscal 2025, representing approximately 3% of the global 5G router market.

5G global system integration services

5G system integration is a process of integrating both virtual and physical components of any enterprise with new upgraded systems or applications to work over the new 5G network. Rising demand for high-speed bandwidth capacity has driven enterprise to install upgraded network infrastructure to enhance overall operational efficiency and to reduce total process costs. Such deployments of upgraded network infrastructure are expected to propel demand for 5G system integration services.

According to the Feedback Advisory Report, the value of the global 5G system integration services market was estimated at US$6.0 billion in Fiscal 2020 and is expected to grow at a CAGR of 27.2% from Fiscal 2021 to reach US$20.0 billion by Fiscal 2025.

Global Total Addressable Market for 5G telecom equipment by fiscal 2025



Source: Feedback Advisory Report

Product Category	FY 2016 US$ mn	FY 2020 US$ mn	FY 2025 US$ mn	Cumulative (FY21-25)	% CAGR FY16-20	%CAGR FY 20-25	Leading Global Players
Switches	23,780	28,530	36,000	1,59,250	4.7%	4.8%	Cisco, Huawei, Juniper, Arista, HPE
Routers - Access, Distribution and Aggregation	14,440	14,890	19,000	85,370	0.8%	5.0%	Cisco, Huawei, Juniper, Nokia, HPE

Product Category	FY 2016 US$ mn	FY 2020 US$ mn	FY 2025 US$ mn	Cumulative (FY21-25)	% CAGR FY16-20	%CAGR FY 20-25	Leading Global Players
Enterprise Wifi Access System - Indoor & Outdoor	5,210	6,220	9,000	38,480	4.5%	7.7%	Cisco, Huawei, HPE, Ubiquity, CommScope
PON Optical Network Terminals	5,800	10,000	18,500	66,700	14.6%	13.1%	Huawei, Calix, Nokia- Alcatel, ZTE
PtP and PtMP Radio	3,165	4,330	6,700	27,885	8.2%	9.1%	Cambium, Radwin, Mimosa, Proxim, Mikro Tik
5G Small and Macro Cell		785	15,854	35,825		82.4%	Ericsson, ZTE, Cisco, NEC, Nokia, CommScope, Airspan
5G Router - Access, Aggregation*		450	7,500	16,385		75.5%	Cisco, Huawei, Juniper, Nokia, HPE
5G Global System Integration Services		6,000	20,000	65,420		27.2%	Huawei, Cisco, Wipro, HPE, Altran, Samsung, Ericsson

Source: Feedback Advisory Report

Market Opportunities in OFC, telecom equipment, defence electronics and railway projects:

Segment	Products	India Market (USD mn)					
		FY16	FY20	FY25	Cumulative FY 21-25	% CAGR FY16-20	% CAGR FY 20-25
A. Optical Fiber Cable	Optical Fiber Cable	380	530	700	3,140	8.7%	5.7%
B. Optic Fiber	Optical Fiber	340	425	575	2,557	5.7%	6.2%
C. Optical Fiber Cable Accessories	Cable Assemblies, Aerial / FTTX Accessories and Other Passive Components	60	80	105	475	8.6%	5.1%
D. Telecom Equipment	Switches	479	562	800	3,387	4.1%	7.3%
	Routers - Access, Distribution and Aggregation	283	314	450	1,765	2.6%	7.5%
	Enterprise Wifi Access System - Indoor & Outdoor	90	125	160	630	8.6%	5.1%
	PON Optical Network Terminals	150	210	310	1,190	8.8%	8.1%
	PtP and PtMP Radio	95	135	200	860	9.2%	8.2%
	5G RAN and Transport	-	-	3,890	6,000		
	5G System Integration Services	-	-	2,000	3,800		
E. Defense Electronics	Electronic Fuses	200	260	385	1,655	6.8%	8.2%
	HCRR (High Capacity Radio Relay)	-	-	50	130		
	Software Defined Radio	-	-	200	520		
	Night Vision Devices (Electro-optics)	600	1,950	2,850	12,315	34.3%	7.9%
F. Railways	Telecom EPC across global Metro projects - South East Asia, South				800		

Segment	Products	India Market (USD mn)					
		FY16	FY20	FY25	Cumulative FY 21-25	% CAGR FY16-20	% CAGR FY 20-25
	Asia and MENA only						

Source: Feedback Advisory Report

Overview of the railway communications sector

Traditionally, railway communication was predominately voice-based and hence, a major part of its network was designed and implemented accordingly. Railways are now adopting information technology and computerisation in large-scale for its internal use and to meet passenger expectations. Railway communication systems are designed to transport various services, including (i) high-bandwidth, latency-sensitive and real-time applications such as telepresence, CCTV feed, Wi-Fi backhaul, LTE-R backhaul and Terrestrial Trunked Radio, and (ii) low-bandwidth applications such as remote monitoring of signal & telecommunication ("**S&T**") assets, control communication, E-tender and e-office email etc.

Green field projects – Dedicated Freight Corridors ("DFC")

The Indian Railways links the four metropolitan cities in India, namely Delhi, Mumbai, Chennai and Howrah (known as the Golden Quadrilateral), as well as Delhi-Chennai and Mumbai-Howrah (known as the Golden Diagonals). The total length of the Golden Quadrilateral and Golden Diagonals routes add up to 10,122 kilometres. Given that the existing trunk routes of Howrah-Delhi on the Easter Corridor and Mumbai-Delhi on the Western Corridor were highly saturated, three new corridors, namely East-West, East Coast and North-South sub-corridors, were sanctioned for Detailed Project Report ("**DPR**") preparation. These three new dedicated freight corridors projects are valued at INR1,780 billion (equivalent to approximately US$24.3 billion). Electrical, signalling and telecom services will be required for these dedicated freight corridors projects.

Modernisation programs for signalling and telecom

In order to further improve safety in train operation and to generate additional line capacity, a modernisation of the signalling system has been undertaken by Indian Railway. These modernisation initiatives include (i) provisioning of Electronic Interlocking ("**EI**") to increase safety and flexibility, (ii) adopting Automatic Block Signalling ("**ABS**") to increase line capacity, (iii) enhancing safety by interlocking level crossing gates with signals, and (iv) use of Automatic Train Protection ("**ATP**") system as an aid to loco pilots in order to prevent human errors.

LTE initiative

The Government has also approved the allotment of 5 MHz spectrum in 700 MHz frequency band to Indian Railways for public safety and security services at stations and in trains. With this spectrum, Indian Railways has envisaged to provide Long Term Evolution ("**LTE**")-based mobile train radio communication on its route. The estimated investment in this project is more than ₹250 billion (equivalent to US$3.4 billion) and is expected to be completed in the next five years.

Other major modernisation initiatives

In addition to the LTE initiative discussed above, other major modernisation initiatives undertaken or to be undertaken by Indian Railways include:

- Wi-Fi facility has been extended to 6,002 stations, with the 101 remaining feasible stations to be covered in the near future.
- To improve security, CCTY systems have been installed at 801 stations.
- 92% of the routes of the Indian Railways have been covered with OFC-based system, totally 62,205 Route Kilometres (RKms).
- Indian Railways is adopting e-filing system, e-office has been provided at 185 locations and existing physical files are being converted into digital files.

Indian Railways is envisioning an investment of nearly ₹550,000 million (equivalent to approximately US$7,534.2 million) for the above major modernization initiatives.

Mobile train radio communication systems

Recently, Indian Railways has introduced the Mobile Train Radio Communication ("**MTRC**") system, with an aim to establish direct voice communication between loco pilots, station masters and controllers, as well as to be utilized for modern train control system. The MTRC system has been implemented over 3,460 RKms. In addition, new works for LTE-based MTRC system covering over 34,304 RKms have been approved at a cost of ₹68,610 million (equivalent to approximately US$940 million).

*Rapid Rail Transit System ("**RRTS**") projects*

Rapid Rail Transit System is a new concept being introduced to the Indian Urban Mass Transit System. Currently, RRTS projects are planned in the National Capital Region ("**NCR**"), which is a multi-state region with the national capital of India as its centre. To enhance the connectivity within the NCR and to reduce the dependence of commuters on road-based transportation, the National Capital Region Planning Board ("**NCRPB**") has proposed to connect urban, industrial, regional and sub-regional centres through a fast rail-based RRTS. These RRTS projects have specific focus on modern sign and telecommunications systems. For example, one of the lines of the RRTS projects will adopt the European Train Control System hybrid level 3 signalling system, which is the core signalling and train control component of the European Rail Traffic Management System.:

Metro rail projects globally and in India

There are various metro rail (urban mass rapid transit rail) projects taking place in India. An overview of these projects and its current status is as set out below:

Status	Name	City	State / Union Territory	Lines	Stations	Length in KM			Opened
						Operational	Under Construction	Planned	
Operational	Delhi Metro	Delhi	Delhi	10	253	348.51	110.18	30.07	24-Dec-02
Operational	Hyderabad Metro	Hyderabad and Secunderabad	Telangana	3	57	67	2.94	11.2	29-Nov-17
Operational	Namma Metro	Bengaluru	Karnataka	2	52	56.1	79.2	37.7	20-Oct-11
Operational	Chennai Metro	Chennai	Tamil Nadu	2	42	54.15	118.91	16	29-Jun-15
Operational	Kolkata Metro	Kolkata	West Bengal	2	33	38.56	101.86	17.9	24-Oct-84
Operational	Nagpur Metro	Nagpur	Maharashtra	2	24	26.1	18.8	48.3	08-Mar-19
Operational	Kochi Metro	Kochi	Kerala	1	22	25.6	2.94	11.2	17-Jun-17
Operational	Noida Metro	Noida	Uttar Pradesh	1	21	25.6	–	80.95	25-Jan-19
Operational	Lucknow Metro	Lucknow	Uttar Pradesh	1	21	22.87	–	85	05-Sep-17
Operational	Jaipur Metro	Jaipur	Rajasthan	1	11	11.97	–	26.36	03-Jun-15
Operational	Rapid Metro Gurgaon	Gurugram	Haryana	1	11	11.7	17	–	14-Nov-13
Operational	Mumbai Metro	Mumbai	Maharashtra	1	12	11.4	193.35	136.4	08-Jun-14
Operational	Ahmedabad Metro	Ahmedabad	Gujarat	1	6	6	54.1	7.41	04-Mar-19
Under construction	Pune Metro	Pune and Pimpri Chinchwad	Maharashtra	3	53		54.58		2021
Under construction	Navi Mumbai Metro	Navi Mumbai	Maharashtra	1	20		23.4		2021
Under construction	Kanpur Metro	Kanpur	Uttar Pradesh	2	31		32.37		2022
Under construction	Bhoj Metro	Bhopal	Madhya Pradesh	2	28		105		2023
Under construction	Indore Metro	Indore	Madhya Pradesh	5	89		124		2023
Under construction	Patna Metro	Patna	Bihar	2	26		30.91		2024
Under construction	Agra Metro	Agra	Uttar Pradesh	2	27		29.4		2024
Under construction	Surat Metro	Surat	Gujarat	2	38		40.35		2024
Under construction	Meerut Metro	Meerut	Uttar Pradesh	2	24		54.58		2025
Approved	Guwahati Metro	Guwahati	Assam	4	54			61.4	
Proposed	Coimbatore Metro	Coimbatore	Tamil Nadu	5	–			144	

Source: Feedback Advisory Report

Similarly, there are various metro projects opportunities in South Asia, South East Asia, Middle East and Africa regions. An overview of metro projects in these regions is set out below:

Continent	Country	City	Title	Project Status	Project Category	Construction Start	Completion	Length (km)	Cost ($M - USD)
Africa	Algeria	Oran	Oran Metro Phase 2	Preliminary Design	New Line	2030		1.7	
Africa	Algeria	Oran	Oran Metro Phase 3	Preliminary Design	New Line	2030		4.6	
Africa	Algeria	Oran	Oran Metro Phase 1	Preliminary Design	New Line			13	1406.6
Africa	Nigeria	Lagos	Lagos MRT Red Line	Under Construction	New Line	2021		37	2500
Africa	Tunisia	Sfax	Sfax Metro Line 1	Planned	New Line	2020	2022	13.5	246.00
Asia	Armenia	Yerevan	Yerevan Metro Line 1 Northwest Extension	Planned	Extension			3	218.1
Asia	Bangladesh	Dhaka	Dhaka MRT Line 6 Phase 3	Contract Awarded	New Line	2022		4.7	
Asia	Bangladesh	Dhaka	Dhaka MRT Line 7	Proposed	New Line			36	
Asia	Hong Kong	Hong Kong	Tung Chung Line West Extension	Planned	Extension	2023		1.5	774.2
Asia	Hong Kong	Hong Kong	Tuen Mun Line Tuen Mun South Extension	Detailed Design	Extension	2023		2.4	709.3
Asia	Hong Kong	Hong Kong	East Kowloon Line	Proposed	New Line	2025		7.8	3546.7
Asia	Hong Kong	Hong Kong	Northern Link Line	Detailed Design	New Line	2023		10.7	2966.8
Asia	Hong Kong	Hong Kong	North Island Line	Proposed	New Line	2021	2026	5	2,579.40
Asia	Hong Kong	Hong Kong	South Island Line (West)	Proposed	New Line	2021	2026	7.4	3,546.70
Asia	Iran	Tabriz	Tabriz Metro Line 1	Feasibility Study	New Line			26	395.8
Asia	Iran	Tabriz	Tabriz Metro Line 3	Planned	New Line			14.7	632.9
Asia	Iran	Tabriz	Tabriz Metro Line 4	Planned	New Line			10	
Asia	Kazakhstan	Almaty	Almaty Metro Extension (Dostyk - Kalkaman)	Feasibility Study	Extension	2020	2022	2.6	
Asia	Kazakhstan	Almaty	Almaty Metro Extension (Moskva - Sarly-Arka - Dostyk)	Feasibility Study	Extension			3.1	
Asia	Kuwait	Kuwait City	Kuwait Metro Phase 5	Planned	New Line				
Asia	Kuwait	Kuwait City	Kuwait Metro Phase 2	Planned	New Line			21	
Asia	Kuwait	Kuwait City	Kuwait Metro Phase 3	Planned	New Line			24	
Asia	Kuwait	Kuwait City	Kuwait Metro Phase 4	Planned	New Line			22.7	
Asia	Malaysia	Kuala Lumpur	Klang Valley MRT 3	Tendering	New Line	2025		40	5486.5
Asia	Malaysia	Kuala Lumpur	Klang Valley MRT 2 (Sungai Buloh - Putrajaya)	Under Construction	New Line	2016	2022	52.2	375.30
Asia	Malaysia	Kuala Lumpur	Kuala Lumpur LRT 3	Under Construction	New Line	2015	2024	37.6	4,055.20
Asia	Philippines	Manila	Manila LRT 6	Planned	New Line			19	1282.9
Asia	Philippines	Manila	Manila MRT Line 7	Under Construction	New Line	2016	2021	22.8	1,235.80
Asia	Philippines	Manila	Manila Subway Project Phase 1 (Quezon City - Ninoy Aquino International Airport)	Under Construction	New Line	2019	2027	36	7,194.00
Asia	Saudi Arabia	Mecca	Mecca Metro Phase 1 - Line 2	Planned	New Line	2021		33	
Asia	Saudi Arabia	Mecca	Mecca Metro Phase 1 - Line 1	Under Construction	New Line	2017	2021	11	2,507.90
Asia	Singapore	Singapore	Thomson East Coast Line	Under Construction	New Line	2016	2025	43	5,433.20
Asia	South Korea	Seoul	Seoul Metro Line 5 Extension (Sangil-dong - Hanam)	Under Construction	Extension	2015	2020	7.7	
Asia	Syria	Damascus	Damascus Green Line Extension (Moadamiyeh - Qaboun)	Proposed	Extension			16.5	
Asia	Taiwan	Taichung City	Taichung Blue Line	Planned	New Line	2030		26.2	4144.5
Asia	Taiwan	Taipei City	Taipei Yellow (Circular) Line Phase 2	Proposed	New Line			20.7	
Asia	Thailand	Bangkok	Bangkok Orange Line Phase 2	Contract Awarded	New Line	2026		17.5	4448.6
Asia	Thailand	Bangkok	Bangkok Silom Line Extension (Bang Wa - Taling Chan)	Planned	Extension	2020	2021	7.5	572.50
Asia	Thailand	Bangkok	Bangkok Orange Line Phase 1	Under Construction	New Line	2017	2023	22.6	2.40
Asia	Thailand	Bangkok	Bangkok Brown Line	Detailed Design	New Line	2021	2025	21.6	1,481.60
Asia	Turkey	Istanbul	Istanbul (Cekmekoy - Sultanbeyli) Line MS extension	Under Construction	Extension	2017		10.8	
Asia	Turkey	Istanbul	Istanbul Metro Mahmutbey - Bahcesehir - Esenyurt	Completed	New Line	2017	2020	18.5	496.50

Source: Feedback Advisory Report

Summary of market opportunities in railways communication industry

As discussed above, there are various market opportunities in the railways communication industry. The following table sets out a summary of such opportunities, along with key assumptions made:

Opportunity Area	Details of New projects	Likely opportunity for Telecommunication packages	Assumptions and notes
Dedicated Freight Corridors – Green Field Projects	3 new DFCs being planned and are in the DPR stage. This is likely to be taken up post 2022. DPR for these projects are underway. This involves a capital cost of construction worth	₹50 billion (US$ 685 million) for Telecom Packages	• *The current 2 DFC Projects presented an opportunity of ₹10,000 million (US$137 million) for HFCL from these projects* • *The introduction of new systems and technology levels in Telecom Packages as in RRTS projects will also be implemented in these new DFC projects*

Opportunity Area	Details of New projects	Likely opportunity for Telecommunication packages	Assumptions and notes
	₹1,780 billion (US$24.3 billion)		• *The opportunity for Telecom Packages in these new Projects is likely to be 2X to 2.25X times more than what it was in the past project*[4]
Modernisation of Signalling & Telecommunication in Indian Railways	An overall investment of ₹550 billion (US$7.5 billion) was unveiled recently and is likely to be implemented over the next 5-7 years.	• Limiting potential (only the Telecom part ₹250 billion (US$3.4 billion) • Addressable potential: ₹50 billion (US$685 million)	• *Ideally, the entire opportunity is addressable for HFCL but it needs to develop new partnerships and joint ventures to get access to technologies and skills to implement some of these projects.* • *Secondly, these projects would be rolled out by different Zonal HQs and HFCL is likely to focus on select Strategic Zonal HQs only and not address the entire opportunity*
Global Metros	The proposed Global Metro projects highlighted above is about 35 projects which are in the planning or Proposed stage and these represent an opportunity for HFCL	• Of the Projects where the Project value is available, it translates to an overall Metro Projects worth US$31 billion spread over the next 2 to 10 years • Addressable Opportunity for HFCL would be around US$1.8 to 2 billion	• *Telecom Opportunities typically account for about 6-7% of the Metro Project translating to US$1.8 to 2 billion*
RRTS Projects	Of the 8 RRTS Projects proposed, 3 have been considered for immediate implementation and 1 is under construction and 2 are under financial approvals	• For the other 2 RRTS Projects, it is estimated to be in the range of ₹20-25 billion (US$275 - 340 million), spread over the next 7-10 years	• The current project Telecom award was around 9,100 million (US$124.7 million) • Considering the size of the other two projects, it is likely to be around similar levels or slightly more

Source: Feedback Advisory Report

Overview of the defence electronics sector

Global strategic (or A&D) electronics industry

Aerospace and defence ("**A&D**") electronics are also known as strategic electronics in different publications. Strategic electronics include both (i) military-related (or defence) electronics products and systems and (ii) non-military related electronic products and systems. Non-military related electronics are often used in civil aviation, space communication and other water transport applications.

Indian strategic (A&D) electronics industry

*Market value of the Indian strategic ("**A&D**") electronics industry*

India continues to increase its defence spending, with a defence budget of US$44.6 billion for Fiscal 2020. According to the Feedback Advisory Report, India plans to spend US$130 billion to modernize armed forces and strengthen combat capabilities from Fiscal 2021 to Fiscal 2026.

The Indian A&D Industry is very PSU and Government organisations dependent but the avenue for Private Sector is opening rapidly. Growth in demand for electronics in Indian A&D industry is driven by modernization of

weapon platforms, introduction of state-of-art weapons by the three-armed forces, impact of indigenization and Make-in-India initiative.

The modernization of the Indian armed forces has been explicitly spelt out in the long-term integrated perspective plan ("**LTIPP**"), covering the period up to 2027. Due to India's hostile neighbourhood, the pace of modernization of Indian armed forces and technological advancement has been slow. The Technology Perspective cum Capability Roadmap ("**TPCR**") 2018 intends to drive the technology development process of the A&D industry. TPCR envisages the need for various technologies with strategic electronics as the epicenter.

The Government's "Make in India" initiative is expected to benefit the Indian defence sector, as products and solutions designed, developed and manufactured in India will get the highest priority in the defence procurement process. Defence products in the "Buy (Indian-Indigenously Designed, Developed and Manufactured)" or "Buy Indian-IDDM" categories will get the highest priority in the defence procurement process. The Government plans to reduce defence import from 65% in Fiscal 2020 to 30% by Fiscal 2032 on the back of initiatives like AatmaNirbhar Bharat, Make in India, DAP 2020, M-I-A and Negative Import List. Further, increased FDI limit from 49% to 74% and draft DPEPP-2020 enabling market expansion and exchange of product know-how with international players.

According to a recent report published by the Indian Electronics & Semiconductor Association, the value of the Indian strategic ("**A&D**") electronics industry was estimated to be US$6.2 billion in Fiscal 2018 and is expected to reach US$15 to 16 billion by Fiscal 2032.

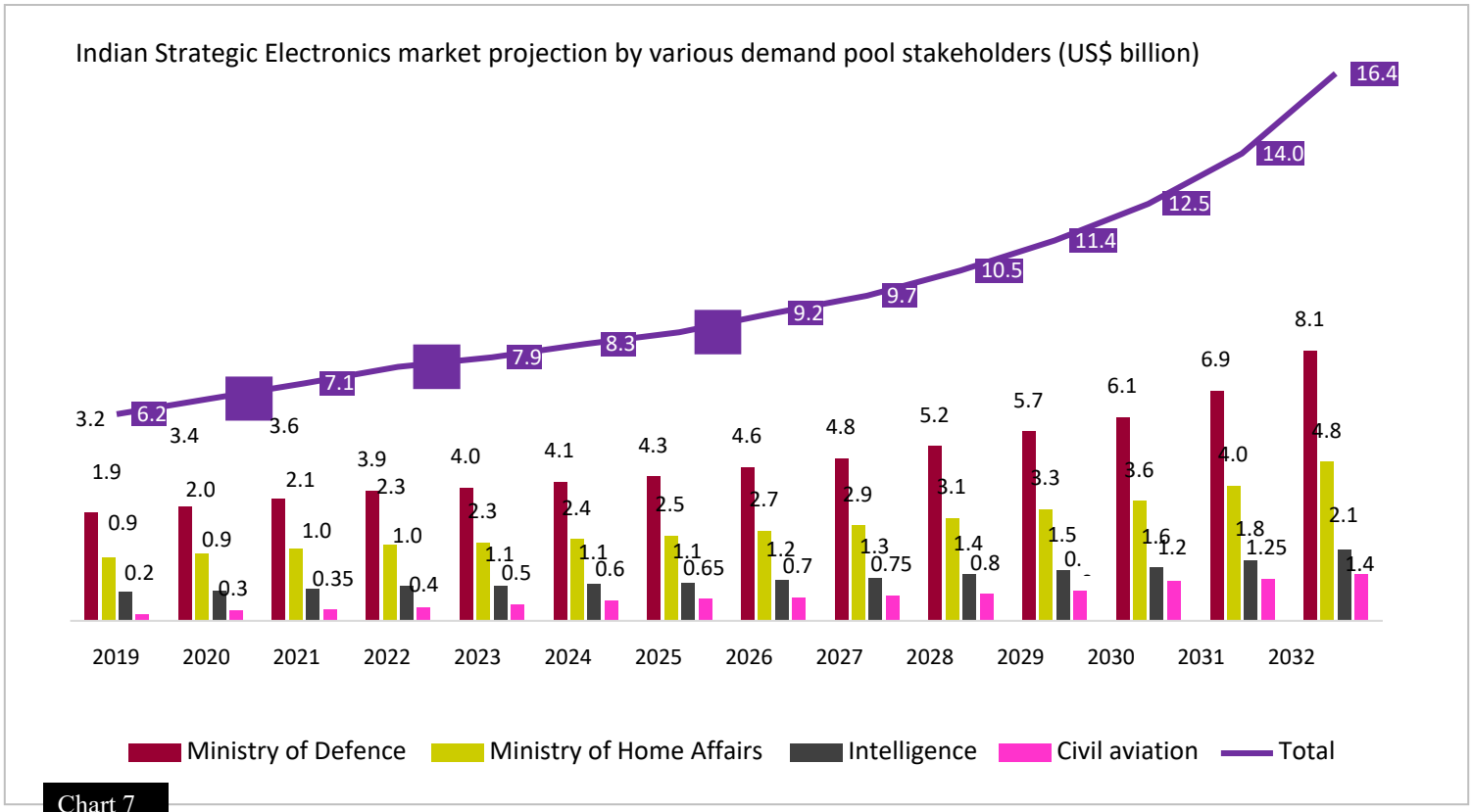


Chart 7

Source: Feedback Advisory Report

The total opportunity across electronics in programs via Ministry of Defence is approximately US$68 billion spread over the next 12 years. Based on already classified plans and orders, demand for strategic electronics is distributed as under:

- Land-systems: ~US$18 billion
- Naval electronics: ~US$26 billion
- Airborne electronics: ~US$13 billion

- Network electronics: ~US$11 billion

A&D electronics manufactures in India

According to analysis undertaken by the Indian Electronics & Semiconductor Association, it is estimated that there are over 320 enterprises active in A&D electronics manufacturing and supply in India, as of 2019.

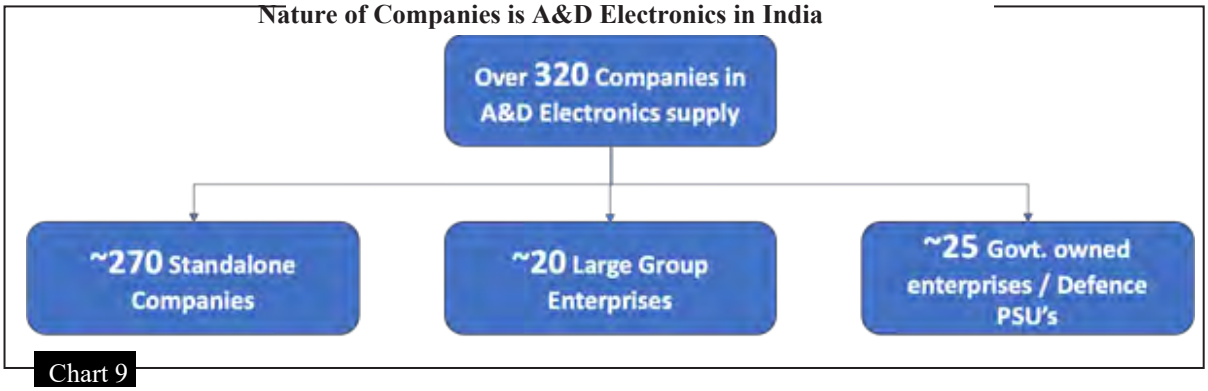


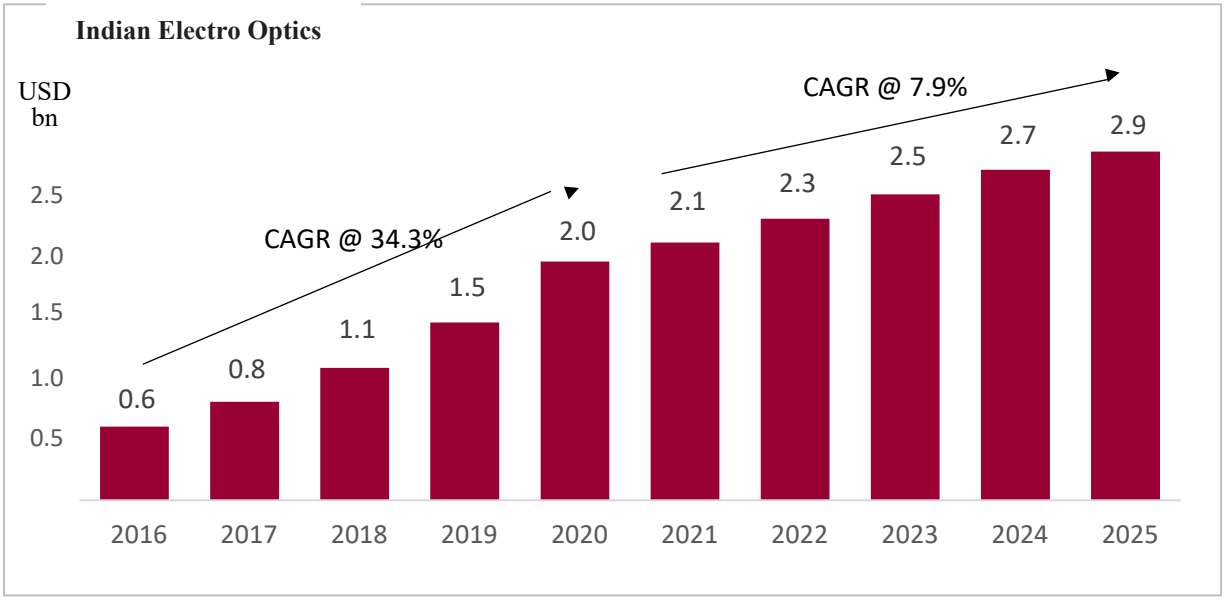
Chart 9

Source: Feedback Advisory Report

Selected A&D electronics products: Electro-Optics

Electro-Optics, optic sight system and opto-electronic components are an important part of defence platforms and are essential in controlling battlefields. Electro-Optical systems refer to various land, air and naval-based discrete technological solutions used for comprehensive situational awareness. Electro-Optional systems include optic sights systems, night vision systems, inspection systems, helmet-mounted displays, optronic devices, thermal imagers, designators detectors, surveillance and tracking systems, photonic mast systems, etc. The growing need of contemporary armies to function at night and under bad visibilities has resulted in important advances in electro-optics technology.

The Indian electro-optics market is large and is growing at a fast pace. The value of the Indian electro-optics market is expected to reach US$2.3 billion by end of Fiscal 2022. However, most of the demand is being fulfilled by imports as there are not enough public or private Indian enterprises in this segment to cater to the current and augmenting demand. Having the Government as the only consumer in the market also does not appeal well to market players.



Source: Feedback Advisory Report

The domestic manufacturing portion of the Indian electro-optics market is unfragmented and is captured by a few established players. Most of the players are from the organized sector. The table below sets out the major domestic players in the Indian electro-optics market:

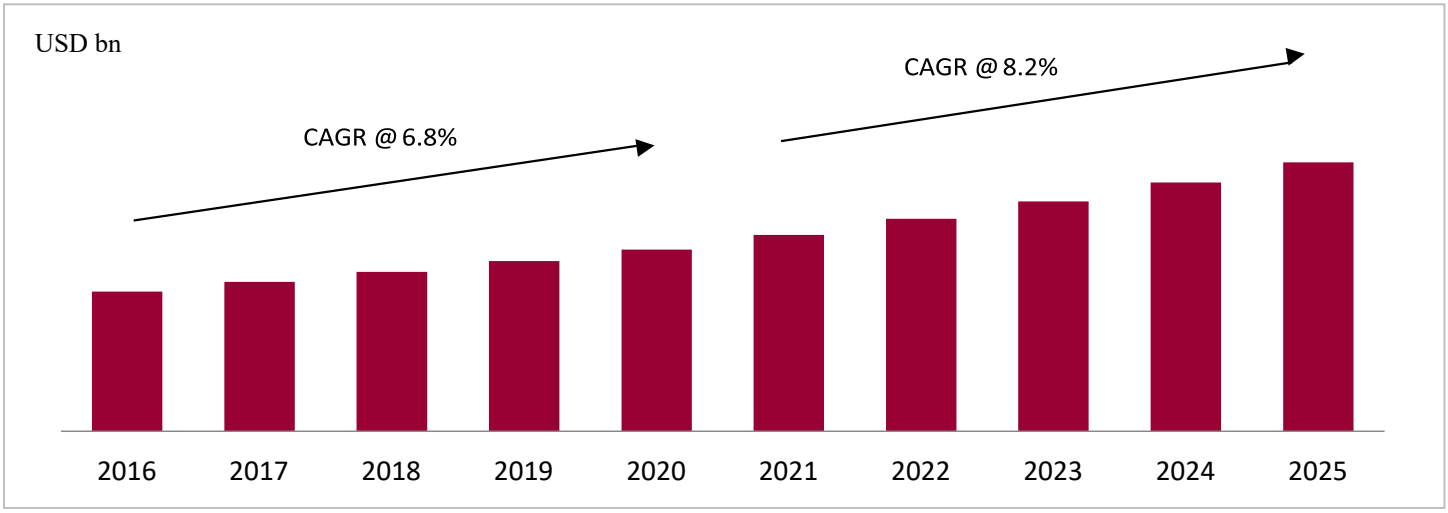
Company Names	Core Competencies / Major Products	Segments Addressed
Bharat Electronics Limited ("**BEL**"), Machlipatnam ("**ELOP**", "**OIP**", "**New Noga Light**")	Laser Range Finders, Night Vision Devices, Gap Measuring Devices, Sighting Systems and Integrated Observation Equipment, HHTI	Defence & PMF
DRDO Lab Instruments Research and Development Establishment ("**IRDE**")	Optical systems such as day vision devices, low light level TV, thermal imaging ("**FLIR**") & laser based instrumentation, Complete Fire Control Systems, Target Acquisition Systems, Thermal Imagers, Night Vision Devices (II Sight, LLTV), Laser Range Finders/Sensors, Laser Warning Systems, Fiber Optics Systems.	Defence & PMF
Opto Electronics Factory ("**OLF**")	Optical Devices, Night Vision Devices, Night Weapon Sight, Day Weapon Sight, Armoured Sight for Tanks, Telescopic sight, Laser range finder, red dot sight, Periscopes.	Defence, PMF & Civilian
Alpha Design Technology ("**ITL**")	Night Vision Devices, Night & Day Weapon Sight, HHTI, Surveillance Devices	Defence & Non Def
Tata Power SED	Electro-optical payloads, thermal imaging, night vision systems.	Defence
MKU	Night Vision Instruments, Theodolites, Personal Protection, Platform Protection, Electro Optics	Defence

Source: Feedback Advisory Report

Selected A&D electronics products: Electronic fuses

Electronic fuse is a device used in ammunitions to initiate an explosive function and to detonate or release missile or bomb. An electronic fuse controls the safe separation of the ammunition from the launch platform and triggers explosion. The value of the Indian electronic fuses is estimated at US$0.26 billion in Fiscal 2020 and is expected to grow at a CAGR of 8.2% from US$0.28 billion in Fiscal 2021 to US$0.39 billion in Fiscal 2025. Electronic fuses can be categorized into artillery & mortar fuses, aircraft fuses and rocket & missile fuses. In Fiscal 2020, artillery & mortar fuses, aircraft fuses and rocket & missile fuses contributed to 55%, 35% and 20% of the Indian electronic fuses market.

Value of Indian electronic fuse market (US$ billion)



Source: Feedback Advisory Report

Indian groups participating in the manufacturing of defence electronics and ammunition are, among others, HFCL, Chowgule Group, Kalyani Group, Reliance Defence Engineering and Godrej & Boyce, Micron Instruments, Premier Explosives.

A&D electronics products: Software defined radio

Software-defined radio ("**SDR**") is a radio communication system (part of defence tactical communication system) where components that have been traditionally implemented in hardware (e.g. mixers, filters, amplifiers, modulators/demodulators, detectors, etc.) are instead implemented by means of software on a personal computer or embedded system. The defence tactical communication operates at several different frequencies (such as HF, V/UHF, etc.) and each has its own unique type of protocol to meet the battlefields demand. SDR operates in the same range frequency spectrum using multiple protocols. Moreover, SDR is compatible with the legacy military radio systems for feature enhancement, the AI & C4 expert.

Presently, SDR's communication waveform algorithms have been evolved by Indian Defence which makes the SDR system highly secure. SDR research shall be a continuous effort to keep the already deployed SDR resilient enough against jamming or hacking by an adversary with advanced technology.

According to the Feedback Advisory report, the value of the global SDR market was estimated at US$6.4 billion in Fiscal 2020 and is projected to reach US$8.5 billion in Fiscal 2025. Global players in the SDR industry are, among others, General Dynamics, Leonardo, Ultra, Collins Aerospace Systems, Harris Corporation, Elbit Systems Ltd., L3 Technologies, Inc., BAE Systems, Huawei Technologies Co., Ltd., Datasoft Corporation, Raytheon Company, and Northrop Grumman Corporation.

The Indian SDR market is beginning to develop, with the value of the Indian SDR market is expected to reach US$200 million by Fiscal 2025. The major player in the Indian SDR market are Bharat Electronics Ltd. and Astra Microwave Products Ltd..

A&D electronics products: High-Capacity Radio Relay (HCRR)

High-Capacity Radio Relay ("**HCRR**") is a Line-of-Sight ("**LOS**") radio link to be used in a tactical network for long haul transmission of data. HCRR operates in military high-frequency bands of 1,350 to 2,690 MHz and 4,400 to 5,000 MHz. HCRRs deliver high data rate (up to 100 Mbps) utilizing powerful anti-jamming technology and possess enhanced error correction and reduced interleaving features.

According to the Feedback Advisory Report, the value of the global HCRR market was estimated at US$1.65 billion in Fiscal 2020 and is projected to reach US$2.75 billion in Fiscal 2025. The Indian defence is adopting HCRR and thus the Indian HCRR market is expected to reach US$50 million by Fiscal 2025.

OUR BUSINESS

Before making an investment in the Equity Shares, this section should be read in conjunction with the sections entitled "Risk Factors", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 44, 91, 143 and 254, respectively. This Placement Document contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements because of certain factors, including considerations described below and in the section titled "Forward-Looking Statements" on page 16.

Unless otherwise stated, references in this section to "our Company", "we", "us", or "our" (including in the context of any financial or operational information) are to HFCL Limited and our Subsidiaries and Associates, on a consolidated basis.

Our fiscal year ends on March 31 of each year. Accordingly, references to a "Fiscal" year are to the 12-month period ended March 31 of the relevant year. The financial information included in this section for Fiscal 2021, Fiscal 2020 and Fiscal 2019 has been extracted from our Audited Consolidated Financial Statements beginning on page 261. The financial information included in this section for the six months ended September 30, 2021 and September 30, 2020 has been extracted from our Unaudited Limited Reviewed Consolidated Financial Statements approved by the Board of Directors and limited reviewed by statutory auditors of the Company beginning on page 258.

The industry-related information contained in this section is derived from the Feedback Advisory Report. We commissioned and paid for the Feedback Advisory Report for the purposes of confirming our understanding of the industry in connection with the Issue.

Overview

We are a leading technology enterprise in India manufacturing a range of products in optical fibre cable ("**OFC**"), optical fibre, cable accessories and telecom equipment, and we are also one of the largest integrated telecom network providers in India. (Source: Feedback Advisory Report, October 2021). We provide an end-to-end portfolio of integrated next generation optical and data networking solutions for telecommunications, defence communication and railway communication. Our network services include OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, fibre to home ("**FTTH**") and in-building solutions as well as defence and railway communication networks. Our products are used by both private and public enterprises, including major Indian telecommunications companies, railway companies and the Indian defence forces. In addition, we export our products to enterprise and business customers in over 30 countries.

With focused efforts towards moving to margin accretive products, our revenue from telecom products and turnkey services (primarily engineering, procurement and construction of various networks and systems) represented 41% and 59%, respectively, of our consolidated revenue from operations in the six months ended of September 30, 2021, and 27% and 73%, respectively, of our consolidated revenue from operations in Fiscal 2021. Our telecommunication products are used to build networks that carry voice, data and video communication, mobile and broadband networks over optical fibre. Our products are CE certified (for use in the EU) and meet all international IEC, EIA/TIA and Bellcore standards. We manufacture OFC which forms the backbone of telecommunication networks used in critical applications. In Fiscal 2021, we had the largest market share in India for OFC supplies on the basis of OFC revenue. *(Source: Feedback Advisory Report, October 2021)*. Our OFC products include armoured cables, unarmoured cables, aerial cables, micro cables, micro module cables, ribbon cables and FTTH cables.

In addition to OFC, we have backward integrated facilities for manufacture of optical fibre, aramid reinforced plastic ("**ARP**") rods, fibre reinforced plastic ("**FRP**") rods and impregnated glass fibre reinforcement ("**IGFR**") yarns. We are also one of the largest manufacturers of Wi-Fi systems and unlicensed band radios ("**UBRs**") in India based on revenues in Fiscal 2021. *(Source: Feedback Advisory Report, October 2021).* We also produce variety of security and surveillance products. These products include video management systems ("**VMS**"), video analytics, automatic number plat recognition system and traffic light violation detection systems.

We offer our customers comprehensive digital solutions for telecommunication, defence communication and railway communication. We offer our customers end-to-end network services for OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, FTTH and in-

building solutions. By the end of September 30, 2021, we installed over 150,000kms of OFC. In addition, we have developed a number of networks and systems for deployment in the defence context which include OFC and optical transport networks, fibre monitoring and management systems, routing networks, and microwave radio solutions. Further, in the railway sector, we offer an expanded portfolio of services comprising of network design, equipment supply, installation and commissioning, network integration, and post deployment support" for metro lines, mainline railways, as well as upcoming dedicated railway freight corridors in India.

As at September 30, 2021, we had five operational manufacturing facilities, including three located at Goa, Chennai (Tamil Nadu), Hosur (Tamil Nadu) and two at Hyderabad (Telangana). Our manufacturing facilities have the combined approximated installed capacity as certified by our chartered engineers, PM Pai & Associates for GOA, Chand Kumar Bhatia for Hyderabad, and M. Muniyandi for Chennai & Hosur, of 22.1 million fkm of OFC; 630,000 ckm of FTTH cables; 8 million fkm of optical fibre; 504,000 km/annum of FRP; 660,000 km/annum of ARP; and 2,700 MT IGFR yarns, as at September 30, 2021.

Our manufacturing and product offerings are also supported by our two R&D centres in Gurugram and Bengaluru. As of October 20, 2021, we had a dedicated in house R&D team of 184 employees. We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. We have a number of products under development in telecommunications including Wi-Fi 5 and 6 access points point-to-multipoint radios, cell site routers, routers, DU (Distributed Unit) aggregation routers, CU (Centralised Unit) aggregation routers, and passive optical network ("**PON**") products; and in defence including thermal weapon sights, ground surveillance radar and software defined radio. We also launched a 5G business unit to cater to the needs of communication service providers, enterprises and industry verticals both in India and overseas. The primary focus of the 5G business Unit is on 5G transport products, 5G RAN products and global system integration services. In addition, we are the only Indian company to have developed electronic fuses for artillery ammunition with own intellectual property rights. Our electronic fuses are NATO (North Atlantic Treaty Organization) certified resulting in access to a wider customer base among NATO countries. We are currently setting up manufacturing facilities for these electronic fuses in Hyderabad.

As at September 30, 2021, our Order Book was ₹5,821.75 crore (including advance purchase orders), of which 67% comprises large turnkey projects, 14% comprises product orders and 19% comprises other product and services orders. For further information on our Order Book, see "*Our Order Book*" on page 134.

Key financial information

Set forth below is certain of our key financial information on a consolidated basis:

(*in* ₹ crore*, except percentages and ratios*)

Particulars	Six months ended September 30, 2021 (unaudited)	Six months ended September 30, 2020 (unaudited)	Fiscal 2021 (audited)	Fiscal 2020 (audited)	Fiscal 2019 (audited)
Revenue from operations	2,328.92	1,754.08	4,422.96	3,838.91	4,737.79
Gross margin	631.07	424.01	1,019.04	904.65	799.93
Gross margin (%)	27.10%	24.17%	23.04%	23.57%	16.88%
EBITDA	364.74	220.39	585.71	516.17	458.22
EBITDA margin	15.66%	12.56%	13.24%	13.45%	9.67%
Profit after tax	176.63	74.66	246.24	237.33	232.26
PAT margin	7.58%	4.26%	5.57%	6.18%	4.90%
Capital expenditure	77.09	28.07	106. 07	167.88	177.06
Operating cash flows	440.17	(23.07)	56.82	172.36	33.94
ROCE (1)	22.72%	14.84%	19.80%	21.55%	23.65%
ROE (1)	16.87%	8.55%	13.71%	15.31%	17.95%
Debt / equity ratio	0.33	0.49	0.48	0.43	0.41
Net debt / EBITDA ratio	1.87	3.88	1.57	1.38	1.29

Note:

(1) *ROE and ROCE for the six months ended September 30, 2021 and 2020 have been annualized.*

For information about Non-GAAP financial measures as set forth in the table above, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations -Non-GAAP Financial Measures"* on page 164.

Our Strengths

We believe that we possess a number of competitive strengths, which enable us to successfully execute our business strategies, including the following:

Poised to capitalise on opportunities in Telecom, Defence and Railways

Our strategy is to be positioned for the upcoming opportunities in telecommunications, defence and railways. According to Feedback Advisory, the Indian OFC industry was valued at USD 530 million in Fiscal 2020 and is expected to grow to reach USD 700 million in Fiscal 2024. *(Source: Feedback Advisory Report, October 2021).* Further, in the view of Feedback Advisory, the potential of 5G in India is truly game-changing. *(Source: Feedback Advisory Report, October 2021).* For example, the global 5G system integration market size was USD 6.0 billion in Fiscal 2020 and is expected to grow at a CAGR of 27.2% from Fiscal 2021 to Fiscal 2025; the global 5G router market size was estimated at USD 450 million in Fiscal 2020 and is expected to reach USD 7,500 million by 2025; and the global small and macro cell market (which are part of the 5G radio coverage) was estimated at USD 785 million in Fiscal 2020 and is expected to grow to USD 15.8 billion by Fiscal 2025. *(Source: Feedback Advisory Report, October 2021).* Likewise, the market opportunities in defence will grow over the next five years as India plans to spend USD130 billion to modernize its armed forces. *(Source: Feedback Advisory Report, October 2021).* A recent report by the Indian Electronics & Semiconductor Association estimates the Indian aerospace and defence electronics market to have been around USD 6.2 Billion in Fiscal 2018 and is likely to reach to USD 15-16 Billion by Fiscal 2032. *(Source: Feedback Advisory Report, October 2021).* Further, in railway communications, the overall opportunity is estimated to be USD 1.8 billion to 2 billion in global metro rail projects over the next 7 to 10 years. *(Source: Feedback Advisory Report, October 2021).*

As more fully discussed below, we are focused on business strategies to prepare our Company to take advantage of these market opportunities by

- Expanding our manufacturing capabilities;
- Extending our market reach;
- Building internal structures to focus on key specialization areas; and
- Improving our product mix to margin accretive own-designed products.

It is our intention to continue to be an integral part of India's digital journey by participating in the major national projects planned by the GoI, For example, we won the mandate to implement PM-WANI, a flagship GoI initiative to provide public Wi-Fi networks in India's remote villages. During Fiscal 2021, we set up a model PM-Wani Village in Baslambi (Haryana) to offer high speed broadband connectivity, and we currently are setting up model PM Wani village in Baidebettu village in Karnataka. We are also engaged on a number of hybrid projects for the implantation of Bharat Net Phase 2, which is a GoI initiative to connect approximately 650,000 villages with Internet. We intend to continue work with the GoI, PSUs and State Government agencies and companies to help achieve the GoI's "Digital India" goals.

Further, we are an active participant in the GoI's "Make in India" campaign. In line with this policy, we manufacture OFC and electronic equipment for the telecommunications and defence. We intend to leverage the GoI's second round of the production linked incentive ("**PLI**") scheme for telecom and networking products which provides incentives of 4% to 6% on sales of good manufactured in India for period of five years. We also intend to avail ourselves of the potential benefits of the GoI's Preferential Market Access policy, under which indigenous manufacturers are given preference in procurement by Government agencies over foreign manufacturers.

Leading technology enterprise with diversified product offering and comprehensive network solutions

We are a leading technology enterprise and one of the largest integrated telecom network providers in India. *(Source: Feedback Advisory Report, October 2021).* Our products are used by both private and public enterprises, including major telecommunications companies and the Indian defence forces. Our Company also implement integrated network solutions across the telecommunications, defence, railways and security & surveillance sectors. In Fiscal 2021, we had the largest market share in the Indian market for OFC supplies on the basis or revenue. *(Source: Feedback Advisory Report, October 2021).* We were also one of the largest manufacturers in Fiscal 2021 of Wi-Fi systems and unlicensed band radios ("**UBRs**") in India based on revenues. *(Source: Feedback Advisory Report, October 2021).*

Our telecommunication products are used to build networks that carry voice, data and video communication, mobile and broadband networks over optical fibre. Our products are CE certified (for use in the EU) and meet all international IEC, EIA/TIA and Bellcore standards. We manufacture OFC which forms the backbone of telecommunication networks used in critical applications. Our OFC products include armoured cables, unarmoured cables, aerial cables, micro cables, micro module cables, ribbon cables and FTTH cables. In addition to OFC, we have backward integrated facilities for manufacture of optical fibre, ARP rods, FRP rods and IGFR yarns. Further, we produce a variety of telecommunication equipment for telecom including point-to-point and point-to-multipoint unlicensed band radios and Wi-Fi access points. We also produce variety of security and surveillance products.

We offer our customers comprehensive digital solutions for telecommunication, defence communication and railway communication. We offer our customers end-to-end network services for OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, FTTH and in-building solutions. In addition, we have developed a number of networks and systems for deployment in the defence context which include OFC and optical transport networks, fibre monitoring and management systems, routing networks, and microwave radio solutions. Further, in the railway sector, we offer an expanded portfolio of services comprising of network design, equipment supply, installation and commissioning, network integration, and post deployment support" for metro lines, mainline railways, as well as upcoming dedicated railway freight corridors in India.

As of September 30, 2021, our product, system and network offerings include the following:

Telecommunications	Defence	Railways
• Optical fibre • Optical fibre cables (OFC • Wi-Fi products • High Capacity Radio Relay ("**HCRR**") switches • Passive connectivity solutions	• Night vision devices • Electronic fuses • OFC and optical transport networks • Fibre monitoring and management systems • MPLS networks • Microwave radio solutions	• Passenger information display systems • Fibre optic transmission systems • CCTV video surveillance systems • Operation/Plant management and control systems • Integrating communication network for metro rail and mainline railways

(Source: Feedback Advisory Report, October 2021).

Strong Diversified Order Book including Marquee Projects

As at September 30, 2021, our Order Book was ₹5,821.75 crore (including advance purchase orders), of which 67% comprises large turnkey projects, 14% comprises product orders and 19% comprises other product and services orders.

Our "Order Book" comprises anticipated revenues from the unexecuted portions of existing contracts (including signed contracts for which all pre-conditions to entry into force have been met and letters of acceptance issued by the customer prior to execution of the final contract) as at a particular date.

The following table summarizes our Order Book as at September 30, 2021.

Particulars	Outstanding as at September 30, 2021	Percentage of Total Order Book
Type of Project or Products	(in ₹ crore)	(%)
Telecommunications projects and products	2,599.42	44.65%
Defense projects and products	2,572.33	44.18%
Railway projects and products	514.68	8.84%
Security and Surveillance projects and products	135.31	2.32%
Total	**5,821.75**	**100.00%**

The following summaries describe certain projects or orders, which are in our Order Book as at September 30, 2021.

Telecommunications:

- *Reliance JIO 4G OFC Network*: We are engaged by Reliance Jio in rolling out its 4G OFC Network services across Northern India. We have deployed a FTTH network connecting approximately 3.5 million home customers in 207 cities of Northern India.

- *Bharat Net Phase-2.* We are engaged on a number of hybrid projects for the implantation of Bharat Net Phase 2. BharatNet is an GoI initiative to connect every village with Internet and is likely to cover 650,000 villages by 2023.

Defence

- *Network For Spectrum ("**NFS**") project:* The GoI is implementing the NFS project (funded by the DoT), which is an India-wide secure, multi-service and multi-protocol converged network based on exclusive and dedicated tri-services optical transport backbone. BSNL is the implementation agency and we received various orders from BSNL including supply of equipment and services along with a 10-year O&M component.

- *Fibre network overlay*: We are integrating a fibre network overlay with GIS maps, satellite images and commercial land base data for the Indian defense forces including implementation of CCTV surveillance, access system and fire detection system at over 300 army locations.

- *DWDM based optical transmission backbone network:* We are planning, design and implementation of a nationwide IP backbone and access network for the Indian defense forces.

- *Microwave broadband radio*: We are providing end-to-end solutions for a number of hybrid microwave broadband radio links in remote areas.

- *Umbrella Network Management System:* We have been sub-contracted as part of this contract by Larsen & Toubro and the project is in the execution phase.

Railway

- *Freight Corridor Projects:* We are implementing telecom networks for greenfield domestic railway freight corridor projects, which includes the eastern and western dedicated freight corridors.

- *Kanpur and Agra Metro Rail:* We are setting up telecommunication systems for Kanpur and Agra Metro rail projects.

- *Video Monitoring Systems.* We are installing and activating approximately 25,000 video monitoring systems at more than 600 railway locations in India

- *Overseas projects:* We were awarded projects by Larsen & Toubro to set up telecommunication systems including OFC networks for Mauritius and Dhaka Metro rail.

For further information, see "*Our Order Book*" on page 134.

Long relationships with major stakeholders

We cater to various customers across different industry segments like telecommunications, defence and railways. Our major customers include

- *Telecommunications*: Reliance Jio, Larsen & Toubro, Airtel, Freedom Fibre, BSNL, Sify, SCCI Alphatrack;

- *Railway*: Larsen & Toubro and Mauritius Metro Rail; and

- *Defence*: OEM majors across the sector including aerospace.

In addition, we also sell our products and services to PSUs like BSNL, TCIL, JCNL as well as the Ministry of Defence, the Ministry of Communications, other GoI agencies and State governments agencies and companies.

We have a history of high customer retention from our customers and derive a significant proportion of our revenues from repeat business (defined as repeat business generated from a customer in the past three fiscal years) built on our successful execution of prior engagements. For example, we are supplying products and rendering services to Reliance Group since 1997-98, Larsen & Toubro since 2013-14, BSNL since 1990-91 and the Ministry of Defence since 1997-98.

Modern manufacturing infrastructure, equipment and technology

We have upgraded and continue to expand, our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity. As at September 30, 2021, we had five operational manufacturing facilities, including three located at Goa, Chennai (Tamil Nadu), Hosur (Tamil Nadu) and two at Hyderabad (Telangana). Our manufacturing facilities have the combined approximated installed capacity as at September 30, 2021, as certified by our chartered engineers, PM Pai & Associates for GOA, Chand Kumar Bhatia for Hyderabad, and M. Muniyandi for Chennai & Hosur, as follows:

- 22.1 million fkm of OFC;
- 630,000 ckm of FTTH cables;
- 8 million fkm of optical fibre;
- 504,000 km/annum of FRP rods;
- 660,000 km/annum of ARP rods; and
- 2,700 MT IGFR yarns.

We are expanding our manufacturing capacity and adding new products lines. See, "*Our Strategy- Expanding Manufacturing Capabilities*" on page 130.

Our manufacturing is supported by two R&D Centres in Gurugram and Bengaluru. As of September 30, 2021, we had a dedicated in house R&D team of 184 employees. We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our R&D expenditure (including our investment in R&D entities) was ₹36.99 crore, ₹44.61 crore, ₹13.64 crore and ₹24.26 crore, respectively.

Healthy financial performance to support growth

We have built our business organically and have demonstrated a healthy financial performance and consistent growth in profitability. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our consolidated revenue from operations was ₹2,328.92 crore, ₹4,422.96 crore, ₹3,838.91 crore, and ₹4,737.79 crore. Our consolidated revenue from exports as a percentage of consolidated revenue from operations has grown from 1.89% in 2019 to 3.19% in Fiscal 2020, 4.54% in Fiscal 2021 and 7.41% in the six months ended September 30, 2021. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our EBITDA was ₹364.74 crore, ₹585.71 crore, ₹516.17 crore, and ₹458.22 crore, respectively, while our EBIDTA margins in the same periods were 15.66%, 13.24%, 13.45% and 9.67%, respectively. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our profit after tax was ₹176.63 crore, ₹246.24 crore, ₹237.33 crore, and ₹232.26 crore, respectively; and our profit after tax margins were 7.58%, 5.57%, 6.18% and 4.90%, respectively, for the same periods.

Our debt-to-equity ratio continues to be low and, as of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, was 0.33, 0.48, 0.43 and 0.41, respectively; and our net debt was ₹683.67 crore, ₹919.61 crore, ₹711.64 crore and ₹590.30 crore, as of the same respective periods.

Our results have also benefited from our prudent capital allocation plans. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our capital expenditure was ₹77.09 crore, ₹106.07 crore, ₹167.88 crore and ₹177.06 crore and our ROCE was 22.72%, 19.80%, 21.55% and 23.65%, in the same respective periods.

Strong Promoter led management team with extensive experience

We believe that the experience, depth and diversity of our directors, management team and our Promoter have enabled our Company to be recognized as a customer centric, technology driven organization and to achieve our position as one of the leading OFC and telecom equipment companies in India. Our promoter and Managing Director of our Company, Mr. Mahendra Nahata, has been an executive director of our Company since September 28, 1990 to September 30, 1992 and, thereafter, continued on the Board as a director of our Company. Subsequently, he was appointed as a whole time director with effect from October 1, 1997 and our Managing Director since June 14, 2004. Mr. Nahata is supported by a talented management team. Our core management team is experienced in the telecommunications, defense and rail industries. The majority of our management team have spent more than 10 years with our Company and bring capabilities to enable us to understand and anticipate telecommunication market trends, manage our business operations and growth, leverage our customer relationships and respond to changes in technology in a rapidly changing environment. We intend to continue to leverage on the experience of our management team and their understanding of the telecommunications industry in order to take advantage of current and future market opportunities. For more information, see the sections entitled "*Board of Directors and Senior Management*" on page 188.

Our Strategy

The key elements of our business strategy are as follows:

Improving our product mix to margin accretive own-designed products

We aim to change our revenue mix over time towards margin accretive products through expanded capacity in the OFC and FTTH cable segment and the development of new telecommunications and defense electronics products. With focused efforts towards moving to margin accretive products, our revenue from telecom products and turnkey services (primarily engineering, procurement and construction of various networks and systems) represented 41% and 59%, respectively, of our consolidated revenue from operations in the six months ended of September 30, 2021, and 27% and 73%, respectively, of our consolidated revenue from operations in Fiscal 2021. We intend to achieve this mix by expanding our manufacturing capabilities (as discussed below), expanding our R&D activities, growing our marketing reach and also by leveraging our longstanding customer relationships. By altering our revenue mix, we expect access to new geographies (domestically and internationally), develop a more stable revenue flow and lower our working capital requirements.

Expanding Manufacturing Capabilities

To provide us with a foundation to continue to grow our products business, we are expanding our manufacturing capabilities. We are in the process of adding additional 1.4 million fkm and 1.25 million fkm per annum capacity of OFC manufacturing capacity at our Hyderabad and Chennai facilities, respectively. Both of these expansions are designed to enhance our portfolio with conventional cables along with newer types of cables such as micro duct cable, micromodule cable and advance ribbon cable, among others. We are also in the process of expanding our FTTH cable manufacturing capacity by an additional 1,20,000 ckm per annum at our Hyderabad facility. Further we are looking to strengthen our backward integration facilities manufacturing fibre, ARP and FRP at Hyderabad and Hosur.

In addition, we are in the process of establishing a new greenfield manufacturing facility for the manufacture of defense electronic products at Hyderabad. We have recently been allotted a piece of land measuring 24,282.0 square metres in Hyderabad. We intend to produce defense electronic products like electro optic devices, electronic fuses at this new facility.

For further information, please see "*Risk Factors - Our proposed capacity expansion plans relating to our manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns*." on page 49.

Extending our market reach

As part of our initiative to build the product side of our business, we look to expand our reach and thereby increasing our exports to existing and new international markets. In the six months ended September 30, 2021 and Fiscal 2021, we exported our products to over 30 countries. Some of the key geographies to which we export our products include the United Arab Emirates, Turkey, Germany, Canada, Argentina and Uruguay. During the six

months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, our sales from exports as a percentage of our gross revenue from operations were 7.41%, 4.54%, 3.19% and 1.89%, respectively.

We intend to expand our export to various countries so as to increase our exports as a percentage of our overall business. To that end, we intend to recruit sales and marketing talent internationally and selectively add representative office where necessary to secure business. In addition, we intend to leverage our existing customer relationships to expand our business to mirror their international reach.

Building new structures to focus on key specialization areas

We are in the process of building new internal structures to focus on key specialization areas for future growth. These internal teams have been enabled by management to focus on new products and processes that we believe will augment our portfolio and improve our efficiency.

As part of our focus on R&D, we inaugurated a new research and development centre in Bengaluru in June 2021 which is primarily dedicated to the development of 5G products. With this new R&D centre along with our Gurugram R&D centre, as of September 30, 2021, we have a dedicated in house R&D team of 184 employees, which includes 73 employees in the communications area, 42 employees in the 5G technologies area, 58 in the defence technologies area and 11 in the OFC area. In addition, we are investing in technology including 5G solutions by partnering with renowned players and start-ups like Nivetti Systems, IP Infusion, NXP, Big Cat Wireless, Comm Agility, Metanoia, Aricent and Wipro.

We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. As of September 30, 2021, some of our major products under development are set forth below.

Telecom:

- 5G RAN products
- Wi-Fi 5 and 6 access points
- Point-to-multipoint radios
- Cell site routers
- DU/CU Aggregation routers
- Passive optical network ("**PON**") products

Defense:

- Ground surveillance radar
- Thermal weapon sights
- Software defined radio

We also launched a 5G business unit to cater to the needs of communication service providers, enterprises and industry verticals both in India and overseas. The primary focus of the 5G business Unit is on 5G transport products, 5G RAN products and global system integration services.

The table below sets for our portfolio under development, impact and opportunity capitalization and the cumulative market size of each of our 5G segment focus areas.

Addressable product segment	Company Portfolio under development	Impact/Opportunity capitalization	Cumulative Market Size* (Fiscal 2021-2025)
5G Transport products	• Cell Site Router • DU (Distributed Unit) Aggregation Routers • CU (Centralized Unit) Aggregation Routers	Modernization requirement for transformation of transport network for 5G	USD 16.4 billion
5G RAN products	• 5G 8T8R/16T16R Macro RU (Radio Unit)	Compliant to 3GPP Release 16 and based on open standards like Open RAN	USD 35.8 billion

Addressable product segment	Company Portfolio under development	Impact/Opportunity capitalization	Cumulative Market Size* (Fiscal 2021-2025)
	• 5G 2T2R/4T4R Indoor Small Cell for FR1 (Sub 6 GHz) and FR2 (Millimetre Wave) • 5G 2T2R/4T4R Outdoor Small Cell for FR1 and FR2		
Global System Integration	• Product Attached Services by integration of products across the ecosystem • Managed service provider for Telco Cloud • 5G autonomous operations enabled by data, analytics and artificial intelligence • Managed service provider for selective industry verticals • Industry solutions delivered as a service model • Cloud transformation enabled for communication service providers and enterprise customers	Disaggregated option in 5G to purchase core and access network under Open RAN	USD 65.4 billion

* Total Addressable Market
(Source: Feedback Industry Report, October 2021)

Further, we have created a separate delivery organization. Our delivery organization looks after the execution of our various turnkey contracts. It works in close coordination with the respective business units and customers to help our delivery commitments.

Our Products

Optical Fibre Cable ("OFC") and Optic Fibre

In Fiscal 2021, we had the largest market share in the Indian market for OFC on the basis of revenue. *(Source: Feedback Advisory Report, October 2021).* We manufacture OFC which forms the backbone of telecommunication networks used in critical applications. Our products are CE certified (for used in the EU) and meet all international IEC, EIA/TIA and Bellcore standards. Our OFC products include the following:

- *Armoured cable:* Armoured cables are installed in Outside Plant ("**OSP**") applications suitable for indoor duct or direct buried installations. Our range includes steel wired armoured fibre optic cable and corrugated steel tape armoured ("**CSTA**") fibre optic cable and glass yarn armoured fibre optic cable.

- *Unarmoured cable:* Unarmoured cables used as the backbone OSP environments to be installed into ducts underground either by blowing or pulling methods. A wide range of cables are available as per the specific environmental conditions of cable deployment.

- *Aerial cable:* Aerial cables are best suited as backbone in overhead applications. These cables offer reliable transmission over a broad temperature range. Our range includes All Dielectric Self Supporting ("**ADSS**") and Figure 8 self-support cables.

- *Micro cable:* Micro cables offer flexibility of upgrading a network that can quickly grow and change. Micro cables are meant for use in micro ducts by blowing.

- *Micro module cable:* Micro module cables are high density optical cables having a number of individual micro modules.

- *Ribbon cable:* Ribbon cable is a cable with many conducting wires running parallel to each other on the same flat plan and is often used for internal peripheral connections.

- *FTTH cable:* FTTH cable is butterfly shaped and suitable for entering a house by pipe or distribution openly.

In addition to OFC, we also recently completed the backward integration of optical fibre through our Telangana, Hyderabad facility, which commenced commercial production of optical fibre in January 2020. With the objective of keeping pace with the evolving customer demands and technologies in the field of telecommunication, we have enhanced our optical fibre range to include bend insensitive products and smaller diameter products.

Passive Connectivity Solutions

Our passive connectivity solutions product portfolio extends our product range in OFC to provide end-to-end telecommunication solutions. Our product range includes cable assemblies, high density cabinets, fibre termination boxes, joint closures, PLC splitters and aerial and FTTx accessories.

Telecommunications Equipment

We produce a variety of telecommunication equipment including:

- *Point to Point Backhaul Radio:* These are devices that provide wireless connectivity for core links of a cellular network.

- *Wi-Fi Access Points*: An access point is a device that creates a wireless local area network.

- *Unlicensed Band Radio*: Radio that operate on unlicensed frequency bands like 2.4GHz and 5.8GHz.

- *Ethernet L2/L3 Switches:* Ethernet L2 switches route by MAC addresses only and L3 switches are multilayer switches that include static and dynamic routing.

Defense Products

We have developed number of products primarily for defense uses including electro optical devices and electronic fuses, and we are establishing a new greenfield manufacturing facility for the manufacture of these defense electronic products at Hyderabad.

Electro-optics, optical, and opto-electronic components are an important part of defense platforms and are essential in controlling the battlefields. The electro-optical systems refer to various land, air and naval-based discrete technological solutions used for comprehensive situational awareness which includes optic sights, night vision, inspection systems, helmet-mounted displays, optronic devices, thermal imagers, designators detectors, surveillance and tracking systems and photonics mast systems. Electro-optics products such as night vision devices ("**NVD**") are basic military requirements to be able to recognize, distinguish and comprehend surroundings under poor light conditions.

Electronic Fuses are devices used in ammunition to initiate an explosive function and to detonate or release the missile or bomb. These devices control the safe separation of the ammunition from the launch platform and trigger the explosion.

Security and Surveillance Products

We produce a number of security and surveillance systems for Smart Cities and other uses. These products include video management systems ("**VMS**") for CCTV VMS, video analytics which is software that allows for the monitoring of video streams in near real time, automatic number plate recognition system and traffic light violation detection systems.

Our Network Services and Solutions

We offer network services and solutions for telecommunications, defense and railways.

Telecommunications Networks

We offer our customers comprehensive digital solutions for telecommunication, defence communication and railway communication. We offer our customers end-to-end network services for OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, FTTH and in-building solutions. By the end of September 30, 2021, we installed over 150,000kms of OFC.

Defense networks and systems

We provide a complete MPLS based dedicated communication network for defense services. Our offering includes:

- *Network For Spectrum ("**NFS**") project:* The GoI is implementing the NFS project (funded by the DoT), which is an India-wide secure, multi-service and multi-protocol converged network based on exclusive and dedicated tri-services optical transport backbone. BSNL is the implementation agency and we received various orders from BSNL including supply of equipment and services along with a 10-year O&M component

- *Fibre network overlay*: We are integrating a fibre network overlay with GIS maps, satellite images and commercial land base data for the Indian defense forces including implementation of CCTV surveillance, access system and fire detection system at over 300 army locations.

- *DWDM based Optical Transmission Backbone Network:* We are planning, design and implementation of a nationwide IP backbone and access network for the Indian defense forces.

- *Microwave broadband radio*: We are providing end-to-end solutions for a number of hybrid microwave broadband radio links in remote areas.

- *Umbrella Network Management System:* We have been sub-contracted as part of this contract by Larsen & Toubro and the project is in the execution phase.

Railway Solutions

We have been servicing Indian railways through innovative communication products and solutions. Leveraging on our telecommunications network experience as well as comprehensive project management capabilities, we offer an expanded portfolio of services comprising of network design, equipment supply, installation and commissioning, network integration, and post deployment support for metro rail lines, mainline railways, as well as dedicated railway freight corridors in India.

- *Freight Corridor Projects:* We are implementing telecom networks for greenfield domestic railway freight corridor projects which includes the eastern and western dedicated freight corridors.

- *Kanpur and Agra Metro Rail:* We are setting up telecommunication systems for Kanpur and Agra Metro rail projects.

- *Video Monitoring Systems:* We are installing and activating approximately 25,000 video monitoring systems at more than 600 railway locations in India

- *Overseas projects:* We were awarded projects by Larsen & Toubro to set up telecommunication systems including OFC networks for Mauritius and Dhaka Metro rail.

Our Order Book

As at September 30, 2021, our Order Book was ₹5,821.75 crore (including advance purchase orders), of which 67% comprises large turnkey projects, 14% comprises product orders and 19% comprises other product and services orders.

Our "Order Book" comprises anticipated revenues from the unexecuted portions of existing contracts (including signed contracts for which all pre-conditions to entry into force have been met and letters of acceptance issued by the customer prior to execution of the final contract) and from advance purchase orders and advance work orders for which we are yet to receive final purchase orders or work orders.

The following table summarizes our Order Book as at September 30, 2021.

Particulars	Outstanding as at September 30, 2021	Percentage of Total Order Book
Type of Project or Products	*(in ₹ crore)*	
Telecommunications projects and products	2,599.42	44.65%
Defense projects and products	2,572.33	44.18%
Railway projects and products	514.68	8.84%
Security and Surveillance projects and products	135.31	2.32%
Total	**5,821.75**	**100.00%**

The following table sets forth certain information relating to our Order Book as at September 30, 2021 by different types of customers.

Particulars	Outstanding as at September 30, 2021	Percentage of Total Order Book as at September 30, 2021
Types of Customers	*(in ₹ crore)*	
Private sector telecommunications customers	1,717.62	29.50%
Other private sector customers	230.08	3.95%
PSU customers	893.69	15.35%
Ministry of Defense	2,572.33	44.18%
State Government customers	336.44	5.78%
International customers	71.59	1.23%
Total	**5,821.75**	**100.00%**

Description of projects and orders

For a description of our some of our major projects or orders which are in our Order Book as at September 30, 2021, see "*Our Strengths - Strong Diversified Order Book including Marquee Projects*" on page 127.

Government Tenders

Most of our contracts with Government agencies and PSU customers are based on tenders. Bids in response to such tenders are first evaluated on a technical basis subsequent to which price bids are opened. Usually, the lowest bidder sets the price and the total order may be placed with one or more bidders using the lowest bidder's price as a benchmark. Such tenders may have one-time ordering or may also include provisions for add-on ordering in the future but use the tender price as the basis.

Preferential Market Access Policy

Under the GoI's Preferential Market Access policy, indigenous manufacturers are given preference in procurement by Government agencies, including PSUs. Indian manufacturers with a defined value addition through contribution within the country ("**PMA Manufacturers**") are given preference over foreign manufacturers or domestic manufacturers not meeting the value addition requirement. Under the policy, PMA Manufacturers are given priority for allocation of tenders by Government agencies subject to the condition that their quoted rates are within 20% of the lowest ("**L-1**") rate, and such PMA Manufacturer is ready to supply the products or services at the L-1 rate. We believe that this policy will help us and other indigenous manufacturers to compete and get more GoI orders.

Customers

We cater to various customers across different industry segments like telecommunications, defence and railways. Our major customers include

- *Telecommunications*: Reliance Jio, Larsen & Toubro, Airtel, Freedom Fibre, BSNL, Sify, SCCI Alphatrack;

- *Railway*: Larsen & Toubro and Mauritius Metro Rail; and

- *Defence*: OEM majors across the sector including aerospace.

In addition, we also sell our products and services to PSUs like BSNL, TCIL, JCNL as well as the Ministry of Defence, the Ministry of Communications, other GoI agencies and State governments agencies and companies.

Our revenue and Order Book are concentrated with, and we are dependent on, a limited number of customers and projects. In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, our top ten customers accounted for 83%, 89%, 84% and 90% of our telecom revenue and 100%, 95%, 98% and 97% of our turnkey revenue, respectively; our top five customers accounted for 76%, 81%, 72% and 86% of our telecom revenue and 99%, 93%, 96% and 96% of our turnkey revenue, respectively.

In addition, our revenue and Order book are concentrated with the GoI and GoI entities, mainly PSUs like BSNL, BBNL and the Ministry of Defence as well as State Governments. In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, the GoI, PSUs and State Governments accounted for approximately 45%, 49%, 41% and 25% of our revenue from operations, respectively. As at September 30, 2021, approximately 53% of our Order book was concentrated in projects with the GoI, PSUs and State Governments as customers.

Exports

In the six months ended September 30, 2021 and fiscal 2021, we exported our products to over 30 countries. Some of the key geographies to which we export our products include the United Arab Emirates, Turkey, Germany, Canada, Argentina and Uruguay. During the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, our sales from exports, as a percentage of our gross revenue from operations were 7.41%, 4.54%, 3.19% and 1.89%, respectively.

Sales and Marketing

Our business is predominantly conducted on a business-to-business basis and our focus is on maintaining constant contact with customers and to ensure timely delivery. Sales and marketing initiatives is undertaken by the product managers, the business development team and the sales team. Our product managers are responsible for ensuring timely supplies, taking new orders, quoting rates and aids in understanding the requirements of the customers. The business development team seek out new geographies and identifies new products, which assists in corporate expansion.

As at September 30, 2021, our sales and marketing team had 40 employees who were involved in sales, pre-sales and marketing activities. As at September 30, 2021, we had 30 branch offices and project offices in 14 states across India. In addition to this, we also have branch offices in Dhaka, Mauritius and the United Kingdom and a representative office in Dubai. Our branch and project offices perform dual operations including (a) marketing of our products and services and extending operational support for the projects undertaken in the respective regions and (b) participating directly in the tenders floated by different agencies in the respective regions and executing orders in case of winning tenders.

Manufacturing Facilities

As at September 30, 2021, we had five operational manufacturing facilities, including three located at Goa, Chennai (Tamil Nadu), Hosur (Tamil Nadu) and two at Hyderabad (Telangana). Our manufacturing facilities have the combined approximated installed capacity as at September 30, 2021, as certified by our chartered engineers, PM Pai & Associates for GOA, Chand Kumar Bhatia for Hyderabad, and M. Muniyandi for Chennai and Hosur, as follows:

- 22.1 million fkm of OFC;
- 630,000 ckm of FTTH cables;
- 8 million fkm of optic fibre;
- 504,000 km/annum of FRP rods;
- 660,000 km/annum of ARP rods; and
- 2,700 MT IGFR yarns.

A map showing the location of our facilities is set forth below.



Our facilities manufacture a broad range of equipment, components and systems including OFC, optic fibre, cables and OFC accessories.

The following table sets forth the certification, capacity, utilization and product range of each of our manufacturing facilities.

Manufacturing Facility	Certification	Installed Capacity (units per annum)(1)	Principal Product Range
Goa	ISO 9001:2015 ISO 10002:2018 TL 9000:2016 ISO 14001:2015 ISO 45001:2018	8 million fkm	• OFC
Chennai	ISO 14001:2015 ISO/IEC 27001:2013 ISO 45001:2018 ISO 9001:2015 ISO 9001:2015	10.5 million fkm (OFC) 270,000 ckm (FTTH)	• OFC • FTTH Cable
Hosur	ISO 14001:2015 ISO 45001:2018 ISO 9001:2015	504,000 kms (FRP) 660,000 kms (ARP) 2700 MT (IGFR)	• FRP • ARP • IGFR
Hyderabad	ISO 9001:2015 TL 9000:2016 ISO 14001:2015 ISO 45001:2018	8 million fkm (OF) 3.6 million fkm OFC 360,000 ckm (FTTH)	• Optic Fibre • OFC • FTTH Cable

Notes:

(1) Our capacity is our installed capacity as certified by our chartered engineers, PM Pai & Associates for GOA, Chand Kumar Bhatia for Hyderabad, and M. Muniyandi for Chennai and Hosur.

Outsourcing

We outsource some services including for construction of buildings and OFC laying work. In addition, depending on project specifications some products and components may be sourced from original equipment manufacturers

("**OEMs**") on an order-by-order basis. In addition, some services like civil activities or optical fibre laying are often outsourced in the ordinary course of business.

Research & Development

We have two R&D Centres in Gurugram and Bengaluru. As part of our focus on R&D, our Bengaluru centre was inaugurated in June 2021 and is primarily dedicated to the development of 5G related products As of September 30, 2021, we had a dedicated in house R&D team of 184 employees, which includes 73 employees in the communications area, 42 employees in the 5G technologies area, 58 in the defence technologies area and 11 in the OFC area. We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. In the six months ended of September 30, 2021 and Fiscal 2021, Fiscal 2020 and Fiscal 2019, our R&D expenditure (including our investment in R&D entities) was ₹36.99 crore, ₹44.61 crore, ₹13.64 crore and ₹24.26 crore, respectively.

In addition, we have relationships with renowned players and start-ups in technology including 5G solutions like Nivetti Systems, IP Infusion, NXP, BigCat Wireless, Comm Agility, Metanoia, Aricent and Wipro.

We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. As of September 30, 2021, some of our major products under development are set forth below.

Telecom:

- 5G RAN products
- Wi-Fi 5 and 6 access points
- Point-to-multipoint radios
- Cell site routers
- DU/CU Aggregation routers
- Passive optical network ("**PON**") products

Defense:

- Ground surveillance radar
- Thermal weapon sights
- Software defined radio

We also launched a 5G business unit to cater to the needs of communication service providers, enterprises and industry verticals both in India and overseas. The primary focus of the 5G business Unit is on 5G transport products, 5G RAN products and global system integration services.

Power, fuel and water

We procure utilities such as water, natural gas and electricity from third parties for use at our manufacturing units. As part of our manufacturing process, we use natural gas supplied by various suppliers that is used as a raw material in the manufacture of optic fibre. Our power, fuel and water expenses together comprised 0.81%, 0.64%, 0.47% and 0.34%, respectively, of our total expenses in the six months ended September 30, 2021 Fiscal 2021, Fiscal 2020 and 2019, respectively, on a consolidated basis.

Equipment, Components and Materials

Equipment, components and materials essential to our business are available from various sources. The principal materials we use in our products and services include metal plate, various electrical and mechanical components, switches, optic fibre, pre-form, surface mounted devices, discrete integrated circuits, capacitors, resistors and various application specific integrated circuits.

As of September 30, 2021, we had major suppliers in India and internationally. Some of our suppliers are the sole sources for procuring such components. We procure our components from these suppliers on a regular basis and have back-to-back contracts with OEMs for procurement of customised and proprietary items as per particular tender and purchase order specifications .

We monitor the availability and pricing of equipment and materials on a regular basis. Our procurement department actively leverages our size and purchasing power to ensure that we have access to key equipment, components and materials at the best possible prices and delivery schedule. While we do not currently foresee any lack of availability of equipment, components and materials in the near term, the availability of these items may vary significantly from year to year.

For further information, see "*Risk Factors - We rely on a number of third party suppliers for our key components, materials and stock-in-trade as well as customer support services including product repairs and returns. If such third parties fail to deliver such components, products and support services in a timely manner or meet our specifications, our ability to meet our product delivery and quality obligations will be undermined and as a result, our reputation, business, results of operations and financial condition may be materially and adversely affected*." on page 53.

Freight and Transportation

Pursuant to certain of our arrangements with our customers, based on customer preferences, we sometimes are required to pay the freight costs for the products we sell. In addition, we may have to pay for transportation costs in relation to the delivery of some of the raw materials and other inputs to our manufacturing facilities. We do not own any vehicles for the transportation of our products and/or raw materials; we therefore rely on third party transportation and logistics providers for delivery of our raw materials and products. However, we have annual contracts with such third-party transportation and logistics providers. Disruptions of logistics could impair our ability to procure raw materials and/or deliver our products on time, which could materially and adversely affect our business, financial condition and results of operations. For further information, see "*Risk Factors - Our success depends on the smooth supply and transportation of raw materials, components and stock-in-trade from our suppliers to our plants and of our products from our plants to our customers, which is subject to various uncertainties and risks.*" on page 59.

In Fiscal 2021, 4.54% of our total net revenue from operations was from exports and consumption of imported goods constituted 26% of our total goods consumption. A small portion of our expenses is due to freight carriage and transport and freight and forwarding expense and export freight charges. Freight (inward and outward) represented 0.75%, 0.72%, 0. 62% and 1.30%, of our total expenses in the six months ended September 30, 2021 Fiscal 2021, Fiscal 2020 and 2019, respectively, on a consolidated basis.

Customer Support and Services

We believe our ability to provide ongoing customer support is critical for successful long-term relationships with our customers and the success of our business. We aim to provide the highest levels of service and support to our customers. We offer our customers a broad range of support and services, including technical support, repair support, installation, commissioning and training. Our manufacturing plants, corporate headquarters and the 30 branch offices and project offices in 14 states provide our customers with pan-India support.

Product repairs and returns are carried out in-house and by third parties. Our in-house repairs and returns services are provided at our manufacturing facilities. We also use the facilities of our technology partners for repairs and return services.

Risk management

We believe that risk management is an integral part of our operations. We believe that it is essential to identify and manage risks in order to reduce uncertainties and ensure continuity of business. We have a risk management framework which aims at timely identification, evaluation and pre-emption of potential risks. Appropriate risk mitigation measures are established to overcome adverse situations, which may arise on account of foreseeable risks.

Insurance

We maintain insurance coverage that we consider is necessary for our business. Some of the major risks covered for our business assets are against risks relating to fire and special perils for our plant and machinery, all risks relating to information systems equipment (including losses caused by electrical breakdowns) and certain other losses and damage to buildings, plants, machinery, inventory and office equipment. We also have a directors' and officers' policy for our directors and senior management. For further information, see "*Risk Factors - Our*

insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, results of operations and financial condition." on page 62.

Competition

The markets for OFC and telecommunication and defence equipment are highly competitive, rapidly evolving and are characterized by frequent introductions of new and improved solutions, applications, innovations and technologies. We expect competition to intensify in the future as the market for communication technology grows and new and existing competitors devote considerable resources to introducing and enhancing products and services. Accordingly, our ability to grow our business in accordance with our strategy will depend on our ability to introduce new products, respond to pricing strategies by competitors, expand our manufacturing capabilities, develop intellectual property and reduce our expenses and our debt. For more information about our industry, see "Industry Overview" on page 91.

Human Resources

We place importance on developing our human resources. As at September 30, 2021, we had over 3,400 employees working in our manufacturing facilities. Our workforce includes over 1,850 engineers working across our projects and facilities.

We have two labour unions at our manufacturing units. We experienced a work stoppage and lock out of employees in July 2019 at our Solan facility, which is no longer operational. We have not had any other labour strikes or cessation of work due to labour disputes in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

Our work force is a critical factor in maintaining quality, productivity and safety, which strengthens our competitive position. We aim to develop a culture that is based on fairness and respect. We continuously review our existing human resource initiatives to make them more inclusive, employee engaging and skill-development oriented. We continue to lay emphasis on building and sustaining an excellent organization climate based on human performance. In addition, we have made investments in strengthening the competencies of employees. We provide learning platforms that encourage both self-nominated and manager nominated learning programs through a mix of online, classroom and on-the-job training. Further, we are in the process to build a foundation of next generation talent with our "Spark" program that focuses on talent coming from reputed Indian engineering and MBA campuses.

Our workforce has been impacted by COVID-19, see "*Risk Factors- The continuing impact of the COVID-19 pandemic is uncertain and still evolving, and could continue to adversely affect our business, results of operations and financial condition*."

Environment, Health and Safety

We are subject to national, regional and state laws and government regulations, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials in our R&D and manufacturing activities and the improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. We try to prevent such hazards by training our personnel, conducting industrial hygiene assessments and employing other safety measures. We keep ourselves prepared for emergencies through regular emergency drills and safety inspections. Our major manufacturing facilities have ISO 14001:2015 certification for Environment Management and ISO 45001:2018 certification for Occupational Health and Safety.

We focus on managing energy consumption, emission and conservation; investing in water-saving technologies; using recycled water; disposing waste responsibly; and optimising our processes to achieve efficiency in raw material consumption. We have undertaken a number of measures to reduce our operations impact on the environment. For example, we have high efficiency compressed air suction devices on sheathing lines to reduce consumption of compressed air and noise. We also have set up sewage treatment plants ("**STP**") of capacity of 30 KL per day at our Goa Facility and of 15KL at our Hyderabad facility to recycle and reuse domestic wastewater. In addition, we replaced all conventional lighting at all our facilities and offices with energy efficient LED

lighting. Further, we use sustainable packaging like corrugated paper instead of plastic and have reengineered our packaging drums to save wood and fuel. We also have entered an agreement in respect of e-waste management. Moreover, our OFC is laid by using the horizontal drilling method thus avoiding damage to the trees and shrubs, and we ensure that the earth is restored wherever pits are dug.

We prioritize the health and safety of our employees and undertake several initiatives to promote employee health and quality of life. We work to ensure a safe and healthy workplace and provide our employees with the benefits, resources and flexibility to maintain and improve their wellness. We maintain adequate standards of occupational health, safety and well-being to ensure seamless manufacturing operations, protect our employees and meet legal requirements. For example, at our Goa plant, we have installed an automatic fire detection and suppression system in our UPS rooms, battery rooms and server room.

Our workforce has been impacted by COVID-19, see "*Risk Factors- The continuing impact of the COVID-19 pandemic is uncertain and still evolving, and could continue to adversely affect our business, results of operations and financial condition*."

Intellectual Property

We have registered our name and logo and certain other names, logos and marks with the Registrar of Trademarks in India under the Trade Marks Act, 1999.

In connection with certain wide angle frequency scanning antennae, micro module cables, optical fibre ribbon structures and optical fibre ribbons, we have 5 patents registered in India.

In addition to our patents, we also rely on a combination of trade secret, and copyright law and contractual restrictions to protect our intellectual property. Most of our agreements with our employees and consultants include confidentiality provisions and provisions on ownership of intellectual property developed during employment or specific assignments, as applicable.

Information Technology

Our IT systems and digital tools are vital to our business, and we have successfully implemented solutions to cater our enterprise automation requirements to enhance employee, customer, partner and stakeholder experience. For example, we use SAP S4 HANA (Enterprise Resource Planning Application), DarwinBox (enhancing employee experience), SAP ARIBA (enhancing partner experience), SAP Fiori Apps (enhancing stakeholders experience) Manufacturing Execution System (for production shop floor automation), and Project Management Tools (for our project business). We are ISO 2700:2018 (Information Security Management System) and ISO 27701:2019 (Privacy Information Management System) certified.

All of or critical applications are backed by on-premises DR (Disaster Recover) in different seismic zones.

We have launched a digital transformation initiative in March 2021. The key objective of this project is to re-assess business processes in view of best business practices and implement innovative, differentiating solutions aligned with our overall business strategy.

For information on the risk to our IT systems, see "*Risk Factors - Failure or disruption of our IT, manufacturing automation systems and/or ERP systems may adversely affect our business, results of operations and financial conditions*" on page 58.

Properties

Our registered office is 8, Electronics Complex, Chambaghat, Solan – 173 213, Himachal Pradesh, India and our corporate office is located at 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi – 110 048. As of September 30, 2021, both offices were held under lease.

We also have thee manufacturing facilities located in Goa, Chennai and Hosur and two facilities at Hyderabad, Telangana. Further, we have 30 branch offices and project offices in 14 states in India. In addition to this, we also have branch offices in Dhaka, Mauritius and the United Kingdom and a representative office in Dubai. We also have warehouses and guest houses. As of September 30, 2021, all of these properties were held under leases.

Legal Proceedings

For details of material ongoing legal proceedings to which we are a party, see "*Legal Proceedings*" on page 247.

Corporate Social Responsibilities

In compliance with the requirements of Section 135 of the Act read with the Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors have constituted a Corporate Social Responsibility ("**CSR**") Committee, which is constituted by three Directors. Our CSR activities are focused on (i) promoting preventive health care. (ii) sanitation and making available safe drinking water (iii) eradicating hunger, poverty and malnutrition, (iv) establishing and supervising widows homes, old age homes, orphanages and child welfare centres, (v) sponsoring scholarships and study grants to enable poor deserving and meritorious students and teachers to pursue their studies, research and training and (vi) rural development projects.

In healthcare, we engaged in a number of CSR initiatives including

- serving remote areas of India through our mobile medical clinics operating in Solan, Goa, Sardarshahar, Ghazipur and Hyderabad in association with HelpAge India and the Wockhardt Foundation.
- providing for dialysis services and healing through meditation techniques in association with the HFCL Medi-Dialysis Centre New Delhi.
- supporting corrective surgeries in association with St. Stephen's Hospital, New Delhi;
- supporting the acquisition of cardiac valves for open heart surgeries in association with National Heart Institute, New Delhi;
- supporting critical and preventive healthcare in association with the Shah Foundation, Baroda); and
- providing grants for care during critical illness among the underprivileged.

In education, our project PEHAL helped students continue their education through smart classes in Ghaziabad, Churu and Ghazipur. Through Project SAMARTH, we provided for the education of 50 specially-abled children. We also provided individual education and sports training support grants to provide financial support to meritorious candidates and sponsoring sports training.

In respect of care for the elderly, we contributed toward the construction of a women's wing of old age home and developed facilities for healthcare. We also set up a solar power system to provide conducive environment for abandoned senior citizens. We also have an old age grant program to help meet the construction costs of old age homes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based on, and should be read in conjunction with, the information in the section titled "Selected Financial Information" beginning on page 37 of this Placement Document, and our Audited Consolidated Financial Statements and our Unaudited Condensed Interim Consolidated Financial Statements included in the section titled "Financial Statements" beginning on page 254 of this Placement Document.

Our Audited Consolidated Financial Statements as at, and for, the fiscal years ended March 31, 2021, 2020 and 2019 (including the schedules, notes and significant accounting policies thereto), and our Unaudited Condensed Interim Consolidated Financial Statements as at, and for, the six-month period ended September 30, 2021 (including the comparative financial information included herein for the six-month period ended September 30, 2020), have been prepared in accordance with Ind AS, read with the Companies (India Accounting Standards) Rules, 2015 and restated in accordance with the SEBI ICDR Regulations. Ind AS differs in certain respects from IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Accordingly, the degree to which financial statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

Statements in this Placement Document that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause our actual financial performance to differ materially from the conditions contemplated in such forward-looking statements. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person, or that these results will be achieved or are likely to be achieved. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors and contingencies that could affect our financial condition, results of operations and cash flows. You are advised to read the sections titled, "Forward-Looking Statements" and "Risk Factors" beginning on pages 16 and 44, respectively, which discuss a number of factors or contingencies that could affect our business, financial condition and results of operations. You are cautioned not to place undue reliance on these forward-looking statements.

*Unless otherwise indicated, all industry and market data used in this section has been derived from the "An Industry Report on OFC and Telecom Equipment Railway Communication Services and Defence Electronics" prepared and released in November 2021 by Feedback Advisory, and commissioned by us (the "**Feedback Advisory Report**"). Neither our Company nor the Book Running Lead Manager nor any other person connected with the Issue has independently verified such information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report, October 2021, and included herein with respect to any particular year refers to such information for the relevant calendar year.*

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to HFCL Limited on a standalone basis, while any reference to "we", "us" or "our" refers to HFCL Limited and our Subsidiaries and Associates, on a consolidated basis.

Overview

We are a leading technology enterprise in India manufacturing a range of products in optical fibre cable ("**OFC**"), optical fibre, cable accessories and telecom equipment, and we are also one of the largest integrated telecom network providers in India. (*Source: Feedback Advisory Report*). We provide an end-to-end portfolio of integrated next generation optical and data networking solutions for telecommunications, defence communication and railway communication. Our network services include OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, fibre to home ("**FTTH**") and in-building solutions as well as defence and railway communication networks. Our products are used by both private and public enterprises, including major Indian telecommunications companies, railway companies and the Indian defence forces. In addition, we export our products to enterprise and business customers in over 30 countries.

With focused efforts towards moving to margin accretive products, revenue from telecom products and turnkey services (primarily engineering, procurement and construction of various networks and systems) represented 41% and 59%, respectively, of our consolidated revenue from operations in the six months ended September 30, 2021, and 27% and 73%, respectively, of our consolidated revenue from operations in Fiscal 2021. Our telecommunication products are used to build networks that carry voice, data and video traffic from fixed line, mobile and broadband networks over optical fibre. Our products are CE certified (for use in the EU) and meet all international IEC, EIA/TIA and Bellcore standards. We manufacture OFC which forms the backbone of telecommunication networks used in critical applications. In Fiscal 2021, we had the largest market share in India for OFC supplies on the basis of OFC revenue. *(Source: Feedback Advisory Report)*. Our OFC products include armoured cables, unarmoured cables, aerial cables, micro cables, micro module cables, ribbon cables and FTTH cables.

In addition to OFC, we have backward integrated facilities for manufacture of optical fibre, aramid reinforced plastic ("**ARP**") rods, fibre reinforced plastic ("**FRP**") rods and impregnated glass fibre reinforcement ("**IGFR**") yarns. We are also one of the largest manufacturers of Wi-Fi systems and unlicensed band radios ("**UBRs**") in India based on revenues in Fiscal 2021. *(Source: Feedback Advisory Report).* We also produce a variety of security and surveillance products. These products include video management systems ("**VMS**") for CCTV VMS, video analytics which is software that allows for the monitoring of video streams in near real time, automatic number plat recognition system and traffic light violation detection systems.

We offer our customers comprehensive digital solutions for telecommunication, defence communication and railway communication. We offer our customers end-to-end network services for OFC and optical transport networks, rural GSM networks, broadband networks, access networks, mobile backhaul networks, FTTH and in-building solutions. By the end of September 30, 2021, we installed over 150,000kms of OFC. In addition, we have developed a number of networks and systems for deployment in the defence context which include OFC and optical transport networks, fibre monitoring and management systems, routing networks, and microwave radio solutions. Further, in the railway sector, we offer an expanded portfolio of services comprising of network design, equipment supply, installation and commissioning, network integration, and post deployment support" for metro lines, mainline railways, as well as upcoming dedicated railway freight corridors in India.

As at September 30, 2021, we had five operational manufacturing facilities, including three located at Goa, Chennai (Tamil Nadu), Hosur (Tamil Nadu) and two at Hyderabad (Telangana). Our manufacturing facilities have the combined approximated installed capacity as certified by our chartered engineers, PM Pai & Associates for GOA, Chand Kumar Bhatia for Hyderabad, and M. Muniyandi for Chennai & Hosur, of 22.1 million fkm of OFC; 630,000 ckm of FTTH cables; 8 million fkm of optic fibre; 504,000 km/annum of FRP; 660,000 km/annum of ARP; and 2,700 MT IGFR yarns, as at September 30, 2021.

Our manufacturing and product offerings are also supported by our two R&D centres in Gurugram and Bengaluru. As of September 30, 2021, we had a dedicated in-house R&D team of 184 employees. We are employing our R&D to strengthen our product offering in key application sectors and to develop new products. We have a number of products under development in telecommunications, including Wi-Fi 5 and 6 access points, point-to-multipoint radios, cell site routers, routers, DU (Distributed Unit) aggregation routers, CU (Centralised Unit) aggregation routers, and passive optical network ("**PON**") products; and in defence, including thermal weapon sights, ground surveillance radar and software defined radio. We also launched a 5G business unit to cater to the needs of communication service providers, enterprises and industry verticals both in India and overseas. The primary focus of the 5G business unit is on 5G transport products, 5G RAN products and global system integration services. In addition, we are the only Indian company to have developed electronic fuses for artillery ammunition with own intellectual property rights. Our electronic fuses are NATO (North Atlantic Treaty Organization) certified resulting in access to a wider customer base among NATO countries. We are currently setting up manufacturing facilities for these electronic fuses in Hyderabad.

Significant Factors Affecting Our Results of Operations

Our financial performance and results of operations are influenced by a variety of factors, including without limitation, global and domestic competition, technological developments and innovations in telecommunications equipment, conditions in the markets for telecommunications products, capital expenditure plans of telecommunications service providers, general economic conditions, changes in costs of raw materials and government regulations and policies. Some of the more important factors are discussed in the section "*Risk Factors*" beginning on page 44.

COVID-19

The outbreak of the COVID-19 pandemic has caused substantial disruptions in international and Indian economies and markets. COVID-19 was recognized as a pandemic by the World Health Organization on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, including India, have taken preventive or protective actions, such as imposing country-wide lockdowns, restrictions on domestic and international travel and business operations and advising or requiring individuals to limit their time outside of their homes, which have had and are expected to continue to have a substantial negative impact on businesses around the world and on global, regional and national economies.

In India, near the end of the financial year 2020, the GoI initiated a nation-wide lockdown from March 24, 2020, which was initially set for three weeks, but was subsequently extended to May 31, 2020. Further, a second wave of COVID-19 infections has impacted India in April, May and June 2021, resulting in the re-imposition of strict precautionary measures in various cities across India. The steps taken to counter the effects of the pandemic have resulted in a period of economic downturn and business disruption in India. As a result, the pandemic has negatively affected, and may continue to negatively affect, our operations, including as a result of external factors beyond our control, such as restrictions on physical movement of our employees, contract manufacturers, partners and customers to limit the spread of COVID-19 and the availability and acceptance of a COVID-19 vaccine. We continue to follow the guidance of local and national governments, including monitoring the health of our employees who have returned to our offices and limiting the gathering size of employee groups in indoor spaces.

The impact of COVID-19 on our financial performance and financial position has been primarily related to temporary factory shutdowns (*i.e.*, at our Goa facility for the period from 23rd March 2020 till 5th April 2020, at our Chennai facility from 24th March 2020 till 10th April 2020, at our Hosur facility from 24th March 2020 till 22nd April 2020, and at our Hyderabad facility from 22nd March 2020 till 2nd May 2020), supply chain disruptions and limitations on manpower availability. In addition, COVID-19 has affected our operational costs and cash flows and delayed the dispatches of materials & execution of the ongoing projects. We continue to support our customers' orders for our products and projects by working with our suppliers, distributors and sub-contractors to address supply chain disruptions, as well as travel restrictions that have impacted our operations. We have a global supply chain footprint with our primary manufacturing partners located in various parts of the globe. During Fiscal 2021 and the first quarter of Fiscal 2022, we experienced supply chain constraints due to component parts shortages as our component vendors were also facing manufacturing and other challenges. These challenges resulted in extended lead-times to our customers, increased logistics costs, and impacted the volume of products we were able to deliver, which negatively impacted our ability to recognize revenue and decreased our gross margins.

Challenges to our supply chain due to the impact of the pandemic remain dynamic, including ongoing shortages of component parts, and increased logistics costs due to air travel and transport restrictions that limited the availability of flights / ships on which we were able to ship products in the fourth quarter of Fiscal 2020 and the first half of Fiscal 2021. However, we saw improvements in our manufacturing capacity during the second half of Fiscal 2021. We also believe that we have a robust and fairly flexible supply chain. Our supply chain team has been working to meet our customer needs by executing on a strong risk mitigation plan, including multi-sourcing, pre-ordering components, transforming our logistics network, prioritizing critical customers, working with local government agencies to understand challenges, and partnering on solutions that limit disruptions to our operations while ensuring the safety of our employees, partners and suppliers.

The pandemic has not had a substantial net impact to our consolidated operating results or our liquidity position in Fiscal 2021. We continue to generate operating cash flows to meet our short-term liquidity needs. In Fiscal 2021 and the six months ended September 30, 2021, we did not observe any material impairments of our assets or a significant change in the fair value of assets due to the pandemic. We enter the second half of Fiscal 2022 with an Order Book of ₹5,821.75 crores (including advance purchase orders) as of September 30, 2021. For more information on our Order Book, see "*Our Business – Order Book*" on page 134.

While various parts of the world, including India, have commenced calibrated easing of lockdown measures, the effectiveness of the countermeasures, the timing of how long the COVID-19 pandemic will last in general and the post-pandemic path to economic recovery are still uncertain. Accordingly, the full impact from the severe disruptions caused by the effective shutdown of large segments of the Indian and global economies remain unknown and no prediction can be made of when any of the restrictions still in place will be relaxed or expire, or whether or if further restrictions will be announced. The COVID-19 pandemic could continue to materially and adversely affect the Indian economy, which could create risks around our ability to continuing manufacturing and

executing our projects during the pandemic. We may continue to experience constrained supply and increased logistics costs and could experience curtailed customer demand, any of which could have a negative impact on our business, results of operations, cash flows and financial condition in future periods.

See, "*Risk Factors – The impact of the COVID-19 pandemic is uncertain and still evolving and could adversely affect our business, results of operations and financial condition*" on page 47 for risks of the COVID-19 pandemic on our operations and financial condition. To the extent the COVID-19 pandemic does adversely affect our business, financial condition or results of operations, it may also have the effect of heightening many of the factors listed in the section titled "*Risk Factors*".

Working capital requirements and access to capital resources

Our business requires significant amounts of working capital, primarily for financing our raw material purchases and manufacturing our products before we receive payments from our customers. Further, our working capital requirements also tend to increase if contractual or sales terms do not include advance payments or if under such contractual arrangements, payment is stipulated at the time of delivery of the final product to our customer. Moreover, our working capital requirements will increase in the event we undertake a larger number of orders as we grow our business. In order to manage our working capital effectively, we are working on aligning vendor payment terms with receivables in some cases.

In terms of the inventory maintained by us, we strive to have sufficient inventory on hand at all times so that we are able to quickly meet the demands of our customers. To this end, we strategically manage our inventories, purchasing raw materials based on our estimated future production requirements, taking into account our views on potential supply shortages, and maintaining finished goods based on our estimates of future customer demand. In recent years, we have increasingly focused on rationalising our inventory management, to meet our future requirements while not carrying undue levels of inventory.

Our working capital requirements can also vary significantly across our business segments, with government contracts and our turnkey projects typically having payment terms on the basis of milestones, and therefore higher working capital requirements. As part of our growth strategy, we expect to grow our telecom products business segment relative to our turnkey contracts and services business segment, which we expect to improve our working capital cycle. However, if our turnkey contracts and services business segment grows faster relative to our telecom products business segment, our working capital requirements could increase and our working capital ratios would be adversely affected. Currently, we fund our working capital requirements from our internal accruals as well as through raising working capital loans.

Investment in innovation

Our Company's competitive position and financial performance have depended and will continue to depend on our ability to adapt to and incorporate technological advancements and develop new and innovative products relevant to our customer base. We believe that we must continue to invest in our product portfolio. have two R&D centres in Gurugram and Bengaluru. As part of our focus on R&D, our Bengaluru R&D centre was inaugurated in June 2021 and is dedicated to the development of Fifth Generation ("**5G**") and Wi-Fi products.

Research and development activities require significant capital investment by the Company. In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, we incurred recurring research and development expenses of ₹20.13 crore, ₹17.83 crore, ₹5.73 crore and ₹3.43 crore, respectively, which represented 0.86%, 0.40%, 0.15% and 0.07%, respectively, of our consolidated revenue from operations for each of the respective periods/years. We expect our operations to continue to require cash investment to pursue our research and development activities, including focusing investment on key growth themes of 5G applications and solutions, telecommunications and networking products (*e.g.,* next gen Wi-Fi systems based on Wi-Fi 6 standards, cell site routers, DU/CU aggregation routers, and passive optical networks and defence communication products (*e.g.*, electro-optic devices, software defined radio and ground surveillance radars). The Company has budgeted to spend an additional ₹150 crore for new product development in Fiscal 2022.

Reliance on major customers and large-scale contracts and turnkey project awards

Our top ten customers represent a significant portion of our revenue. In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, our top ten customers accounted for 82.90%, 89.46%, 84.02% and 90.37% of our telecom products revenue, and 99.89%, 95.05%, 98.04% and 97.38% of our turnkey contracts and

services revenue, respectively; our top five customers accounted for 75.89%, 80.70%, 72.48% and 86.24% of our telecom products revenue, and 99.02%, 93.16%, 95.87% and 96.36% of our turnkey contracts and services revenue, respectively.

We expect that in the foreseeable future a limited number of large customers will continue to comprise a significant percentage of our operating revenue. We have long-term relationships and ongoing active engagements with many of our customers. However, if we are unable to expand our sales volumes to existing customers, maintain our relationships with key customers or diversify our customer base, we may experience material fluctuations or decline in our revenue and reduction in our operating margins, including as a result of any decrease in orders from any of these key customers and/or failure to retain such customers on terms that are commercially viable, as a result of which our business, results of operations and financial condition could be materially and adversely affected. In addition, any defaults or delays in payments by a major customer or a significant portion of our customers may have an adverse effect on business, financial condition and results of operations.

In addition, a substantial portion of our revenue is generated from large-scale contracts and turnkey projects that we are awarded from time to time. The timing of when projects will be awarded is unpredictable and outside of our control. We operate in competitive markets where it is difficult to predict whether and when we will receive awards since these awards and projects often involve complex and lengthy negotiations and bidding processes. We are subject to the risk of losing new awards to competitors. Because a substantial portion of our revenues are generated from large projects, our results of operations can fluctuate over fiscal years and quarters, depending on whether and when project awards occur and the commencement and progress of work under such awarded contracts. Hence, there is a risk that revenue may not be derived from awarded projects as quickly as anticipated. Also, any cancellation or suspension of an order by a customer, or any inability to manage such projects effectively, which may lead to cost overruns and/or significant delays, may also affect our business, results of operations and financial condition.

Raw materials cost

Our total consumption of materials and sub-contracting expenses represented 80.89%, 82.66%, 83.80% and 88.67% of our total expenses for the six months ended September 30, 2021, and for Fiscal 2021, Fiscal 2020 and Fiscal 2019, respectively. Our financial condition and results of operations are significantly impacted by the availability and cost of our major raw materials, particularly optical fibre and preform, and the mix of turnkey contracts executed during a particular period.

We procure optical fibre, preform, filling gelly, HDPE, gases, and other project materials from third party suppliers on the basis of purchase orders placed with our suppliers at fixed prices as well as prices determined after suitable negotiations. While we are not significantly dependent on any single raw material supplier, raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. We are also dependent on supplied raw materials being of high quality and meeting relevant technical specifications and quality standards. Therefore, we cannot assure you that we will be able to procure adequate supplies of raw materials in the future, as and when we need them on commercially acceptable terms.

The volatility in commodity prices can significantly affect our raw material costs. However, our Company continuously tracks the changes in raw material prices and adopts stricter measures to address such fluctuations. We enter into contracts with major OEMs/third party suppliers for complete quantities at fixed prices in cases of turnkey raw materials needs for our turnkey projects. For our manufacturing operations, we retain 47 days of inventory of raw materials, work-in-progress and stock-in-trade, thereby creating a natural risk hedge. Moreover, sales orders from our manufacturing customers are generally for a shorter duration; therefore, any decreases or increases in raw materials prices are factored into subsequent orders from customers. However, if we are not able to compensate for or pass on our increased costs to customers, such price increases could have a material adverse impact on our result of operations, financial condition and cash flows. We are also dependent on supplied raw materials being of high quality and meeting relevant technical specifications and quality standards. Our products are tested by our in-house testing team and thereafter, by external testing agencies pursuant to which, we strive to minimise the probability of defects in such products; however, in the event delivered materials are defective on account of any unforeseen circumstances such as including any accident during transit or adverse weather conditions, we might face warranty and damages claims from our customers. Production errors may lead to

product recalls which could also lead to compensation claims and significantly damage our reputation and the confidence of present and potential customers and could have an adverse effect on our results of operations.

Competition

The markets wherein we operate are competitive, rapidly evolving and are characterized by frequent introductions of new and improved solutions, applications and technologies. Both of our business segments face competition from numerous competitors, both domestical and international, within the markets we serve. Many of our competitors may have significant competitive advantages, including greater access to financial, research and development, marketing, distribution and other resources, larger product offerings and greater specialization than us. Additionally, some of our competitors may be able to dedicate significantly larger resources towards developing and manufacturing technologically superior equipment than us and their brands may gain greater visibility within those product verticals. Our competitors may further enter into business combinations or alliances that strengthen their competitive positions or prevent us from taking advantage by entering into such business combinations or alliances. To remain competitive, we must continue to invest significant resources in modernisation, research and development, manufacturing, sales and marketing and customer support. Increasing competition may result in pricing pressures or decreasing profit margins or lost market share or failure to improve our market position, any of which could substantially harm our business and results of operations.

Our turnkey projects segment offerings are generally supplied to telecom operators, Indian defence forces and Indian railway companies pursuant to project orders secured through a bidding process, which may specify certain pre-qualification requirements. Our products are also supplied to various governmental agencies, based on a pre-qualification process and grant of approval by these governmental agencies. Pre-qualification requirements include past experience in supply, ability to meet specific technical requirements, reputation for quality and safety features present in our products, financial strength and the price competitiveness of our products. While product specifications, certifications and life cycles vary by market, our telecom products segment primarily positions itself as one of the largest suppliers in the telecommunications, defence and railway sectors. These sectors generally have high standards for product certification as deemed by the relevant governmental entity / customers. Our telecom products segment competes primarily on the basis of our products' performance and our ability to meet customers' highly specific design, engineering and delivery needs on a timely basis. While we believe that our ability to adapt our offerings to match the needs of our consumers across a wide range of applications, as well as our pre-qualified status with certain governmental agencies and the Indian defence forces, gives us a competitive edge in the market for such products and services, we will be required to compete effectively with our existing and potential competitors to maintain and grow our market share and, in turn, our results of operations.

Foreign exchange rate risk

Our financial statements are prepared in Indian Rupees. However, our sales from exports and a portion of our raw materials expenditures are denominated in foreign currencies, mostly the U.S. Dollar. We export to more than 30 countries and expect to continue to grow our revenue from exports. Accordingly, we have currency exposures relating to buying, selling and financing in currencies other than in Indian Rupees, particularly the U.S. Dollar. For the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, 7.41%, 4.54%, 3.19% and 1.89%, respectively, of our revenue from operations were attributed to exports. In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, our net foreign currency denominated sales (sales in foreign currency) amounted to ₹172.62 crore, ₹200.64 crore, ₹122.46 crore and ₹89.54 crore, respectively. For the six months ended September 30, 2021, Fiscals 2021, 2020 and 2019, 30.79%, 25.63%, 9.42% and 17.72%, respectively, of our total consumption were imported raw material. We enter into certain hedging activities for a portion of our U.S. Dollar foreign currency positions. Accordingly, we are affected by fluctuations in exchange rates among the U.S. Dollar, Indian Rupee and other currencies. In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, we recorded gains/(losses) of ₹(2.63) crore, ₹15.76 crore, ₹(15.17) crore and ₹4.22 crore, respectively, due to these fluctuations in foreign currency. There can be no assurance that we will continue to record gains from foreign exchange fluctuations or any hedging measures we take will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. Dollar or other foreign currencies.

Capital Expenditure

We require substantial capital to maintain our existing facilities, as well as to expand and modernize our existing manufacturing facilities. As of September 30, 2021, we have manufacturing facilities at four different locations at (i) Verna, Goa, (ii) Chennai, Tamil Nadu, (iii) Hosur, Tamil Nadu, and (iv) Hyderabad, Telangana (where we

operate two separate plants for the manufacture of Optic Fibre and Optic Fibre Cables). The following table summarizes the installed capacity of our manufacturing facilities as at September 30, 2021, as certified by our Chartered Engineers, PM Pai & Associates (for Goa), Chand Kumar Bhatia (for Hyderabad) and M.Munivandi (for Chennai & Hosur):

Product	Installed Capacity (per annum)
OFC	22.1 million fkm
FTTH cables	630,000 ckm
Optic fibre	8 million fkm
Fibre reinforced polymer ("FRP")	5,04,000 km
Aramid reinforced plastic rod ("ARD")	660,000 km
Impregnated glass fibre reinforcement ("IGFR") yarns	2,700 MT

In the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, we incurred capital expenditure of ₹77.09 crores, ₹106.07 crores, ₹167.88 crores and ₹177.06 crores, respectively. A significant amount of our capital expenditure has been and is expected to continue to be aimed at increasing our manufacturing capacities, upgrading our facilities and diversifying our product lines.

In Fiscal 2020, we commissioned our greenfield optical fibre manufacturing facility in Hyderabad, Telangana. We also expanded our OFC manufacturing facility at Chennai Plant from 7 million FKM to 10.5 million FKM during the same year. In Fiscal 2021, we commissioned a greenfield facility for the manufacture of Fibre to the Home ("**FTTH Cable**") at Hyderabad, Telangana and also commissioned a facility for the manufacture of Wire Harness (Automotive and Aviation) at our Chennai Plant.

We are adding an additional 1.4 million fkm and 1.25 million fkm per annum capacity of OFC manufacturing to our Hyderabad and Chennai facilities, respectively. Both these expansions are designed to enhance our portfolio with conventional cables along with newer types of cables such as micro duct cable, micromodule cable and advance ribbon cable, among others. We are also expanding our FTTH cable manufacturing capacity by an additional 120,000 ckm per annum at our Hyderabad facility.

Further, we are looking to strengthen our backward integration for OFC facilities at Hosur and Hyderabad. We are also establishing a new greenfield defence project to support Make in India at Hyderabad. We have recently been allotted a piece of land measuring 24,282 square metres in Hyderabad. We intend to produce defence electronic products, such as Electro Optic Devices, Electronic Fuses and others, at this location on which we are planning to begin construction by the fourth quarter of Fiscal 2022.

The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your interest in the Company and could adversely impact our Equity Share price.

Government Policies and Initiatives

The regulatory and policy environment in which we operate is evolving and subject to change. The Government has taken several policy initiatives to facilitate infrastructure growth, support the telecom sector and support Indian domestic manufacturing, including through schemes like BharatNet and "National Infrastructure Pipeline" (*Source: Feedback Advisory Report*). Such policies and initiatives are expected to spur demand for optical fibre cables and telecom equipment, among others.

For example, in February 2021, the Government approved the Production-Linked Incentive ("**PLI**") scheme in ten key sectors to boost the country's manufacturing capabilities, exports and promote the "*Atmanirbhar Bharat*" initiative. According to the Feedback Advisory Report, the PLI scheme has the potential to reduce the share of telecom imports in overall demand to under 50%. Under this scheme, incentives will be provided to manufacturers and exporters of specific telecom and networking products (not including optical fibre). In particular, ₹121.95 billion has been approved by the Government for telecom & networking products and the scheme is expected to attract investment of approximately ₹30 to 40 billion. Moreover, the Government has allocated ₹90 billion to boost telecom connectivity across the country, which includes high-speed OFC or satellite-based broadband

services across 22,000 million village panchayats. The Government has also allocated ₹52 billion to rollout the entire OFC required for setting up the defence communications network. (*Source: Feedback Advisory Report*).

To attract foreign investment for infrastructure development, the Government has liberalised the Foreign Direct Investment ("**FDI**") regime for the telecom sector, which now permits 100% FDI under automatic route for the telecom equipment manufacturing and 100% FDI for the telecom service sector with 49% under automatic route. Such liberalisation is expected to increase FDI to drive growth of the Indian telecom industry. (*Source: Feedback Advisory Report*).

The Government has allocated ₹90,000 million to boost telecom connectivity across the country, including providing high-speed OFC or satellite-based broadband services across the 220,000 villages by end of March 2023. In addition, the Government has also allocated ₹52,000 million to roll out the entire optical fibre cable network required for setting up the defence communications network by end of March 2022.

The Government's "Make in India" initiative is expected to benefit the Indian defence sector, as products and solutions designed, developed and manufactured in India will get the highest priority in the defence procurement process. Defence products in the "Buy (Indian-Indigenously Designed, Developed and Manufactured)" or "Buy Indian-IDDM" categories will get the highest priority in the defence procurement process. Accordingly, the Government is planning for a reduction in defence imports by Fiscal 2032.

While Government policies and initiatives are generally favourable for the markets in which we operated (i.e., as an Indian manufacturer of OFC, optical fibre, telecom equipment and an integrated telecom network provider), such regulations, policies and initiatives are subject could change at any time, with little or no warning or time for us to prepare.

Statement of Significant Accounting Policies

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make 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 recognised in the period in which the estimates are revised and future periods are affected.

Basis of Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company 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 Company. They are deconsolidated from the date that control ceases. The Company and subsidiaries are collectively called "the Group".

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the Company 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 Company.

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 consolidated 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.

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 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.

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.

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.

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 the 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.

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.

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.

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.

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.

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.

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the Consolidated Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

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 derecognized.

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**").

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.

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.

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 writeoff 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.

Revenue recognition

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) <u>Telecom Products segments</u>

The Telecom Product segments of the Group principally generate revenue from sale of Optical Fibre 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) <u>Turnkey Contracts for System Integration and allied Services</u>

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.

Leases

As a lessee

The Group implemented a single accounting model as per Ind AS 116 with effect from April 01, 2019, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard. The Group elected to apply exemptions to short term leases or for leases for which the underlying asset is of low value.

Based on the accounting policy applied, the Group recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,

- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over the shorter of lease term or useful life of underlying assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors. Variable lease payments not included in the initial measurement of the lease liability are recognized directly in the profit and loss.

The lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract.

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.

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 periodic 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.

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 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, 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.

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.

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.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all stipulated conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income. Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognized in the Consolidated Statement of Profit and Loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

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.

GST Credit

The GST credit available on purchase of materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST credit is shown under the head "Other Current Assets".

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.

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.

Changes in the accounting policy if any in the last three years and their effect on our profits and reserves

Changes in the accounting policy during FY 18-19:

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.

HFCL applied Ind AS 115 using the cumulative effect method – i.e. by recognizing the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of equity as at April 01, 2018, resulting to reduction in retained earnings by ₹ 5.97 crore and increase in profit by ₹ 0.55 crore in F.Y 2018-19.

Changes in the accounting policy during FY 19-20:

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019).
The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019.

The cumulative effect on transition in retained earnings is ₹ 1.12 crore (excluding of deferred tax of ₹ 0.38 crore). The nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

Non-GAAP Financial Measures

In addition to our results determined in accordance with Ind AS, we believe the following non-GAAP financial measures are useful to our Company and our investors as a means of assessing and evaluating our operating performance in comparison to prior periods: EBITDA, EBITDA Margin, PAT Margin, Return on Equity, Net Worth, Return on Capital Employed, EBIT, Capital Employed and Debt/Equity Ratio. We classify a financial measure as being a non- GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are not included or excluded in the most directly comparable measure calculated and presented in accordance with Ind-AS as in effect from time to time in our financial statements. The non-GAAP financial measures are supplemental measures that are not required by, or are not presented in accordance with, Ind-AS. Non-GAAP financial measures do not include operating, other statistical measures or ratios calculated using exclusively financial measures calculated in accordance with Ind-AS. Moreover, the way we calculate the non-GAAP financial measures may differ from that of other companies reporting measures with similar names, which may limit these measures' usefulness as a comparative measure. Our management believes these non-GAAP financial measures are useful to compare general operating performance from period to period and to make certain related management decisions. We believe that non-GAAP financial information, when taken collectively with financial measures prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with Ind AS.

Non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with Ind AS. Non-GAAP financial information are not recognized under Ind AS and do not have standardized meanings prescribed by IND AS. In addition, non-GAAP financial measures used by us may differ from similarly titled non-GAAP measures used by other companies. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by Ind AS to be recorded in our financial statements, as further detailed below. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure prepared in accordance with Ind AS. Investors are encouraged to review the related Ind AS financial measures and the reconciliation of non-GAAP financial measures to their most directly comparable Ind AS financial measures included below and to not rely on any single financial measure to evaluate our business.

EBITDA, EBITDA Margin and PAT Margin

We evaluate our operating performance based on several factors, including our primary financial measure of earnings before interest, taxes, depreciation and amortization expenses ("**EBITDA**"). We consider EBITDA to

be an important indicator of the operational strengths and performance of our businesses. However, a limitation of the use of EBITDA as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our businesses and other non-operating income. Accordingly, EBITDA should be considered in addition to, not as a substitute for, operating income, profit after tax of the Company and other measures of financial performance reported in accordance with Ind AS.

The following table sets forth our EBITDA as derived from our profit before tax, and the manner in which it is calculated for the six months ended September 30, 2021 and September 30, 2020, Fiscal, 2021, Fiscal 2020 and Fiscal 2019, and includes a reconciliation of EBITDA and EBITDA Margin to our profit for each of the six-month periods ended September 30, 2021 and September 30, 2020, and for Fiscal 2021, Fiscal 2020 and Fiscal 2019.

EBITDA Margin: EBITDA Margin is a percentage margin derived by dividing EBITDA by revenue from operations.

PAT Margin: Profit after tax margin is the percentage margin derived by dividing profit after tax by revenue from operations.

(₹ in crore, except percentages)

Particulars	As of, or for the six months ended,		As of, or for the fiscal year ended,		
	September 30, 2021 (unaudited)	September 30, 2020 (unaudited)	March 31, 2021 (audited)	March 31, 2020 (audited)	March 31, 2019 (audited)
Revenue from operations (A)	**2,328.92**	**1,754.08**	**4,422.96**	**3,838.91**	**4,737.79**
Profit before exceptional items and income tax (B)	**239.38**	**108.05**	**340.99**	**359.40**	**339.38**
Add: Finance costs (C)	89.53	79.65	176.09	114.82	91.87
Add: Depreciation, impairment and amortization expenses (D)	35.83	32.69	68.63	41.95	26.97
EBITDA (E=(B+C+D))	**364.74**	**220.39**	**585.71**	**516.17**	**458.22**
EBITDA Margin (F=E/A)	**15.66%**	**12.56%**	**13.24%**	**13.45%**	**9.67%**
Profit after tax for the period/year (G)	**176.63**	**74.66**	**246.24**	**237.33**	**232.26**
PAT Margin (H=G/A)	**7.58%**	**4.26%**	**5.57%**	**6.18%**	**4.90%**

Our EBITDA, EBITDA Margin and PAT Margin have been improving over the last three fiscal years and for the six months ended September 30, 2021, primarily due to the introduction and sale of new telecom products, the execution of higher margin turnkey contracts and economies of scale.

EBIT, Net Worth, Average Net Worth, Capital Employed, Average Capital Employed, Return on Capital Employed, Return on Equity and Debt/Equity Ratio

Earnings before interest and tax (EBIT): EBIT is profit after tax before tax expense and interest and finance costs.

Net Worth: Net Worth is the sum of (i) issued, subscribed and paid-up equity share capital at the end of the year, (ii) general reserve as at the end of the year, (iii) securities premium reserve as at the end of the year, and (iv) retained earnings as at the end of the year.

Average Net Worth: Average Net Worth is the average of our Net Worth as on the first day and last day of the relevant fiscal year or period.

Capital Employed: Capital Employed is Net Worth plus borrowing.

Average Capital Employed: Average Capital Employed is the average of the Capital Employed as on the first day and last day of the relevant fiscal year or period.

Return on Capital Employed: Return on Capital Employed is annualised EBIT divided by Average Capital Employed.

Return on Equity: Return on Equity is annualised profit after tax divided by Average Net Worth.

Debt/Equity Ratio: Debt/Equity Ratio is borrowing divided by Net Worth.

(₹ in crore, except ratios and percentages)

Particulars	As of, or for the six months period ended,		As of, or for the fiscal year ended,		
	September 30, 2021 (unaudited)	**September 30, 2020 (unaudited)**	**March 31, 2021 (audited)**	**March 31, 2020 (audited)**	**March 31, 2019 (audited)**
Profit for the period/year (I)	**176.63**	**74.66**	**246.24**	**237.34**	**232.26**
Add: Total tax expense (J)	62.66	30.00	90.62	121.01	107.03
Add: Finance costs & Exceptional item (K)	89.53	83.04	180.22	115.87	91.86
Earnings before interest & tax (EBIT) (L=I+J+K)	**328.82**	**187.70**	**517.08**	**474.22**	**431.15**
Annualised earnings before interest & tax (Annualised EBIT) (M)	**657.64**	**375.40**	**517.08**	**474.22**	**431.15**
Annualised profit for the year (N)	**353.26**	**149. 32**	**246.24**	**237.34**	**232.26**
Net Worth (O=(1+2+3+4+5))	**2,087.45**	**1,747.33**	**1,923.47**	**1,668.39**	**1,431.71**
Issued subscribed and fully paidup equity share capital (1)	128.65	128.44	128.44	128.44	127.44
General reserve (2)	35.56	-93.69	38.34	-97.95	-104.36
Securities premium reserve (3)	471.76	467.62	467.62	467.62	452.62
Retained earnings (4)	1354.29	1,154.10	1196.28	1081.99	868.54
Other (5)	97.19	90.86	92.79	88.29	87.47
Average Net Worth (P)	**2,093.78**	**1,745.18**	**1,795.93**	**1,550.05**	**1,294.14**
Borrowing (Q)	**683.66**	**857.68**	**919.62**	**711.65**	**590. 31**
Capital Employed (R=O+Q)	**2,771.11**	**2,605.01**	**2,843.09**	**2,380.04**	**2,022.02**
Average Capital Employed (S)	**2,895.42**	**2,529.84**	**2,611.57**	**2,201.26**	**1,823.64**
Return on Equity (T=(N/P)%)	16.9%	8.6%	13.7%	15.3%	17.9%
Return on Capital Employed (U=(M/S)%)	22.7%	14.8%	19.8%	21.5%	23.6%
Debt/Equity Ratio (V=Q/O)	0.33	0.49	0.48	0.43	0.41

Our Return on Capital Employed decreased to 21.5% in Fiscal 2020 from 23.6% in Fiscal 2019 primarily due to a decrease in revenue and consequently margins. In Fiscal 2021, Return on Capital Employed decreased to 19. 8% primarily due to pandemic effects on operating costs, revenues and margins. However, with improved profit margins, Return on Capital Employed for the six months ended September 30, 2021 increased to 22.7%. With improved profit margins, our Return on Equity increased to 16.9% for the six months ended September 30, 2021 from 13.7% in Fiscal 2021.

Our Debt/Equity Ratio over the last three fiscal years stood at 0.41, 0.43 and 0.48 as at the end of Fiscal 2019, Fiscal 2020 and Fiscal 2021, respectively. With repayment of borrowings, our Debt/Equity Ratio as at September 30, 2021 reduced to 0.33.

Income and Expenses

Our income and expenditure are reported in the following manner:

Income

Total income consists of revenue from operations and other income.

Revenue from operations. Revenue from operations mainly comprises of revenue from sales and services. Sales and services consist of manufacturing and trading activities and turnkey project-related activities. Manufacturing and trading activities consists of revenue from the sales of products, such as optical fibre cable, optical fibre, Wi-Fi access points, UBR and FTTH cable, among others. Turnkey project-related activities consist of revenue from execution of various turnkey contracts. We also receive operating revenue from the sales of scrap and export incentives.

Other Income. Other income primarily comprises of recurring non-operating income, such as interest from banks and dividend income, and financial guarantee income, and non-recurring income such as exchange fluctuation income (net) and other miscellaneous income.

Expenses

Total expenses comprise of cost of materials consumed, other direct costs, purchases of stock-in-trade, changes in inventories of finished goods, work-in-progress and stock-in-trade, employee benefits expenses, finance costs, depreciation, impairment and amortization expenses and other expenses.

Cost of Materials Consumed, Other Direct Costs, Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade. Cost of materials consumed comprises costs incurred in connection with consumption of various kinds of raw materials required for producing optic fibre, optical fibre cable and FTTH cable, among others, and includes all direct costs incurred in the course of such procurement, such as customs duties, freight, clearing and forwarding charges, etc., for the reporting period. Other direct costs is comprised of project and labour service charges incurred in connection with the execution of turnkey contracts, consumption of packing material, consumption of stores & spare parts and loose tools written off in connection with product manufacturing. Changes in inventories of finished goods, work-in-progress and stock-in-trade comprises of the difference in closing balance vis-à-vis opening balance of finished goods, work-in-progress and stock-in-trade.

Employee Benefits Expenses. Employee benefits expenses comprise of salaries, bonus and allowances, contribution to provident and other funds, staff welfare expenses and share based payment expenses to employees.

Finance Costs. Finance costs comprise of bank loan interest, bank charges and processing fees, other interest (net) and interest on lease liabilities.

Depreciation, Impairment and Amortization Expenses. Depreciation, impairment and amortization expenses comprise of depreciation on property, plant and equipment, depreciation on right-of-use assets, and depreciation and impairment of intangible assets.

Other Expenses. Other expenses primarily comprise of selling and distribution expenses, legal and professional charges, carriage, travelling and conveyance expenses, power and fuel & water charges, insurance, corporate social responsibility expenses and other miscellaneous expenses.

Segmental Information

Basis for segmentation

Our operations primarily relate to the manufacturing of telecom products, executing turnkey contracts and providing related services. Accordingly, our Company has two operating and reporting segments, namely (i) Telecom Products, and (ii) Turnkey Contracts and Services. The following table sets out the consolidated segment revenue and results across our primary reportable segments:

(₹ in crore)

Particulars	For the six-month period ended September 30, 2021*	For the six-month period ended September 30, 2020*	For Fiscal 2021	For Fiscal 2020	For Fiscal 2019
Segment Revenue:					
(i) Telecom Products	958.02	484.27	1,205.46	846.92	1,351.66
(ii) Turnkey Contracts	1,370.90	1,269.81	3,217.50	2,991.99	3,386.13

Particulars	For the six-month period ended September 30, 2021*	For the six-month period ended September 30, 2020*	For Fiscal 2021	For Fiscal 2020	For Fiscal 2019
and Services					
(iii) Other	-	-	-	-	-
Total Segment Revenue	**2,328.92**	**1,754.08**	**4,422.96**	**3,838.91**	**4,737.79**
Segment Results:					
(i) Telecom Products	131.71	43.31	154.67	133.00	168.51
(ii) Turnkey Contracts and Services	197.23	139.90	353.15	327.37	252.40
(iii) Other	(0.98)	(1.73)	(1.10)	(2.50)	(0.01)
	327.96	**181.48**	**506.72**	**457.87**	**420.90**
Finance charges	(89.53)	(79.65)	(176.09)	(114.81)	(91.86)
Other un-allocable expenditure (net off)	(6.44)	(3.03)	(10.38)	(2.59)	(8.24)
Un-allocable income	7.30	5.86	16.62	17.88	18.50
Profit before tax	**239.29**	**104.66**	**336.86**	**358.35**	**339.29**
Taxes	(62.66)	(30.00)	(90.62)	(121.02)	(107.03)
Profit for the period / year	**176.63**	**74.66**	**246.24**	**237.33**	**232.26**

**Unaudited*

Geographic information

For the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, our revenue from export sales was 7.41%, 4.54%, 3.19% and 1.89% of our revenue from operations for the period or fiscal year. Thus, as we cater mainly to the Indian market, we have no reportable geographical segments.

Assets/liabilities information

The following table sets out certain balance sheet items across our reportable segments.

(₹ in crore)

Particulars	As of September 30, 2021*	As of March 31,		
		2021	2020	2019
Segment Assets:				
(i) Telecom Products	1,413.35	1,304.84	1,205.95	1,012.91
(ii) Turnkey Contracts and Services	2,901.56	3,400.47	2,126.32	1,805.39
(iii) Other	4.69	0.30	1.11	0.31
(iv) Unallocated other assets	547.78	510.17	495.59	475.58
Total	**4,867.38**	**5,215.78**	**3,828.97**	**3,294.19**
Segment Liabilities:				

Particulars	As of September 30, 2021*	As of March 31,		
		2021	2020	2019
(i) Telecom Products	719.24	688.02	533.10	459.65
(ii) Turnkey Contracts and Services	1,595.73	1,920.43	1,086.83	865.86
(iii) Other	1.01	1.40	1.36	0.01
(iv) Unallocated other liabilities	463.95	682.47	539.29	536.94
Total	**2,779.93**	**3,292.32**	**2,160.58**	**1,862.46**

***** *Unaudited*

Our Results of Operations

The following table sets forth our statement of profit and loss data for the six months ended September 30, 2021 and September 30, 2020, the components of which are also expressed as a percentage of total income for such periods:

Particulars	Six Months Ended September 30, 2021 (unaudited)		Six Months Ended September 30, 2020 (unaudited)	
	(₹ in crore)	*(% of Total Income)*	*(₹ in crore)*	*(% of Total Income)*
Income:				
Revenue from operations	2,328.92	99.60	1,754.08	99.08
Other income	9.34	0.40	16.29	0.92
Total Income	**2,338.26**	**100.00**	**1,770.37**	**100.00**
Expenses:				
Cost of materials consumed	433.57	18.54	243.75	13.77
Other direct costs	557.29	23.83	476.69	26.93
Purchases of stock-in-trade	703.16	30.07	624.36	35.27
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.83	0.16	(14.73)	(0.83)
Employee benefits expenses	157.20	6.72	117.24	6.62
Finance costs	89.53	3.83	79.65	4.50
Depreciation, impairment and amortization expense	35.83	1.53	32.69	1.85
Other expenses	118.47	5.07	102.67	5.80
Total Expenses	**2,098.88**	**89.76**	**1,662.32**	**93.90**
Profit before share of profit / (loss) of joint venture, exception items and income tax	**239.38**	**10.24**	**108.05**	**6.10**
Share of profit / (loss) of joint venture	(0.09)	0.00	-	-
Profit / (loss) before exception items and income tax	**239.29**	**10.23**	**108.05**	**6.10**
Exceptional item	-	-	3.39	0.19
Tax expenses:				
Current tax	62.00	2.65	24.78	1.40
Deferred tax	0.66	0.03	5.22	0.29
Total tax expense	**62.66**	**2.68**	**30.00**	**1.69**
Profit for the period	**176.63**	**7.55**	**74.66**	**4.22**
Other comprehensive income for the year (net of tax)	0.05	0.00	2.31	0.13
Total comprehensive income for the year	**176.68**	**7.56**	**76.97**	**4.35**

The following table sets forth our statement of profit and loss data for Fiscal 2021, Fiscal 2020 and Fiscal 2019, the components of which are also expressed as a percentage of total income for such periods:

	Fiscal Year Ended March 31,					
	2021		2020		2019	
	(₹ in crore)	*(% of Total Income)*	*(₹ in crore)*	*(% of Total Income)*	*(₹ in crore)*	*(% of Total Income)*
Income:						
Revenue from operations	4,422.96	99.22	3,838.91	99.43	4,737.79	99.11
Other income	36.13	0.78	22.08	0.57	42.74	0.89
Total Income	**4,459.09**	**100.00**	**3,860.99**	**100.00**	**4,780.53**	**100.00**
Expenses:						
Cost of materials consumed	644.21	14.45	521.77	13.51	947.27	19.82
Other direct costs	973.24	21.83	1,625.08	42.09	1,581.95	33.09
Purchases of stock-in-trade	1,778.40	39.88	881.62	22.83	1,416.56	29.63
Changes in inventories of finished goods, work-in-progress and stock-in-trade	8.07	0.18	(94.21)	(2.44)	(7.92)	(0.17)
Employee benefits expenses	252.85	5.67	224.34	5.81	199.76	4.18
Finance costs	176.09	3.92	114.82	2.97	91.87	1.92
Depreciation, impairment and amortization expense	68.63	1.54	41.95	1.09	26.97	0.56
Other expenses	216.61	4.86	186.22	4.82	184.69	3.86
Total Expenses	**4,118.10**	**92.35**	**3,501.59**	**90.69**	**4,441.15**	**92.90**
Profit before share of profit / (loss) of joint venture, exception items and income tax	**340.99**	**7.65**	**359.40**	**9.31**	**339.38**	**7.10**
Share of profit / (loss) of joint venture	-	-	(1.05)	(0.03)	(0.09)	0.00
Profit / (loss) before exception items and income tax	**340.99**	**7.65**	**358.35**	**9.28**	**339.29**	**7.10**
Exceptional item	4.13	0.09	-	-	-	-
Tax expenses:						
Current tax	86.13	1.93	53.58	1.39	65.41	1.37
Deferred tax	4.49	0.10	67.44	1.75	41.62	0.87
Total tax expense	**90.62**	**2.03**	**121.02**	**3.13**	**107.03**	**2.24**
Profit for the year	**246.24**	**5.52**	**237.33**	**6.15**	**232.26**	**4.86**
Other comprehensive	4.96	0.11	0.97	0.03	4.54	0.09

	Fiscal Year Ended March 31,					
	2021		2020		2019	
	(₹ in crore)	*(% of Total Income)*	*(₹ in crore)*	*(% of Total Income)*	*(₹ in crore)*	*(% of Total Income)*
income for the year (net of tax)						
Total comprehensive income for the year	**251.20**	**5.64**	**238.30**	**6.17**	**236. 80**	**4.95**

Results of operations for the six months ended September 30, 2021 compared to six months ended September 30, 2020

The financial information included in this section for the six months ended September 30, 2021 and September 30, 2020 is unaudited and has been extracted from our Unaudited Limited Reviewed Consolidated Financial Statements approved by the Board of Directors and limited reviewed by statutory auditors of the Company beginning on page 256.

(₹ in crore, except for percentages)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2020	Change (%)
Income:			
Revenue from operations	2,328.92	1,754.08	32.77
Other income	9.34	16.29	(42.66)
Total Income	**2,338.26**	**1,770.37**	**32.08**
Expenses:			
Cost of materials consumed	433.57	243.75	77.87
Other direct costs	557.29	476.69	16.91
Purchases of stock-in-trade	703.16	624.36	12.62
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.83	(14.73)	(126.00)
Employee benefits expenses	157.20	117.24	34.08
Finance costs	89.53	79.65	12.40
Depreciation, impairment and amortization expense	35.83	32.69	9.61
Other expenses	118.47	102.67	15.39
Total Expenses	**2,098.88**	**1,662.32**	**26.26**
Profit before share of profit / (loss) of joint venture, exception items and income tax	**239.38**	**108.05**	**121.55**
Share of profit / (loss) of joint venture	(0.09)	-	-
Profit / (loss) before exceptional items and income tax	**239.29**	**108.05**	**121.46**
Exceptional item	-	3.39	(100.00)
Tax expenses:			
Current tax	62.00	24.78	150.20
Deferred tax	0.66	5.22	(87.36)
Total tax expense	**62.66**	**30.00**	**108.87**
Profit for the year	**176.63**	**74.66**	**136.58**
Other comprehensive income for the period (net of tax)	0.05	2.31	(97.84)
Total comprehensive income for the period	**176.68**	**76.97**	**129.54**

Income

Our total income increased by 32.08% to ₹2,338.26 crore for the six months ended September 30, 2021 from ₹1,770.37 crore for the six months ended September 30, 2020, primarily due to an increase in revenue of manufacturing/trading activities and turnkey project related activities.

Revenue from Operations. Our revenue from operations increased by 32.77% to ₹2,328.92 crore for the six months ended September 30, 2021 from ₹1,754.08 crore for the six months ended September 30, 2020, due to an increase in revenue of manufacturing and turnkey project-related activities.

Other income. Our other income decreased by 42.66% to ₹9.34 crore for the six months ended September 30, 2021 from ₹16.29 crore for the six months ended September 30, 2020, primarily due to a decrease in exchange fluctuation income.

Expenses

Cost of material consumed, other direct costs, purchases of stock-in-trade & changes in inventory of finished goods, work-in-progress and stock-in-trade. Our cost of material consumed, other direct costs, purchases of stock-in-trade & changes in inventory of finished goods, work-in-progress and stock-in-trade (in aggregate) increased by 27.65% to ₹1,697.85 crore for the six months ended September 30, 2021 from ₹1,330.07 crore for the six months ended September 30, 2020 primarily due to an increase in revenue.

Employee benefits expenses. Employee benefits expenses increased by 34.08% to ₹157.20 crore for the six months ended September 30, 2021 from ₹117.24 crore for the six months ended September 30, 2020, primarily due to an increase in salary, bonus & allowances, and staff welfare expenses in line with our overall business growth.

Finance costs. Our finance costs increased by 12.40% to ₹89.53 crore for the six months ended September 30, 2021 from ₹79.65 crore for the six months ended September 30, 2020, primarily due to an increase in bank charges followed by incremental revenue.

Depreciation, impairment and amortization expense. Our depreciation, impairment and amortization expense increased by 9.61% to ₹35.83 crore for the six months ended September 30, 2021 from ₹32.69 crore for the six months ended September 30, 2020, primarily due to various expansion programs at manufacturing locations.

Other expenses. Our other expenses increased by 15.39% to ₹118.47 crore for the six months ended September 30, 2021, from ₹102.67 crore for the six months ended September 30, 2020, primarily due to an increase in our overall business and revenue growth:

- an increase in power and fuel & water charges to ₹16.94 crore for the six months ended September 30, 2021 from ₹10.34 crore for the six months ended September 30, 2020, due to incremental manufacturing activities; and
- an increase in travel & conveyance expenses to ₹17.69 crore for the six months ended September 30, 2021 from ₹10.75 crore for the six months ended September 30, 2020, due to increased travel / project activities.

Tax expenses. Our tax expenses increased by 108.87% to ₹62.66 crore for the six months ended September 30, 2021, from ₹30.00 crore for the six months ended September 30, 2020.

Profit for the period. Our profit for the period increased by 136.58% to ₹176.63 crore for the six months ended September 30, 2021, from ₹74.66 crore for the six months ended September 30, 2020.

Our Results of Operations for Fiscal 2021, Fiscal 2020 and Fiscal 2019

The following table sets forth select financial data from our audited consolidated statement of profit and loss for Fiscal 2021, Fiscal 2020 and Fiscal 2019, the components of which are also expressed as a percentage of total income for such periods:

Results of operations for Fiscal 2021 compared to Fiscal 2020

(₹ in crore, except percentages)

	Fiscal 2021	Fiscal 2020	Change (%)
Income:			
Revenue from operations	4,422.96	3,838.91	15.21
Other income	36.13	22.08	63.63
Total Income	**4,459.09**	**3,860.99**	**15.49**
Expenses:			

	Fiscal 2021	Fiscal 2020	Change (%)
Cost of materials consumed	644.21	521.77	23.47
Other direct costs	973.24	1,625.08	(40.11)
Purchases of stock-in-trade	1,778.40	881.62	101.72
Changes in inventories of finished goods, work-in-progress and stock-in-trade	8.07	(94.21)	(108.57)
Employee benefits expenses	252.85	224.34	12.71
Finance costs	176.09	114.82	53.36
Depreciation, impairment and amortization expense	68.63	41.95	63.60
Other expenses	216.61	186.22	16.32
Total Expenses	**4,118.10**	**3,501.59**	**17. 61**
Profit before share of profit / (loss) of joint venture, exception items and income tax	**340.99**	**359.40**	**(5.12)**
Share of profit / (loss) of joint venture	-	(1.05)	(100.00)
Profit / (loss) before exception items and income tax	**340.99**	**358.35**	**(4.84)**
Exceptional item	4.13	-	-
Tax expenses:			
Current tax	86.13	53.58	60.75
Deferred tax	4.49	67.44	(93.34)
Total tax expense	**90.62**	**121.02**	**(25.12)**
Profit for the year	**246.24**	**237.33**	**3.75**
Other comprehensive income for the year (net of tax)	4.96	0.97	411.34
Total comprehensive income for the year	**251.20**	**238.30**	**5.41**

Income

Our total income increased by 15.49% to ₹4,459.09 crore for Fiscal 2021 from ₹3,860.99 crore for Fiscal 2020, primarily due to increases in revenue from manufacturing and turnkey project related activities.

Revenue from Operations. Our revenue from operations increased by 15.21% to ₹4,422.96 crore for Fiscal 2021 from ₹3,838.91 crore for Fiscal 2020. The increase in revenue from operations was principally due to increases in product revenue on account of sales of telecom products and different types of OFC cables and passive connectivity solutions. During the same period, revenue from turnkey projects also increased due to timely execution of defence contracts in the second half of Fiscal 2021.

Other income. Our other income increased by 63.63% to ₹36.13 crore for Fiscal 2021 from ₹22.08 crore for Fiscal 2020, primarily due to an increase in exchange fluctuation income.

Expenses

Cost of material consumed, other direct costs, purchases of stock-in-trade & changes in inventory of finished goods, work-in-progress and stock-in-trade. Our cost of material consumed, other direct costs, purchases of stock-in-trade & changes in inventory of finished goods, work-in-progress and stock-in-trade (in aggregate) increased by 16.01% to ₹3,403.92 crore for Fiscal 2021 from ₹2,934.26 crore for Fiscal 2020, which was in line with our increase in revenue.

Employee benefits expenses. Employee benefits expenses increased by 12.71% to ₹252.85 crore for Fiscal 2021 from ₹224.34 crore for Fiscal 2020. This increase was primarily due to an increase in salary, bonus & allowances, and staff welfare expenses on account of new hirings for our Fibre facility at Hyderabad and R&D resources.

Finance costs. Our finance costs increased by 53.36% to ₹176.09 crore for Fiscal 2021 from ₹114.82 crore for Fiscal 2020. This increase in finance costs was primarily due to an increase in bank loan interest on account of a new term loan for our Fibre facility at Hyderabad, higher utilisation of available funded facilities and general increase in bank charges & loan processing fees.

Depreciation, impairment and amortization expense. Our depreciation, impairment and amortization expense increased by 63.60% to ₹68.63 crore for Fiscal 2021 from ₹41.95 crore for Fiscal 2020, primarily due to various expansion programs at our manufacturing locations, particularly our Hyderabad facilities.

Other expenses. Our other expenses increased by 16.32% to ₹216.61 crore for Fiscal 2021 from ₹186.22 crore for Fiscal 2020, primarily due to our overall business and revenue growth.

Tax expenses. Our total tax expenses decreased by 25.12% to ₹90.62 crore for Fiscal 2021 from ₹121.02 crore for Fiscal 2020. Our tax expenses for Fiscal 2021 comprised a current tax expense of ₹86.13 crore and a deferred tax charge of ₹4.49 crore, while our tax expenses for Fiscal 2020 comprised a current tax expense of ₹53.58 crore and a deferred tax charge of ₹67.44 crore. Our effective tax rate for Fiscal 2021 and Fiscal 2020 was 26.90% and 33.77%, respectively. Our effective tax rate for Fiscal 2021 was lower than the effective tax rate for Fiscal 2020 on account of adoption of lower Tax regime from FY 21 onwards.

Profit for the year. Our profit for the year increased by 3.75% to ₹246.24 crore for Fiscal 2021 from ₹237.33 crore for Fiscal 2020.

Other comprehensive income for the year (net of tax). We recorded other comprehensive income for the year (net of tax) of ₹4.96 crore in Fiscal 2021 as compared to ₹0.97 crore in Fiscal 2020.

In Fiscal 2021, other comprehensive income consisted of a re-measurement of defined benefit plan of ₹3.80 crore and an increase in fair value of various equity investments of ₹2.56 crore, which was partially offset by income tax paid on the recorded re-measurement of defined benefit plan of ₹(0.95) crore and a loss on translation of foreign operation of ₹(0.45) crore.

In Fiscal 2020, other comprehensive income consisted of a re-measurement of defined benefit plan of ₹1.75 crore and an increase in fair value of various equity investments of ₹0.09 crore, which was partially offset by income tax paid on the recorded re-measurement of defined benefit plan of ₹(0.79) crore and a loss on translation of foreign operation of ₹(0.08) crore.

Total comprehensive income for the year. As a result of the foregoing, our total comprehensive income for the year increased by 5.41% to ₹251.20 crore for Fiscal 2021 from ₹238.30 crore for Fiscal 2020.

Results of operations for Fiscal 2020 compared to Fiscal 2019

(₹ in crore, except percentages)

	Fiscal 2020	Fiscal 2019	Change (%)
Income:			
Revenue from operations	3,838.91	4,737.79	(18.97)
Other income	22.08	42.74	(48.34)
Total Income	**3,860.99**	**4,780.53**	**(19.24)**
Expenses:			
Cost of materials consumed	521.77	947.27	(44.92)
Other direct costs	1,625.08	1,581.95	2.73
Purchases of stock-in-trade	881.62	1,416.56	(37.76)
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(94.21)	(7.92)	1,091.02
Employee benefits expenses	224.34	199.76	12.30
Finance costs	114.82	91.87	24.99
Depreciation, impairment and amortization expense	41.95	26.97	55.54
Other expenses	186.22	184.69	0.83
Total Expenses	**3,501.59**	**4,441.15**	**(21.16)**
Profit before share of profit / (loss) of joint venture, exception items and income tax	**359.40**	**339.38**	**5.90**
Share of profit / (loss) of joint venture	(1.05)	(0.09)	1,066.67
Profit / (loss) before exception items and income tax	**358.35**	**339.29**	**5.62**
Exceptional item	-	-	-
Tax expenses:			

	Fiscal 2020	Fiscal 2019	Change (%)
Current tax	53.58	65.41	(18.09)
Deferred tax	67.44	41.62	62.04
Total tax expense	**121.02**	**107.03**	**13.07**
Profit for the year	**237.33**	**232.26**	**2.18**
Other comprehensive income for the year (net of tax)	0.97	4.54	(78.59)
Total comprehensive income for the year	**238.30**	**236.80**	**0.64**

Income

Our total income decreased by 19.24% to ₹3,860.99 crore for Fiscal 2020 from ₹4,780.53 crore for Fiscal 2019, primarily due to a decrease in our revenue from operations.

Revenue from Operations. Our revenue from operations decreased by 18.97% to ₹3,838.91 crore for Fiscal 2020 from ₹4,737.79 crore for Fiscal 2019, primarily due to (i) a fall in the prices of optic fibre leading to a fall in cable prices in absolute terms, (ii) execution deferment of some of the projects from the fourth quarter of Fiscal 2020 to next financial year, and (iii) supply chain disruptions and lockdown imposed during March 2020 as a result of COVID-19.

Other income. Our other income decreased by 48.34% to ₹22.08 crore for Fiscal 2020 from ₹42.74 crore for Fiscal 2019, on account of the recovery of liquidity damages in turnkey projects during Fiscal 2019, which were earlier provided for in our financial statements.

Expenses

Cost of material consumed, other direct costs, purchases of stock-in-trade & changes in inventory of finished goods, work-in-progress and stock-in-trade. Our cost of material consumed, other direct costs, purchases of stock-in-trade & changes in inventory of finished goods, work-in-progress and stock-in-trade (in aggregate) decreased by 25.49% to ₹2,934.26 crore for Fiscal 2020 from ₹3,937.86 crore for Fiscal 2019 primarily due to a decrease in revenue.

Employee benefits expenses. Employee benefits expenses increased by 12.30% to ₹224.34 crore for Fiscal 2020 from ₹199.76 crore for Fiscal 2019. This increase was primarily due to an increase in salary, bonus & allowances, staff welfare expenses and share based payment to employees attributable to normal annual increments and the hiring of additional manpower in Fiscal 2020 for a new turnkey project, which kicked off in the first quarter of Fiscal 2021.

Finance costs. Our finance costs increased by 24.99% to ₹114.82 crore for Fiscal 2020 from ₹91.87 crore for Fiscal 2019, primarily due to an increase in bank loan interest on account of new working capital facilities sanctioned to the Company, as well as one of its subsidiaries, interest on lease liabilities and general increase in bank charges & loan processing fees.

Depreciation, impairment and amortization expense. Our depreciation, impairment and amortization expense increased by 55.54% to ₹41.95 crore for Fiscal 2020 from ₹26.97 crore for Fiscal 2019, on account of an increase in depreciation of leased assets and additional depreciation on our Hyderabad, Telangana facility, which commenced production of optical fibre in January 2020.

Other expenses. Our other expenses increased by 0.83% to ₹186.22 crore for Fiscal 2020 from ₹184.69 crore for Fiscal 2019.

Tax expenses. Our total tax expenses increased by 13.07% to ₹121.02 crore for Fiscal 2020 from ₹107.03 crore for Fiscal 2019. Our tax expenses for Fiscal 2020 comprised a current tax expense of ₹53.58 crore and a deferred tax charge of ₹67.44 crore, while our tax expenses for Fiscal 2019 comprised a current tax expense of ₹65.41 crore and a deferred tax charge of ₹41.62 crore. Our effective tax rate was 33.77% and 31.55% for Fiscal 2020 and Fiscal 2019, respectively.

Profit for the year. Our profit for the year increased by 2.18% to ₹237.33 crore for Fiscal 2020 from ₹232.26 crore for Fiscal 2019.

In Fiscal 2020, other comprehensive income consisted of a re-measurement of defined benefit plan of ₹1.75 crore and an increase in fair value of various equity investments of ₹0.09 crore, which was partially offset by income tax paid on the recorded re-measurement of defined benefit plan of ₹(0.79) crore and a loss on translation of foreign operation of ₹(0.08) crore.

In Fiscal 2019, other comprehensive income consisted of a re-measurement of defined benefit plan of ₹0.47 crore and an increase in fair value of various equity investments of ₹4.46 crore, which was partially offset by income tax paid on the recorded re-measurement of defined benefit plan of ₹(0.36) crore and a debt instruments through OCI of ₹(0.03) crore.

Total comprehensive income for the year. As a result of the foregoing, we had a total comprehensive income for the year of ₹238.30 crore for Fiscal 2020 as compared to a total comprehensive income of ₹236.80 crore for Fiscal 2019.

Liquidity and Capital Resources

Capital Requirements

Our principal capital requirements are for payment of principal and interest on our borrowings, capital expenditure and working capital expenditure. Our principal source of funding has been and is expected to continue to be, cash generated from our operations, supplemented by borrowings from banks and financial institutions and optimization of operating working capital. For the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, we met our funding requirements, including satisfaction of debt obligations, capital expenditure, investments, other working capital requirements, payouts to shareholders and other cash outlays, principally with funds generated from operations, optimization of operating working capital with the balance met from external borrowings, borrowings from banks and fund raising by way of the issue of warrants.

For the expansion projects that we intend to undertake, we will be utilizing a portion of the funds generated from this Issue along with a mix of debt and internal accruals.

Liquidity

Our liquidity requirements arise principally from our operating activities, capital expenditures for construction of new facilities and undertaking of new projects, the repayment of borrowings and debt service obligations. Historically, our principal sources of funding have included cash from operations, short- and long-term borrowings from banks, overdraft facilities that are repayable on demand, cash and cash equivalents and equity and financing provided by our shareholders. We have also entered into various revolving credit and other working capital facilities, which provides sufficient liquidity for our requirements.

Cash Flows

The following table sets forth our cash flows for the six months ended September 30, 2021 and for the Fiscals indicated:

(₹ in crore)

	Six months ended September 30, 2021*	**Fiscal year ended March 31,**		
		2021	**2020**	**2019**
Net cash generated from in Operating Activities	440.17	56.82	172.36	33.94
Net cash (used) in Investing Activities	(78.21)	(76.94)	(166.87)	(150.33)
Net cash (used) in / generated from Financing Activities	(327.91)	24.98	(6.58)	67.36
Net increase / (decrease) in Cash and Cash Equivalents	34.05	4.86	(1.09)	(49.03)

**unaudited*

Operating Activities

Net cash generated from operating activities was ₹440.17 crore for the six months ended September 30, 2021. While our profit before taxes and exceptional items for the period was ₹239.29 crore, we had an operating profit before working capital changes of ₹126.20 crore, which was primarily due to adjustments for finance costs (net) of ₹90.21 crore and depreciation, impairment and amortization expenses of ₹35.83 crore. Our working capital changes for the six months ended September 30, 2021 primarily consisted of a decrease in trade and other receivables of ₹392.20 crore, a decrease in other financial assets of ₹102.56 crore and an increase in other current liabilities of ₹71.31 crore, which were partially offset by a decrease in trade payables of ₹(344.24) crore and an increase in other current assets of ₹(120.79) crore. Our cash generated from operating activities was ₹461.83 crore, adjusted by income taxes paid (net of refund and interest) of ₹(21.66) crore.

Net cash generated from operating activities was ₹56.82 crore for Fiscal 2021. While our profit before taxes and exceptional items was ₹336.86 crore, we had an operating profit before working capital changes of ₹249.13 crore, which was primarily due to adjustments for finance costs (net) of ₹176.09 crore and depreciation, impairment and amortization expenses of ₹68.63 crore. Our working capital changes for Fiscal 2021 primarily consisted of an increase in trade and other receivables of ₹(1,330.79) crore, which was partially offset by an increase in trade payables of ₹932.72 crore. Our cash generated from operating activities was ₹74.61 crore, adjusted by income taxes paid (net of refund and interest) of ₹(17.79) crore.

Net cash generated from operating activities was ₹172.36 crore for Fiscal 2020. While our profit before taxes and exceptional items was ₹358.35 crore, we had an operating profit before working capital changes of ₹167.49 crore, which was primarily due to adjustments for finance costs (net) of ₹114.82 crore and depreciation and amortization expenses of ₹42.85 crore. Our working capital changes for Fiscal 2020 primarily consisted of an increase in other trade and other receivables of ₹(172.33) crore, an increase in inventories of ₹(79.15) crore, an increase in other current assets of ₹(77.35) crore, an increase in other financial assets of ₹(60.62) crore and an increase in other current liabilities of ₹168.45 crore. Our cash generated from operating activities was ₹263.19 crore, adjusted by income taxes paid (net of refund and interest) of ₹(90.83) crore.

Net cash generated from operating activities was ₹ 33.94 crore for Fiscal 2019. While our profit before taxes and exceptional items was ₹339.29 crore, we had an operating profit before working capital changes of ₹138.26 crore, which was primarily due to adjustments for finance costs (net) of ₹91.86 crore and depreciation and amortization expenses of ₹26.97 crore. Our working capital changes for Fiscal 2019 primarily consisted of an increase in trade and other receivables of ₹(353.44) crore, an increase in other financial assets of ₹(189.01) crore, an increase in other current assets of ₹(98.03) crore and an increase in inventories of ₹(50.96) crore, which were partially offset by an increase in trade payables of ₹301.87 crore. Our cash used in operating activities was ₹62.41 crore, adjusted by incomes taxes paid (net of refund and interest) of ₹(28.47) crore.

Investing Activities

Net cash used in investing activities was ₹(78.21) crore for the six months ended September 30, 2021, primarily due to payments for property, plant and equipment including CWIP of ₹(65.55) crore and payments for intangible assets ₹(11.54) crore.

Net cash used in investing activities was ₹(76.94) crore for Fiscal 2021, primarily due to payments for property, plant and equipment including CWIP of ₹(97.37) crore, payment for acquisition of subsidiaries & other investments of ₹(13.03) crore and payments for intangible assets ₹(8.70) crore, which were partially offset by the receipt of proceeds from the sale of investment of ₹33.13 crore.

Net cash used in investing activities was ₹(166.87) crore for Fiscal 2020, primarily comprising payments for property, plant and equipment including CWIP of ₹(155.66) crore and payments for intangible assets ₹(12.22) crore.

Net cash used in investing activities was ₹(150.33) crore for Fiscal 2019, primarily comprising payments for property, plant and equipment including CWIP of ₹(155.11) crore and payments for intangible assets ₹(21.95) crore, which were partially offset by interest received of ₹26.69 crore.

Financing Activities

Net cash used in financing activities was ₹(327.91) crore for the six months ended September 30, 2021, primarily comprising the repayment of borrowings of ₹(287.76) crore and payment of finance costs of ₹(88.02) crore, which was partially offset by the proceeds from borrowings of ₹51.25 crore.

Net cash generated from financing activities was ₹24.98 crore for Fiscal 2021, primarily comprising proceeds from borrowings of ₹280.95 crore, which was partially offset by the payment of finance costs of ₹(174.38) crore and the repayment of borrowings of ₹(73.83) crore.

Net cash used in financing activities was ₹(6.58) crore for Fiscal 2020, primarily comprising the proceeds from borrowings of ₹181.45 crore and proceeds from the issue of warrants of ₹7.50 crore, which was offset by finance costs of ₹(111.34) crore and repayment of borrowings of ₹(61.62) crore.

Net cash generated from financing activities was ₹67.36 crore for Fiscal 2019, primarily comprising of proceeds from borrowings of ₹235.12 crore and proceeds from the issue of warrants of ₹46.50 crore, which was partially offset by payment of finance costs of ₹(91.34) crore, a redemption of preference shares of ₹(60.38) crore and repayment of borrowings of ₹(53.68) crore.

Financial Indebtedness

The following table sets forth our secured and unsecured debt position as of September 30, 2021 and March 31, 2021.

(₹ in crore)

Indebtedness	As of September 30, 2021*	As of March 31, 2021
Short Term		
- **Secured Borrowings, comprising of:**		
- Loans repayable on demand	303.04	442.45
- Bank term loans (current maturity)	38.21	79.99
- vehicle loans (current maturity)	0.33	1.21
- **Unsecured Borrowings**	170.16	145.19
Long Term		
- **Secured Borrowings, comprising of:**		
- Bank term loans	137.41	127.85
- Bank vehicle loans	1.09	1.10
- Other Vehicle loans	0.04	0.04
- **Unsecured Borrowing****	33.39	121.79
Total Indebtedness	**683.67**	**919.62**

**Unaudited*

***As referred in Note 56 of the Consolidated Financial Statements of the Company for Fiscal 2021 regarding loan from Government of India taken by HTL Ltd, the Subsidiary Company (HTL Limited) has proposed a rights issue of equity shares to the Government of India which is proposed to be funded by way of conversion of the outstanding loan along with the interest due to the Government of India.*

Capital and Other Commitments

As of March 31, 2021, our estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) was ₹78.68 crore. As of such date, we had uncalled capital commitments pertaining to investments in the amount of ₹23.50 crore.

Capital Expenditure

Capital expenditures consist primarily of investments in new manufacturing facilities and equipment. We also make investments at our manufacturing facilities to add new technologies, modernize facilities and expand our product lines. Capital expenditure will vary from year to year depending upon a number of factors, including the need to replace equipment and the timing of certain projects, such as investment in new technologies. The

following table summarizes our capital expenditure for the six months ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019:

(₹ in crore)

Particulars	For the six months ended September 30, 2021*	For the year ended March 31,		
		2021	2020	2019
Tangible Assets	15.38	84.56	119.75	88.70
Intangible Assets	11.54	8.70	12.22	21.95
Work in Progress	50.17	12.81	35.91	66.41
Total Capital Expenditure	**77.09**	**106.07**	**167.88**	**177.06**

***** *Unaudited*

For the six months ended September 30, 2021, we added fixed assets of property, plant and equipment of ₹65.6 crore, primarily for buildings of ₹8.0 crore, plant and machinery of ₹53.1 crore, and electrical installation of ₹2.1 crore; and intangible assets of ₹11.5 crore, primarily for the purchase of software and development of in-house products. For Fiscal 2021, we added fixed assets of property, plant and equipment of ₹97.4 crore, primarily for buildings of ₹21.0 crore, plant and machinery of ₹54.6 crore, and electrical installation of ₹2.3 crore; and intangible assets of ₹8.7 crore, primarily for the purchase of software and development of in-house products. For Fiscal 2020, we added fixed assets of property, plant and equipment of ₹155.7 crore, primarily for buildings of ₹34.8 crore, plant and machinery of ₹111.5 crore and electrical installation of ₹17.0 crore; and intangible assets of ₹12.2 crore, primarily for the purchase of software and development of in-house products. For Fiscal 2019, we added fixed assets of property, plant and equipment of ₹155.1 crore, primarily for buildings of ₹39.3 crore, plant and machinery of ₹86.9 crore and electrical installation of ₹3.5 crore; and intangible assets of ₹22.0 crore, primarily for the purchase of software and development of in-house products.

Contingent Liabilities

The following table sets forth certain information relating to our contingent liabilities and claims against us, to the extent provided for, as of March 31, 2021, as determined in accordance with Ind AS 37:

Particulars		Amount (*₹ in crore*)
(i)	Unexpired Letters of Credit	371.44
(ii)	Guarantees given by banks on behalf of the Group	805.57
(iii)	Claims against the Group towards sales tax, income tax and others in dispute not acknowledged as debt	64.79
(iv)	Custom Duty against import under EPCG Scheme	4.60
TOTAL		**1,246.40**

For details, see *"Financial Statements – Notes to Consolidated Financial Information – Note 47 – Commitments and Contingencies"* on page 307.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, see "*Related Party Transactions*" on page 89.

Quantitative and Qualitative Analysis of Market Risks

Our Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, lease liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance our Company's operations and to provide guarantees to support its operations. Our Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

Our Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. Our Company's management has the overall responsibility for the establishment and oversight of the Company's risk management framework. Our Company has constituted a Risk Management Committee, which is responsible for developing and monitoring our Company's risk management policies. Our Company's risk management policies are established to identify and analyse the risks faced by our 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 our Company's activities. For further information on our financial instruments, see "*Financial Statements – Notes to Consolidated Financial Information – Note 57.2*" on page 312.

The following is an explanation of the sources of risks to which we are exposed and how we manage these risks:

Liquidity risk

Liquidity risk is the risk that we will face in meeting our obligations associated with our financial liabilities. Our Company's approach to managing liquidity is to ensure that we will have sufficient funds to meet our 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 our Company's financial liabilities based on contractually agreed undiscounted cash flows as at the indicated date.

(₹ in crore)

Particulars	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2021				
(i) Trade payables	1,747.96	1,747.96	-	**1,747.96**
(ii) Retention Money	272.38	272.38	-	**272.38**
(iii) Other liabilities	1,075.66	806.42	269.25	**1,075.67**
As at March 31, 2020				
(i) Trade payables	815.24	815.24	-	**815.24**
(ii) Retention Money	310.61	310.61	-	**310.61**
(iii) Other liabilities	907.00	689.13	217.87	**907.00**
As at March 31, 2019				
(i) Trade payables	864.50	864.50	-	**864.50**
(ii) Retention Money	141.10	141.10	-	**141.10**
(iii) Other liabilities	654.01	517.42	136.59	**654.01**

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, FVTPL & FVTOCI investments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2021, 31 March 2020 and 31 March 2019.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
Price Risk		
Our 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, our Company Group diversifies our 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.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
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: • March 31, 2021 would increase / decrease by ₹4.06 crore; • March 31, 2020 would increase / decrease by ₹5.82 crore; • March 31, 2019 would increase / decrease by ₹5.17 crore, as a result of the change in fair value of equity investment measured at FVTOCI & FVTPL."
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. Our Company's exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates.	In order to manage our interest rate risk, our 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, our 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 • ₹2.30 crore loss for year ended March 31, 2021; • ₹1.78 crore loss for year ended March 31, 2020; and • ₹1.48 crore loss for year ended March 31, 2019.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Our 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 our established policy, procedures and control relating to customer credit risk management. To manage trade receivable, we periodically assess the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 15 to the Audited Consolidated Financial Statements. We do not hold collateral as security. We evaluate the concentration of risk with respect to trade receivables as low, as our 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 our 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 our 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 our 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 indicated reporting period:

(₹ in crore)

Particulars	Expected Loss Provision		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Debt	920.00	711.66	590.31
Less: Cash and Cash equivalents	(21.30)	(16.45)	(17.53)
Net Debt	**898.70**	**695.21**	**572.78**
Total Equity	1,923.47	1,668.39	1,431.71
Net Debt to Total Equity	**0.47**	**0.42**	**0.40**

Foreign Currency Exposure

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:

Details of outstanding Hedging Contracts relating to Foreign Letters of Credit

(₹ in crore)

Particulars	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount in foreign currency	Equivalent in ₹	Amount in foreign currency	Equivalent in ₹	Amount in foreign currency	Equivalent in ₹
US Dollars / INR	$ 6,648,136	49.58	$641,164	4.91	$ 2,295,620	16.07

Foreign Currency Exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

(₹ in crore)

Particulars		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
		Amount in foreign currency	Equivalent in ₹	Amount in foreign currency	Equivalent in ₹	Amount in foreign currency	Equivalent in ₹
Trade Payable	USD/INR	62,223,688	455.37	30,636,105	234.12	40,104,856	280.69
	GBP/INR	776,485	7.84	760,190	6.95	-	-
	JPY/INR	-	-	34,776,000	2.49		
	EUR/INR	816,532	7.02	409,748	3.47	1,200,267	9.46
Trade Receivable	USD/INR	6,385,310	46.73	2,783,232	20.70	1,594,058	10.78
	EUR/INR	-	-	286,942	2.34	244,066	1.85
	GBP/INR	420,321	4.24	219,655	2.01	202,417	1.78
	AED/INR	10,909,213	21.73	-	-		

Foreign currency sensitivity analysis

The following details 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)

Particulars	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	INR strengthens by 5%	INR weakening by 5%	INR strengthens by 5%	INR weakening by 5%	INR strengthens by 5%	INR weakening by 5%
USD Impact	20.43	(20.43)	10.67	(10.67)	13.48	(13.48)
EURO Impact	0.35	(0.35)	0.06	(0.06)	0.38	(0.38)
GBP Impact	0.18	(0.18)	0.25	(0.25)	0.09	(0.09)
JPY Impact	-	-	0.12	(0.12)	-	-
AED Impact	(1.09)	1.09	-	-	-	-

Unusual or Infrequent Events or Transactions

Except as described in this Placement Document, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Reservations, Qualifications or adverse remarks

a. As at and for the year ended 31 March 2017

Qualification - As per Audit Report issued by Khandelwal Jain & Co. [Firm Reg. No. 105049W] on audited financial statements for FY 2016-17:

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

b. As at and for the year ended 31 March 2018, 2019, 2020 & 2021: Nil

Emphasis of Matter

a. As at and for the year ended 31 March 2017

As per Audit Report issued by Khandelwal Jain & Co. [Firm Reg. No. 105049W] on audited financial statements for FY 2016-17:

In the case of the subsidiary, HTL Ltd., as mentioned in Note No. 61(i) in the Notes forming part of consolidated financial statements, the subsidiary has accumulated losses of ₹ 1,146,937,789 as at March 31, 2017, resulting in negative net worth of ₹ 996,937,789. The company's current liabilities exceed its current assets by ₹ 361,916,341 as of that date. Further, the company has overdue loans from Government of India amounting to ₹ 62,420,000 together with interest accrued and due thereon of ₹ 271,587,511. These factors raise doubts that the company will not be able to continue as a going concern. The company has set up a plant to manufacture Optical Fiber Cables and Fiber-to-home cables. During the year, the company has achieved Sales Turnover of ₹ 2,014,406,627 as compared to previous year ₹ 306,375,920. In view of the above, the financial statements have been prepared on a going concern basis. Our report is not qualified in respect of this matter.

b. As at and for the year ended 31 March 2018

In the case of the subsidiary, HTL Ltd., as mentioned in note 54 to consolidated Ind AS financial statements, the

Auditor of the subsidiary company has drawn attention that:

(i) The subsidiary company has accumulated losses of ₹ 100.18 crore as at 31st March, 2018, resulting in negative net worth of ₹ 85.18 crore. Based on this factor, auditor of the subsidiary company has raised doubt whether the subsidiary company will be able to continue as a going concern. The subsidiary company has set up a plant to manufacture optical fibre cables and Fiber-to-home cables and is in the process of infusion of funds. During the year, the subsidiary company has achieved Turnover of ₹ 282.33 crore as compared to previous year's ₹ 201.44 crore. In view of the above, the financial statements have been prepared on a going concern basis. The report of auditor of the subsidiary company is not qualified in respect of this matter.

(ii) ₹ 347 lacs is receivable from Department of Telecommunications ("**DoT**") by the subsidiary company due to pre-closure of electronic tele-printer ("**ETP**") project and that DoT vide letter No. U-37012-3/97-FAC dated 02.12.2003 has conveyed the decision of the competent authorities to adjust the said amount against the interest portion of the outstanding loan of Government of India ("**GOI**"). Pending the reworking and reconciliation of total interest payable and in view of the management provisions already made being adequate, no further provision of interest has been made by the subsidiary company on GOI loan during the year. The report of auditor of the subsidiary company is not qualified in respect of this matter.

c. As at and for the year ended 31 March 2019: Nil

d. As at and for the year ended 31 March 2020

We draw attention to Note 41 of the consolidated financial statements which describes management's assessment of the impact of the outbreak of COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period. Our opinion is not modified in respect of this matter

e. As at and for the year ended 31 March 2021

We draw attention to Note 40 of the consolidated financial statements which describes management's assessment of the impact of the COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period. Our opinion is not modified in respect of this matter.

We have noted this emphasis matter. For further information on COVID-19, see "*Risk Factors- The impact of the COVID-19 pandemic is uncertain and still evolving, and could adversely affect our business, results of operations and financial condition." on page 47.*

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Significant Factors Affecting our Results of Operations*" above and the uncertainties described in "*Risk Factors*" on page 44. To our knowledge, except as disclosed in this Placement Document, there are no known trends or uncertainties that have had, or are expected to have, a material impact on our business or results of operations.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 44, 124 and 143, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

New Products or Business Segments

Other than as disclosed in this section and in "*Our Business*" on page 124, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Dependence on a Few Customers or Suppliers

Other than as described in "*Our Business - Customers*", "*Risk Factors – We are dependent on and derive a substantial portion of our revenue from a limited number of Government Customers (as defined below) and exposes us to risks inherent in doing business with them, which may adversely affect our business, results of operations and financial condition*" and "*Significant Factors Affecting our Results of Operations*" above on pages 135, 49 and 144, respectively, we do not have any material dependence on any single or a few customers or suppliers.

Seasonality of Business

Our business is not seasonal in nature.

Competitive Conditions

We operate in a competitive environment. Please refer to "*Our Business*", "*Industry Overview*", "*Risk Factors*" and "*Significant Factors Affecting our Results of Operations*" above on pages 124, 91, 44 and 144, respectively, for further information on our industry and competition.

Significant developments subsequent to September 30, 2021

Except as set out in this Placement Document, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Placement Document which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

ORGANISATIONAL STRUCTURE

Corporate History

Our Company was originally incorporated as 'Himachal Futuristic Communications Limited' as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated on May 11, 1987 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh at Jalandhar. Our Company commenced business on July 13, 1987 pursuant to a certificate of commencement of business issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Subsequently, the name of our Company was changed to 'HFCL Limited' pursuant to a certificate of incorporation pursuant to change of name dated October 1, 2019 issued by the Registrar of Companies, Himachal Pradesh. The CIN of our Company is L64200HP1987PLC007466. The Registered Office of our Company is situated at 8, Electronics Complex, Chambaghat, Solan – 173213, Himachal Pradesh, India.

Changes in Registered Office

There has been no change in the registered office of our Company since incorporation.

Our Subsidiaries

As on the date of this Placement Document, our Company has nine Subsidiaries as below:

Indian Subsidiaries

1. DragonWave HFCL India Private Limited;
2. HFCL Advance Systems Private Limited;
3. HFCL Technologies Private Limited;
4. HTL Limited;
5. Moneta Finance Private Limited;
6. Polixel Security Systems Private Limited; and
7. Raddef Private Limited.

Foreign Subsidiaries

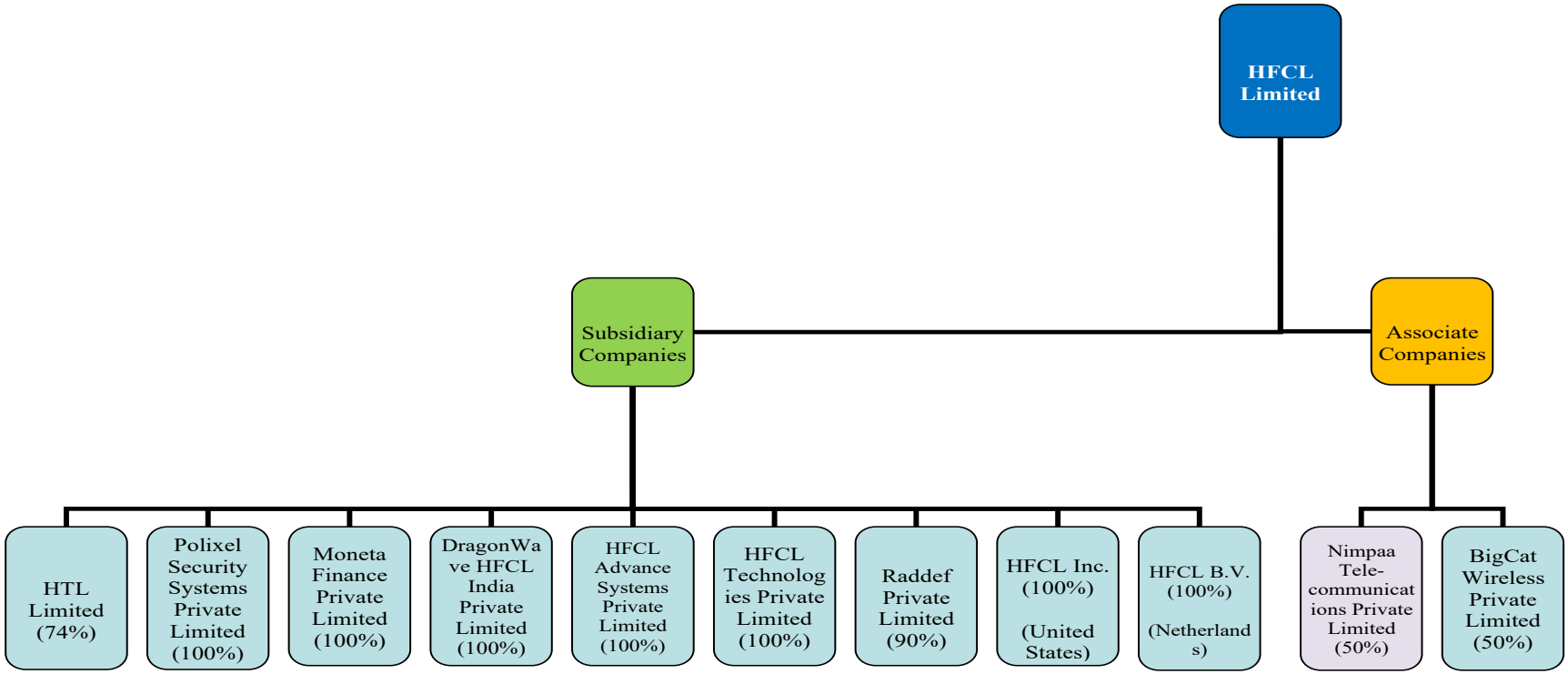
1. HFCL B.V.; and
2. HFCL Inc.

HFCL B.V., a private limited company registered in Amsterdam, the Netherlands and HFCL Inc., a company registered in the state of Texas, in the United States of America, were incorporated by the Company in FY 2022.

Our Associates

As on the date of this Placement Document, our Company has two associate companies namely, Nimpaa Telecommunications Private Limited and BigCat Wireless Private Limited.

The organisational structure of our Company as on the date of this Placement Document is as follows:



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board of Directors is governed by the provisions of the Companies Act, 2013, the SEBI Listing Regulations and the Articles of Association of our Company. The Articles of Association of our Company provide that the number of Directors in our Company shall not be less than three Directors and not more than fourteen Directors, unless otherwise determined by the Company in a general meeting.

As on the date of this Placement Document, our Company has eight Directors, which includes a Managing Director, three Non-Executive Directors and four Independent Directors (including a woman Independent Director).

The following table sets forth details regarding the Board as on the date of this Placement Document:

Sr. No.	Name, address, occupation, term, designation and DIN	Age (in years)	Designation
1.	**Mahendra Nahata** ***Address:*** W-48, Greater Kailash, Part-II, New Delhi – 110 048, Delhi, India ***Occupation***: Business ***Term:*** For a period of three years, with effect from October 1, 2021 to September 30, 2024 ***DIN:*** 00052898	62	Managing Director
2.	**Arvind Kharabanda** ***Address*:** E-171, East of Kailash, New Delhi – 110 065, Delhi, India ***Occupation***: Professional ***Term:*** Liable to retire by rotation ***DIN:*** 00052270	74	Non-Executive Director
3.	**Ranjeet Mal Kastia** ***Address:*** A-147, First Floor, New Friends Colony, New Delhi – 110 025, Delhi, India ***Occupation*:** Professional ***Term*:** Liable to retire by rotation ***DIN*:** 00053059	80	Non-Executive Director
4.	**Surendra Singh Sirohi** ***Address:*** D-249, Third Floor, Defence Colony, New Delhi – 110 024, Delhi, India ***Occupation:*** Professional ***Term:*** For a period of three years, with effect from August 27, 2021 to August 26, 2024 ***DIN:*** 07595264	66	Independent Director
5.	**Tamali Sen Gupta** ***Address:*** J-1957, Chittaranjan Park, New Delhi – 110 019, Delhi, India	59	Independent Director

Sr. No.	Name, address, occupation, term, designation and DIN	Age (in years)	Designation
	Occupation: Advocate ***Term:*** For a period of three years, with effect from December 24, 2018 to December 23, 2021. Further term for a period of three years, with effect from December 24, 2021 to December 23, 2024, approved at the annual general meeting held on September 30, 2021 ***DIN:*** 00358658		
6.	**Bharat Pal Singh** ***Address:*** 1102/1103, 11th Floor, Daffodils, Neelkanth Gardens, Near Govandi station, Govandi East, Mumbai – 400 088, Maharashtra, India **Occupation:** Retired ***Term:*** For a period of three years, with effect from January 21, 2020 to January 20, 2023 ***DIN:*** 00739712	69	Independent Director
7.	**Ajai Kumar** ***Address:*** C-2601, Ashok Tower, Dr. S. S. Rao Marg, Opposite Mahatma Gandhi Hospital, Parel East, Mumbai – 400 012, Maharashtra, India **Occupation:** Professional ***Term:*** For a period of three years, with effect from November 25, 2021 to November 24, 2024* ***DIN:*** 02446976	68	Additional Independent Director
8.	**Ramakrishna Eda** ***Address:*** F51, Maker Kundan Garden, Juhu Road, Santacruz West, Mumbai – 400 049, Maharashtra, India ***Occupation***: Service ***Term:*** Liable to retire by rotation ***DIN:*** 07677647	49	Nominee Director

*****_The appointment and term of the director is subject to approval by our shareholders in the next general meeting of our Company._

Brief profiles of our Directors

Mahendra Nahata is the Managing Director and Promoter of our Company. He has been associated with our Company since incorporation. He is also on the board of various companies including Reliance Jio Infocomm Limited, HTL Limited, HFCL Technologies Private Limited, HFCL Advance Systems Private Limited and MN Ventures Private Limited.

Arvind Kharabanda is a Non-Executive Director of our Company. He has been associated with our Company since October 10, 2004. He is also on the board of various companies including Indiasign Private Limited, My Box Technologies Private Limited and HFCL Advance Systems Private Limited.

Ranjeet Mal Kastia is a Non-executive Director of our Company. He has been associated with our Company since February 7, 1996. He is currently on the board of various companies including Moneta Finance Private Limited, Cosmic Associates Private Limited and HTL Limited.

Surendra Singh Sirohi is an Independent Director on the Board of our Company. He has been associated with our Company since August 27, 2018.

Tamali Sen Gupta is an Independent Director of our Company. She has been associated with our Company since December 24, 2018. She is also the proprietor of T. Sen Gupta and Associates, a corporate law firm. She is also on the board of various companies including TSG Legal Consulting Private Limited and Aria Hotels and Consultancy Private limited.

Bharat Pal Singh is an Independent Director of our Company. He has been associated with our Company since January 21, 2020.

Ajai Kumar is an Additional Independent Director of our Company. He has been associated with our Company since November 25, 2021. He is also on the board of various companies including Nuclear Power Corporation of India Limited, Indiabulls General Insurance Limited, Adani Krishnapatnam Port Limited, Indiabulls Asset Management Company Limited, Can Fin Homes Limited.

Ramakrishna Eda is a Nominee Director of our Company. He has been associated with our Company since February 22, 2021. He is also on the board of Jaiprakash Power Ventures Limited.

Terms of appointment of our Managing Director

Mahendra Nahata, Managing Director

Mahendra Nahata has been associated with our Company as a Director since incorporation. Pursuant to a resolution of our Board dated July 12, 2021 and a resolution of our Shareholders dated September 30, 2021, he was re-appointed as the Managing Director of our Company with effect from October 1, 2021 for a period of three years until September 30, 2024.The following table sets forth the terms of re-appointment of Mahendra Nahata and the remuneration payable to him as the Managing Director:

Sr. No.	Category	Remuneration
1.	Salary	₹ 5 crore per annum or 2.5% of the net profits of the Company, calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher.
2.	Perquisites and allowances	₹ 1.20 crores per annum The perquisites and allowances shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family dependants; medical insurance and such other perquisites and/or allowances. Further, he shall be eligible for the following perquisites which shall not be included in the computation of the ceiling on his overall remuneration: i. contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961; ii. gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and iii. encashment of leave at the end of his current tenure.
3.	Commission	Based on net profits calculated in accordance with applicable law, as determined by the Board and/or the Nomination, Remuneration and Compensation Committee
4.	Others	Reimbursement of expenses incurred for travelling, boarding and lodging including for his spouse and attendant(s) during business trips, provision of cars for use on the Company's business, telephone expenses at the residence and club memberships shall be reimbursed and not considered as the perquisites.

Sitting fees and commission to Independent Directors

Pursuant to the resolution of the Board dated May 15, 2019, our Non-Executive Directors and Independent Directors are entitled to receive a sitting fee of ₹ 50,000 for attending each meeting of our Board and/or its committees. Further, pursuant to the approval granted by our Shareholders at the meeting dated September 28, 2019, our Non-Executive Directors and Independent Directors may be paid commission from Fiscal 2019 to Fiscal

2022 along with reimbursement of expenses, as permitted under the Companies Act, 2013 and the SEBI Listing Regulations.

Remuneration of Directors

Executive Director:

The table below sets forth the details of the remuneration paid to our Managing Director for the six months ended September 30, 2021 and the last three Fiscals:

(*in* ₹ *crores*)

Name	As on September 30, 2021*	Fiscal 2021	Fiscal 2020	Fiscal 2019
Mahendra Nahata	3.10	5.78	6.80	8.80

** From April 1, 2021 to September 30, 2021.*

Independent Directors and Non-Executive Directors:

The table below sets forth the details of directors' fees and commission paid to our Independent Directors and Non-Executive Directors for the six months ended September 30, 2021 and the last three Fiscals:

(*in* ₹ *crores*)

Name	As on September 30, 2021*	Fiscal 2021	Fiscal 2020	Fiscal 2019
Arvind Kharabanda	0.06	0.13	0.07	0.07
Ranjeet Mal Kastia	0.04	0.06	0.05	0.06
Surendra Singh Sirohi	0.05	0.09	0.07	0.03
Tamali Sen Gupta	0.04	0.07	0.07	0.01
Bharat Pal Singh	0.05	0.08	NA**	NA**
Ramakrishna Eda	0.02	NA[#]	NA[#]	NA[#]
Mahendra Pratap Shukla***	*Negligible*^	0.05	0.05	0.07
Ajai Kumar	NA[##]	NA[##]	NA[##]	NA[##]

** From April 1, 2021 to September 30, 2021.*
***Bharat pal Singh was appointed on the Board of Directors on January 21, 2020.*
[#]Ramakrishna Eda was appointed on the Board of Directors on February 22, 2021.
****Deceased on May 4, 2021.*
^Mahendra Pratap Shukla was paid ₹ 50,000 for attending a board meeting dated April 5, 2021.
[##] Ajai Kumar was appointed on the Board of Directors on November 25, 2021.

Shareholding of Directors

Except as stated below, none of the Directors hold any Equity Shares in our Company as on the date of this Placement Document:

Name of Director	Number of Equity Shares held	Percentage of paid-up Equity Share capital (in %)
Mahendra Nahata	45,60,091	0.35

Relationship between our Directors

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

Borrowing powers of the Board

Our Company has, pursuant to board resolution dated October 21, 2019 and a special resolution passed by the Shareholders dated September 28, 2019, passed under Section 180(1)(c) of the Companies Act, 2013, subject to provisions of our Articles of Association and applicable laws, authorised the Committee of Directors (Banking Operation) of our Board to avail various credit facilities from banks, financial institutions, bodies corporate, non-bodies corporate, etc., from time to time, subject to the overall limit the outstanding of which should not exceed ₹ 5,000 crores, at any point of time and to create security on the assets of the Company therefore to that extent and to execute necessary agreements, and other documents in connection therewith.

Interest of Directors

Our Directors may be deemed to be interested to the extent of remuneration, fees and commission, if any, payable to them for attending Board or Board Committee meetings and commission as well as to the extent of reimbursement of expenses payable to them. Further, our Managing Director may be deemed to be interested to the extent of remuneration paid to them for services rendered by them.

Our Directors may also be regarded as interested in the Equity Shares held by them, if any, or held by or that which may be subscribed by or allotted to their relatives or the companies, firms or trusts, in which they are interested as directors, members, partners, trustees or promoters. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and any other benefits arising out of such holding.

Except as provided in "*Related Party Transactions*" on page 89, we have not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Placement Document in which any of our Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. For further details relating to contracts, agreements or arrangements entered into by our Company during the last three Fiscals, in which the Directors are interested directly or indirectly and for payments made to them in respect of such contracts, agreements or arrangements and for other interest of Directors in respect to the related party transactions, during the last three Fiscals, see "*Related Party Transactions*" on page 89.

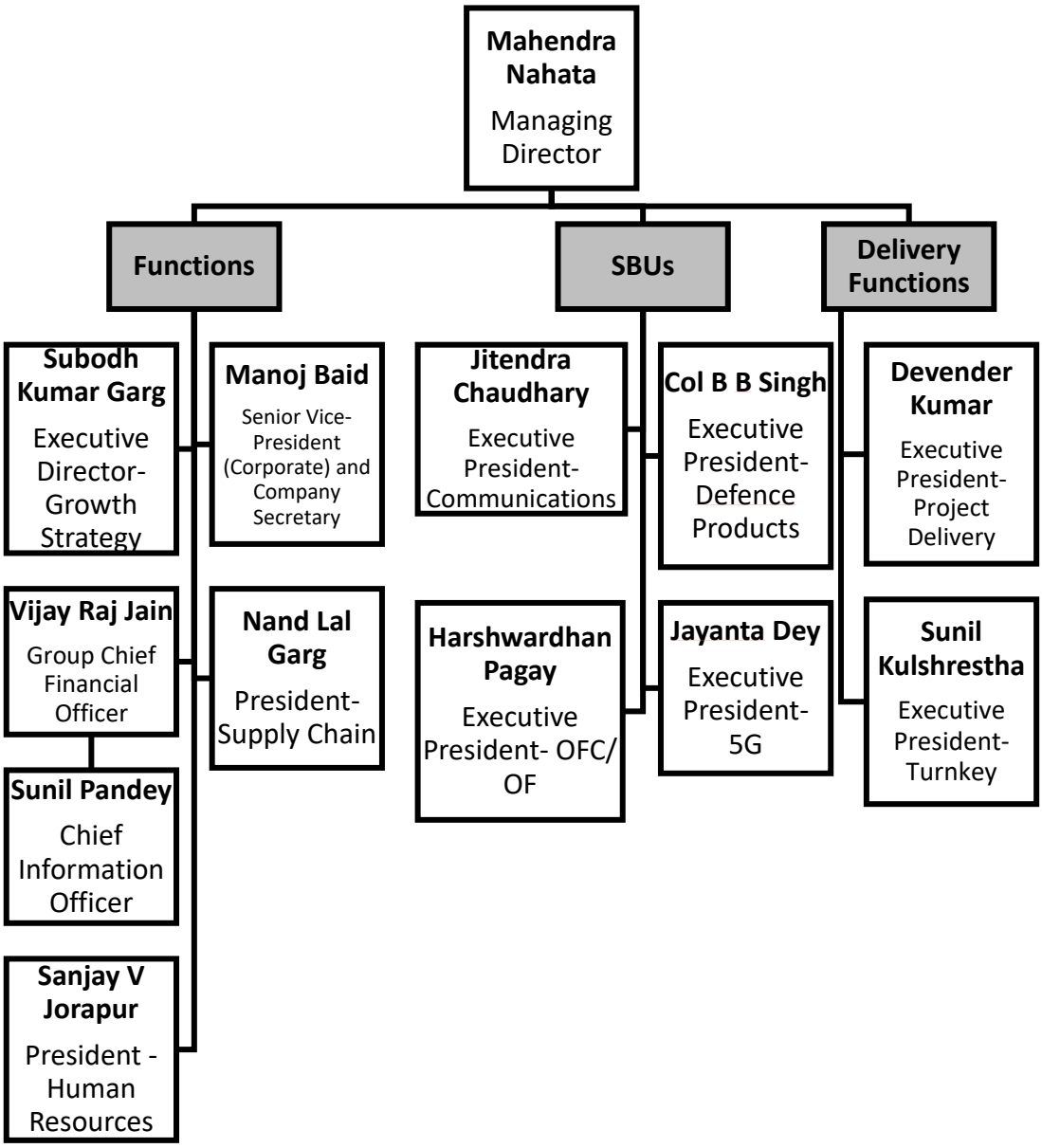
Bonus or profit-sharing plan of the Directors

Except as disclosed "*Terms of Appointment of our Managing Director*" on page 190, our Company does not have any bonus or profit-sharing plan with the Directors.

Service contracts with Directors

Our Company has not entered into any service contracts with any Director, which provide for benefits upon termination of employment.

Organisation structure



Corporate Governance

The Board of Directors presently consists of eight Directors. In compliance with the requirements of the SEBI Listing Regulations, the Board of Directors has four Independent Directors. Our Company is currently in compliance with the corporate governance requirements including the constitution of Board and committees thereof, as prescribed under the Companies Act and SEBI Listing Regulations. Our Company had received email communication on November 22, 2021 , from both BSE and NSE, for non-compliance with Regulation 17 (1) of the SEBI Listing Regulations in relation to number of independent directors on the Board during the quarter ended September 30, 2021 and levying fines for such non-compliance. Our Company has subsequently complied with the provisions of Regulation 17 (1) of the SEBI Listing Regulations by appointing one additional Independent Director with effect from November 25, 2021 (which is subject to shareholders approval) and has also paid the fines as imposed by the Stock Exchanges.

Committees of Board of Directors

The Board of Directors have constituted committees, which function in accordance with the relevant provisions of the Companies Act and the SEBI Listing Regulations. The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

Committee	Members
Audit Committee	Bharat Pal Singh *(Chairman)*, Surendra Singh Sirohi, Tamali Sen Gupta and Arvind Kharabanda
Nomination, Remuneration and Compensation Committee	Surendra Singh Sirohi, *(Chairman)* Bharat Pal Singh, and Arvind Kharabanda
Stakeholders Relationship Committee	Arvind Kharabanda *(Chairman)*, Ranjeet Mal Kastia and Tamali Sen Gupta
Corporate Social Responsibility Committee	Mahendra Nahata *(Chairman)*, Surendra Singh Sirohi and Ramakrishna Eda
Risk Management Committee	Mahendra Nahata *(Chairman)*, Arvind Kharabanda and Bharat Pal Singh

Senior Management

The following are brief biographies of our Company's Key Managerial Personnel and Senior Managerial Personnel:

Key Managerial Personnel

In addition to Mahendra Nahata, our Managing Director, whose details are set out in "- *Brief profiles of our Directors*" on page 189, the brief profiles of our other Key Managerial Personnel are given below:

Manoj Baid is the Senior Vice-President (Corporate) and Company Secretary and Compliance Officer of our company. He has been associated with our Company since May 2, 1994.

Vijay Raj Jain is the Group Chief Financial Officer of our Company. He has been associated with our Company since July 15, 2011.

Senior Managerial Personnel

Subodh Kumar Garg is the Executive Director- Growth Strategy of our Company. He has been associated with our Company since October 1, 2015.

Jitendra Singh Chaudhary is the Executive President- Communications of our Company. He has been associated with our Company since April 1, 2017.

Sunil Kumar Kulshrestha is the Executive President- Turnkey of our Company. He has been associated with our Company since January 1, 2015.

Devender Kumar is the Executive President- Project Delivery of our Company. He has been associated with our Company since May 18, 2020.

Col. B B Singh is the Executive President- Defence Products of our Company. He has been associated with our Company since September 1, 2018.

Harshwardhan Pagay is the Executive President- OFC of our Company. He has been associated with our Company since October 22, 2012.

Jayanta Dey is the Executive President- 5G of our Company. He has been associated with our Company since March 8, 2021.

Sanjay V. Jorapur is the President- Human Resources of our Company. He has been associated with our Company since August 1, 2020.

Nand Lal Garg is the President- Supply Chain of our Company. He has been associated with our Company since July 15, 2020.

Sunil Kumar Pandey is the Chief Information Officer of our Company. He has been associated with our Company since March 15, 2021.

Mahendra Nahata, Manoj Baid and Vijay Raj Jain are Key Managerial Personnel in terms of the Companies Act, 2013.

Except Subodh Kumar Garg, who is deputed on contractual basis, all our Key Managerial Personnel and Senior Managerial Personnel are permanent employees of our Company.

Relationship between Key Managerial Personnel and Senior Managerial Personnel

None of the Key Managerial Personnel and Senior Managerial Personnel of our Company are related to each other.

Bonus or profit-sharing plan of the Key Managerial Personnel and Senior Managerial Personnel

Except as disclosed in "- *Terms of Appointment of our Managing Director*" on page 190, our Company does not have any bonus or profit-sharing plan with the Key Managerial Personnel or Senior Managerial Personnel.

Service Contracts with Key Managerial Personnel and Senior Managerial Personnel

Our Key Managerial Personnel and Senior Managerial Personnel have not entered into any service contracts with our Company pursuant to which our Key Managerial Personnel and Senior Managerial Personnel are entitled to benefits upon termination / retirement of employment. Except for statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company, including Key Managerial Personnel and Senior Managerial Personnel, is entitled to any benefit upon termination of employment.

Interest of Key Managerial Personnel and Senior Managerial Personnel

The Key Managerial Personnel and Senior Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration, benefits and stock options to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependents in our Company, if any and except as disclosed above in relation to our Managing Director above and in "*Related Party Transactions*" on page 89.

Shareholding of our Key Managerial Personnel and Senior Managerial Personnel

Except as stated below, none of the Key Managerial Personnel nor the Senior Managerial Personnel hold any Equity Shares in our Company as on the date of this Placement Document:

Sr. No.	Name of Director/KMP	Number of Equity Shares held	Percentage of paid-up Equity Share capital (In %)
1.	Mahendra Nahata	45,60,091	0.35
2.	Manoj Baid	97,300	0.008
3.	Vijay Raj Jain	2,18,400	0.02
4.	Col. B B Singh	80,000	0.006
5.	Subodh Kumar Garg	70,000	0.005
6.	Sunil Kumar Kulshrestha	1,39,300	0.011

Other confirmations

1. Except as otherwise stated above in *"– Interest of our Directors*" and *"– Interest of Key Managerial Personnel and Senior Managerial Personnel",* none of the Directors, Promoters, Key Managerial Personnel or Senior Managerial Personnel of our Company has any financial or other material interest in the Issue.
2. Our Promoters, Directors and Key Managerial Personnel did not participate in the Issue.
3. Neither our Company, nor any of our Directors or Promoters have been declared as a Wilful Defaulter in the last ten years.

4. None of our Directors or Promoters have been declared as a 'fraudulent borrower' by lending banks or financial institutions or consortiums.
5. Neither our Company, nor our Directors or Promoter are currently debarred from accessing capital markets under any offence under any order or direction made by SEBI.
6. None of our Directors or Promoters have been declared as a Fugitive Economic Offender.
7. No change in control in our Company will occur consequent to the Issue.
8. No loans have been availed or extended by our Directors, Key Managerial Personnel and Senior Managerial Personnel from, or to, our Company or the Subsidiaries.
9. Except as disclosed below, as on the date of this Placement Document, there are no outstanding options granted to our Directors or Key Managerial Personnel or Senior Managerial Personnel under the HFCL Plan 2017:

Sr. No.	Name	Number of options granted but not yet vested	Number of options vested but not yet exercised
1.	Vijay Raj Jain	93,600	Nil
2.	Manoi Baid	41,700	Nil
3.	Col. B B Singh	50,700	38,300
4.	Harshwardhan Pagay	68,100	1,58,900
5.	Jitendra Singh Chaudhary	75,600	1,76,400
6.	Subodh Kumar Garg	87,000	1,33,000
7.	Sunil Kumar Kulshrestha	56,700	Nil

For details of our Company's ESOP Scheme, see "*Capital Structure – Employee Stock Option Scheme*" on page 87.

Policy on disclosures and internal procedure for prevention of insider trading

SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to formulate and implement a code of internal practices and procedures for fair disclosure of unpublished price sensitive information and a code of conduct to regulate, monitor and report trading by designated persons. Our Company is in compliance with the same and has implemented an insider trading code of conduct namely, the HFCL Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading in Securities by Designated Persons for prevention of insider trading in accordance with the SEBI Insider Trading Regulations, in terms of which, Manoj Baid, our Senior Vice President (Corporate) and Company Secretary, acts as the Compliance Officer of our Company under the aforesaid code of conduct for the prevention of insider trading.

SHAREHOLDING PATTERN OF OUR COMPANY

The following tables present information regarding the ownership of Equity Shares by the Shareholders as of September 30, 2021:

Table I - Summary Statement holding of specified securities:

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
(A) Promoters & Promoter Group	8	54,00,93,812	54,00,93,812	41.89	54,00,93,812	41.89	54,00,93,812
(B) Public	4,71,569	74,63,89,482	74,63,89,482	57.89	74,63,89,482	57.89	74,59,22,787
(C1) Shares underlying DRs	-	-	-	0.00	0.00	0.00	-
(C2) Shares held by Employee Trust	1	28,28,200	28,28,200	0.22	28,28,200	0.22	28,28,200
(C) Non-Promoter-Non-Public	1	28,28,200	28,28,200	0.22	28,28,200	0.22	28,28,200
Grand Total	**4,71,578**	**1,28,93,11,494**	**1,28,93,11,494**	**100.00**	**1,28,93,11,494**	**100.00**	**1,28,88,44,799**

Note: C=C1+C2
Grand Total=A+B+C

Table II - Statement showing shareholding pattern of our Promoters and Promoter Group:

	Category and name of the shareholder s	No. of shareholders	No. of fully paid- up equity shares held	Partly paid-up equity shared held	No. of shares underlying Depository Receipts	Total no. of shares held	Share holding % calculated as per SCRR, 1957	Number of voting rights held in each class of securities				No. of shares underlying outstanding convertible securities (as a percentage of diluted share capital	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in dematerialized form
								No. of voting rights						No.	As a % of total shares held	No.	As a % of total shares held	
								Class X	Class Y	Total	Total as a % of Total voting rights							
1	Indian	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a	Individuals/Hindu undivided Family	3	72,17,011	0	0	72,17,011	0.56	72,17,011	0	72,17,011	0.56	0	0.56	0	0	59,925	0.83	72,17,011
	Anant Nahata	1	26,45,000	0	0	26,45,000	0.21	26,45,000	0	26,45,000	0.21	0	0.21	0	0	59,925	2.27	26,45,000
	Mahendra Nahata	1	45,60,091	0	0	45,60,091	0.35	45,60,091	0	45,60,091	0.35	0	0.35	0	0	0	0	45,60,091
	Manik Lal Nahata	1	11,920	0	0	11,920	0	11,920	0	11,920	0	0	0	0	0	0	0	11,920
b	Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c	Financial Institutions/ Banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d	Any Other (specify)	5	53,28,76,801	0	0	53,28,76,801	41.33	53,28,76,801	0	53,28,76,801	41.33	0	41.33	1,50,00,000	2.81	6,03,27,262	11.32	53,28,76,801
	Bodies Corporate	5	53,28,76,801	0	0	53,28,76,801	41.33	53,28,76,801	0	53,28,76,801	41.33	0	41.33	1,50,00,000	2.81	6,03,27,262	11.32	53,28,76,801
	MN Ventures Private Limited	1	28,96,40,000	0	0	28,96,40,000	22.46	28,96,40,000	0	28,96,40,000	22.46	0	22.46	75,00,000	2.59	3,03,94,725	10.49	28,96,40,000
	NextWave Communications Private Limited	1	21,98,65,000	0	0	21,98,65,000	17.05	21,98,65,000	0	21,98,65,000	17.05	0	17.05	75,00,000	3.41	2,99,32,537	13.61	21,98,65,000
	Fitcore Tech-Solutions Pvt. Ltd.	1	2,24,00,000	0	0	2,24,00,000	1.74	2,24,00,000	0	2,24,00,000	1.74	0	1.74	0	0	0	0	2,24,00,000
	Vinsan Brothers (P) Ltd	1	6,71,600	0	0	6,71,600	0.05	6,71,600	0	6,71,600	0.05	0	0.05	0	0	0	0	6,71,600
	Shanker Sales Promotion (P) Ltd	1	3,00,201	0	0	3,00,201	0.02	3,00,201	0	3,00,201	0.02	0	0.02	0	0	0	0	3,00,201

	Category and name of the shareholder s	No. of shareholders	No. of fully paid- up equity shares held	Partly paid-up equity shared held	No. of shares underlying Depository Receipts	Total no. of shares held	Share holding % calculated as per SCRR, 1957	Number of voting rights held in each class of securities				No. of shares underlying outstanding convertible securities (as a percentage of diluted share capital	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in dematerialized form
								No. of voting rights						No.	As a % of total shares held	No.	As a % of total shares held	
								Class X	Class Y	Total	Total as a % of Total voting rights							
	Sub-Total (A)(1)	8	54,00,93,812	0	0	54,00,93,812	41.89	54,00,93,812	0	54,00,93,812	41.89	0	41.89	1,50,00,000	2.78	6,03,87,187	11.18	54,00,93,812
2	Foreign	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b	Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c	Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d	Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e	Any Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	8	54,00,93,812	0	0	54,00,93,812	41.89	54,00,93,812	0	54,00,93,812	41.89	0	41.89	1,50,00,000	2.78	6,03,87,187	11.18	54,00,93,812

Table III - Statement showing shareholding pattern of the Public shareholders:

	Category & Name of the Shareholders	Nos. of shareholder	No. of fully paid up equity share s held	Total nos. shares held	Shareholding % calculate d as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights	Total as a % of Total Voting rights	Number of equity shares held in dematerialized form
1	Institutions	0	0	0	0	0	0	0
a	Mutual Funds/	18	75,55,103	75,55,103	0.59	75,55,103	0.59	75,51,333
b	Venture Capital Funds	0	0	0	0	0	0	0
c	Alternate Investment Funds	0	0	0	0	0	0	0
d	Foreign Venture Capital Investors	0	0	0	0	0	0	0
e	Foreign Portfolio Investors	54	5,11,11,139	5,11,11,139	3.96	5,11,11,139	3.96	5,11,11,139
f	Financial Institutions/ Banks	2	2,150	2,150	0	2,150	0	1,050
g	Insurance Companies	1	5,21,000	5,21,000	0.04	5,21,000	0.04	5,21,000
h	Provident Funds/ Pension Funds	0	0	0	0	0	0	0
i	Any Other (specify)	25	16,125	16,125	0	16,125	0	6,905
	Foreign Institutional Investors	22	10,820	1,0820	0	10,820	0	5,200
	Foreign Banks	3	5,305	5,305	0	5,305	0	1,705
	Sub-Total (B)(1)	**100**	**5,92,05,517**	**5,92,05,517**	**4.59**	**5,92,05,517**	**4.59**	**5,91,91,427**
2	Central Government/ State Government(s)/ President of India	1	5,000	5,000	0	5,000	0	5,000
	Sub-Total (B)(2)	**1**	**5,000**	**5,000**	**0**	**5,000**	**0**	**5,000**
3	Non-institutions	0	0	0	0	0	0	0
a	Individuals	4,65,479	45,55,52,088	45,55,52,088	35.34	45,55,52,088	35.34	45,52,47,883
i	Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	4,65,345	37,77,08,928	37,77,08,928	29.30	377708928	29.30	37,74,04,723
ii	Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	134	7,78,43,160	7,78,43,160	6.04	7,78,43,160	6.04	7,78,43,160
b	NBFCs registered with RBI	10	16,76,920	16,76,920	0.13	16,76,920	0.13	16,76,920
c	Employee Trusts	0	0	0	0	0	0	0
d	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0	0
e	Any Other (specify)	5,979	22,99,49,957	22,99,49,957	17.83	22,99,49,957	17.83	22,98,01,557
	Bodies Corporate	2,054	20,37,01,378	20,37,01,378	15.80	20,37,01,378	15.80	20,36,69,408
	Reliance Strategic Business Ventures Limited	1	48,532,764	4,85,32,764	3.76	4,85,32,764	3.76	4,85,32,764
	MKJ Enterprises Limited	1	3,29,42,651	3,29,42,651	2.56	3,29,42,651	2.56	3,29,42,651
	GRD Securities Limited	1	1,41,61,415	1,41,61,415	1.10	1,41,61,415	1.10	1,41,61,415
	Non-Resident Indian (NRI)	3908	2,61,29,650	2,61,29,650	2.03	2,61,29,650	2.03	2,60,14,220
	Overseas Corporate Bodies	4	38,250	38,250	0	38,250	0	37,250
	Societies	2	520	520	0	520	0	520
	Trusts	11	80,159	80,159	0.01	80,159	0.01	80,159
	Sub-Total (B)(3)	**4,71,468**	**68,71,78,965**	**68,71,78,965**	**53.30**	**68,71,78,965**	**53.30**	**68,67,26,360**
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	**4,71,569**	**74,63,89,482**	**746,38,94,82**	**57.89**	**74,63,89,482**	**57.89**	**74,59,22,787**

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):
Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Note
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares
(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

Table IV - Statement showing shareholding pattern of the Non – Promoter – Non-Public Shareholders:

Category and Name of the Shareholders (I)	No. of shareholders (III)	No. of fully paid-up equity shares held (IV)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of equity shares held in dematerialized form (IX)
C1) Custodian/DR Holder	-	-	-	-	-
C2) Employee Benefit Trust	1	28,28,200	28,28,200	0.22	28,28,200
C= C1+C2	1	28,28,200	28,28,200	0.22	28,28,200

Note
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares
(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Company or the BRLMs. Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLMs and their respective directors, officers, agents, employees, counsels, shareholders, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 219 and 229, respectively.

Our Company, the BRLMs and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Bidders are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Bidders are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue has been made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and 62 other applicable provisions of the Companies Act, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 of the Companies Act read with Rule 14 of the PAS Rules, and other applicable provisions of the Companies Act, a listed company may issue eligible securities to Eligible QIBs provided that certain conditions are met by such Company. Some of these conditions are set out below:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must *inter alia* specify that, (a) the allotment of securities is proposed to be made pursuant to the QIP; and (b) the relevant date for the QIP;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoters or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to seek approval of the shareholders for the above-mentioned special resolution;

- invitation to apply in the QIP must be made through a private placement offer-cum-application form serially numbered and addressed specifically to the Eligible QIBs to whom the QIP is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- the issuer shall have completed allotments with respect to any earlier offer or invitation made by the issuer or shall have withdrawn or abandoned such invitation or offer made by the issuer, except as permitted under the Companies Act;

- the issuer shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., the Preliminary Placement Document), the issuer shall prepare and record a list of Eligible QIBs to whom the Issue will be made. The QIP must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;

- the Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the QIP is prohibited. In accordance with the SEBI ICDR Regulations, securities will be issued and allotment shall be made only in dematerialized form to the allottees; and

- the promoters and directors of the issuer are not Fugitive Economic Offenders.

At least 10% of the Equity Shares issued to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Bid/ Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the Floor Price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated September 3, 2021 and December 6, 2021 and our Shareholders through a special resolution on September 30, 2021, have authorised our Board to decide the quantum of discount up to 5% of the Floor Price at the time of determination of the Issue Price. Our Company has provided a discount of ₹ 3.58 per Equity Shares on the Floor Price (4.95% of the Floor Price).

The "relevant date" mentioned above in case of allotment of Equity Shares, refers to the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of the issuer decides to open the proposed issue and "stock exchange" means any of the recognised stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

The Equity Shares must be allotted within 365 days from the date of the shareholders' resolution approving the QIP and also within 60 days from the date of receipt of subscription money from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of the Preliminary Placement Document and this Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of Allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 250 crore; and

- five, where the issue size is greater than ₹ 250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "*Bid Process - Application Form*" on page 210.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of the Preliminary Placement Document and this Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on September 3, 2021 and December 6, 2021 and our Shareholders by way of a special resolution dated on September 30, 2021 at 34th AGM held through VC / OAVM facility.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered, sold or delivered in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. Our Company in consultation with the BRLMs has circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form has been specifically addressed to such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of such Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom the serially numbered copies of the Preliminary Placement Document, this Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with RoC within the stipulated time period as required under the Companies Act and PAS Rules.

2. **The list of QIBs to whom the Preliminary Placement Document and the Application Form have been delivered have been determined by our Company in consultation with the BRLMs. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application**

Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

3. Eligible QIBs were required to submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the Application Form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid/ Issue Period to the BRLMs.

4. Bidders were required to indicate the following in the Application Form:

   - full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;
   - number of Equity Shares Bid for;
   - price at which they are agreeable to subscribe to the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;
   - details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue;
   - Equity Shares held by the Bidder in our Company prior to the Issue; and
   - it has agreed to certain other representations set forth in the Application Form and the Preliminary Placement Document.
   - A representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S, and it has agreed to certain other representations set forth in the Preliminary Placement Document and in the Application Form.

   NOTE**:** *Eligible FPIs were required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund have not been treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders were advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Bidders were required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "HFCL Limited –Escrow Account" with the Escrow Bank, within the Bid/Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares was required to be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders was required to be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application

Form but on or prior to the Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 215.

6. Once a duly completed Application Form was submitted by a Bidder and the Bid Amount was transferred to the Escrow Account, such application constituted an irrevocable offer and the Bid could not have been withdrawn or revised downwards after the Bid/ Issue Closing Date. In case of an upward revision before the Bid/ Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid/ Issue Closing Date was notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or after the Bid/ Issue Closing Date, our Company has, in consultation with BRLMs determined the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the BRLMs, on behalf of our Company, will send the serially numbered CAN and this Placement Document to the Successful Bidders. The dispatch of a CAN, and this Placement Document to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the BRLMs.**

8. Upon determination of the Issue Price and before Allotment of Equity Shares to the Successful Bidders, the BRLMs, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

9. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

10. After passing the resolution passed by the Board or its committee approving the Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

11. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

12. Our Company will then apply for the final trading approvals from the Stock Exchanges.

13. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

14. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the BRLMs shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

15. Only Eligible QIBs as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in the Issue under the applicable law, have been considered as Eligible QIBs. However, with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules have been

considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- Eligible FPIs;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India.
- multilateral and bilateral development financial institutions eligible to invest in India;
- Mutual Funds, VCFs, AIFs;
- pension funds with minimum corpus of ₹ 25 crore;
- provident funds with minimum corpus of ₹ 25 crore;
- public financial institutions as defined under Section 2(72) of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- systemically important non-banking financial companies;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India; and

subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.

ELIGIBLE FPIs WERE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIs WERE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND CONDITIONS AND RESTRICTIONS WHICH MAY BE SPECIFIED BY THE GOVERNMENT FROM TIME TO TIME, AND SUCH THAT THE SHAREHOLDING OF THE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCI'S ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) should not exceed 10% of post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Rules, the total holding of each FPI or its investor group shall be below 10% of the total post issue paid-up Equity Share capital of our Company on a fully diluted basis. With effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Company i.e. 100% on a fully diluted basis. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that the individual investment of the FPI in our Company does not exceed 10% of the post -Issue paid-up capital of our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total post-Issue paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. Further, the aggregate permissible limit of all FPIs

investments, with effect from April 1, 2020, is the sectoral cap applicable to the sector in which our Company operates.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of P- Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.
Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed National Securities Depository Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 219 and 229, respectively.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being a promoter, or any person related to, the promoters. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the promoters:

- rights under a shareholders' agreement or voting agreement entered into with the promoters or members of the promoter group;

- veto rights; or

- a right to appoint any nominee director on the board of the issuer.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoters.

Our Company, the BRLMs and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs were advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs were advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document or this Placement Document.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the BRLMs who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Bidders shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the BRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Bidder has been deemed to have made all the following representations and warranties and the representations, warranties and agreements made under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" *and "Purchaser Representations and Transfer Restrictions"* on pages 1, 5, 219 and 229, respectively:

1. Each Bidder confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Bidder confirms that it is not a Promoter and is not a person related to the Promoter(s), either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter(s) or members of the Promoter Group or persons related to the Promoter(s);

3. Each Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter(s);

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. Each Bidder acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Bidder confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than the floor of a recognised Stock Exchange;

7. Each Bidder confirms that the Bidder is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

8. Each Bidder confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

9. The Bidder agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Bidder agrees that once a duly filled Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date;

10. The Bidder agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the BRLMs. The Bidder further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

11. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company has disclosed names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Bidder further acknowledges and agrees that, disclosure of such details as "proposed Allottees" in this Placement Document does not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLMs.

12. The Bidder confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    (a) QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Bidder, its subsidiary(ies) or holding company and any other Bidder; and

    (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

13. The Bidders acknowledge that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

14. Each Bidder confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

15. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

16. A representation that it is outside the United States, is acquiring the Equity Shares in an "offshore transaction" under Regulation S and is not an affiliate of the Company or a person acting on behalf of such an affiliate.

BIDDERS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BRLMs, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLMs TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLMs, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document by our Company (by itself or through the BRLMs) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms were required to be completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter (as applicable). The Bid Amount was to be deposited in the Escrow Account as is specified in the Application Form and the Application Form was to be submitted to the BRLMs either through electronic form or through physical delivery at either of the following addresses:

Name	Address	Contact Person	Website and e-mail	Phone (Telephone)
ICICI Securities Limited	ICICI Venture House Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025	Rupesh Khant / Gaurav Mittal	Website: www.icicisecurities.com Email: Project.ashtami@icicisecurities.com	+91 (22) 6807 7100
JM Financial Limited	7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai - 400 025 Maharashtra, India	Prachee Dhuri	Website: www.jmfl.com Email: hfcl.qip@jmfl.com	+91 22 6630 3030/ +91 22 6630 3262
Monarch Networth Capital Limited	Unit 602 A, The Capital, Behind ICICI Bank Towers, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051	Mr. Saahil Kinkhabwala	Website: www.mnclgroup.com E-mail: saahil.kinkhabwala@mnclgroup.com	+91 22 68836402

The BRLMs shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

All Application Forms were required to be duly completed and Bidders Bidding in the Issue were required to pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Bank account for Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "HFCL Limited –Escrow Account" with the Escrow Bank, in terms of the Escrow Agreement. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "HFCL Limited –Escrow Account" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price is not less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, our Company has offered a discount of ₹ 3.58 per Equity Share (4.95% of the Floor Price) in accordance with the approval of our Shareholders by way of a special resolution dated September 30, 2021 through VC / OAVM facility in terms of Regulation 176(1) of the SEBI ICDR Regulations.

The "Relevant Date" referred to above will be the date of the meeting in which the Board (or a duly constituted committee thereof) decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and has filed such document with the Stock Exchanges as this Placement Document.

Build-up of the Book

The Bidders were required to submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the BRLMs. Such Bids cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. The book shall be maintained by the BRLMs.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLMs on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with BRLMs have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLMs IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLMs AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BRLMs ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the BRLMs, in their sole and absolute discretion, shall decide the Successful Bidders. Our Company will dispatch a serially numbered CAN to all the Bidders pursuant to which the details of the Equity Shares Allocated to them (if any), the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. The CAN shall also include details of amount to be refunded, if any, to such Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document, to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board/its committee will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLMs.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company from the Stock Exchanges and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act.

7. After finalization of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and has filed such document with the Stock Exchanges as this Placement Document, which includes names of the proposed Allottees and the percentage of their post-Issue shareholding in the Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with this Placement Document.

8. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company has been disclosed in this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid/ Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the

same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC, whichever is later.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted with the Company/BRLMs as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the BRLMs, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the BRLMs in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "- *Bid Process*" and "- *Refunds*" on pages 210 and 215 respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the BRLMs shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT

Placement Agreement

The BRLMs have entered into the Placement Agreement dated December 6, 2021 with our Company, pursuant to which the BRLMs have agreed, subject to certain conditions, to manage this Issue and to act as placement agents in connection with the proposed Issue and procure subscription for the Equity Shares to be issued pursuant to the Issue on a reasonable efforts basis.

The Equity Shares will be placed with the QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Section 42 and 62 of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and is subject to satisfaction of certain conditions and termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and this Placement Document have not been, and will not be, registered as a prospectus with the Registrar of Companies, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and , unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.

Relationship with the Book Running Lead Managers

In connection with the Issue, the Book Running Lead Managers or its affiliates may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase or subscribe to the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see the section "*Offshore Derivative Instruments*" on page 11.

From time to time, the Book Running Lead Managers , and their respective affiliates and associates may have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, commercial banking, trading services for our Company, our Subsidiary, group companies, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their respective affiliates and associates.

Lock up

The Company undertakes that it will not for a period of 60 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Managers, directly or indirectly, (a) issue, offer, lend, sell, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares) or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, any of the economic consequences associated with the ownership of any of the Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares), regardless of whether any of such transactions are to be settled by the delivery

of Equity Shares or such other securities, in cash or otherwise; (c) deposit Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares) with any depositary in connection with a depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares or such other securities in any depositary receipt facility; or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above; provided that the foregoing restrictions do not apply to any sale, transfer or disposition of Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares) pursuant to (A) the Issue; or (B) the issue of Equity Shares pursuant to offer made in terms of any employee stock option/ purchase scheme of the Company; or (C) any transaction required by law or an order of a court of law or a statutory authority; or (D) creation of non-disposal undertaking(s) by Anant Nahata, NextWave Communications Private Limited and MN Ventures Private Limited in favour of Bank of Baroda, Indian Bank, ICICI Bank Limited, IDBI Bank Limited, Punjab National Bank (including erstwhile Oriental Bank of Commerce, United Bank of India, Union Bank of India), State Bank of India and Yes Bank Limited, over an aggregate maximum of 24,15,48,750 Equity Shares, to be executed/registered with the depositories within 60 calendar days from the date of Allotment.

Lock-up by Promoters

The Company acknowledges that the Promoters have undertaken that they will not for a period ending 60 days after Closing Date under the Issue, without the prior written consent of the Book Running Lead Managers, directly or indirectly: (a) offer, issue, pledge, sell, encumber, contract to sell or announce the intention to sell, lend, purchase any option or contract to sell, grant or sell any option, right, contract or warrant to purchase, lend, make any short sale or otherwise transfer or dispose of any Lock-up Shares or any other securities of the Company substantially similar to the Lock-up Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Lock-up Shares or any such substantially similar securities, whether now owned or hereinafter acquired, (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of the Shares and the securities that are convertible into, exercisable or exchangeable for or any such substantially similar securities, whether now owned or hereinafter acquired; whether any such transaction described in clause (a) or (b) above is to be settled by delivery of shares or such other securities, in cash or otherwise, (c) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Shares in any depository receipt facility, or (d) publicly announce any intention to enter into any transaction described in (a), (b) or (c) above. Provided that, the foregoing restriction shall not apply with respect to (i) the inter-se transfer of any shares between Promoters / Promoter Group subject to continuation of remaining lock-in period on the transferee; (ii) the issue of Equity Shares pursuant to offer made in terms of any employee stock option/ purchase scheme of the Company; or (iii) any transaction required by law or an order of a court of law or a statutory authority; or (iv) creation of non-disposal undertaking(s) by Anant Nahata, NextWave Communications Private Limited and MN Ventures Private Limited in favour of Bank of Baroda, Indian Bank, ICICI Bank Limited, IDBI Bank Limited, Punjab National Bank (including erstwhile Oriental Bank of Commerce, United Bank of India, Union Bank of India), State Bank of India and Yes Bank Limited, over an aggregate maximum of 24,15,48,750 Equity Shares, to be executed/registered with the depositories within 60 calendar days from the date of Allotment.

SELLING RESTRICTIONS

The distribution of the Preliminary Placement Document and this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of the Preliminary Placement Document and this Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. The Preliminary Placement Document and this Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors", "Representations by Investors" and "Purchaser Representations and Transfer Restrictions" on pages 1, 5 and 229, respectively.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Preliminary Placement Document and this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document and this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 and 62 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under the section entitled *"Purchaser Representations and Transfer Restrictions"* on page 229.

Republic of India

The Preliminary Placement Document and this Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. The Preliminary Placement Document and this Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Australia

This document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This document has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Equity Shares under this document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of this Placement Document, and any offers made under this Placement Document, you represent to the Company and the Book Running Lead Managers that you will not provide this Placement Document or communicate any offers made under this Placement Document to, or make any applications or receive any offers for the Equity Shares for, any Australian residents unless they are a "sophisticated investor" or a "professional investor" as defined by section 708 of the Australian Corporations Act.

Any offer of the Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder (or the Book Running Lead Managers)

under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Equity Shares should observe such Australian on-sale restrictions.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside the Kingdom of Bahrain. This Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Issuer has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency has not reviewed, nor has it approved, this Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

British Virgin Islands

The Equity Shares are not being, and may not be, offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of the Issuer. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands), but only where the offer will be made to, and received by, the relevant BVI company entirely outside of the British Virgin Islands.

Canada

The Equity Shares will not be qualified for sale under the securities laws of any province or territory of Canada. The Equity Shares may only be offered, sold or distributed, directly or indirectly, in or to or for the benefit of a resident of, the Provinces of British Columbia, Alberta, Ontario or Québec, which is purchasing, or deemed to be purchasing, as a principal that is: (i) an accredited investor, as defined in National Instrument 45-106 Prospectus Exemptions ("**NI 45-106**") or subsection 73.3(1) of the Securities Act (Ontario), and (ii) a permitted client, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and only through a dealer duly registered under the applicable securities laws of such provinces in circumstances where no exemption from the applicable registered dealer requirement is available. Any resale of the Equity Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

This Placement Document or any other offering material in connection with the offer of the Equity Shares has not been and will not be distributed or delivered in Canada other than to a resident of the Provinces of British Columbia, Alberta, Ontario or Québec in compliance with applicable securities laws. Prospective Canadian investors are advised that the information contained within this Placement Document in relation to the Equity Shares has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, prospective Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained within this Placement Document and any other offering material relating to the Equity Shares and as to the suitability of an investment in the Equity Shares in their particular circumstances.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Placement Document or any other offering material constituting an "offering memorandum" under applicable Canadian securities laws (including any amendment to any such documents) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the parties to this offering, including the Issuer and the Book Running Lead Managers, as the case may be, are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with an offering of the Equity Shares.

Upon receipt of this Placement Document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Equity Shares described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language

only. *Par la réception de la document d'offre, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL. This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

People's Republic of China

This Placement Document and the Placement Document do not constitute a public offer of the Equity Shares, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall require the Issuer or the Book Running Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the Book Running Lead Managers and the Company that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in the Prospectus Regulation, each such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant Member State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Managers have been obtained to each such proposed offer or resale. Our Company, its directors, the Book Running Lead Managers and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

For the purposes of this provision, the expression an "offer to the public" in relation to any Equity Shares in any Member State means the communication in any form and by any means of sufficient information on the terms

of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The contents of this Placement Document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer of the Equity Shares. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This Placement Document has not been, and will not be, registered as a prospectus (as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**Companies (WUMP) Ordinance**") in Hong Kong. This Placement Document has not been reviewed or approved for publication or distribution in Hong Kong by the Securities and Future Commission of Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"). Accordingly, the Equity Shares may not be offered or sold in Hong Kong by means of this document or otherwise, and this document or any abridged version of this document must not be issued, circulated or distributed in Hong Kong, other than (a) to "professional investors" as defined in the SFO and any subsidiary legislation made under the SFO or (b) in other circumstances which do not result in this document or any other document being a "prospectus" as defined in the Companies (WUMP) Ordinance. In addition, no advertisement, invitation or document relating to the Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, any member of the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to "professional investors" as defined in the SFO or any subsidiary legislation made under the SFO.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Republic of Korea

We are not making any representation with respect to the eligibility of any recipients of this document to acquire the Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**"). Accordingly, the Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Equity Shares, except (i) where relevant requirements are satisfied, the Equity Shares may be

offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Equity Shares may not be re-sold to Korea residents unless the purchaser of the Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Equity Shares.

Kuwait

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait ("**Kuwait Securities Laws**"). No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Placement Document is subject to Malaysian laws. This Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including but not limited to the Mauritius Securities Act. No offer or distribution of securities will be made to the public in Mauritius.

New Zealand

This Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**"). This Issue is not an offer of financial products that requires disclosure under Part 3 of the FMC Act and no product disclosure statement, register entry or other disclosure document under the FMC Act will be prepared in respect of this Issue. The Equity Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

(a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;

(b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;

(c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or

(d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

(e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

If, in the future, any person in New Zealand to whom the Equity Shares are issued or sold elects to sell any Equity Shares, they must not do so in any manner which will, or is likely to, result in this Issue, or such sale, being viewed as an offer to which Part 3 of the FMC Act is applicable.

Sultanate of Oman

This Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in this Placement Document will not take place inside Oman. This Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

This Placement Document and the offering of the Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in the State of Qatar or (ii) authorized, permitted or licensed for offering or distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Equity Shares in the State of Qatar. Accordingly, the Equity Shares are not being, and will not be, offered, issued or sold in the State of Qatar, and this document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Equity Shares and distribution of this Placement Document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No application has been or will be made for the Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

This Placement Document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "**QFC**"), and accordingly should not be construed as such. This document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other

than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 3-123-2017 dated December 27, 2017 as amended by resolution number 1-104-2019 dated September 30, 2019, as amended (the "**CMA Regulations**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorized financial adviser.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Book Running Lead Managers have represented, warranted and agreed that they has not offered or sold any Equity Shares or caused the Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Equity Shares or cause the Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

South Africa

Due to restrictions under the securities laws of South Africa, the Equity Shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

(i) the offer, transfer, sale, renunciation or delivery is to:

(a) persons whose ordinary business is to deal in securities, as principal or agent;

(b) the South African Public Investment Corporation;

(c) persons or entities regulated by the Reserve Bank of South Africa;

(d) authorised financial service providers under South African law;

(e) financial institutions recognised as such under South African law;

(f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorised portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or

(g) any combination of the person in (a) to (f); or

(ii) the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "**South African Companies Act**")) in South Africa is being made in connection with the issue of the Equity Shares. Accordingly, this Placement Document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the Equity Shares in South Africa constitutes an offer of the Equity Shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from "offers to the public" set out in section 96(1)(a) of the South African Companies Act. Accordingly, this Placement Document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as "SA Relevant Persons"). Any investment or investment activity to which this Placement Document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Placement Document has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Manual or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the Issue may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Equity Shares or the Issue or us have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Issue will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the Issue has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Equity Shares.

The Equity Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This document, as well as any other offering or marketing material relating to the Equity Shares, is

confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the Equity Shares in Switzerland and it does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the Issue described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "**Promotion**") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to non-natural person "Qualified Investors" (as such term is defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

In relation to its use in the UAE, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

Dubai International Financial Centre

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares, except that the Equity Shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Managers for any such offer; or

(c) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 ("**FSMA**") provided that no such offer of the Equity Shares shall require the Issuer or any Book Running Lead Manager to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, see "*Representations By Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 5, 219 and 229, respectively of this Placement Document.

Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on a recognized stock exchange, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 219 and 229, respectively.

U.S. TRANSFER RESTRICTIONS

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Each purchaser of the Equity Shares outside the United States is deemed to have represented, agreed and acknowledged as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations and will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Placement Document) which may be applicable in its jurisdiction and it has obtained or will obtain any consent, approval or authorization required for it to purchase and accept delivery of Equity Shares, and it acknowledges and agrees that none of the Company or the BRLMs and their respective affiliates shall have any responsibility in this regard..

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in offshore transactions in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States (within the meaning of Regulation S) , and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- The Equity Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- It understands and agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred in compliance with the U.S. Securities Act and other applicable securities laws only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and, in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdictions in which such offers or sales are made.

- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or any of the BRLMs for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. It is seeking to subscribe to the Equity Shares in this Issue for its own investment and not with a view to distribution.

- It has been provided access to the Preliminary Placement Document and the Placement Document which it has read in its entirety.

- It agrees to indemnify and hold the Company and each of the BRLMs harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold any of the Company or the BRLMs liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

If such person is a dealer (as such term is defined under the U.S. Securities Act), it may not resell the Equity Shares in the United States prior to 40 days from the commencement of the offering of the Equity Shares. It acknowledges that the Company and the BRLMs and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify the Company and the BRLMs. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the BRLMs or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SECC Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum net worth requirements for stock exchanges. The SCRA, the SCRR and the SECC Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act, and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, to govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding at 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25% (except public sector undertakings) at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at four stages of the index movement, at 5%, 10%, 15% and 20%. The stock exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier. If any of these circuit breaker thresholds are reached, trading in all equity and equity derivatives markets nationwide is halted. The markets are required to re-open, after a circuit breaker threshold is hit, with a pre-open call auction session. The timing of the halt and the pre-open call auction session varies depending on the time of day and the circuit breaker breached.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

BSE is one of the stock exchanges in India on which our Equity Shares are listed. Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on- market" are exchanged through the National Securities Clearing Corporation Limited. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to inter alia prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to, *inter alia*, continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer. The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the erstwhile regulations of 1992. The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities listed or proposed to be listed, to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations also provides for disclosure obligations for promoters, members of the promoter group, designated person or director in case value of trade exceed monetary threshold of ₹ 10 lakh over a calendar quarter, within two trading days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Further, on July 17, 2020, SEBI amended the Insider Trading Regulations to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following information relates to the share capital of our Company, including a brief summary of the Memorandum of Association and Articles of Association and certain provisions of the Companies Act and certain related legislations of India, all as currently in effect. Bidders are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Company is ₹ 7,60,00,00,000 divided into 5,10,00,00,000 Equity Shares of ₹ 1 each and 2,50,00,000 preference shares of ₹100 each. For further details, see "*Capital Structure*" on page 82.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15% of the company's paid up share capital as per the most recent audited financial statement of the company.

The Equity Shares issued pursuant to this Placement Document shall rank pari passu with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of profits and issue of bonus shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus ordinary shares, which are similar to stock dividend. These bonus ordinary shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalizing reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations and the Companies Act, 2013.

As per the Articles of Association, a general meeting may upon the recommendation of the Board resolve that that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution and that such sum be accordingly set free for distribution amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions, in terms of the manner set out under the Articles of Association and under applicable laws.

Alteration of share capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. The Board is entitled to make private placement and preferential issue of Equity Shares, debentures, preference shares or any other instruments to such class of persons as the Board may deem fit which would be convertible or exchanged with Equity Shares, at a later date or such other securities as may be permissible to be issued by our Company under any law from time to time.

According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing shareholders in proportion to the amount paid-up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer or as may be permitted by applicable law) within which the offer, if not accepted, will be deemed to have been declined. After such date, the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting. Further, the Companies (Share Capital and Debentures) Rules, 2014 prescribe that price of shares to be issued on preferential basis by a listed company need not be determined by the valuation report of the registered valuer.

The Articles of Association authorises our Board to increase our authorised capital by increase the authorised share capital by such sum, to be divided into shares of such amount as it thinks expedient. The Articles of Association provide that our Company, subject to compliance with requirements under the Companies Act and the rules thereto, or any other applicable law in force in the general meeting, from time to time, may consolidate, and divide its share capital into shares of larger amount than its existing shares, convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination, sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum or cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

General meetings of shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company must hold its AGM in each Fiscal year, provided that not more than 15 months shall elapse between each AGM, unless extended by RoC at its request for any special reason. Our Board may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid-up capital carrying a right to vote on such date.

As per the provisions of the Companies Act and Articles of Association, all general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with.

In accordance with Section 110 of the Companies Act, a company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in

excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the notice. Postal ballot includes voting by electronic mode.

Due to the outbreak of COVID-19 pandemic and the restrictions imposed on gathering of people through social distancing norms, the MCA, by way of its, General Circular No. 14/ 2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 and SEBI, by way of its Circular No. SEBI/ HO/CFD / CMD1/ CIR/P/2020/79 dated May 12, 2020, has permitted companies to hold meetings, including annual general meetings through video conferencing or other audio visual means, during the calendar year 2020. Pursuant to the General Circular No. 20/2020 dated May 5, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 02/2021 dated January 13, 2021 and General Circular No. 10/2021 dated June 23, 2021, MCA has permitted companies to hold annual general meetings through video conferencing or other audio visual means till December 31, 2021.

Voting rights

Subject to the provisions of the Companies Act, 2013 and our Articles of Association, votes may be given either personally or by proxy, and in the case of a body corporate, a duly authorized representative under Section 113 of the Companies Act, 2013 shall be entitled to exercise the same powers on behalf of the corporation as if it were an individual member of the company. On a show of hands, every member holding equity shares and present in person shall have one vote. On poll conducted via e-voting or postal ballot, every member holding equity shares therein shall have voting rights in proportion to his share of the paid-up equity share capital. In the case of joint holders, anyone of such persons may vote at any meeting either personally or by his proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting, that the vote of the first named person of such joint holders in the register of members, who tenders a vote whether in person or proxy shall be accepted to the exclusion of the votes of the other joint holders.

At a general meeting, every member holding shares is entitled to vote through e-voting process and has one vote for every one equity share held. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion to their share in the paid-up equity share capital of the Company and as provided under the Companies Act and rules framed thereunder. The chairperson of the meeting has a casting vote or second vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings. No proxy shall be entitled to vote on a show of hands unless such proxy is present on behalf of a company or corporation.

Registration of transfers and register of members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the SEBI Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' or such lesser period as may be prescribed for certain situations (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The

trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These provisions provide the regime for the functioning of the depositories and the participants and set out in the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. We have entered into an agreement for such depository services with NSDL and CDSL. SEBI requires that our shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The registrar and transfer agent shall keep a book in which every transfer or transmission of shares will be entered. In addition to complying with the Companies Act, 2013 and the other applicable laws, our Company is also required to comply with the provisions of the SEBI Listing Regulations for effecting the transfer of shares. In terms of the SEBI Listing Regulations, except in case of transmission or transposition of shares, requests for effecting transfer of shares shall not be processed unless the shares are held in the dematerialized form with a depository. The Equity Shares shall be freely transferable, subject to applicable laws.

Directors

The Articles provide that the number of Directors shall not be less than three and not be more than 14. The Directors shall be appointed by our Company in the general meeting subject to the provisions of the Companies Act and the Articles. Two-thirds of the total number of Directors is subject to retirement by rotation. Of such Directors, one-third, or if their number is not three or multiples of three, then the number nearest to one-third, must retire every year; the debenture Directors, independent Directors, corporation Directors and managing Directors are to be excluded from this number.

As provided under Section 161 of the Companies Act, 2013, the Director may be appointed by the Board or by the general meeting of the Shareholders. The Directors have the power to appoint any other persons as an additional Director but any Director so appointed shall hold office only up to the date of the next following AGM of our Company but the total number of Directors shall not at any time exceed the maximum strength. The Board shall also have the power to appoint any person to act as an alternate Director for a Director (not being an independent director) during the latter's absence for a period of not less than three months from India. The alternate Director shall vacate the office if and when the original Director returns to India and in case the office of the original Director is determined before he returns, the provisions of the Companies Act, 2013, and the Articles for automatic reappointment shall apply to the original Director and not the alternate Director.

Liquidation rights

In the event of our winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. The liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Buy back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI guidelines issued in connection therewith.

STATEMENT OF POSSIBLE TAX BENEFITS

The Board of Directors
HFCL Limited
8 Electronics Complex,
Chambaghat, Solan,
Himachal Pradesh, 173213

ICICI Securities Limited
ICICI Venture House
Appasaheb Marathe Marg, Prabhadevi
Mumbai 400025

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400025
Maharashtra, India

Monarch Networth Capital Limited
Unit 602 A, The Capital, Behind ICICI Bank Towers,
G Block, Bandra Kurla Complex,
Bandra East, Mumbai 400051

(ICICI Securities Limited, JM Financial Limited and Monarch Networth Capital Limited together, referred to as the "**Book Running Lead Managers**" or the "**BRLMs**")

Sub: Statement of Possible Tax Benefits available to HFCL Limited and its shareholders under the Indian tax laws

1. We, Oswal Sunil & Company, Chartered Accountants, (Firm Registration Number: 016520N) and S. Bhandari & Co., Chartered Accountants, (Firm Registration Number: 000560C), have been requested by the Company to report in the enclosed **Annexure,** the possible income-tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 as amended (**'the Act'**), Income Tax rules,1962, as amended ('**the Rules**') thereunder and recent amendments/ ordinances as applicable & presently in force in India (collectively, the "**Tax Laws")**.

2. This certificate has been issued at the request of the Company in connection with the Issue and in accordance with our engagement letter with the Company dated November 17, 2021.

3. We hereby report that the enclosed Annexure prepared by the Company, initialled by us for identification purpose, states the possible income-tax benefits available to the Company and its shareholders under the Income Tax Laws as applicable for financial year 2021-22, relevant to the assessment year 2022-23 presently in force in India as on the date of this certificate.

4. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

5. The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated in the Annexure is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Tax Laws, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the proposed Issue.

6. We do not express any opinion or provide any assurance as to whether:

   (a) the Company or its shareholders will obtain/ continue to obtain these tax benefits in future;

   (b) conditions prescribed for availing the tax benefits have been / would be met with, and

   (c) the revenue authorities / courts will concur with the views expressed herein

   Our views are based on the existing provisions of the income-tax laws and their interpretation, which are subject to change from time to time. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (Revised 2016) ("**Guidance Note**") issued by the Institute of Chartered Accountants of India ("**ICAI**"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements.

8. We hereby consent to the inclusion and use of this certificate and the Annexure thereto in the Preliminary Placement Document, this Placement Document or other offering materials, as required, in connection with the Issue and for submission to the Securities and Exchange Board of India, Stock Exchanges and any other authority as may be required.

9. The aforesaid consent and information contained herein may be relied upon by the BRLMs and legal counsels appointed pursuant to the Issue in conducting and documenting their due diligence in relation to the Issue and may be submitted to SEBI, the Stock Exchanges and any other regulatory or statutory authority in respect of the Issue and for the records to be maintained by the BRLMs in connection with the Issue.

10. Based on the information made available to us by the Company, subsequent to the issuance of this certificate, regarding any material change relating to matters stated above, if any, we undertake to immediately inform the BRLMs and legal counsels in case of any changes to the above until the date when the Equity Shares issued pursuant to the Issue commence trading on the Stock Exchanges.

11. This certificate may be disclosed by any of the BRLMs, if required, (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory / statutory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

12. We have further authorized the Company to disclose this certificate to the legal advisors appointed in relation to the Offer, i.e., **AZB & Partners, Dentons US LLP** and **Khaitan & Co,** for their review.

13. Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Placement Documents.

For Oswal Sunil & Company
Chartered Accountants
Firm Registration Number: 016520N

(Sunil Bhansali)
Partner
Membership Number: 054645
UDIN: 21054645AAAADJ6488

For S. Bhandari & Co.
Chartered Accountants
Firm Registration Number: 000560C

(P D Baid)
Partner
Membership Number: 072625
UDIN: 21072625AAAACY3193

Date: December 6, 2021
Place: New Delhi

ANNEXURE

The statement of general tax benefits available to the HFCL Limited ("the Company") and the Shareholders under the Income Tax Act, 1961 and rules made thereunder.

Outlined below are the Possible General Tax Benefits available to the Company and its shareholders under the Tax Laws. These Possible General Tax Benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders to derive the Possible General Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations provided by the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

Our views expressed in this statement are based on the facts and assumptions as indicated above and in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue or to any third party relying on this statement.

I. TAXABILITY UNDER THE INCOME-TAX ACT, 1961 (HEREINAFTER REFERRED TO AS 'THE ACT')

1. General tax benefits available to the Company

The following benefits are available to the Company after fulfiling conditions as per the applicable provisions of the Act:

(a) Benefit of lower rate of tax under Section 115BAA of the Act and corresponding benefit under Minimum Alternative Tax ('MAT') provisions under section 115JB of the Act

Section 115BAA has been inserted in the Act by the Finance Act, w.e.f. AY 2020-21, which grants an option to all domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%). The said benefit is available subject to the condition that the Company does not claim the deductions/incentives as specified in sub-clause 2(i) of section 115BAA of the Act.

In case a company opts for section 115BAA of the Act, provisions of MAT under section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available for set-off.

The option needs to be exercised on or before the due date of filing the tax return of a specific year. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year. The Company have opted for the lower tax regime under section 115BAA from FY 2020-21.

In view of the same, the tax rate for the company for FY 2021-22 shall be 25.168% as per the provisions of section 115BAA of the Act and MAT provisions specified in section 115JB of the Act would not apply to the Company.

(b) Section 32 of the Act Depreciation Allowance

As per section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates in respect of its tangible and intangible assets.

Further, as per the provisions of section 32(1)(iia) of the Act, the Company is entitled to claim additional depreciation at the rate of 20% of the actual cost of any new plant or machinery acquired and installed during the year. In case such new plant or machinery is put to use for less than 180 days, the additional depreciation is allowed at 10% of its actual cost in such year and balance 10% of the actual cost in the immediately succeeding year.

For acquisition and installation of plant and machinery for setting up of manufacturing units in the State of Telangana, higher additional depreciation is allowed at the rate of 35% (instead of 20%) on or after the 1st day of April, 2015. This higher additional depreciation shall be available in respect of acquisition and installation of any new machinery or plant for the purposes of the said undertaking or enterprise during the period beginning on the 1st day of April, 2015 and ending before the 1st day of April, 2020.

However, the Company shall not be entitled for the additional depreciation under section 32(1)(iia) as it has opted for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para (a) above.

(c) Additional Incentive for HYD Plant

An undertaking is set up in the notified backward areas in the States of Andhra Pradesh or Telangana by a company, it shall be eligible to claim deduction under the existing provisions of section 32AC of the Act as well as under the proposed section 32AD if it fulfills the conditions (such as investment above a specified threshold) specified in the said section 32AC and conditions specified under the proposed section 32AD.

Accordingly, the Deductions of 15% as investment allowance on the plant and machinery acquired and installed for the manufacturing plant set-up during the period beginning from the 1st April, 2015 to 31st March, 2020.

However, the Company shall not be entitled for the additional depreciation under section 32(1)(iia) as Company has opted for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para (a) above.

(d) Section 36(1)(vii) of the Act Allowance of bad debts written off

Under section 36(1)(vii), any bad debt or part thereof which has been written off as irrecoverable in the books of accounts is allowable as deduction for computing the income under the head "Profit and gains of business or profession", subject to the fulfilment of the conditions as specified in section 36(2) read with section 36(1)(vii) of the Act.

(e) Deductions in respect of donations

A deduction equal to 100% or 50%, as the case may be, on sums paid as donations to certain specified entities is allowable as per section 80G of the Act while computing the total income of the Company.

A deduction amounting to 100% of any sum contributed to a political party or an electoral trust, otherwise than by way of cash, is allowable under section 80GGB of the Act while computing total income of the Company.

However, the above benefit shall not be available to the entity which has opted for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para (a) above.

In view of the same, for FY 2020-21 and onwards the Company shall not be eligible for any deduction under section 80G/80GGB of the Act.

(f) Deduction for additional employee cost

As per the provisions of section 80JJAA of the Act, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years

including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of conditions prescribed in the Act.

(g) Taxation on dividend income

According to the Finance Act, 2020 any income by way of dividends or income from equity shares are now taxable in the hands of shareholder at the applicable rate and the domestic company or specified company are not required to pay any dividend distribution tax ("DDT") w.e.f. 01.04.2020.

(h) Taxability of income from capital gains

As per section 2(42A) of the Act, if the period of holding of a security (other than a unit) listed on a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond is more than 12 months, it will be considered a long term capital asset as per section 2(29A) of the Act. With respect to immovable property (being land or building or both) and shares of a company not being listed on a recognized stock exchange, the determinative period of holding shall be more than 24 months for it to be regarded as long-term capital asset. With respect to other assets including a unit of a mutual fund other than equity oriented mutual fund or unit of a business trust, the determinative period of holding is more than 36 months for it to be regarded as long-term capital asset. Asset not considered as long-term capital asset shall be regarded as short-term capital assets

As per the provisions of section 112(1)(d) of the Act, gains arising on the transfer of long-term capital assets shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess). However, as per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities (other than those covered under section 112A) and Zero Coupon Bonds shall be the lower of the following:

a. 20% (plus applicable surcharge and cess) with indexation benefit; or

b. 10% (plus applicable surcharge and cess) without indexation benefit

The short-term capital gains are chargeable to tax at a normal tax rate (plus applicable surcharge and cess).

As per section 70 read with section 74 of the Act, short term capital loss arising during an year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

2. General tax benefits available to the Shareholders

The following tax benefits are generally available to the shareholders of all companies subject to the fulfilment of the conditions specified in the Act:

2A. For resident shareholders

(a) Exemption on Dividend Income received from Indian Company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

Further, in case of a shareholder being a company, deduction in respect of dividends received from the Company shall be available under section 80M of the Act, to the extent such dividend is distributed by it on or before the specified due date.

(b) Taxability of gain/ loss arising from sale of shares of the Company:

The characterization of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

a. Taxability under the head 'capital gains'

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be the lower of the following:

a. 20% (plus applicable surcharge and cess) with indexation benefit; or
b. 10% (plus applicable surcharge and cess) without indexation benefit

As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

b. Taxability under the head 'income from business and profession':

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

4B. For non-resident shareholders being Foreign Portfolio Investors ('FPIs') / Foreign Institutional Investors ('FIIs')

(a) Taxability of dividend income from shares of the Company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder.

(b) Taxability of gain/ loss arising from sale of shares of the Company

As per section 2(14) of the Act, transfer of any shares/ securities (other than those held as stock in trade) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 115AD read with section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 115AD of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be 10% (plus applicable surcharge and cess) without indexation benefit.

Under section 115AD(1)(ii) of the Act, income by way of short term capital gains arising to the FPI/ FII on transfer of shares of the Company shall be chargeable at the rate of 15% (plus applicable surcharge and cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the country of tax residence of the FII/ FPI or the provisions of the Act, to the extent they are more beneficial to the FII/ FPI.

4C. For non-resident shareholders, other than FPIs/ FIIs

(a) Taxability of dividend income from shares of the Company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

(b) Taxability of gain/ loss arising from sale of shares of the Company

a. Taxability under the head 'capital gains'

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be the lower of the following:

a. 20% (plus applicable surcharge and cess) with indexation benefit; or
b. 10% (plus applicable surcharge and cess) without indexation benefit

As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

b. Taxability under the head 'income from business and profession'

Where the gains arising on the transfer of shares of the Company are included in the business income of transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Tax Avoidance Agreement ('DTAA') between India and the country of tax residence of the non-resident or the provisions of the Act, to the extent they are more beneficial to the non-resident.

As per Explanation 4 to section 115JB(2), the provisions of section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having DTAA with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or section 380 of the Companies Act 2013.

NOTES:

1. The above is as per the current Tax Laws.

2. The above Statement of possible general tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.

3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, including those which arise in the ordinary course of business. These legal proceedings are primarily in the nature of, amongst others, tax disputes, criminal proceedings, regulatory actions and civil proceedings, which are pending before various adjudicating forums.

As on the date of this Placement Document, except as disclosed below, there is no outstanding legal proceeding which has been considered material in accordance with our Company's policy in relation to disclosure of material events framed in accordance with Regulation 30 of the SEBI Listing Regulations.

*However, solely for the purpose of the Issue, our Company has disclosed in this section, to the extent applicable (i) all outstanding criminal proceedings involving our Company, our Subsidiaries, our Directors and our Promoters; (ii) all outstanding actions by statutory or regulatory authorities against our Company and our Subsidiaries; (iii) outstanding civil proceedings involving our Company and its Subsidiaries, where the amount involved in such proceeding exceeds ₹ 12.31 crores i.e., 5% of profit after tax, on a consolidated basis ("**Materiality Threshold**"); (iv) consolidated disclosure of the direct and indirect tax matters involving our Company and our Subsidiaries; (v) any other outstanding litigation involving our Company and our Subsidiaries wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect business, prospects, reputation, operations or financial position of our Company or its Subsidiaries and (vi) any other outstanding litigation involving our Promoters and our Directors wherein an adverse outcome could materially and adversely affect business, prospects, reputation, operations or financial position of our Company and our Subsidiaries (as a whole).*

Further, as on the date of this Placement Document, (i) there is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document involving our Company or our Subsidiaries, nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or Subsidiaries; (iii) there are no defaults in repayment of (a) undisputed statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon and (d) any loan obtained from any bank or financial institution and interest thereon by our Company, as of the date of this Placement Document; (iv) there are no material frauds committed against us in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; or (vii) except as disclosed below, there are no reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Placement Document.

It is clarified that for the purposes of the above, pre-litigation notices received by any of our Company, our Subsidiaries, our Directors and/or our Promoters from third parties (excluding statutory / regulatory / governmental authorities or notices threatening criminal action) shall, not be considered as litigation proceedings till such time that any of our Company, our Subsidiaries, our Directors and/or our Promoters, are impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

Litigation involving our Company

Criminal proceedings involving our Company

By our Company

1. Our Company has, in the ordinary course of business, filed four proceedings under Section 138 of the Negotiable Instruments Act, 1881 in respect of dishonour of cheques aggregating to an amount of ₹ 1.61 crores. Such proceedings are pending before various adjudicating forums.

Against our Company

1. Rosewood Projects Private Limited ("**Complainant**") had filed a complaint dated November 28, 2016 ("**Complaint**") before the Economic Offences Wing, New Delhi ("**EOW**") against our Company, our individual Promoter and others ("**Accused**") alleging inter alia non-payment of certain dues in accordance with work orders issued by our Company. Thereafter, the Complainant filed two complaints before the Chief Metropolitan Magistrate, Saket Courts, New Delhi ("**CMM Court**") under sections 156(3) and 200 of the CrPC, seeking an order directing the EOW to register an FIR against the Accused and for issuing summons to the Accused, respectively. The inspector, EOW submitted a status report before the CMM Court stating that the Complaint was closed after enquiry due to it being civil in nature. The CMM Court vide its order dated February 16, 2019 ("**Order**") directed the EOW to register an FIR against the Accused pursuant to which, the EOW registered an FIR under the IPC. Our Company and our individual Promoter have challenged the Order and filed two separate writ petitions before the High Court of Delhi ("**High Court**") for setting aside the Order and quashing the consequent FIR. The High Court by its interim order dated March 27, 2019 has granted a stay on the operation of the Order, till the next date of hearing. The matter is currently pending.

Material civil litigation involving our Company

By our Company

1. Our Company has filed two civil suits ("**Suits**") against Classic Credit Limited ("**CCL**") and others before the High Court of Bombay ("**Bombay HC**") alleging non-performance of agreements entered into between our Company and CCL for i) acquisition of certain shares of a company engaged in the business of corporate internet infrastructure and e-business applications held by CCL ("**Agreement 1**"); and ii) acquisition of certain shares of a company engaged in the business of e-business applications and e-governance applications held by CCL ("**Agreement 2**"), towards which our Company had paid ₹ 198.99 crores and ₹ 84.30 crores, respectively to CCL as part consideration. Upon CCL's failure to transfer the shares to our Company, the agreements were terminated by our Company. Our Company in their prayers has sought for orders *inter alia* directing payments to be made by CCL aggregating to i) ₹ 225.52 crores along with interest, under Agreement 1; and ii) ₹ 96.52 crores along with interest, under Agreement 2. During the pendency of the Suits, CCL was wound up by the High Court of Calcutta ("**Calcutta HC**") *vide* its order dated July 7, 2005 and its assets and properties were vested with the official liquidator, High Court of Calcutta ("**Official Liquidator**"). Our Company filed applications before the Calcutta HC requesting to proceed with the Suits in the Bombay HC, which was allowed by the Calcutta HC *vide* its order dated June 17, 2014. Thereafter, the Official Liquidator in their written statement submitted that the Official Liquidator had no funds or assets of CCL left for further realisation. The matters are currently pending.

2. Our Company had filed a writ petition ("**Writ Petition**") before the High Court of Rajasthan ("**Rajasthan HC**") against the State of Rajasthan, the Collector (Stamps), Jaipur Circle-III and the Sub-Registrar, Sanganer-First, Jaipur, challenging *inter alia* alleged incorrect levy of stamp duty aggregating to ₹ 25 crores by the Collector (Stamps), Jaipur Circle-III *vide* an order dated March 7, 2018 ("**Order 1**"). The single judge of Rajasthan HC by its order dated June 7, 2019 ("**Order 2**") dismissed the Writ Petition and upheld Order 1. Further, the stamp duty payable by our Company as per Order 1 was revised to ₹ 21.24 crores. Our Company has filed an appeal dated July 6, 2019 ("**Appeal**") before the division bench of the Rajasthan HC seeking for quashing of Order 2. The division bench of the Rajasthan HC by its order dated July 17, 2019 has granted a stay on the operation of the Order 2. The matter is currently pending.

3. Our Company had initiated arbitration proceedings against I.T.I. Limited ("**Respondent**") alleging non-compliance of certain terms of a supply contract entered into between our Company and the Respondent and claiming an amount of ₹ 52.88 crores for recovery of certain balance payments and of a performance bank guarantee, along with damages from the Respondent. The arbitral tribunal by its award dated July 7, 2012 ("**Award**") awarded an amount of ₹ 12.69 crores, along with interest, in favour of our Company. Thereafter, the Respondent has filed an application dated October 6, 2012 under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi ("**High Court**") seeking *inter alia* quashing of the Award. Our Company has also filed an application dated October 8, 2012 under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court against the Award seeking for a modification of the Award to grant the full amount as claimed by our Company. The matters are currently pending.

Against our Company

1. Wireless Advisor, Wireless Planning and Co-ordination, Ministry of Communication ("**Claimant**") has initiated arbitration proceedings against our Company before an arbitral tribunal in relation to alleged breach of certain contracts entered into amongst our Company, the Claimant and another party. The Claimants have sought for *inter alia* i) refund of payments aggregating to EUR 0.04 million and ₹ 1.21 crores for non-implementation of one part of the contract; ii) liquidated damages aggregating to EUR 0.16 million and ₹ 4.52 crores for delay in execution of another part of the contract (out of which ₹ 5.56 crores had already been recovered from our Company by way of deductions in payments); and iii) damages for non-fulfillment of a third component of the contract pertaining to annual maintenance, along with costs. Our Company has filed a counter claim dated December 19, 2013 amounting to a sum of ₹ 27.35 crores towards *inter alia* certain non-payment of dues and charges by the Claimant in terms of the contract and deduction of liquidated damages. The matter is currently pending.

Litigation involving our Subsidiaries

Criminal proceedings involving HTL Limited

By HTL Limited

1. HTL Limited has, in the ordinary course of business, filed two proceedings under Section 138 of the Negotiable Instruments Act, 1881 in respect of dishonour of cheques aggregating to an amount of ₹ 9,98,289.55. Such proceedings are pending before various adjudicating forums.

Tax proceedings

We have set out below claims relating to direct and indirect taxes involving our Company and our Subsidiaries in a consolidated manner giving details of number of cases and total amount involved in such claims:

Nature of case	Number of cases	Amount involved (in ₹ crore)*
Company		
Direct Tax	Nil	Nil
Indirect Tax	29	38.68
Total	**29**	**38.68**
Subsidiaries		
Direct Tax	2	44.11
Indirect Tax	1	3.14
Total	**3**	**47.25**

***** *To the extent quantifiable*

OUR STATUTORY AUDITORS

S. Bhandari & Co., Chartered Accountants and Oswal Sunil & Company, Chartered Accountants, are our Statutory Auditors.

S. Bhandari & Co., Chartered Accountants and Oswal Sunil & Company, Chartered Accountants have audited the Audited Consolidated Financial Statements which are included in this Placement Document in "*Financial Statements*" on page 254.

S. Bhandari & Co., Chartered Accountants and Oswal Sunil & Company, Chartered Accountants have performed a review of the Unaudited Consolidated Financial Results as at and for the six months ended September 30, 2021 and have issued review reports dated October 11, 2021 on the Unaudited Consolidated Financial Results, which is included in this Placement Document in "*Financial Statements*" on page 254.

GENERAL INFORMATION

1. Our Company was originally incorporated as 'Himachal Futuristic Communications Limited' as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated on May 11, 1987 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh at Jalandhar. Our Company commenced business on July 13, 1987 pursuant to a certificate of commencement of business issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Subsequently, the name of our Company was changed to 'HFCL Limited' pursuant to a certificate of incorporation pursuant to change of name dated October 1, 2019 issued by the Registrar of Companies, Himachal Pradesh. The registration number of our Company is 007466 and our CIN is L64200HP1987PLC007466. The Registered Office of our Company is situated at 8, Electronics Complex, Chambaghat, Solan – 173213, Himachal Pradesh, India and Corporate Office of our Company is situated at 8, Commercial Complex Masjid Moth, Greater Kailash – II, New Delhi - 110 048, India. The website of our Company is www.hfcl.com.

2. The Issue was approved by the resolution of the Board in its meeting held on September 3, 2021 and December 6, 2021. The Shareholders have authorised and approved the Issue by way of a special resolution dated September 30, 2021 at 34th AGM held through VC / OAVM facility.

3. The authorized share capital of our Company as of the date of this Placement Document is ₹ 5,10,00,00,000, divided into 5,10,00,00,000 Equity Shares and 2,50,00,000 redeemable cumulative preference shares. Our issued, subscribed and paid-up equity share capital as of the date of this Placement Document is ₹ 1,28,93,11,494 divided into 1,28,93,11,494 Equity Shares.

4. The Equity Shares are listed on BSE and NSE.

5. Our Company has received in-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations from both BSE and NSE on December 6, 2021. We will apply to the Stock Exchanges for the final listing and trading approvals of the Equity Shares on the Stock Exchanges after Allotment of the Equity Shares in the Issue.

6. Copies of our Memorandum of Association and Articles of Association will be available for inspection between 11:00 am to 1:00 pm on all working days (except Saturdays and public holidays) during the Bid/Issue Period at the Registered Office.

7. Our Company has obtained necessary consents, approvals and authorizations, wherever applicable, in connection with the Issue.

8. No change in control of the Company will occur consequent to the Issue.

9. Except as disclosed in this Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 247.

10. There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.

11. Except as disclosed in this Placement Document, there has been no material change in the financial or trading position of our Company since the date of the Unaudited Consolidated Financial Results, which has been included in this Placement Document.

12. Our Company confirms that it is in compliance with the requirement of minimum public shareholding requirements as required in terms of the SEBI Listing Regulations, SCRA and Rule 19A of the SCRR.

13. The Floor Price for the Equity Shares under the Issue is ₹ 72.33 per Equity Share which has been calculated in accordance with provisions of Chapter VI of the SEBI ICDR Regulations. Our Company has offered a discount of ₹ 3.58 per Equity Share (4.95% on the Floor Price), in accordance with the approval of the shareholders accorded by way of a special resolution dated September 30, 2021 through VC / OAVM facility in terms of Regulation 176(1) of the SEBI ICDR Regulations.

14. Our Company and the BRLMs accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

15. Details of the Company Secretary and Compliance Officer of our Company:

Mr. Manoj Baid
HFCL Limited,
8, Commercial Complex, Masjid Moth,
Greater Kailash-II, New Delhi-110048
Telephone: +91 9899166335
E-mail: manoj.baid@hfcl.com

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment pursuant to the Issue shall be made by the Company, in consultation with the BRLMs, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue capital (assuming that the Equity Shares are Allotted to them pursuant to this Issue) that may be held by them in our Company is set forth below.

No.	Name of the proposed Allottee	Percentage of post-Issue paid-up Equity Share capital^
1.	Reliance Ventures Limited	1.46
2.	Quant Mutual Fund A/C Quant Small Cap Fund (*formerly known as* Quant Income Bond)	0.53
3.	Quant Mutual Fund A/C Quant Tax Plan	0.27
4.	Quant Mutual Fund A/C Quant Infrastructure Fund	0.05
5.	Quant Value Fund	0.21
6.	Quant Mutual Fund A/C Quant Multi Asset Fund (*formerly known as* Quant Gilt Plan)	0.11
7.	Quant Mutual Fund A/C Quant Absolute Fund (*formerly known as* Quant Balanced Fund)	0.10
8.	Quant Quantamental Fund	0.03
9.	Quant ESG Equity Fund	0.03
10.	Rajasthan Global Securities Private Limited	0.02
11.	BNP Paribas Arbitrage - ODI	0.41
12.	Integrated Core Strategies Asia Pte Ltd.	0.24
13.	AG Dynamic Funds Limited	0.17
14.	Maven India Fund	0.11
15.	Elara India Opportunities Fund	0.24
16.	Resonance Opportunities Fund	0.26
17.	Authum Investment and Infrastructure Limited	0.26
18.	Elm Park Fund Limited	0.91
19.	Belgrave Investment Fund	0.50
20.	IIFL - India Housing Fund -3	0.15
21.	Societe Generale - ODI	0.53
	Total	**6.59**

^ *Based on beneficiary position as on December 3, 2021. The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees has been disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies and FPIs (investing through different sub-accounts having common PAN across such sub-accounts) wherein their respective DP ID and Client ID has been considered.*

Note: Subject to Allotment in the Issue.

FINANCIAL STATEMENTS

No.	Financial Statements	Page No.
1.	Unaudited Consolidated Financial Results for six months period ended September 30, 2021 along with review report issued	256
2.	Audited Consolidated Financial Statements as at and for the year ended March 31, 2021 along with audit report issued	261
3.	Audited Consolidated Financial Statements as at and for the year ended March 31, 2020 along with audit report issued	315
4.	Audited Consolidated Financial Statements as at and for the year ended March 31, 2019 along with audit report issued	372

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

Independent Auditors' Review Report on Standalone Unaudited Quarterly and Year to date Financial Results of HFCL Limited ('the Company') pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of
HFCL Limited

1. We have reviewed the accompanying Statement of the Unaudited Standalone Financial Results ('the Statement') of **HFCL Limited** ('the Company') for the quarter ended September 30, 2021 and for the period from April 01, 2021 to September 30, 2021, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time. The Statement is the responsibility of the Company's Management and has been approved by the Company's Board of Directors. Our responsibility is to issue a report on the Statement based on our review of the Statement, which has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), specified under Section 133 of the Companies Act, 2013 read with relevant rules issues thereunder, and other accounting principles generally accepted in India and in Compliance with Regulation 33 of the Listing Regulations.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in the applicable Indian accounting standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued there under and other recognised accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S. BHANDARI & CO.
Chartered Accountants
Firm Registration No. 000560C

(P.D. Baid)
Partner
Membership No. 072625
UDIN: 21072625AAAACI2748
Place: New Delhi
Date: October 11, 2021

For OSWAL SUNIL & COMPANY
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No. 054645
UDIN: 21054645AAAABG8109
Place: New Delhi
Date: October 11, 2021

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

Independent Auditors' Review Report on Consolidated Unaudited Quarterly and Year to date Financial Results of HFCL Limited (the "Parent") pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of
HFCL Limited (Formerly Himachal Futuristic Communications Limited)

1. We have reviewed the accompanying Statement of the Unaudited Consolidated Financial Results ("the Statement") of **HFCL Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit after tax and total comprehensive profit of its jointly controlled entity, for the quarter ended September 30, 2021 and for the period from April 01, 2021 to September 30, 2021, being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review of the Statement.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

4. The Statement includes the results of following Subsidiaries and Jointly Controlled Entity:

i. **Subsidiaries:**
   a. HTL Ltd.,
   b. Polixel Security Systems Pvt. Ltd.,
   c. Raddef Private Limited,
   d. Moneta Finance Pvt. Ltd.,
   e. HFCL Advance Systems Pvt. Ltd. and
   f. Dragon Wave HFCL India Pvt. Ltd.
   g. HFCL Technologies Pvt. Ltd. (w.e.f. June 26, 2021)

ii. Jointly Controlled Entity:
   a. Nimpaa Telecommunications Pvt. Ltd. (w.e.f. June 14, 2021)

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 and 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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Chartered Accountants
P-7, Tilak Marg, C Scheme,
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Oswal Sunil & Company
Chartered Accountants
71, Daryaganj
New Delhi – 110 002

6. We did not review the interim financial information / financial results of two subsidiaries included in the Statement, whose interim financial information / financial results reflect total assets of Rs. 10.43 Crore as at September 30, 2021 and total revenues of Rs. Nil and Rs. Nil, total net profit / (loss) after tax of Rs. 0.07 Crore and Rs. 0.11 Crore and total comprehensive income / (loss) of Rs. 0.07 Crore and Rs. 0.11 Crore for the quarter ended September 30, 2021 and for the period from April 01, 2021 to September 30, 2021 respectively, and cash flows (net) of Rs. (0.03) Crore for the period from April 01, 2021 to September 30, 2021, as considered in the Statement. The Statement also includes the Group's share of net profit/ (loss) after tax of Rs. 1.21 Crore and Rs. 0.29 Crore and total comprehensive Income/(loss) of Rs. 1.21 Crore and Rs. 0.29 Crore, for the quarter ended September 30, 2021 and for the period from April 01, 2021 to September 30, 2021 respectively, as considered in the Statement, in respect of one jointly controlled entity, whose interim financial results have not been reviewed by us. These interim financial information/ financial results have been reviewed by other respective auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these two subsidiaries and jointly controlled entity, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.

7. The interim financial information / financial results of five subsidiaries included in the Statement, whose interim financial information / financial results reflect total assets of Rs. 513.50 Crore as at September 30, 2021 and total revenues of Rs. 264.35 Crore and Rs. 484.94 Crore, total net profit / (loss) after tax of Rs. 15.57 Crore and Rs. 25.91 Crore and total comprehensive income / (loss) of Rs. 15.46 Crore and Rs. 25.87 Crore for the quarter ended September 30, 2021 and for the period from April 01, 2021 to September 30, 2021 respectively, and cash flows (net) of Rs. (3.69) Crore for the period from April 01, 2021 to September 30, 2021, as considered in the Statement, have been reviewed by one of the joint auditors of the Parent and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of such joint auditor.

Our conclusion on the Statement 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
UDIN: 21072625AAAACJ5956

Place: New Delhi
Date: October 11, 2021

For OSWAL SUNIL & COMPANY
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No. 054645
UDIN: 21054645AAAABH2958

Place: New Delhi
Date: October 11, 2021

HFCL LIMITED
Regd. Office : 8,Electronics Complex, Chambaghat, Solan-173213 (Himachal Pradesh)
Tel. : (+911792) 230646 , Fax No(+911792) 231902, E-mail: secretarial@hfcl.com
Website: www.hfcl.com / Corporate Identity Number (CIN): L64200HP1987PLC007466
STATEMENT OF UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER,2021.

(Rs. in Crore unless otherwise stated)

Sl. No.	Particulars	Standalone						Consolidated					
		Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended	Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended
		September 30th 2021	June 30th 2021	September 30th 2020	September 30th 2021	September 30th 2020	March 31st 2021	September 30th 2021	June 30th 2021	September 30th 2020	September 30th 2021	September 30th 2020	March 31st 2021
		Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Audited
I	INCOME												
	Revenue from Operations	1,084.92	1,108.20	983.80	2,193.12	1,648.04	4,105.87	1,122.05	1,206.87	1,054.32	2,328.92	1,754.08	4,422.96
	Other Income	3.33	4.70	11.22	8.03	11.29	33.22	4.05	5.25	11.99	9.34	16.29	34.76
	Total Income	1,088.25	1,112.90	995.02	2,121.15	1,655.33	4,139.09	1,126.10	1,212.16	1,066.31	2,338.26	1,770.37	4,457.72
II	EXPENSES												
	Cost of materials/services consumed	521.24	367.18	365.98	888.42	871.82	1,462.22	572.98	417.90	388.38	990.86	720.44	1,617.45
	Purchases of stock-in-trade	214.60	470.04	417.97	684.66	509.65	1,744.89	227.88	475.28	426.26	703.16	624.56	1,778.40
	Change in inventories of finished goods, work-in progress and stock-in trade	19.03	(7.80)	(8.06)	11.23	(8.99)	27.95	15.61	(11.78)	(3.76)	3.83	(14.73)	8.97
	Employee benefits expenses	60.98	71.40	54.16	132.47	102.49	215.69	75.92	83.26	61.95	157.20	117.24	252.95
	Finance costs	31.96	42.01	36.58	73.97	68.12	148.25	40.04	40.48	42.49	80.53	79.65	174.72
	Depreciation, Impairment and Amortisation expenses	13.18	12.99	13.47	26.17	26.56	53.59	18.07	17.76	16.59	35.83	32.69	68.63
	Other expenses	53.41	46.94	30.25	100.35	92.96	186.50	62.53	55.94	56.05	118.47	102.67	216.61
	Total Expenses	914.42	1,002.85	910.37	1,917.27	1,563.61	3,839.09	1,011.03	1,087.87	987.92	2,098.88	1,662.52	4,316.73
III	Profit / (loss) before, exceptional items and tax (I-II)	93.83	110.05	84.75	203.88	91.72	300.00	115.09	124.29	78.39	239.38	108.05	340.99
IV	Share of net profits / (loss) of jointly control entity accounted for using equity method	-	-	-	-	-	-	0.15	(0.24)	-	(0.09)	-	-
V	Profit / (loss) before exceptional items and tax (III+IV)	93.83	110.05	84.75	203.88	91.72	300.00	115.24	124.05	78.39	239.29	108.05	340.99
VI	Exceptional item	-	-	2.90	-	3.39	4.13	-	-	2.90	-	3.39	4.13
VII	Profit / (Loss) before tax (V-VI)	93.83	110.05	81.85	203.88	88.33	295.87	115.24	124.05	75.49	239.29	104.66	336.86
VIII	Tax expense												
	Current Tax	22.97	29.41	17.32	52.03	21.65	75.70	28.54	13.46	17.91	42.00	24.78	86.13
	Deferred Tax	1.03	0.10	1.82	1.13	2.36	(2.59)	0.75	(0.10)	4.26	0.66	5.22	4.49
IX	Profit / (Loss) after tax for the period from continuing operations (VII- VIII)	70.18	80.54	44.71	150.72	64.32	222.86	85.94	90.69	53.32	176.63	74.66	246.24
X	Other Comprehensive Income												
	Items that will not be reclassified to profit or loss	0.80	(0.71)	1.19	0.09	3.02	5.99	0.66	(0.62)	1.46	0.04	3.23	6.36
	Income tax on above item	(0.09)	0.30	(0.24)	0.21	(0.66)	(0.96)	(0.09)	0.28	(0.24)	0.22	(0.65)	(0.95)
	Items that will be reclassified to profit or loss	0.01	(0.22)	(0.12)	(0.21)	(0.29)	(0.45)	0.01	(0.22)	(0.12)	(0.21)	(0.29)	(0.45)
	Other comprehensive income for the period after tax	0.72	(0.63)	0.83	0.09	2.09	4.58	0.61	(0.56)	1.10	0.05	2.51	4.96
XI	Total comprehensive income for the period (IX+X)	70.90	79.91	45.54	150.81	67.41	227.54	86.55	90.13	54.42	176.68	76.97	251.20
XII	Profit attributable to:												
	Owners of the Parent	-	-	-	-	-	-	81.61	87.83	51.00	169.44	72.09	239.00
	Non-controlling interests	-	-	-	-	-	-	4.33	2.87	2.29	7.22	2.54	7.24
XIII	Total comprehensive income attributable to:												
	Owners of the Parent	-	-	-	-	-	-	82.24	87.25	52.07	169.49	74.38	243.89
	Non-controlling interests	-	-	-	-	-	-	4.33	2.88	2.33	7.21	2.57	7.31
XIV	Paid-up Equity Share Capital (Face value of Re.1/- each)	128.65	128.44	128.44	128.65	128.44	128.44	128.65	128.44	128.44	128.65	128.44	128.44
XV	Other Equity	-	-	-	-	-	1,748.85	-	-	-	-	-	1,795.03
XVI	Earnings per Share (face value of Re 1/- each) -												
	Basic (Rs.)	0.54	0.63	0.35	1.17	0.51	1.74	0.64	0.68	0.40	1.32	0.58	1.86
	Diluted (Rs.)	0.55	0.63	0.35	1.18	0.51	1.74	0.64	0.68	0.39	1.32	0.57	1.87

Cont...

Unaudited Standalone & Consolidated segment wise revenue, results, assets and liabilities for the second quarter and half year ended 30th September, 2021.

(Rs. in Crore unless otherwise stated)

Sl. No.	Particulars	Standalone						Consolidated					
		Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended	Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended
		September 30th 2021	June 30th 2021	September 30th 2020	September 30th 2021	September 30th 2020	March 31st 2021	September 30th 2021	June 30th 2021	September 30th 2020	September 30th 2021	September 30th 2020	March 31st 2021
		Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Audited
1	Segment Revenue												
	a. Telecom Products	356.99	340.27	298.58	697.26	338.59	889.23	505.92	454.10	278.86	958.02	484.27	1,205.46
	b. Turnkey Contracts and Services	647.93	767.93	775.22	1,415.86	1,288.45	3,216.64	618.13	752.77	775.46	1,370.90	1,269.81	3,217.50
	c. Others	-	-	-	-	-	-	-	-	-	-	-	-
	Revenue from Operations	1,004.92	1,108.20	983.80	2,113.12	1,648.04	4,105.87	1,122.05	1,206.87	1,054.32	2,328.92	1,754.08	4,422.96
2	Segment Results Profit /(Loss) before tax and interest from each segment												
	a. Telecom Products	41.88	36.50	13.83	78.44	15.08	84.78	72.77	58.94	32.48	131.71	43.31	134.67
	b. Turnkey Contracts and Services	81.39	117.06	86.24	198.45	138.53	353.11	80.71	116.52	86.09	197.23	139.00	351.78
	c. Others	-	-	-	-	-	-	(0.85)	(0.17)	(0.94)	(1.02)	(1.75)	(1.10)
	Total	123.27	153.62	98.07	276.89	154.61	437.89	152.63	175.33	117.63	327.96	181.48	505.35
	Less : i. Interest	31.96	42.01	36.58	73.97	68.12	148.25	40.04	49.49	42.49	89.53	79.65	174.72
	ii. Other un-allocable expenditure net off	0.51	5.84	2.50	6.35	3.02	10.38	0.36	6.08	2.51	6.44	3.03	10.38
	iii. Un-allocable income	(3.03)	(4.28)	(2.86)	(7.31)	(5.86)	(16.61)	(3.01)	(4.29)	(2.86)	(7.30)	(5.86)	(16.61)
	Total Profit before Tax	93.83	110.05	81.85	203.88	89.33	295.87	115.24	124.05	75.49	239.29	104.66	336.86
3	Segment Assets												
	a. Telecom Products	1,094.74	1,128.72	927.22	1,094.74	927.22	1,035.99	1,413.35	1,480.93	1,100.14	1,413.35	1,100.14	1,304.84
	b. Turnkey Contracts and Services	2,892.13	3,191.24	2,585.79	2,892.13	2,585.79	3,391.65	2,901.56	3,310.66	2,595.36	2,901.56	2,595.36	3,600.47
	c. Others	-	-	-	-	-	-	4.69	0.11	0.34	4.69	0.34	0.30
	d. Un-allocated	549.78	532.33	520.85	549.78	520.85	510.17	547.78	532.33	520.85	547.78	520.85	510.17
	Total	4,536.65	4,852.29	4,033.86	4,536.65	4,033.86	4,937.21	4,867.38	5,244.03	4,216.69	4,867.38	4,216.69	5,215.78
4	Segment Liabilities												
	a. Telecom Products	467.17	380.99	426.00	467.17	426.00	461.58	719.24	880.00	572.14	719.24	572.14	688.02
	b. Turnkey Contracts and Services	1,590.94	1,738.18	1,232.59	1,590.94	1,232.59	1,916.67	1,595.73	1,742.46	1,235.01	1,595.73	1,235.01	1,920.43
	c. Others	-	-	-	-	-	-	1.01	1.29	1.37	1.01	1.37	1.43
	d. Un-allocated	463.95	685.63	660.84	463.95	660.84	682.47	463.95	685.63	660.84	463.95	660.84	682.47
	Total	2,522.06	3,804.80	2,319.43	2,522.06	2,319.43	3,060.72	2,779.93	3,229.53	2,469.36	2,779.93	2,469.36	3,292.32

Notes :

1. The above Un-Audited Standalone & Consolidated Financial Results of the Company for the second quarter and half year ended 30th September, 2021 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 11th October, 2021.
2. The above Results are in compliance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.
3. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of the financial results including their recoverability of carrying amounts of financial and non financial assets. Further the impact assessment does not indicate any adverse impact on the ability of the Company to continue as a going concern. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of the financial results, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of the assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results.
4. On 12th July, 2021 the Board of Directors has approved allotment of 49,34,200 equity shares of face value of Re.1/- each at applicable grant price to HFCL Employee's Trust under HFCL Employee's Long Term Incentive Plan 2017.
5. The Consolidated financial results for the quarter ended 30th September, 2021 includes the results of the following entities:
   a. HFCL Limited (HFCL) (Holding Company)
   b. HTL Limited (Subsidiary)
   c. Mirana France Pvt. Limited (Wholly owned Subsidiary)
   d. Polixel Security Systems Pvt. Limited (Wholly owned Subsidiary)
   e. HFCL Advance Systems Pvt. Limited (Wholly owned Subsidiary)
   f. DragonWave HFCL India Pvt. Limited (Wholly owned Subsidiary)
   g. Raddaf Pvt. Limited (Subsidiary)
   h. Nirupa Telecommunications Private Limited (Jointly Controlled Entity w.e.f. 14th June, 2021)
   i. HFCL Technologies Pvt. Limited (Wholly owned Subsidiary w.e.f. 28th June, 2021)
6. The figures of the previous periods have been re-grouped/ re-arranged wherever considered necessary.

Place : New Delhi
Date : 11th October, 2021

(Mahendra Nahata)
Managing Director
DIN 00032808

HFCL LIMITED

Statement of Assets and Liabilities as at September 30, 2021.

(All amounts are in Rs.crore)

Particulars		Standalone		Consolidated	
		As at Sep. 30, 2021	As at March 31, 2021	As at Sep 30, 2021	As at March 31, 2021
		Un-Audited	Audited	Un-Audited	Audited
	ASSETS				
(1)	**Non-current Assets**				
	(a) Property, Plant and Equipment	329.18	331.04	441.58	443.35
	(b) Capital work-in-progress	34.39	3.73	53.04	11.82
	(c) Right-of-use-assets	25.06	20.13	25.06	20.32
	(d) Goodwill	-	-	26.17	26.17
	(e) Other Intangible assets	13.78	16.41	15.06	17.97
	(f) Intangible assets under development	34.68	23.34	35.54	24.20
	(g) Investment in associates/ joint venture accounted for using the equity method	28.80	26.70	0.91	-
	(h) Financial Assets				
	(i) Investments	32.88	32.88	34.82	34.82
	(ii) Trade receivables	436.30	444.78	436.35	444.83
	(iii) Loans	26.50	26.50	6.50	6.50
	(iv) Others	97.24	80.33	28.70	11.03
	(i) Deferred tax assets (net)	9.65	10.57	6.26	6.70
	(j) Other non-current assets	9.91	15.89	14.09	18.26
	Sub-total	1,078.37	1,032.30	1,124.08	1,065.97
(2)	**Current Assets**				
	(a) Inventories	273.56	306.24	426.74	435.26
	(b) Financial Assets				
	(i) Investments	7.05	5.62	7.23	5.79
	(ii) Trade receivables	2,138.33	2,528.03	2,227.69	2,610.99
	(iii) Cash and cash equivalents	52.72	19.79	55.35	21.30
	(iv) Bank balances other than (iii) above	276.17	273.95	296.03	285.14
	(v) Loans	4.00	3.00	13.24	11.87
	(vi) Others - advances	343.93	457.26	348.79	461.81
	(c) Current Tax Assets (Net)	4.51	74.91	5.36	75.56
	(d) Contract Assets	112.74	20.63	112.82	20.70
	(e) Other current assets	245.26	215.48	250.03	221.41
	Sub-total	3,458.27	3,904.91	3,743.28	4,149.83
	Total Assets	4,536.64	4,937.21	4,867.36	5,215.80
	EQUITY AND LIABILITIES				
(1)	**Equity**				
	(a) Equity Share capital	128.65	128.44	128.65	128.44
	(b) Other Equity	1,885.93	1,748.05	1,944.32	1,787.77
	(c) Non-Controlling interest	-	-	14.47	7.26
	Sub-total	2,014.58	1,876.49	2,087.44	1,923.47
(2)	**Liabilities**				
	Non-current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	110.26	197.43	171.93	250.78
	(ii) Lease liabilities	20.31	18.43	20.31	18.47
	(b) Provisions	30.90	32.19	34.96	36.50
	Sub-total	161.47	248.05	227.20	305.75
	Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	439.27	605.39	511.73	587.64
	(ii) Lease liabilities	6.44	3.58	6.44	3.75
	(iii) Trade Payable	1,316.85	1,651.76	1,403.73	1,747.96
	(iv) Other financial liabilities	409.87	399.62	420.40	487.41
	(b) Current Tax liabilities (Net)	10.27	42.33	16.52	46.37
	(c) Other current liabilities	135.96	68.13	151.54	71.22
	(d) Contract liabilities	27.09	30.11	27.09	30.11
	(e) Provisions	14.84	11.75	15.27	12.12
	Sub-total	2,360.59	2,812.67	2,552.72	2,986.58
	Total Equity and Liabilities	4,536.64	4,937.21	4,867.36	5,215.80

HFCL LIMITED

Statement of Cash Flow for the period ended September 30, 2021

(All amounts are in Rs.crore)

Particulars	Standalone		Consolidated	
	For the period ended Sep. 30, 2021 Un-Audited	For the year ended March 31, 2021 Audited	For the period ended Sep. 30, 2021 Un-Audited	For the year ended March 31, 2021 Audited
I. Cash flow from Operating Activities :				
Net Profit before taxes and Exceptional items	**203.88**	295.87	**239.29**	336.86
Adjustments for :				
Depreciation, Impairment and Amortization expenses	**26.17**	53.59	**35.83**	68.63
(Gain)/Loss on disposal of property, plant and equipment	**(0.08)**	0.03	**(0.08)**	0.03
Financial Guarantee impairment	-	(2.89)	-	(0.40)
Impairment loss, Bad Debts, advances and miscellaneous balances written off	**(0.42)**	3.98	**(0.42)**	4.66
Employee Share based payments expenses	**2.11**	3.69	**2.22**	3.89
Share of profit of joint ventures	-	-	**0.09**	-
Dividend and interest income classified as investing cash flows	**(1.59)**	(2.33)	**(1.65)**	(3.77)
Finance costs (net)	**73.97**	148.25	**90.21**	176.09
	100.16	204.32	**126.20**	249.13
Change in operating assets and liabilities :				
(Increase)/ Decrease in Trade and other receivables	**398.60**	(1,311.20)	**392.20**	(1,330.79)
(Increase)/ Decrease in Inventories	**32.67**	(33.86)	**8.52**	(91.59)
Increase/ (Decrease) in Trade payables	**(334.91)**	869.75	**(344.24)**	932.72
(Increase)/ Decrease in other financial assets	**111.62**	(11.27)	**102.56**	(14.00)
(Increase)/ Decrease in other non-current assets	**(12.97)**	17.36	**(13.73)**	20.91
(Increase)/ Decrease in other current assets	**(121.89)**	3.91	**(120.79)**	1.17
Increase / (Decrease) in provisions	**3.09**	1.46	**3.15**	1.43
Increase in other non-current liabilities	**(2.13)**	7.97	**(2.64)**	7.89
Increase/(Decrease) in other current liabilities	**56.74**	(36.69)	**71.31**	(39.12)
	130.82	(492.57)	**96.34**	(511.38)
Cash generated from operations	**434.86**	7.62	**461.83**	74.61
Income taxes paid/refund (net)	**(13.69)**	(12.63)	**(21.66)**	(17.79)
Net cash inflow from /(used in) operating activities	**421.17**	(5.01)	**440.17**	56.82
II Cash flow from Investing activities				
Payment for acquisition of subsidiary, net of cash acquired	**(2.50)**	(12.96)	**(1.50)**	(13.03)
Payments for property, plant and equipment including CWIP	**(44.99)**	(56.91)	**(65.55)**	(97.37)
Payments for Intangible Assets	**(11.54)**	(7.73)	**(11.54)**	(8.70)
Payment for loan to related party	**(1.00)**	3.75	**0.52**	3.11
Proceeds from sale of property, plant and equipment	**0.29**	2.14	**(1.36)**	2.15
Proceeds from sale of investment	**0.01**	33.13	-	33.13
Interest received	-	-	**1.22**	3.77
Net Cash flow from / (used in) investing activities	(59.73)	(38.58)	**(78.21)**	(76.94)
III Cash flow from Financing Activities				
Proceeds from issues of ESOP	**4.35**	-	**4.35**	-
Proceeds from borrowings	**31.57**	262.98	**51.25**	280.95
(Repayment) of borrowings	**(284.89)**	(70.42)	**(287.76)**	(73.83)
(Repayment) of lease liabilities	**(7.63)**	(7.59)	**(7.73)**	(7.76)
	(256.60)	184.97	**(239.89)**	199.36
Finance Costs paid	**(71.91)**	(134.31)	**(88.02)**	(174.38)
Dividend & tax thereon paid	-	-	-	-
Net Cash flow from/ (used in) financing activities	**(328.51)**	50.66	**(327.91)**	24.98
IV Net increase/(decrease) in cash & cash equivalents (I + II + III)	**32.93**	7.07	**34.05**	4.86
V Cash and cash equivalents at the beginning of the financial year	**19.79**	12.72	**21.30**	16.44
VI Cash and cash equivalents at end of the year	**52.72**	19.79	**55.35**	21.30

S. Bhandari & Co.
Chartered Accountants
F-7, Tilak Marg, C-Scheme
Jaipur- 302 005

Oswal Sunil & Company
Chartered Accountants
71, Daryaganj,
New Delhi-110 002

INDEPENDENT AUDITORS' REPORT

To the Members of HFCL Limited (formerly Himachal Futuristic Communications Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of HFCL Limited (formerly Himachal Futuristic Communications Limited) (hereinafter referred to as the' "Parent") and its subsidiaries (the parent company and its subsidiaries together referred to as the "Group")which compose the Consolidated Balance Sheet as at March 31, 2021, 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 branches, 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 Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date

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 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 financial statements.

Emphasis of Matter
We draw attention to Note 40 of the consolidated financial statements which describes management's assessment of the impact of the COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period.

Our opinion is not modified in respect of this matter.

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.

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S.No.	Key Audit Matters	How our audit addressed 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, 2021, revenue from customer contracts amounts to INR4422.96 Crores. As at March 31, 2021 contract assets amount to INR 20.70Crores, contract liabilities to INR 30.11Crores, the balance of work in progress (WIP) amounts to INR 101.26Crores and retention amounts to INR 272.38Crores The application of the revenue accounting standard (Ind AS 115, Revenue from Contracts with Customers) 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 fulfilment, contractual obligations may need to be reassessed. In addition, change orders or cancelations 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.	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts. 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 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 and also considering the impact of COVID-19, 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 INR 2972.81crores as at March 31, 2021 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 9.03crores as at March 31, 2021. Refer to the Note 14 – 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 Parent's credit policy outlining authority for approving and responsibility to manage credit limits; • Understanding the related industry's external factors and impact of COVID-19 • 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, 2021, current financial assets include INR 402.05crores 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 18 to the Consolidated Financial	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 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.

	Statements.	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, 2021, under other current assets, indirect taxes recoverable include INR 140.25 crores in respect of GST Input Tax credit receivables by parent Company. 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. Refer Note 20 to the Consolidated 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.
5	**Recoverability and Contingencies relating to other Indirect tax matters** As at March 31, 2021, "Indirect Tax Recoverable" includes INR 18.23 crores in respect of Commercial taxes recoverable which are pending adjudication. The Parent Company has openpending 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 20 to the Consolidated Financia 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 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.
With Respect to Subsidiary Company – HTL Limited		
5	**Provision of Interest on Government of India**	**Principal Audit Procedures**

	(GOI) Loan Pending the response to the Subsidiary 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. As on 31st March 2021, total loan outstanding is Rs 824.20 Lacs and Interest Accrued is Rs 2656.50 Lacs. Refer Note 56(i) to the Consolidated Financial Statements	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.

Other Information

The Parent's Board of Directors is responsible for the preparation of other information. The other information comprises of the information to be 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.

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 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 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 are responsible for assessing the ability of the Group 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 are responsible for overseeing the financial reporting process of the Group.

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 scepticism 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 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 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 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 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.

Other Matters

a) We did not audit the financial statements/financial information of two subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 10.40 Crores as at March 31, 2021, total revenues of Rs. Nil, Net profit/(loss) after tax of Rs. (0.70) Crores and total comprehensive income/(loss) of Rs. (0.73) 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 four subsidiaries whose financial statements / financial information reflect total assets of Rs. 482.82 Crores as at March 31, 2021, total revenues of Rs. 651.03 Crores, Net profit/(loss) after tax of Rs. 26.57 Crores and total comprehensive income/(loss) of Rs. 26.89 Crores for the year ended on that date, as considered in the Consolidated Financial statement, have been audited by one of the 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 Statements includes financial performance of two foreign branches which reflects total assets of Rs. 3.23 Crores as at March 31, 2021, total revenues of Rs. Nil, Net profit/(loss) after tax of Rs. (0.13) Crores and total comprehensive income/(loss) of Rs. (0.13) Crores for the year ended on that date, which was audited by independent auditors in accordance with the regulations of that country and whose reports have been furnished to us by management which are in compliance with Indian GAAPs and accounting policies of the Group and has been considered in the consolidated financial statements solely based on such audited financial statements.

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.

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 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 reports on the accounts of the foreign branch offices audited by independent branch auditors of the Group have been furnished to us by the management of the Parent Company and have been properly dealt with by us in preparing this report.

(d) 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

(e) 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.

(f) On the basis of the written representations received from the Directors of the Parent Company as on 31st March,2021 taken on record by the Board of Directors of the Parent Company, the report of the statutory auditors of its subsidiary companies, none of the Directors of the Group companies is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) 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.

(h) 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.

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 47 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 47 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

Place: Jaipur
Date: May 10, 2021
UDIN: 21072625AAAABG6320

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Ghansali)
Partner
Membership No: 054645

Place: New Delhi
Date: May 10, 2021
UDIN: 21054645AAAAAT7418

S. Bhandari & Co.
Chartered Accountants

Oswal Sunil & Company
Chartered Accountants

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HFCL LIMITED (FORMERLY HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED) AS ON MARCH 31, 2021

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
HFCL LIMITED (FORMERLY HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of HFCL LIMITED (formerly HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED) (herein after referred as the "Parent") and its subsidiary companies (herein after referred as the "Group"), including those audited by other auditors as 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 the 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.





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S. Bhandari & Co.
Chartered Accountants

Oswal Sunil & Company
Chartered Accountants

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, 2021, 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 six subsidiary companies is based solely on the corresponding report of the auditors of such companies.

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

Place: Jaipur
Date: May 10, 2021
UDIN: 21072625AAAABC6320

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No. 051645

Place: New Delhi
Date: May 10, 2021
UDIN: 21051645AAAAAT7418

REC Limited (formerly Rural Electrification Corporation Limited)
Consolidated Balance Sheet as at March 31, [illegible]
(All amounts are in Rs. Crore)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	3	991.35	830.43
(b) Capital work-in-progress	4	11.82	83.06
(c) Right-of-use-assets	42	20.53	23.17
(d) Goodwill		26.13	25.13
(e) Intangible assets (other than Goodwill)	5	11.57	23.82
(f) Intangible assets under development	6	24.20	66.76
(g) Financial Assets			
(a) Investments	7	14.12	55.69
(b) Trade Receivables	14	444.61	119.87
(c) Loans	8	4.10	6.59
(d) Others	9	1.01	31.54
(h) Deferred tax assets (net)	10	8.70	11.15
(i) Other non-current assets	11	78.16	4.70
Total Non-Current Assets		1,569.97	787.95
Current Assets			
(a) Inventories	12	455.35	341.66
(b) Financial Assets			
(i) Investments	13	3.18	3.30
(ii) Trade Receivables	14	2,910.89	1,609.82
(iii) Cash & cash equivalents	15	21.33	18.44
(iv) Bank balances other than (iii) above	16	243.98	175.44
(v) Loans	17	11.87	14.98
(vi) Others	18	461.81	354.50
(c) Current Tax Assets (net)	19	71.56	57.23
(d) Contract Assets		79.39	28.48
(e) Other current assets	20	73.14	224.72
Total Current Assets		4,149.83	3,661.18
Total Assets		5,719.80	4,449.13
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	21	128.44	126.46
(b) Other Equity	22	1,383.77	1,340.90
Equity attributable to owners of the Company		1,512.21	1,468.46
Non-controlling interest		1.26	(0.85)
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	250.78	200.91
(ii) Lease Liabilities	42	15.43	10.71
(iii) Trade Payables	24	36.32	31.06
(b) Provisions		305.53	242.68
Total Non-Current Liabilities			
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	561.64	457.68
(ii) Lease Liabilities	42	3.79	5.01
(iii) Trade Payables	26		
- total outstanding dues of micro enterprises and small enterprises		10.49	20.54
- total outstanding dues to other than micro enterprises and small		1,268.91	334.93
(iv) Other financial liabilities	27	487.41	729.12
(b) Current Tax Liabilities (Net)	28	46.31	-
(c) Other non-financial liabilities	29	11.27	51.83
(d) Contract liabilities		38.11	35.76
(e) Provisions	30	13.13	10.68
Total Current Liabilities		4,186.58	1,918.76
Total Liabilities		4,492.11	2,161.44
Total Equity and Liabilities		6,005.58	3,629.74

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. [illegible]

P. N. Gupta
Partner
M. No. [illegible]

Date: 10th May, 2021

For Chaturvedi & Co.
Chartered Accountants
Firm Reg. No. [illegible]

[illegible]
Partner
M. No. [illegible]

New Delhi, 10th May, 2021

For and on behalf of the Board

Ajay Mathur
Director
DIN: 06953270

V. K. Jain
Chief Financial Officer
PAN: AAKPJ6685K

Vivek Kumar Dewangan
Managing Director
DIN: 08852699

Manoj Bahl
Senior Vice-President (Corporate)
& Company Secretary
M.No. FCS 5614

New Delhi, 10th May, 2021

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HFCL Limited (formerly Himachal Futuristic Communications Limited)
Consolidated Statement of Profit and Loss for the year ended March 31, 2021
(All amounts are in Rs. Crore)

Particulars	Note No(s)	For the year ended March 31, 2021	For the year ended March 31, 2020
I	INCOME:		
	Revenue from operations	32	4,422.96	3,838.91
	Other Income	33	36.33	22.08
	Total Income (II)		4,459.09	3,860.99
II	EXPENSES:			
	Cost of Materials Consumed	34	644.22	521.37
	Other Direct costs	35	991.23	1,525.08
	Purchases of stock-in-trade		1,778.40	861.62
	Change in inventories of finished goods, work-in-progress and stock-in-trade	36	8.07	(54.78)
	Employee benefits expense	37	252.85	224.34
	Finance Costs	38	176.09	114.82
	Depreciation, Impairment and Amortization expenses	3, 4, 42	68.68	41.05
	Other Expenses	39	216.61	184.22
	Total Expenses (IIb)		4,118.80	3,548.59
III	Profit / (loss) before Share of profit/(loss) of joint ventures, exceptional items and income tax (I-II)		340.09	359.40
IV	Share of profit (loss) of a joint venture		-	(1.85)
V	Profit /(loss) before exceptional items and income tax (III+IV)		340.09	358.35
VI	Exceptional item	40	4.13	-
VII	Profit /(Loss) before tax (V - VI)		336.80	358.35
VIII	Tax expense:			
	- Current tax		85.13	33.58
	- Deferred Tax		4.49	67.44
IX	Profit/(loss) for the year (VII-VIII)		248.24	257.33
X	Other Comprehensive Income (OCI):			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of defined benefit plans		3.85	2.33
	(ii) Income tax on above item		(0.96)	(0.79)
	(iii) Gain/(Loss) on Equity Instruments designated through OCI		3.56	0.69
	Items that will be reclassified to profit or loss			
	(i) Loss on translation of foreign operation		(0.45)	(4.26)
	Total Other comprehensive income/(loss) for the year		4.96	0.97
XI	Total comprehensive income for the year (IX+X)		253.20	258.30
XII	Profit attributable to:			
	Owners of the Parent		239.06	225.35
	Non-controlling interest		7.24	31.89
XIII	Total comprehensive income for the year attributable to:			
	Owners of the Parent		245.89	229.21
	Non-controlling interest		7.31	9.01
XIV	Earnings per share from continuing and total operations attributable to the equity holders of the Holding Company during the	31		
	- Basic		1.86	1.77
	- Diluted		1.87	1.76

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. 000510C

P. D. Bhatt
Partner
M No. 072025

Jaipur, 10th May, 2021

For Gowal Sood & Company
Chartered Accountants
Firm Reg. No. 001535N

Sunil Bhanot
Partner
M No. 094245

New Delhi, 10th May, 2021

For and on behalf of the Board

Arvind Khandelwal
Director
DIN: 00451270

V. D. Jain
Chief Financial Officer
PAN: AALPJ0685K

Mahendra Nahata
Managing Director
DIN: 00062884

Manoj Jain
Senior Vice President (Corporate)
& Company Secretary
M.No. FCS 5814

New Delhi, 10th May, 2021

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A. Cash flow from Operating Activities			
Net Profit before Tax and Exceptional Items		[illegible]	[illegible]
Adjustments for			
Depreciation, impairment and Amortisation Expense	[illegible]		[illegible]
(Gain)/Loss on disposal of property, plant and equipment	[illegible]		[illegible]
Finance Cost on lease liability	[illegible]		[illegible]
Impairment loss, Bad Debts, unclaimed and Write Back provisions (net) written off	[illegible]		[illegible]
Unrealised Gain/ Loss on Investments	[illegible]		[illegible]
Share of profit of joint venture	[illegible]		[illegible]
Dividend and Interest Income classified as investing activities	[illegible]		[illegible]
Finance cost	[illegible]		[illegible]
Operating profit before working capital changes		[illegible]	[illegible]
Changes in operating assets and liabilities			
(Increase)/Decrease in Trade and other receivables	[illegible]		[illegible]
Increase/(Decrease) in Inventories	[illegible]		[illegible]
(Increase)/Decrease in Trade payables	[illegible]		[illegible]
Increase/(Decrease) in other financial liabilities	[illegible]		[illegible]
(Increase)/decrease in other current assets	[illegible]		[illegible]
(Increase)/decrease in other current liabilities	[illegible]		[illegible]
Increase/(decrease) in provisions	[illegible]		[illegible]
Increase/(decrease) in Post Employee benefits	[illegible]		[illegible]
Cash generated from operations	[illegible]	[illegible]	[illegible]
Cash generated from/ (used in) Operations		[illegible]	[illegible]
Income Taxes Paid (Net)		[illegible]	[illegible]
Net Cash (used in)/ generated from Operating activities		[illegible]	[illegible]
B. Cash flows from investing activities			
Proceeds for acquisition of property, plant and equipment		[illegible]	[illegible]
Proceeds for acquisition of Intangible assets including CWIP		[illegible]	[illegible]
Payments for leasing the Assets		[illegible]	[illegible]
Proceeds/(Payments) of property, plant and equipment		[illegible]	[illegible]
Proceeds/(Payments) of Intangible assets		[illegible]	[illegible]
Payment for loans to staff - Employee		[illegible]	[illegible]
Proceeds from sale of Investment		[illegible]	[illegible]
Dividends received		[illegible]	[illegible]
Interest received		[illegible]	[illegible]
Net cash (used in)/ generated from investing activities		[illegible]	[illegible]
C. Cash flows from financing activities			
Proceeds from issue of Warrants			[illegible]
Proceeds from Borrowings		[illegible]	[illegible]
Repayment of borrowings		[illegible]	[illegible]
Payment of lease liabilities		[illegible]	[illegible]
Net cash (used in)/ generated from financing activities		[illegible]	[illegible]
Net Increase/(decrease) in cash and cash equivalents (A+B+C)		[illegible]	[illegible]
Cash and cash equivalents at the beginning of the financial year		[illegible]	[illegible]
Cash and cash equivalents at end of the year		[illegible]	[illegible]

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 Flows" as per the Companies (Indian Accounting Standard) Rules, 2015
2. Figures in bracket indicate cash outflow.
3. Cash and cash equivalents include (Refer Note 15)

Cash on hand	[illegible]	[illegible]
Cheques in hand	-	-
Balances with Banks		
- Current accounts	[illegible]	[illegible]
- Fixed Deposits with Bank	[illegible]	[illegible]
Bank overdraft as per statement of cash flows	[illegible]	[illegible]

4. Analysis of movement in net debt

Borrowings at the beginning of the year	[illegible]	[illegible]
Movement due to cash movements as per the Statement of Cash Flows	[illegible]	[illegible]
Borrowings at the end of the year	[illegible]	[illegible]

5. Refer to 13 under Other Notes to the Financial Statements for

As per our report of even date attached
For [illegible]
Chartered Accountants
Firm Regn. No. [illegible]

[illegible]
Partner
Membership No. [illegible]

Place: [illegible]
Date: 10th May 2021

For and on behalf of the Board of Directors
[illegible]
Director
DIN: [illegible]

V. H. [illegible]
Chief Financial Officer
PAN: [illegible]

[illegible]
Managing Director
DIN: [illegible]

[illegible]
Company Secretary
M. No. [illegible]

Date: [illegible], 2021

Place: [illegible], 10th May, 2021

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Consolidated Statement of Changes in Equity for the year ended March 31, 2021

(All amounts are in Rs Crore)

A. Equity Share Capital

Particulars	Amount
As at April 1, 2019	137.44
Changes in equity share capital	1.00
As at March 31, 2020	138.44
Changes in equity share capital	-
As at March 31, 2021	138.44

B. Other equity

Particulars	Money received against Convertible Warrants *	Share based payment reserve	Reserves and Surplus					Items of Other Comprehensive Income			Total Equity attributable to Owners of the Company	Non-Controlling Interest	Total Equity
			Securities Premium Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Capital Reserve	Retained Earnings	Change in fair value of FVOCI equity instruments	Remeasurement of defined benefit plans	Foreign currency translation reserve			
Balance as at April 1, 2019	8.53	4.19	452.63	68.50	8.43	-	863.43	(19.31)	6.74	-	1,314.51	(9.55)	1,304.96
Impact on account of adoption of Ind AS 116 (refer note No 43)	-	-	-	-	-	-	(1.13)	-	-	-	11.12	-	(1.13)
Balance as at April 1, 2019	8.53	4.19	452.63	68.50	8.43	-	862.43	(19.31)	6.74	-	1,313.38	(9.55)	1,303.83
Total Comprehensive Income for the year	-	-	-	-	-	0.22	327.31	(2.13)	1.31	(0.08)	328.37	5.94	334.31
Business acquired during the year	-	-	-	-	-	-	-	-	-	-	-	(0.04)	(0.04)
Warrant subscription monies received @ 25% of the issue price*	9.50	-	-	-	-	-	-	-	-	-	9.50	-	9.50
Transfer to retained earnings	-	-	-	-	(3.61)	-	3.61	-	-	-	-	-	-
Dividends paid for the previous year (including tax on dividend)	-	-	-	-	-	-	(31.48)	-	-	-	(31.48)	-	(31.48)
Employee Stock Options outstanding $	-	7.93	-	-	-	-	-	-	-	-	7.93	-	7.93
Conversion of warrants into equity share	(16.00)	-	15.06	-	-	-	-	-	-	-	(0.94)	-	(0.94)
Balance as at March 31, 2020	-	11.63	467.69	68.50	4.82	0.22	1,161.84	(21.44)	8.05	(0.08)	1,625.33	(3.65)	1,629.79
Total Comprehensive Income for the year	-	-	-	-	-	-	329.09	2.26	2.77	(0.42)	241.88	9.31	251.19
Transfer to retained earnings	-	-	-	-	(2.81)	-	(134.75)	129.53	-	-	-	-	-
Employee Stock Options outstanding $	-	3.85	-	-	-	-	-	-	-	-	3.85	-	3.85
Balance as at March 31, 2021	-	15.48	467.69	68.50	2.01	0.22	3,156.28	(89.65)	10.84	(0.50)	1,869.11	5.66	1,874.83

$ Refer note no 31(B)(iii)

* Refer note no 31(B)(iv)

The accompanying notes form an integral part of consolidated financial statements

As per our report of even date attached
For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000688N

P. P. Bajaj
Partner
M.No. 070603

Place: Delhi, 10th May, 2021

For Deloitte Haskins & Sells
Chartered Accountants
Firm Reg. No. 015125N

Partner
M.No. 094560

New Delhi, 10th May, 2021

For and on behalf of the Board

Director
DIN: 00355510

V. K. Jain
Chief Financial Officer
PAN: AAEPJ1600K

Mahendra Nahata
Managing Director
DIN: 00015030

Manoj Bajaj
Senior Vice-President (Corporate)
& Company Secretary
FCS 2824

New Delhi, 10th May, 2021

1. **Corporate information**

HFCL Limited (formerly 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 indexes spanning telecom infrastructure development, system integration and manufacture and supply of high end telecom equipment, Optical Fiber and Optic Fiber Cable (OFC).

The Consolidated Financial Statements have been approved by the Board of Directors of the Holding Company in its meeting held on May 10, 2021.

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. 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 Holding Company has control. The Holding Company controls an entity when the Holding Company 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 Holding Company. They are deconsolidated from the date that control ceases. The Holding Company and subsidiaries are collectively called "the Group".

The group combines the financial statements of the Holding Company 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 Holding Company.

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 consolidated balance sheet respectively.

iii. *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.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

iv. *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Holding Company and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments 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 recognised 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 recognised 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 (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 measurements 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 unobservable 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. **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 recognised 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.

2.8. 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 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 asset 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 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 3-5 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 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.

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the Consolidated Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

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.

When 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 case, the financial asset is de-recognized.

When 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).

2.9.2 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 values recognized 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 amortized 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 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

2.11 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

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

E. 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 Fibre 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 by 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. 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 goods or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable then Group reasonably estimates these. 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 judgement.

If the Group has recognised revenue, but not raised 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 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.

2.13. Leases

As a lessee

The Group implemented a single accounting model as per Ind AS 116 with effect from April 01, 2019 requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard. The Group elected to apply exemptions to short term leases or the leases for which the underlying asset is of low value.

Based on the accounting policy applied, the Group recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessee makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:
- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the site on which the asset is located.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over the shorter of lease term or useful life of underlying assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include
- fixed payments, less any lease incentives receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors. Variable lease payments not linked to the index are recognized directly in the profit and loss.

The lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract.

2.14. 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 assets and liabilities denominated in foreign currency at the year end and net unsettled 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 differences on assets and liabilities carried at fair value are reported as part of fair value gain or loss.

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 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 periodic 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.

2.16. 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 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, 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 using 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 these 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 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.

2.19. Government grants
Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all stipulated conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income. Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognized in the Consolidated Statement of Profit and Loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

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 Credit
The GST credit available on purchase of materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST 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

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, 2019	349.63	61.51	37.10	16.02	8.02	4.03	19.65	15.39	8.89	0.88	521.48
Additions	185.63	30.11	-	18.34	2.33	4.03	2.96	0.65	-	-	244.15
Assets acquired under Business Combination	0.08	-	-	-	0.04	0.03	0.33	-	-	-	0.48
Disposals / Adjustments	35.96	-	-	3.39	0.20	-	0.89	0.71	-	-	39.71
Balance As at March 31, 2020	498.45	91.62	37.10	32.97	10.01	8.79	22.35	15.33	8.89	0.88	726.39
Additions	19.30	31.51	-	1.87	1.49	1.22	3.50	0.78	-	-	59.67
Disposals / Adjustments	0.15	0.41	-	0.76	0.74	0.01	0.53	1.39	-	-	4.39
As at Mar 31, 2021	518.60	122.72	37.10	34.08	10.76	10.00	25.32	14.72	8.89	0.88	781.67
Accumulated depreciation and impairment											
Balance As at April 1, 2019	227.76	14.29	8.30	12.65	3.74	2.95	11.71	11.19	-	0.21	309.80
Depreciation for the year	31.15	2.45	0.33	1.96	0.72	1.00	3.13	1.44	-	0.01	41.79
Disposals / Adjustments	33.65	-	-	2.39	0.01	-	0.87	2.13	-	-	38.94
Balance As at March 31, 2020	225.26	16.73	8.63	12.24	4.45	4.59	13.96	10.51	-	0.22	312.05
Depreciation for the year	35.02	4.09	0.81	5.53	1.13	2.09	2.91	1.12	-	0.01	52.72
Impairment during the year	2.45	-	-	-	-	-	-	-	-	-	2.45
Disposals / Adjustments	0.30	-	-	3.01	0.01	0.01	0.48	1.11	-	-	4.93
As at Mar 31, 2021	262.43	20.81	9.44	14.76	5.57	6.67	16.39	10.52	-	0.23	346.79
Net Carrying Value											
Balance as at April 1, 2019	121.90	47.24	28.80	3.37	2.29	0.61	7.94	4.40	8.89	0.67	202.19
Balance as at March 31, 2020	273.23	100.92	28.47	20.93	5.15	4.20	8.39	4.81	8.89	0.65	426.93
Balance as at Mar 31, 2021	256.15	121.89	27.64	16.98	4.25	3.43	8.84	4.20	8.89	0.64	434.92

Notes:

1. One of the Lease hold Land issued at Solan (H.P.) is pending for title transfer in the name of the Holding Company.

2. Part of the land allocated at Chennai is pending for title transfer in the name of Subsidiary Company namely HTL Ltd

3. The Holding Company has set up a new Optical Fiber Cables for Fiber-to-the-home (FTTH) & allied product manufacturing facility at Hyderabad on the same parcel of 20 acre land adjoining to Fiber manufacturing facility with annual capacity of 3.6 L CKM. Facility for manufacturing of Fiber-to-the-home cable (FTTH) has been started w.e.f 16th December, 2020

4. The Holding Company has received approval to get Capital Subsidies for Rs.100.09 Cr for its manufacturing plant sites at Plot No 5-9, S-C City, Rangareddi, Telangana under Modified Special Incentive Package Scheme (MSIPS) notified vide M-SIPS Policy Gazette Notification No. 175 dated 27-07-2013 and revised Modifications dated 03-06-2015 further extended on 05-01-2017 as modified from time to time by the Ministry of Electronics and Information Technology, Department of Information Technology, vide Approval Letter No 37(57)/2013-EPHW dated 29-05-2018. Also the Holding Company is in process of availing capital subsidy under Incentive scheme of Industries & Commerce (IP & INT) Department, Telangana. Under the said schemes, the Holding Company as on March 31, 2021 has submitted its claims before the respective authorities for sanctioning the claim, which has not been adjusted to the cost of respective assets, in the absence of reasonable assurance that the claim will be received

5. Refer Note 21 and 24 for details of assets pledged.

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4 Capital works-in-progress

Particulars	Buildings	Plant & Machinery	Electrical Installation	Total
Balance as at March 31, 2019	38.09	24.11	1.81	64.01
Additions	7.93	25.69	2.30	35.92
Disposals / Adjustments	33.30	47.72	3.85	80.87
Balance as at March 31, 2020	12.72	2.08	0.26	15.06
Additions	3.75	8.96	0.11	12.82
Disposals / Adjustments	13.85	2.21	-	16.06
Balance as at Sep 30, 2020	2.62	8.83	0.37	11.82

Notes:
The Holding Company has set up a new Optical Fiber Cables Fiber-to-the Home (FTTH) & allied product manufacturing facility at Hyderabad on the same parcel of 20 acre land adjoining its Fiber manufacturing facility at Hyderabad with annual capacity of 3.6 L CKM. The Holding Company is also expanding its capacity for various FTTH variants and accordingly, capital expenditure amounting to Rs 3.21 Crore which is shown under the head Capital work-in-progress.

5 Intangible Assets (Other than Goodwill)

Particulars	Computer software
Gross Carrying Value	
Balance as at April 1, 2019	10.25
Additions	13.85
Acquisition of Subsidiary	1.16
Disposals / Adjustments	-
Balance as at March 31, 2020	34.26
Additions	3.21
Disposals / Adjustments	-
Balance as at March 31, 2021	37.47
Accumulated depreciation and impairment	
Balance as at April 1, 2019	8.90
Depreciation for the year	4.54
Disposals / Adjustments	-
Balance as at March 31, 2020	13.44
Depreciation for the year	6.06
Disposals / Adjustments	-
Balance as at March 31, 2021	19.50
Net Carrying Value	
Balance as at April 1, 2019	10.35
Balance as at March 31, 2020	20.82
Balance as at March 31, 2021	17.97

6 Intangible assets under development

Particulars	Product Development
Balance as at April 1, 2019	21.51
Additions	8.74
Acquisition of Subsidiary	1.88
Disposals / Adjustments	13.42
Balance as at March 31, 2020	18.71
Additions	5.49
Disposals / Adjustments	-
Balance as at March 31, 2021	24.20

Note : Includes Technology licence fee paid in the nature of advance till the date of actual utilisation of technology

7 Non-Current Financial Assets - Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted		
Investments - Others		
(i) Investments in Equity Instruments	33.97	53.84
(ii) Investments in Debt Instruments	1.85	1.85
Total	35.82	55.69

7.1 Detail of Non Current Financial Assets - Other Investment

Particulars	Face value per Share/ Debenture	As at Dec 31, 2020		As at March 31, 2020	
		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	6,39,223	16.77	6,39,223	16.77
A2i Corp Ltd	10	-	-	1,32,50,000	32.90
Midas Communication Technologies Pvt. Ltd	10	2,642	-	2,642	-
The Greater Bombay Co-Op Bank Ltd.	25	4,000	0.06	4,000	0.07
India Card Technologies Pvt Ltd	10	19,900	-	19,900	-
Shankar Sales Promotion Pvt Ltd	100	2,000	0.09	2,000	0.09
JSFCL Benq Telecom Ltd	10	100	-	600	-
Silvatt Systems Pvt Ltd.	1	2,17,299	16.06	54,198	4.01
Total Investment in Equity Instruments measured at FVTOCI			32.98		53.84
(ii) Investment in Debt Instruments					
A2i Properties Pvt. Ltd. (OFCDs)	100	1,85,000	1.85	1,85,000	1.85
Total Investment in Debt Instruments measured at FVTOCI			1.85		1.85
Aggregate Carrying value of unquoted investments			34.83		55.69
Aggregate amount of impairment in value of investments			-		-

8 Non-Current Financial Assets-Loans

Particulars	As at March 31, 2021	As at March 31, 2020
Other Loans		
Unsecured, considered good	6.50	6.50
Which have significant increase in credit risk	0.21	0.21
Less: expected credit loss allowance	(0.21)	(0.21)
Total	6.50	6.50
Movement in the expected loss of Other Loans are as follows:		
Balance at the Beginning of the year	0.21	0.21
Add: Provided during the year	-	-
Less: Amount written off	-	-
Balance at the end of the year	0.21	0.21

9 Non-Current Financial Assets – Others

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed Deposits with Bank (maturity more than 12 months)*	9.56	34.34
Security Deposit	1.47	0.20
Total	11.03	34.54

* Above fixed deposits are 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:

Particulars	Defined benefit obligation	Property, plant and equipment	Provisions & others	MAT credit entitlement*	Total
As at 1 April, 2019	9.30	(0.80)	16.35	54.30	79.92
Addition due to acquisition	0.08	-	-	-	0.08
Impact on account of adoption of Ind AS 116 (refer note No 41)	-	-	0.38	-	0.38
(Charged)/Credited:					
- to Statement of profit and loss	0.90	(18.80)	4.76	(54.30)	(67.44)
- to other comprehensive income	(0.79)	-	-	-	(0.79)
As at 31 March, 2020	9.46	(18.80)	21.49	-	12.15
(Charged)/Credited					
- to Statement of profit and loss	1.67	7.01	(14.10)	-	(4.50)
- to other comprehensive income	(0.95)	-	-	-	(0.95)
As at 31 March, 2021	10.18	(10.97)	7.39	-	6.30

* The Taxation Laws (Amendment) Ordinance, 2019 ("Ordinance") on September 20, 2019 has amended the Income Tax Act, 1961 and Finance (No. 2) Act, 2019, by which the option has been provided for the lower tax regime without any incentives for the domestic companies. The management of the Group has assessed that it is beneficial to opt for the option of availing reduced income tax rate from current financial year.

11 Other Non-Current Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good		
Capital Advances	48.26	4.30
Total	48.26	4.30

13 Inventories (at cost or net realisable value, whichever is lower)

Particulars	As at March 31, 2021	As at March 31, 2020
[net of write down (Current year Rs. 1.79 crore, Previous year Rs. 1.79 crore)]		
Raw Material	114.78	16.01
Raw Materials in Transit	13.01	0.06
	127.79	16.15
Work-in-progress	126.43	124.39
Finished goods	91.28	63.99
Stock-in-trade-Accessories	-	-
Stock-in-trade	61.32	61.21
Stock-in-trade in transit	48.93	-
Stores and spares	8.11	6.31
Stores and spares	0.69	0.31
Loose tools	1.94	0.32
Others (Packing Material)	1.94	0.32
Total	470.23	345.48

Note:
(a) Work in progress includes contract work in progress of Rs. 101.26 crore (Previous year: Rs. 119.36 crore)

14) Current Financial Assets - Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Quoted Investments		
(i) Investments in Mutual Funds	3.99	1.85
(ii) Investment in Equity Instruments - other	3.80	0.65
Total	7.79	2.50

14.1 Detail of Current Financial Assets - Investments

Particulars	Face Value	As at March 31, 2021		As at March 31, 2020	
		No. of Shares/ Units	Amount	No. of Shares/ Units	Amount
Financial assets carried at fair value through Statement of Profit or Loss (FVTPL)					
(i) Investments in mutual funds - Quoted Investments					
Union Liquid Fund Growth -Direct plan	1000	9,226	1.88	9,258	1.79
Union Large & Mid Cap Fund Growth - Direct Plan	10	58,800	0.97	43,098	0.66
Union Bank Medium Duration Fund Regular	10	4,98,835	0.53	-	-
Union Hybrid Equity Fund Growth	10	4,99,835	0.52	-	-
Principal Cash Management Fund - Dividend reinvestment plan	1000	535	0.00	218	0.27
Total Investments (FVTPL)			3.99		1.85
Investments measured at FVTOCI					
(ii) Investment in equity instruments - Quoted Equity Shares					
Ajanta Soya Ltd	1	64,88,800	-	64,88,006	-
Ajanta Soya Ltd	1	13,800	-	17,000	-
Visaka Dyechem Ltd	1	18,200	0.05	18,200	0.03
Sanofi India Limited	10	8,700	0.06	8,700	0.02
Vikas Communication Ltd	2	8,52,835	1.68	1,12,578	0.24
Magna Fincorp Ltd	1	4,150	-	4,150	-
Mafatlal Mauri Worldwide Ltd	10	2,29,650	0.14	2,10,016	0.28
Jaiprakash Associates Ltd			0.65		0.57
(iii) Investment in equity instruments - Unquoted Equity Shares					
Orient Textile Industries Ltd	2	13,00,500	-	13,00,500	-
Rashtriya Ispat Ltd	10	4,78,500	-	4,78,500	-
NSL Wind Power Company (Theni) Private Limited	10	1,10,750	0.17	1,01,500	0.15
			0.17		0.15
Total Investments (FVTOCI)			3.80		0.65
Total Current Financial Investments			7.79		2.50
Aggregate Carrying value of unquoted investments			0.17		0.15
Aggregate amount of impairment in value of investments			-		-

14) Current Financial Assets - Trade Receivables

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Trade Receivables				
(a) Secured, considered good	444.83	2,501.81	169.83	1,591.55
Unsecured, considered good		8.13		0.47
Credit Impaired		19.11		15.24
Which have significant increase in credit risk		416.65		(3.11)
Less: expected credit loss allowance				
Total	444.83	2,110.98	819.83	1,604.15
Movement in the expected credit loss allowance of trade receivables are as follows				
Balance at the Beginning of the year	-	3.27	-	4.35
Add: Provided during the year	-	3.09	-	4.67
Less: Amount written off		6.51		5.84
Balance at the end of the year	-	15.45	-	3.27

14.1 The credit period varies considerably in respect of various projects generally ranges between down to settlement of specified milestones (completion based) and average project closure cycle is around 5 to 10 months. General payment terms include process one with the reputable customers ranging between 30 to 90 days from the date of invoices / milestone of specified milestones.

14.2 In determining the allowance for trade receivables the Group has used internal expertise based on financial condition of the customers, ageing of the customer receivables & any dues, availability of collaterals and historical experience of collections from customers. The computation of the said amount is made on a reasonable & prudent basis taking into account the current economic and trade conditions and may be normal delays in collections.

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15 Current Financial Assets - Cash & cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash & Cash Equivalents		
Balance with banks	10.90	1.66
- In current account	0.01	0.01
- In dividend account [a]	0.10	0.26
Cash on hand	2.51	2.21
Fixed Deposits with Bank (maturity less than 3 months)*	21.78	16.64
Total		

* Above fixed deposits are held as margin money/security with banks
[a] At 0.21 crore (Previous year Rs. 0.10 crore) has restricted use.

16 Current Financial Assets - Other Bank Balances

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposit with Bank (Maturity less than 12 months)*	185.14	179.9
Total	185.14	179.90

* Above fixed deposits are held as margin money/security with banks

17 Current Financial Assets - Loans

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Other Loans	11.87	14.96
Total	11.87	14.96

18 Current Financial Assets -Other Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Advance other than capital advance	28.84	21.90
- Security Deposits	472.65	525.80
- Other Project advances	2.58	5.48
Interest Receivable	32.13	-
Receivable for sale of investments	461.81	552.98
Total		

19 Current Tax Assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Tax Assets		
Advance Income Tax / TDS (net of provisions)	71.55	51.51

20 Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Balance in receivable	160.56	157.54
Prepaid Expenses	73.69	19.33
Export Incentive receivable	7.89	5.18
Other Receivable	2.01	2.69
Asset recognised from cost incurred to fulfil a contract	33.78	24.83
Total	430.41	284.32

I A. Share Capital

(i) Authorised Share Capital

Particular	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at April 1, 2019	5,10,00,00,000	510.00	2,50,00,000	250.00
Increase during the year	-	-	-	-
As at March 31, 2020	5,10,00,00,000	510.00	2,50,00,000	250.00
Increase during the year	-	-	-	-
As at March 31, 2021	5,10,00,00,000	510.00	2,50,00,000	250.00

(ii) Shares issued, subscribed and fully paid up

Particular	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount*	No of Shares	Amount
As at April 1, 2019	1,27,43,77,194	127.44	-	-
Add: Shares issued during the year	1,00,00,000	1.00	-	-
Add: Bonus shares issued during the year	-	-	-	-
Less: Share bought back during the year	-	-	-	-
As at March 31, 2020	1,28,43,77,194	128.44	-	-
Add: Shares issued during the year	-	-	-	-
Add: Bonus shares issued during the year	-	-	-	-
Less: Share bought back/redeem during the year	-	-	-	-
As at March 31, 2021	1,28,43,77,194	128.44	-	-

* The Allotment Committee (Warrants) of the Board of Directors of the Holding Company at its meetings held on 05th November, 2018, 29th March 2019, 09th April, 2019 and 29th April, 2019 has made allotment of 75,00,000 & 2,75,00,000, 12,08,333 and 47,91,667 equity shares of the face value of Re 1/- each at a premium of Rs 19 per equity share respectively to the warrant holders consequent upon exercise of right for conversion of their warrants into equity shares. Upon allotment of these equity shares, the paid up equity share capital of the Holding Company has increased from Rs. 123.94 crore (Rupees One Hundred Twenty Three Crore Ninty Three Lakh Seventy Seven Thousand One Hundred Ninety Four Only) comprising of 123,93,77,194 equity shares of the face value of Re 1/- each to Rs 128.44 crore (Rupees One Hundred Twenty Eight Crore Forty Three Lakh Seventy Seven Thousand One Hundred Ninety Four Only) comprising of 128,43,77,194 equity shares of the face value of Re 1/- each.

(iii) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of share	% of Holding	No. of share	% of Holding
MN Ventures (P) Ltd	28,96,40,000	22.55%	24,38,40,000	19.14%
Nextwave Communications (P) Ltd	21,98,65,000	17.12%	21,98,65,000	17.12%

(iv) Terms/right attached to Equity/Preference Shares -
The Holding Company has issued equity share of Re 1/- 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. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amount in proportion to their shareholdings

B. Other Equity

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Retained Earnings	1,456.28	1,062.00
(ii) Components of Other Comprehensive Income		
a. Changes in fair value of FVOCI equity instruments	10.63	(139.44)
b. Remeasurement of defined benefit plans	12.64	9.87
c. Foreign currency translation reserve	(0.53)	(0.08)
(iii) Other Reserves*		
a. Securities Premium	467.62	467.62
b. Debenture Redemption Reserve	2.81	5.62
c. Capital Redemption Reserve	80.50	80.50
d. Employee Share based payment reserve	15.58	11.69
e. Capital reserve (on bargain purchase)	2.22	2.22
Total	1,963.77	1,540.00

* Brief description of Other Reserves

a Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized 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 Company in terms of the Companies (Share capital and Debentures) 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 80,50,000) CUPS of Rs. 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 55)

(i) Retained Earnings

Particulars	As at March 31, 2020	As at March 31, 2021
Opening Balance	1,082.00	468.54
Change in accounting policy/ refer note 41)	-	(3.12)
Restated balance at the beginning of the reporting period	1,082.00	461.42
Add: Net profit for the period	246.24	537.24
Add/Less: adjustments for:		
Changes in Fair Value of FVOCI Equity Instruments	(127.53)	-
Transfer from Debenture redemption reserve	2.81	2.81
Transfer into Capital redemption reserve	-	-
Dividend paid on Equity shares (including tax on dividend)	-	(15.48)
Non-Controlling Interest	(7.24)	(13.09)
Closing Balance	1,196.28	1,482.00

(ii) Components of Other Comprehensive Income

Particulars	Changes in fair value of FVOCI equity instruments	Remeasurement of defined benefit plans	Foreign currency translation reserve
As at April 1, 2019	(117.31)	8.76	-
Increase during the year	-	1.71	-
Decrease during the year	2.10	-	0.08
As at March 31, 2020	(119.44)	9.87	(0.08)
Increase during the year	130.09	2.77	-
Decrease during the year	-	-	0.45
As at March 31, 2021	10.65	12.64	(0.53)

(iii.) Other Reserves

Particulars	Securities Premium	Debenture Redemption	Capital Redemption	Employee Share based payment	Capital Reserve
As at April 1, 2019	452.62	8.43	80.50	4.89	-
Increase during the year	15.00	-	-	7.50	2.22
Acquisition of Subsidiary	-	-	-	-	-
Decrease during the year	-	2.81	-	-	-
As at March 31, 2020	467.62	5.62	80.50	11.69	2.22
Increase during the year	-	-	-	3.89	-
Acquisition of Subsidiary	-	-	-	-	-
Decrease during the year	-	1.81	-	-	-
As at March 31, 2021	467.62	3.81	80.50	15.58	2.22

(iv) Money received against convertible warrants

Particulars	Amount
As at April 1, 2019	8.50
Increase during the year	7.50
Decrease during the year	(16.00)
As at March 31, 2020	-
Increase during the year	-
Decrease during the year	-
As at March 31, 2021	-

22 Non-Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Borrowings		
a) Non-Convertible Debentures	11.24	22.48
b) Term Loans		
(i) from Banks*	196.60	166.61
c) Vehicle Loans		
(i) from Banks	2.31	2.92
(ii) from others	0.01	0.07
	210.19	212.09
Unsecured		
Borrowings		
a) Term Loans		
(i) from other parties (Refer Note 56 (i))	6.24	6.24
(ii) Interest on Term Loan from other parties	26.57	25.72
Inter Corporate Deposit		
(i) from other parties	88.58	-
	121.79	31.96
Less : Current maturities of long term debt - Term Loans	(68.35)	(39.15)
Less : Debentures redeemable in next 12 months	(11.24)	(11.24)
Less : Current maturities of long term debt - Vehicle Loans	(1.21)	(1.12)
Total	250.18	200.94

* net of Rs. 0.32 crores (Previous year Rs 1.76 Crores) as finance charge

Regarding Holding Company:
a) Holding Company had issued 33,22,150 10.25% secured unlisted Non- Convertible Redeemable Debentures (NCDs) of Rs.1000/- each aggregating Rs. 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 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) and 2021(FY 2021-22) respectively. First & Second instalment of 33.33% of each year being 22,48,434 NCDs have been redeemed on time.

b) Term Loan of Rs 23.03 crore (Previous year Rs 50.00 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. Further, loan is secured by way of pari passu second charge on the Current Assets of the Holding Company.

c) Term Loan of Rs 129.41 crore (Previous year Rs.121.37 crore) from the Banks 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 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.

d) Working Capital facilities (Covid-19 Emergency Credit line) of Rs.19.24 crore and FITL under Covid-19 scheme of Rs. 0.65 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 Wireless and Cable divisions of the Company and further secured by way of pledge of equity shares up to 31% (24,15,48,750 equity shares) of promoters and are also personally guaranteed by Managing Director of the Holding Company and further secured by way of corporate guarantee of M/s MN Ventures Private Limited.

e) Other Vehicle Loans of Rs.2.35 crore (Previous Year Rs 2.99 Crore) from banks and others are secured by way of hypothecation of respective assets.

f) Unsecured Inter Corporate Deposits are having a maturity by October 2024 payable in four half yearly instalments starting from April 2023 and carry interest rate

Regarding Subsidiary Company:
g) The Board of Directors of the HTL Ltd has proposed a right issue of equity shares for Rs. 120.00 crore at the value of equity shares holding i.e 26% by GOI and 74% by HFCL Limited (HFCL). Holding Company it was also proposed that the right issue be funded by way of conversion of outstanding loan along with interest due from GOI and other loans extended by HFCL. The Company is regularly following and submitting all clarifications & additional information asked by GOI from time to time for obtaining the administrative approval so as the required formalities under the Companies Act can be taken up accordingly. In view of this, loans outstanding from GOI along with interest and advances/loans received from HFCL have been shown under Non-Current Financial Liability instead of Current Financial Liability.

h) Term Loan of Rs. 30.00 crore sanctioned and disbursed, outstanding as on 31.03.2021 is amounting to Rs. 30.59 crore (Previous year Rs. 24.14 crore) from Yes Bank Ltd and Term Loan of Rs 30.00 crore sanctioned, outstanding as on 31.03.2021 is amounting to Rs 6.70 crore (Previous year Nil) from State Bank of India is secured by way of exclusive charge on all fixed assets (both present and future), exclusive charge on 2.5 acre Industrial Land parcel located in Guindy, Chennai by way of registered mortgage, exclusive charge on all current assets (both present and future), exclusive charge on all Cash Flows of HTL Limited. The loan is further secured by way of Corporate Guarantee of HFCL Limited, personal guarantee of Chairman of the Company and Corporate Guarantee of M/s MN Ventures Private Limited. Repayment of term loan from Yes Bank Ltd would be made in 20 structured quarterly instalments over a period of 5 years commencing after moratorium period i.e. 3 months after date of disbursement whereas repayment of term loan from State Bank of India would be made in 14 structured quarterly instalments after moratorium period i.e. 6 months after date of disbursement.

Secured term and other Loans - Repayment schedule and rate of interest :

Particulars	Term Loan	Term Loan	Term Loan	Term Loan	Vehicle Loan
Rate of Interest	10.75%	10.25%	7.40%	14.50%	8.50% to 10.70%
Outstanding amount	45.59	624.61	19.89	6.70	2.35
Repayment Due					
FY 2021-22	20.80	20.13	16.85	0.96	1.21
FY 2022-23	5.86	20.13	3.04	1.91	0.58
FY 2023-24	5.93	20.13	-	1.91	0.25
FY 2024-25 to 2031-35	3.00	564.03	-	1.91	0.31
Un-Secured					
Rate of Interest	9.00%				
Outstanding amount	88.98				
Repayment Due					
FY 2020-21	50.00				
FY 2021-22	38.98				

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Non-Current Liabilities - Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits (refer note no 43)		
Provision for Gratuity	17.95	19.11
Provision for Leave Encashment	18.55	12.85
Total	36.50	31.96

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IIFCL (Formerly Infrastructure Finance Company Limited)
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2011
(All amounts are in Rs Crore)

18 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2011	As at March 31, 2010
Borrowings - Interest accrued but not due on loans		
Secured		
(a) From banks - Working Capital *	979.10	287.35
(b) From banks - Rupee Term Loans	49.91	50.00
Unsecured		
(a) From banks - Working Capital **	70.54	10.49
(b) From other parties - Rupee Term Loans	24.65	100.33
(c) From other parties - Inter Corporate Deposits***	17.54	-
(d) Deposit work	581.64	49.63
Total		

Regarding Holding Company:

a) a) Working Capital Loans from banks aggregating to Rs.332.23 crore (Previous year: Rs.600.35 crore) are secured on pari passu basis by way of hypothecation of stocks of raw materials, finished and other finished goods, work in progress, book debts etc. as well as by way of second charge on immovable properties (existing and future) of Wardha and Cities 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 Holding Company and Auditor nominated by way of corporate guarantee of M/s MH Ventures Private Limited.

b) Working Capital Loans from banks aggregating to Rs. 49.91 crore (Previous year: Rs. 47.83 crore) and Inland bills discounting limit of Rs. 49.91 crore (Previous year Rs.2.08 crore) are secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (Present & future) of IIFCL-Tamil Nadu Municipal Infrastructure Project (IIFCL-TNMIP) Project. The loan is further secured by second pari passu charge on movable & immovable fixed assets, personal guarantee by Managing Director of the Holding Company, corporate guarantee of M/s MH Ventures Private Limited, first pari passu charge on cash flows of the project and first pari passu charge on future receivables/assets for working capital consortium.

c) Working Capital Loans from banks aggregating to Rs. 1000.00 crore (Previous year, Rs.Nil) are secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (Present & future) of IIFCL-Tamil Nadu Road Sector Project (IIFCL-TNRSP). The loan is further secured by second pari passu charge on movable & immovable fixed assets, personal guarantee by Managing Director of the Holding Company, corporate guarantee of M/s MH Ventures Private Limited, first pari passu charge on cash flows of the project and first pari passu charge on future receivables/assets for working capital consortium.

Regarding Subsidiary Companies

d) Working capital loan of Rs.2.45 crore (Previous year, Rs.4.01 crore) is secured against hypothecation of inventory and Book Debts and all current assets of the Pallavi Revenue Systems Pvt Ltd. The loan is secured against corporate guarantee and pledge of shares by other Group Companies.

e) Working capital loan of Rs.24.19 crore (Previous year, Rs.24.69 crore) is WCDL Ltd. from Yes Bank has is secured against exclusive charge on all fixed assets (both present and future) and current assets of Industrial Land parcel located in Gurgaon, Haryana by way of equitable mortgage, corporate Guarantee of IIFCL Limited, personal guarantee of Chairman of the Company and Corporate Guarantee of M/s MH Ventures Private Limited.

** Inter Corporate Deposits are for a tenure of less than one year and carry interest @ 12% to 15%

19 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2011	As at March 31, 2010
Trade Payables		
Due to Related Party Entities (refer note 46)	881.45	80.54
Others	1,566.47	730.80
Total	1,747.96	811.34

20 Other Financial Liabilities

Particulars	As at March 31, 2011	As at March 31, 2010
Retention Money*	372.38	310.69
Other Financial Liabilities		
Current maturities of long-term debt (refer note 23)	69.56	31.88
Non Convertible Debentures (refer note 23)	41.24	11.24
Interest accrued but not due	3.78	2.38
Security deposit	4.18	4.16
Creditors for Capital Goods	11.16	12.58
Expenses Payable	103.67	128.89
Other Employee related liabilities	11.11	2.78
Unpaid Dividends & Tax thereon	8.21	6.21
Total	483.41	517.17

* Includes security deposits, retention money and liquidated damages/Performance guarantees held by the Group.

21 Current Tax Liabilities (Net)

Particulars	As at March 31, 2011	As at March 31, 2010
Current Tax Liabilities		
Income Tax Payable (Net of Advance Tax / TDS)	46.21	-

22 Other Current Liabilities

Particulars	As at March 31, 2011	As at March 31, 2010
Others		
Statutory Liabilities payable	11.91	14.56
Advance from Customers	59.61	17.17
Total	71.52	31.73

23 Current Liabilities - Provisions

Particulars	As at March 31, 2011	As at March 31, 2010
Provisions		
Provision for Employee Benefits (refer note 41)		
- Provision for Gratuity	7.25	2.81
- Provision for Leave Encashment	1.58	2.22
- Provision for Pension	6.29	6.03
Others (specify nature)	15.72	10.65
Total		

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33 Revenue from operations

Particulars	For the years ended March 31, 2021	For the years ended March 31, 2020
Sale and Services		
- Manufacturing and trading activities	1,200.26	839.19
- Turnkey project related activities	3,217.22	2,995.48
Other Operating Revenues		
- Scrap sale	0.96	1.00
- Export Incentives	3.52	2.44
Total	4,422.96	3,838.91

(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 recognise 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 revaluations 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 Rs. 30.31 crore (Previous year Rs.33.46 crore) which is expected to be recognised as revenue in the next year.

(iii) Contract balances

(a) Changes in Contract assets (Unbilled revenue) are as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	18.48	3.49
Revenue recognised during the year	19.47	18.39
Invoices raised during the year	17.25	3.40
Balance at the end of the year	20.70	18.48

(b) Changes in contract liabilities (Unearned revenue) are as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	33.46	49.62
Increase due to invoicing during the year	-	2.14
Revenue recognised that was included in the unearned and deferred revenue	3.05	18.30
Balance at the end of the year	30.41	33.46

Revenues in excess of invoicing are classified as contract assets (which can also be referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which can also be referred 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

(iv) The Group has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render supply & services which may require revision of estimates of costs to complete the contracts because of additional efforts, (ii) onerous obligations; (iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Group has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

31 Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Other non-operating income	16.76	19.85
Interest Income	-	0.03
Dividend Income	0.40	0.40
Financial guarantee income	15.76	-
Exchange Fluctuation Income (Net)	3.21	1.84
Others		
Total	36.13	22.08

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32 Cost of Material Consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Stock	72.91	82.79
Add : Purchases during the year	686.01	565.05
	759.00	597.84
Less: Closing Stock	314.78	76.07
Total	444.22	521.77

33 Other Direct Costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Project and labour service charges	934.48	1,601.29
Consumption of Packing Material	19.65	14.61
Consumption of pieces and spares parts	18.86	9.07
Loose Tools written off	0.24	0.12
Total	973.23	1,625.88

34 Changes in Inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Closing Stock		
Finished Goods	57.38	63.99
Stock in Trade- Goods	67.32	61.21
Work in process	126.02	134.59
	250.72	259.79
Opening Stock		
Finished Goods	63.99	30.62
Stock in Trade -Goods	61.21	37.17
Work in process	134.59	97.79
	259.79	165.58
Total	8.07	(94.21)

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35 Employee benefit expenses

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Salaries, bonus and allowances	283.69	291.82
Contribution to Provident and other funds	10.24	9.29
Staff welfare expenses	5.13	5.62
Share based payments to Employees (refer note 33)	3.89	2.21
Total	302.95	308.94

36 Finance Cost

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Interest on Term Loans	49.10	48.36
Other Interest Cost	14.51	26.67
Interest on Debentures	71.84	37.88
Bank Charges and Commission paid	3.58	8.91
Interest on Deferred liability (refer note 42)	16.69	11.83
Total	155.72	133.65

37 Other expenses

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Rent	1.78	4.10
Rates and Taxes	5.55	3.71
Auditors' Remuneration		
- Audit Fees	1.16	1.01
- In Other Capacity	0.81	0.26
- Out of pocket expenses	0.02	0.15
Legal and Professional Charges	45.99	49.93
Communication Expenses	3.50	3.21
Travelling and Conveyance Expenses	31.39	34.91
Power, Fuel & Water Charges	26.39	16.12
Repairs and Maintenance	6.83	7.16
Insurance Expenses	11.85	10.66
Selling & Distribution Expenses	55.38	59.17
Bad debts, Loans and Advances, other balances written off (net)	1.53	2.22
Provision for doubtful debts	3.69	4.56
Diminution in value of Non-Moving/obsolete inventories	-	11.71
Less: Provision for non-moving inventories written back	-	(48.31)
Sitting Fees to non-executive directors	0.48	0.59
Liquidated Damages on Sales	8.84	2.31
Research & Product Development Expenses	8.61	5.77
Exchange Fluctuation Loss (Net)	-	15.17
Corporate Social Responsibility Expenses (refer note 37)	0.44	0.36
Miscellaneous Expenditure	19.31	19.67
Total	219.41	304.35

38 Earning per Share (EPS) in accordance with the Indian Accounting Standard (Ind AS-33)

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Basic & Diluted Earnings per share		
Profit/Loss for the year	246.24	237.35
Profit attributable to ordinary shareholders (A)	246.24	237.35
Weighted average number of ordinary shares (B)	128,41,28,194	128,28,81,680
Face value per share for calculating basic EPS		
Potential equity shares	1,00,16,000	834,18,000
Weighted average number of Ordinary shares (C)	129,41,44,194	129,72,01,680
Face value per share for calculating diluted EPS		
Nominal value of ordinary share	Rs. 1/-	Rs. 1/-
Earnings per share basic (A/B)	1.92	1.85
Earnings per share diluted (A/C)	1.90	1.84

39 Critical accounting estimates and judgements

The preparation of consolidated 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 judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated 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 assets 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 indicate that these assets have suffered any impairment loss

3. Employee benefits
Defined benefit plans and other long-term benefits are evaluated with reference to discount rates and based upon actuarial assumptions including among other discount rates, expected rates of return on plan assets, expected rates of salary increase, estimated retirement date, mortality rates. The significant assumptions used to account for Employee benefits are described in Note 45

4. Revenue Recognition
The Group considers 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 Group allocates the elements of variable consideration in all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations. The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits. Provisions for expected losses, if any, on unexecuted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

5. Leases
The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

6 Loss allowance for receivables and unbilled revenue
The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the country where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information but its customers to estimate the probability of default in future and has taken into account estimate of possible effect from the pandemic relating to COVID -19.

7 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.

8. Contingencies
On an ongoing basis, Group reviews pending cases, claim by third parties and other contingencies and obligations. Obligations relating to Project Execution is largely accrued 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. Those contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the consolidated financial statements. Contingencies the likelihood of which is remote are not disclosed in the consolidated financial statements. Gain contingencies are not recognized until the contingency has been resolved and proceeds are received or receivable.

9. Fair Value of Unquoted equity investments:
In order to arrive at the fair value of unquoted investments (other than subsidiaries and associates), the Group obtains independent valuations. The techniques used by the valuer is Asset approach, - Net assets value method and Income approach- discounted cash flow method. The Group reviews its carrying value of investments carried at cost less of impairment, if any) annually or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the consolidated statement of profit and loss

40 Impact and future uncertainties relating to Global health pandemic from COVID-19
The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the properties of the financial instruments including their carrying value of carrying amount of financial and non financial assets. Further the significant assessment does not indicate any significant impact on the ability of the company to continue as a going concern. While keeping the assumptions relating to the possible future uncertainties in the global economic condition because of this pandemic, the Group has at the date of approval of the financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amounts of the assets will be recovered. The impact of COVID 19 on the Group's financial statement may differ from that estimated as at the date of approval of these financial statements.

41 Change in Accounting Policy
Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these financial statements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for lessees. It introduces a single, on-balance sheet lease accounting model for lessee.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard in its lessee, retrospectively, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (April 1, 2019).

42 Leases

The details of the right-of-use assets held by the Group is as follows:

Particulars	Addition for the year ended March 31, 2021	Net carrying amount as at March 31, 2021	Addition for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Land	-	0.09	-	0.09
Buildings	5.19	20.21	15.21	20.02
Total	5.19	20.30	15.21	20.11

Depreciation on right-of-use asset as follows:

Particulars	For the year ended March 31, 2021	For the Year ended March 31, 2020
Land	-	-
Buildings	3.77	3.61
Total	3.77	3.61

The details of the Lease Liabilities payable by the Group is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Current	3.71	3.04
Non Current	16.47	16.90
Total	20.22	21.94

Interest on lease liabilities is Rs. 2.44 crore and Rs. 1.93 crore for the year year ended March 31, 2021 and March 31, 2020 respectively.

The Group incurred Rs 0.98 crore and Rs 0.81 crore for the years ended March 31, 2021 and 2020, respectively, towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is Rs 5.90 crore and Rs 6.21 crore for the years ended March 31, 2021 and 2020, respectively, including cash outflow for short term and low value lease.

Lease contracts entered by the Group majorly pertain to buildings taken on lease to conduct its business in the ordinary course. The Group does not have any lease restrictions and commitment towards variable rent as per the contracts. The leases that the Group has entered with lessors towards properties and as were lowest / Group are long term in nature and no changes in terms of these leases are expected due to the COVID 19.

43 (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	74%
Pollard Security Systems Private Limited	100%
Maxeta Finance (P) Ltd	100%
HFCL Advance System: (P) Ltd	100%
Raddef Private Limited (Subsidiary w.e.f. 15.03.2019)	90%
DragonWave HFCL India Private Limited (Wholly owned Subsidiary w.e.f. 23.03.2019)	100%

(b) Additional information, as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as Subsidiaries / Associates / Joint Ventures

Name of the Entity	Net assets (i.e. total assets minus total liabilities)		Share in Profit & loss	
	As % of Consolidated net assets	Amount (Rs. in crs.)	As % of Consolidated Profit/Loss	Amount (Rs. in crs.)
Parent				
HFCL Limited (formerly Himachal Futuristic Communications Ltd)	97.56	8,835.50	93.56	332.54
Subsidiaries - Indian				
HTL Limited	1.81	34.84	2.40	8.54
Pollard Security Systems Private Limited	0.29	5.66	0.23	0.82
Maxeta Finance Private Limited	0.01	0.11	0.01	0.02
HFCL Advance Systems Private Limited	-	(0.08)		(0.01)
Raddef Private Limited	(0.02)	(0.18)	(0.18)	(0.65)
DragonWave HFCL India Private Limited	0.01	1.40	(0.10)	(0.35)
Non-Controlling interests in all subsidiaries	0.30	7.26	2.96	9.31

44 Business Combination

(i) During the previous year, the Holding Company acquired 90% (9,000 shares of face value of Rs 10/- each) of the equity share capital of M/s Raddef Pvt Ltd., a company dealing in components for the application in defence, aerospace, microelectronics and communication. The business acquisition was undertaken by acquiring equity stake of 90% for Cash consideration of Rs 0.01 crore.

(ii) Holding Company had entered into a Joint Venture Agreement dated October 16, 2018 with DragonWave Inc., Canada, and formed a joint venture entity under name DragonWave HFCL India Pvt Ltd. owned by DragonWave Pte. Ltd., Singapore (50.10%) (being controlled by DragonWave Inc., Canada) and HFCL Ltd. (49.90%). On December 11, 2019, the Holding Company acquired balance 50.10% (comprising of 33,07,800 equity shares of face value Rs 10/- each). The Holding Company's total holding along with the existing shares held has increased to 100%. The balance acquisition was undertaken by entering into share purchase agreement for cash consideration of Rs. 1.33 crore.

45 During the year, Group has recognised the following amounts in the consolidated financial statements as per Ind AS - 19 "Employee Benefit" as specified in the Companies (Indian Accounting Standards) Rules, 2015

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as Charged in Consolidated Statement of Profit and Loss for the year as under

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employer's Contribution to Provident Fund	10.02	9.53

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 assumption:

Particulars	Gratuity (Funded)		Leave Encashment	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash Accumulation Policy)				
Discount rate (per annum)	6.80%	6.80%	6.80%	6.80%
Rate of increase in Compensation levels	6.65%	6.80%	6.65%	6.80%
Average remaining working lives of employees (Years)	18.16	18.50	18.51	18.56

Table showing changes in present value of obligations

Present value of obligations as at the beginning of the year	19.35	19.44	15.14	12.30
Acquisition adjustment	-	0.46	-	0.13
Interest Cost	1.36	1.48	1.02	0.97
Past service cost (Vested Benefit)	Nil	Nil	3.00	0.97
Current Service Cost	3.11	3.29	4.47	3.47
Curtailment cost / (Credit)	Nil	Nil	Nil	Nil
Settlement cost /(Credit)	Nil	Nil	Nil	Nil
Benefits paid	(1.38)	(3.93)	(3.60)	(1.33)
Actuarial (gain)/ loss on obligations	(1.58)	(3.19)	(1.63)	1.79
Present value of obligation as at the end of the period	20.66	23.75	20.40	15.13

Table showing changes in the fair value of plan assets :

Fair value of plan assets at beginning of the year	2.06	2.06	Nil	Nil
Acquisition adjustments	Nil	Nil	Nil	Nil
Expected return of plan assets	0.14	0.16	N.A.	N.A.
Employer contribution	-	-	Nil	Nil
Benefits paid	Nil	Nil	Nil	Nil
Actuarial gain/ (loss) on obligations	0.16	(0.16)	Nil	Nil
Charges deducted	-	-	Nil	Nil
Fair value of plan assets at year end	2.40	2.06	Nil	Nil

Other Comprehensive Income

Actuarial (gain)/ loss for the period - Obligation	(1.58)	(3.19)	(1.63)	(1.79)
Actuarial (gain)/ loss for the period - Plan assets	(0.26)	0.04	-	-
Total (gain)/ loss for the period	(1.84)	0.04	(1.63)	(1.79)
Actuarial (gain)/ loss recognised in the period	(1.84)	0.04	(1.63)	(1.79)
Unrecognised actuarial (gains) / losses at the end of the period	Nil	Nil	Nil	Nil

The amounts to be recognised in Consolidated Balance Sheet :

Present value of obligations as at the end of the period	23.63	23.75	20.40	15.13
Fair value of plan assets as at the end of the period	2.46	2.06	Nil	Nil
Funded Status	(20.20)	(21.19)	(20.40)	(15.13)
Unrecognised actuarial (gains) / losses	Nil	Nil	Nil	Nil
Net asset / (Liability) recognised in Balance Sheet	(20.20)	(21.19)	(20.40)	(15.13)

Expenses recognised in Consolidated Statement of Profit and Loss :

Current service cost	3.11	3.29	4.47	3.46
Past service cost (Vested Benefit)	Nil	Nil	3.00	0.97
Interest Cost	1.36	1.48	1.02	0.97
Expected return on plan assets	(0.14)	(0.16)	Nil	Nil
Curtailment and settlement cost /(credit)	Nil	Nil	Nil	Nil
Expenses recognised in the Consolidated Statement of Profit and Loss	4.33	4.61	8.49	5.40

Sensitivity analysis of the defined benefit obligation:

Impact of the change in Discount Rate				
Present Value of Obligation at the end of the period	21.66	23.23	20.53	15.12
Impact due to increase of 0.5%	(1.38)	(1.38)	(1.44)	(1.05)
Impact due to decrease of 0.5%	1.25	1.26	0.88	0.96
Impact of the change in salary increase				
Present Value of Obligation at the end of the period	23.66	23.25	20.53	15.12
Impact due to increase of 0.5%	1.23	0.19	(1.08)	(1.03)
Impact due to decrease of 0.5%	(1.38)	(0.69)	0.90	0.08

Sensitivities due to mortality & withdrawals are not material & hence ignored

Maturity profile of defined benefit obligation:

March 2021 to March 2022	0.70	2.02	2.15	2.04
March 2022 to March 2023	0.75	0.20	0.44	0.08
March 2023 to March 2024	1.01	0.45	0.48	0.42
March 2024 to March 2025	0.86	1.00	0.43	0.96
March 2025 to March 2026	1.01	0.64	0.52	0.30
March 2026 to March 2027	2.46	0.59	1.02	0.36
March 2027 onwards	5.95	16.51	6.40	11.19

Investment Details

HDFC Standard Life Insurance Company Limited (Centrally Managed) Policy	3.45	7.66	Nil	Nil

Note: The estimates of rate of escalation in salary considered in actuarial valuation, take 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.

46 Disclosure as required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act):

Particulars	As at March 31, 2021	As at March 31, 2020
Principal amount due to micro & small enterprises*	881.42	80.54
Interest due on above	1.38	0.28
Interest paid during the period beyond the appointed day	0.82	0.28
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the period	1.38	0.28
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 35 "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.

*Includes amount of Rs 438.48 crore (previous year Rs 31.54 crore) outstanding but not overdue to micro, small and medium enterprises as on 31st March 2021

47 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of:

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Unexpired Letters of Credit (margin money paid Rs 57.03 crore, Previous year Rs.18.04 crore)	321.48	109.45
(ii) Guarantees given by banks on behalf of the Group (margin money kept by way of fixed deposits of Rs.133.53 crore, Previous year Rs 139.95 crore)	605.17	881.45
(iii) Claims against the Group towards sales tax, income tax and others in disputes not acknowledged as debts (deposited under protest Rs 9.87 crore (previous year Rs 3.87 crore) shown as recoverable advance)	66.19	66.61
(iv) Custom Duty against import under EPCG scheme	4.60	5.41

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 consolidated 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 so as to provide 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 accounts as required under any applicable law/accounting standard.

iii) The Holding Company has provided guarantees to third parties on behalf of subsidiary and associates. The Holding Company does not expect any outflow of resources in respect of such guarantees.

iv) There is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to create/contribute towards Provident Fund. The Group will evaluate its position and act, in the only emerges.

v) As at March 31, 2021 the Group has outstanding term derivative contracts as referred to in note 38.

(b) Capital Commitments:

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	78.68	16.82
Unpaid Capital Commitment (committed to investees)	33.50	14.46

(c) Financial Guarantees

Issued in favour of	Issued by	Amount of guarantee (Rs.)	Purpose
Microsave Consulting Ltd.	Credit Guarantee Bank	9.60	Ad-hoc LOC
Microsave Consulting Ltd	The Vytya Bank Ltd	4.06	Working Capital
Evigna Technologies Ltd	Punjab National Bank	8.10	Working Capital

45 In the opinion of the Board of Holding Company, 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.

46 In view of the limited scale of operations at the Company's Solan (Himachal Pradesh) facility and as a step towards cost optimization, the Board of Holding Company in its meeting held on January 30, 2020, had decided to shift the Plant and Machinery of Solar Facilities and operations thereof to the Holding Company's Manufacturing Facility located in Hyderabad. Further in order to ensure continuity of the job of the employees currently based at Solan, the Holding Company also considered to offer the continued employment either at Hyderabad or at such other places where the project works are being executed. The Holding Company introduced a Voluntary Retirement Scheme (VRS) to those employees who are finding it difficult to relocate to Hyderabad/other locations. Consequently, VRS compensation paid during the year amounting to Rs 415 crores has been disclosed as an exceptional item. Further, the management is also in the process of identifying prospective usages of its facilities & certain part of fixed plant and machinery at its Hyderabad Plant.

50 "Disclosure of Related Party Disclosures" as required by Ind AS - 24 and Regulation 34(3) 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 IIFCL India Pvt. Ltd. (Wholly owned Subsidiary w.e.f 12.11.2019)
(b) Key management personnel :	Mr. Mahendra Nahata, Managing Director- IIFCL Ltd Mr. Vijay Raj Jain, Group Chief Financial Officer- IIFCL Ltd Mr. Manoj Bajaj, Vice President (Corporate) & Group Company Secretary- IIFCL Ltd Mr. G S Naidu, COO & Manager - IITL Ltd. Mr. C. D. Narasaya Chief Finance Officer - IITL Ltd Mr. S Narayanan, Company Secretary- IITL Ltd Mr. Yogesh Gupta, Company Secretary- DragonWave IIFCL India Private Limited (upto 30.11.20)
(c) Post Employment Benefit Plans.	IIFCL Employees Group Gratuity Trust IIFCL Employees Trust - ESOP
(d) Enterprises owned or significantly influenced by key management personnel or their relatives :	HNI Ventures Private Limited Hexagone Communication Private Limited. Epicom Tele-Systems Limited Satellite Finance Private Ltd Shankar Sales Promotion Private Ltd Vinsys Digitech Private Ltd

Note: Related party relationship is as identified by the Group and relied upon by the auditors

(ii) Nature of transactions - The transactions carried into with the related parties during the year along with related balances as at March 31, 2021 are as under :

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Purchase/receiving of Goods & services		
Epicom Telecom Limited	5.05	16.34
Sales/rendering of Goods and Materials		
Epicom Telecom Limited	2.47	0.3
Income - Rent/Other Income		
Epicom Telecom Limited	0.21	-
Expenses - Rent/Other expenses		
Epicom Telecom Limited	0.86	0.84
Satellite Finance Private Ltd	0.35	0.35
Shankar Sales Promotion Private Ltd	0.73	0.73
Vinsys Digitech Private Ltd.	0.77	0.36
Closing Balances of Loans & Advances and Receivables		
Epicom Telecom Limited	0.73	0.16
Satellite Finance Private Ltd	0.16	0.19
Closing Balances of Trade Payables		
Shankar Sales Promotion Private Ltd	0.32	0.38
Vinsys Digitech Private Ltd	0.35	0.36
Contribution towards ESOP Trust		
IIFCL Employees Trust	-	0.07
Guarantees and collaterals		
Epicom Telecom Limited	6.58	6.58
Advances of Key Management Personnel		
Mr. Mahendra Nahata (Managing Director)	0.39	-
Mr. Vijay Raj Jain (Chief Financial Officer)	0.28	-
Mr. Manoj Bajaj (Senior Vice President (Corporate) & Company Secretary)	0.09	-
Remuneration of Key Management Personnel's		
Mr. Mahendra Nahata, Managing Director- IIFCL Ltd	5.78	6.80
Mr. Vijay Raj Jain (Chief Financial Officer)	1.97	1.97
Mr. Manoj Bajaj (Senior Vice President (Corporate) & Company Secretary)	0.83	0.81
Mr.G S Naidu, COO & Manager - IITL Ltd	0.58	0.55
Mr. C. D. Narasaya Chief Finance Officer- IITL Ltd	0.31	0.29
Mr. S Narayanan, Company Secretary- IITL Ltd	0.31	0.28
Mr. Yogesh Gupta, Company Secretary- DragonWave IIFCL India Private Limited (upto 30.11.20)	0.26	0.26
Share based payments to employees		
Mr. Vijay Raj Jain (Chief Financial Officer)	0.15	0.05
Mr. Manoj Bajaj (Senior Vice President (Corporate) & Company Secretary)	0.11	0.16
Mr.G S Naidu, COO & Manager - IITL Ltd	0.13	0.14
Mr. C. D. Narasaya Chief Finance Officer- IITL Ltd	0.11	0.13

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41 Segment Reporting

The operating segment have been identified on the basis of nature of products.

i. Segment revenue includes sales and other income directly identifiable with / allocable to segment including inter-segment revenue.

ii. Expenses that are directly identifiable with the segments are considered for determining the segment result.

iii. Expenses / income which are not directly identifiable to the segments are included under unallocable expenses / income.

iv. Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.

v. Segment assets and liabilities do not include income tax assets and liabilities respectively. Other unallocable 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 reported here represents sales to other business segments is accounted on the basis of transfer prices agreed between the segments. Such transfers are given effect to after considering profit element margin in operations involved and such.

(a) Primary segment information

The Group's operations predominantly relate to manufacturing of telecom products, providing turnkey solutions and providing services relating thereto. Accordingly, segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organisation structure and the internal financial reporting systems. The business segments comprise of business segments as follows:

Particulars	Business Segments						Total	
	Telecom Products		Telecom Enterprise Solutions		Others			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue								
Turnover	1,390.64	940.72	3,219.98	2,951.89	-	-	4,610.62	3,892.61
Segment Result	64.67	125.06	323.13	191.31	(1.18)	(1.36)	386.62	315.01
Unallocated Finance charges							116.89	114.41
Unallocated expenses							10.04	1.19
Unallocated income							16.61	17.88
Profit before tax							276.30	217.31
Income tax (net)							98.83	121.91
Profit after tax							177.47	95.40
Other Information								
Segment assets	2,264.14	2,000.92	5,130.69	3,116.32	2.28	1.11	7,397.11	5,118.35
Unallocated corporate assets							310.11	430.88
Total assets	1,284.14	1,205.92	1,430.69	1,116.32	0.28	1.11	1,715.28	1,548.35
Segment liabilities	381.00	313.10	1,916.00	1,916.10	1.00	1.00	2,298.00	1,830.20
Unallocated corporate liabilities							1,099.11	718.15
Total liabilities	381.00	313.10	1,916.00	1,916.10	1.00	1.00	3,397.11	2,548.35
Depreciation	85.67	90.14	2.15	1.21	-	-	87.82	91.35
Capital Expenditure	61.17	155.48	2.43	19.91	0.41	2.24	63.01	177.63
Non-cash expenses other than Depreciation	1.29	0.63	0.13	0.31	-	0.41	1.41	0.72

(b) Secondary segment information

The Group caters mainly to the needs of Indian market and hence there is no reporting of Sales (Previous year: 3.10%) of the total turnover of the Group, thus no separate geographical segment.

42 Corporate social responsibility (CSR) [Refer Note 1(u)]

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Gross amount to be spent by the Group during the year	4.26	4.61
Amount spent during the year		
Construction/acquisition of assets	-	-
On other purposes*	10.41	10.41

* Includes Rs. 6.15 Crore which the Group intends to spend in the future relating to available balances for ongoing CSR projects in the prior reporting year.

43 Interest charged on lease rental of Rs. Nil (Previous year: Rs. 0.13 crore) [Refer Note 1(v)].

44 Date of the Holding Company at its Annual General Meeting (AGM) held on September 29, 2011 has approved as per the approval Scheme, with effect from appointed date, Holding Company has also paid remuneration amount of Rs. 141.67 crore as per the terms approved by CDR Empowered Group vide their letter CDR(P)-HO/No.1460/2011-12 dated March 22, 2014 on the recommendation of Monitoring Institution, IDBI. RBI has granted approval for transfer of 51% out of the Holding Company from CDR mechanism vide letter No. CDR(P)-HO/No.1460/2011-12 dated 01.09.2017.

45 On December 19, 2016, pursuant to the approval by the shareholders, the Board of Holding Company has been authorised to introduce ESOS. Based on the plan, there have been grants made to the employees of the Company and its subsidiaries under the Employee Benefits Compensation Limited Employees' Long Term Incentive Plan (ESOS, Plan 2016). The maximum number of shares under the ESOS, Plan 2016 shall not exceed 8,40,98,000 equity shares. Out of the, 82,00,000 equity shares will be issued against ESOS at par value and 78,40,000 equity shares will be issued against stock options at fair market price immediately prior to date of the grant i.e. Rs. 10/- per share. The Employee can exercise the vested options within the maximum exercise period which shall be 3 years from the vesting date. The Stock options granted will be vested over a period of 3 years and 10% options granted will be vested in the end of 1 year from the date of grant, 30% options shall be vested after the year from the date of grant.

The Nomination, Remuneration and Compensation Committee of Directors of Holding Company which comprises majority of Independent Directors is responsible for administration and supervision of the Stock Option Plans.

The activities in the ESOS, Plan 2016 for remuneration, share based payment are considered during the years ended March 31, 2018 and March 31, 2017 as follows:

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Particulars	Shares arising out of options*	
	Year ended March 31, 2021	Year ended March 31, 2020
Employee Stock Options (ESOPs)		
Outstanding at the beginning	67,09,000	68,61,000
Granted	-	-
Exercised	-	-
Forfeited and expired	7,01,000	1,52,000
Outstanding at the end	60,08,000	67,09,000
Exercisable at the end	44,66,000	36,83,600
Restricted Stock Units (RSUs)		
Outstanding at the beginning	67,09,000	68,61,000
Granted	-	-
Exercised	-	-
Forfeited and expired	1,01,000	1,52,000
Outstanding at the end	66,08,000	67,09,000
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, 2021 are as follows:

Particulars	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (Rs.)
2015 (ESOPs)	60,08,000	1	20.65
2015 (RSUs)	60,08,000	1	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, 2021	
	ESOPs	RSUs
Weighted average share price (Rs.)	20.65	20.65
Exercise price (Rs.)	20.65	1.00
Expected volatility	56.41% to 59.19%	56.41% to 59.19%
Expected life of the option (years)	3.50 to 5.50	4.50 to 6.50
Expected dividends	0.73%	0.73%
Risk-Free interest rate	5.81% to 7.87%	5.81% to 7.87%
Weighted average fair value of the grant date (Rs.)	11.01	19.34

The expected life of the RSU / ESOP is evaluated based on the vesting term and contractual term of the RSU / ESOP, as well as employees' exercise behaviour 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 Group's publicly traded equity shares during a period equivalent to the expected term of the RSU / ESOP.

56 In respect of subsidiary companies, the following additional notes to accounts are disclosed:

(a) IL LIMITED

i) Loan of Rs. 5.24 Crs (Previous year Rs. 6.26 Crs) together with interest accrued and due thereon of Rs. 30.16 Crs (Previous year Rs. 28.19 Crs) is due to Government of India (GOI). In addition to that, the Govt. of India has accorded the request to adjust Rs. 5.41 Crs compensation receivable by IITL Limited (the Subsidiary) in case of ETP claim against the outstanding interest portion in respect of GOI loan. (Refer Note. 56(iii), below)

ii) a) Out of the total land in possession of the Company at Guindy Industrial Area, Chennai, 6.65 acres is held by the Company in the capacity of assignee in terms of assignment deed dated 31.12.1958 executed by Government of Tamil Nadu for Industrial Development of Guindy Industrial Area, Chennai. In order to get title of the above assigned land in favour of the Company, 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 Company had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in 2002. In respect of the remaining land measuring 20.99 acres, the name of the Company has been entered in the revenue records of the Government of Tamil Nadu. In respect of above said land, a Show Cause Notice (SCN) was issued on 09th June, 2020, by O/Asst of the Revenue Divisional Officer, Guindy, Chennai, objecting on some of assigned land entered in the revenue records of the Govt. Subsequently, interim stay on SCN was granted by Hon'ble Madras High Court on 19th June, 2020.

b) Claims of Rs. 3.42 crs receivable from BSNL against the compensation approved by Telecom Commission vide letter No. L-37003/2/97-LAC dated 1st May, 2001 for pre-closure of ETP project. Department of Telecommunications (DoT) vide letter No.L-37012/3/97-LAC dated 02.12.2003 has corrected 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 Company requested DoT vide letter no. 4117 IITL dated 08.12.2003 to adjust the compensation amount of Rs. 5.47 crs against the principal amount of loan outstanding as on 01.04.2001, the date on which the compensation was approved. The Govt. of India has accepted the adjustment of Rs. 5.41 crs compensation receivable by IITL in case of ETP claim against the interest portion of the outstanding loan from Government of India (GOI). After adjustment of ETP compensation of Rs. 5.47 crs 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 31.03.2021. In the financial statements, the company has adjusted the said claim receivable from Air Intercept Limited due to GOI, though a formal communication of adjustment & subsequent refund / reconciliation is still awaiting. The Company expects no further liability, once the adjustment is agreed upon.

c) The Board of Directors of IITL Ltd has proposed a right issue of equity shares for Rs. 120.00 Crs in the ratio of equity shares holding i.e. 25% by GOI and 75% by HTTL Limited, 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 HTTL. The subsidiary company is regularly following and submitting all clarifications & additional information as asked by GOI from time to time for obtaining the administrative approval so that the required formalities under the Companies Act can be taken up accordingly. In view of this, loans outstanding from GOI along with interest and advances/loans received from HTTL have been shown under Non-Current Financial Liability instead of Current Financial Liability.

57 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, trade liabilities 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.

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The Group's business activities expose it to a variety of financial risks, namely liquidity risk, market risk and credit risk. The Group's 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.

52.1 Financial instruments by category

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
(i) Financial Assets						
(I) Investments						
(A) Equity Instruments						
(-) Structured entity Equity Instrument	-	37.97	-	-	51.84	-
(-)Structured entity						
a) Sumedha Fiscal Services Ltd.	-	0.84	-	-	0.01	-
b) Valiant Communication Ltd	-	0.06	-	-	0.03	-
c) Magma Fincorp Ltd	-	1.65	-	-	0.26	-
d) Media Matrix Worldwide Ltd	-		-	-	-	-
e) Sahara One Mediaand Entertainment Ltd	-	0.84	-	-	0.24	-
f) NSL Wind Power Company (Theni wadi) Private Limited	-	0.17	-	-	0.16	-
(B) Mutual Funds	2.99	-	-	1.85	-	-
(C) Debentures & Bonds	-	-	1.81	-	-	1.85
(II) Trade receivables	-	-	1,333.81	-	-	1,339.69
(III) Loans Deposits	-	-	5.56	-	-	31.34
(IV) Cash and Cash equivalents	-	-	24.10	-	-	90.84
(V) Other Bank Balances	-	-	281.14	-	-	115.44
(VI) Security deposit for Leases and Licenses	-	-	20.34	-	-	33.81
(VII)Other receivables	-	-	987.35	-	-	535.21
Total financial assets	2.99	39.76	2,655.31	1.85	54.49	2,337.91
(ii) Financial liabilities						
(I) Borrowings						
(A) From Banks	-	-	975.33	-	-	320.38
(B) From Others	-	-	107.49	-	-	149.76
(II) Obligations under Finance Lease	-	-	33.22	-	-	21.58
(III) Deposits	-	-	213.18	-	-	210.61
(IV) Trade payables	-	-	1,347.98	-	-	815.34
(V) Other liabilities	-	-	212.02	-	-	229.41
Total financial liabilities	-	-	2,896.00	-	-	2,017.82

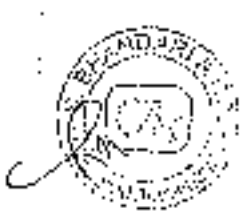
Fair Value measurement

Fair Value Hierarchy and valuation techniques used to determine fair value :

The fair value hierarchy is based on inputs, valuation techniques that are used to measure fair value that are either observable or unobservable and are categorised into Level 1 , Level 2 and Level 3 inputs.

a) Year Ending March 31,2021

Financial Assets measured at Fair Value recurring fair Value measurement) at March 31, 2021	Note Ref.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	13	2.99	-	-
FVTOCI				
Sources of equity				
a) Sumedha Fiscal Services Ltd.	13	0.84	-	-
b) Valiant Communication Ltd.	13	0.06	-	
c) Magma Fincorp Ltd	13	1.65	-	-
d) Media Matrix Worldwide Ltd	13	-	-	-
e) Sahara One Media and Entertainment Ltd.	13	0.84	-	-
f) NSL Wind Power Company (Theniwadi) Private Limited	13	-	-	0.17
g) Eskom Tele Systems Ltd	13	-	-	14.72
h) AJI Corp Ltd	13	-	-	-
i) The Greater Bombay Co-Op Bank Ltd.	13	-	-	0.06
j) Shankar Sales Promotion Pvt Ltd.	13	-	-	0.09
k) Atal Properties Pvt Ltd	13	-	-	1.85
l) Neural Systems Pvt Ltd	13	-	-	16.06
Total Financial Assets		5.61	-	33.85





(i) Year Ending March 31, 2020

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2020	Note No.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	8	1.85	-	-
FVTOCI				
Structured entity				
a) Sarvodaya Fiscal Services Ltd	8	0.85	-	-
b) Vallabh Commercial Ltd.	8	0.85	-	-
c) Magma Fincorp Ltd	8	0.26	-	-
d) Media Matrix Worldwide Ltd	8	-	-	-
e) Saregama Media and Entertainment Ltd	8	0.74	-	-
f) BSL Wind Power Company (Hyderabad) Private Limited	8	-	-	0.10
g) Sadoon Tele-Systems ltd	8	-	-	16.77
h) AB Corp Ltd	8	-	-	33.90
i) The Greater Bombay Co-Op Bank Ltd	8	-	-	0.01
j) Shankar Sales Promotion Pvt Ltd	8	-	-	0.00
k) Asal Properties Pvt Ltd.	8	-	-	1.85
l) Nivati Systems Pvt Ltd	8	-	-	4.01
Total Financial Assets		3.69	-	56.19

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

37.2 MANAGEMENT OF FINANCIAL RISK

Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group'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 Group's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

Particulars	Notes No.	Carrying Amount	Less than 12	More than 12	Total
As at March 31, 2021					
Trade payables	25	1,147.96	1,147.96	-	1,147.96
Retention Money	26	232.38	232.38	-	232.38
Other liabilities	22,24,26,41	1,815.92	836.43	209.25	1,815.67
As at March 31, 2020					
Trade payables	25	845.24	845.24	-	845.24
Retention Money	26	330.61	330.61	-	330.61
Other liabilities	22,24,26,41	917.05	699.13	217.87	917.00

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, FVTPL & FVTOCI investments.

The sensitivity analyses in the following sections relate to the positions as at 31 March 2021 and 31 March 2020.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
Price Risk		
The Group 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 Group 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 investments must be approved by the Management.	If the equity prices had been 10% higher/ lower: Other comprehensive income for the year ended March 31, 2021 would increase / decrease by Rs.4.05 crore (for the year ended March 31, 2020: increase / decrease by Rs.5.82 crore) as a result of the change in fair value of equity investments measured at FVTOCI & FVTPL.
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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.	In order to manage its interest rate risk, the Group 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 floating rate instruments, the Group has calculated the impact of a 0.25% change in interest rates. A 0.25% increase in interest rates would have led to approximately an additional Rs. 2.30 Cr loss for year ended March 31, 2021 (Rs 1.78 Cr loss for year ended March 31, 2020)

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 Group 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 Group established policy, procedures and control relating to customer credit risk management. To manage trade receivable, the Group periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and ageing of such receivables.

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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 Group does not hold collateral as security. The Group 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 Group'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 minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

None of the Group'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 Group's capital management is to maximize the shareholder value. The following table provides details of the debt and equity at the end of the reporting period:

Particulars	As at March 31, 2021	As at March 31, 2020
Debt	520	712
Less - Cash and Cash equivalents (Note 15)	(21.30)	(16.47)
Net Debt	498.70	695.56
Total Equity	1,921.47	1,665.39
Net Debt to Total Equity	0.47	0.42

53 Foreign Currency Exposure

a) The Group undertakes transactions denominated in foreign currencies, consequently, expenses to exchange rate fluctuation 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 Currency and on account exposure of financial items:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount in Foreign Currency	Equivalent in Rs.	Amount in Foreign Currency	Equivalent in Rs.
USD/INR	0.66	49.58	0.66	49.91

c) Foreign Currency exposure

Particulars		As at March 31, 2021		As at March 31, 2020	
		Amount in Foreign Currency	Equivalent in Rs.	Amount in Foreign Currency	Equivalent in Rs.
Trade payable	USD/INR	4,33,23,688.80	415.57	5,06,36,100.00	334.13
	SGD/INR	3,36,885.00	1.84	7,60,190.00	6.95
	JPY/INR	-	-	3,47,76,000.00	2.45
	EUR/INR	8,16,532.80	7.02	4,09,148.00	3.43
Trade receivable	USD/INR	63,35,710.80	46.73	27,83,242.00	20.79
	EUR/INR	-	-	2,86,942.00	2.34
	GBP/INR	4,30,321.80	4.14	2,49,655.00	2.01
	AED/INR	1,09,09,213.30	21.73	-	-

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.

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	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	20.43	(20.43)	10.67	(10.67)
EURO Impact	0.35	(0.35)	0.06	(0.06)
JPY Impact	-	-	0.12	(0.12)
GBP Impact	0.18	(0.18)	0.21	(0.21)
AED Impact	(1.09)	1.09	-	-

58 Tax Reconciliation

Particular	F.Y. 2020-21	F.Y. 2019-20
Net Profit as per Statement of Profit and Loss (before tax)	334.84	458.35
Current Tax rate @ 25.17% (25.168%)	84.25	115.33
Adjustment		
MAT Adjustment	-	(48.10)
Depreciation & other adjustment	1.12	(0.62)
Carry forward loss and Unabsorbed Depreciation	(1.34)	(8.78)
Amount of eligible Foreign tax expenditure	0.35	8.35
Tax amount of earlier yrs. (I.T. + Interest)		(8.01)
Tax Provision as per Books	(1.11) & 84.13	51.54

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60 Recent Indian Accounting Standards (Ind AS)
On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments are not yet notified and the Group will evaluate the same to give effect to them as required by law.

61 The Board has recommended a dividend @125% i.e. Rs. 0.25 per equity share for the financial year ended 31st March, 2021 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, 2021, 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 to current year classification/ presentation.

As per our report of even date attached
For S. B Jhunjhunwala & Co.
Chartered Accountants
Firm Reg. No. 302049E

P. D. Baid
Partner
M.No. 073625

Jaipur, 10th May, 2021

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No. 016538N

Sunil Mittal
Partner
M.No. 554685

New Delhi, 10th May, 2021

For and on behalf of the Board

Arvind Khandelwal
Director
DIN: 00052238

V. K. Jain
Chief Financial Officer
PAN: AALPJ0603K

Mahendra Nahata
Managing Director
DIN: 00052853

Manoj Dalal
Vice President (Corporate)
& Company Secretary
M.No. FCS 5814

New Delhi, 10th May, 2021

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S. R. Dinodia & Co.
Chartered Accountants
Firm No. 001478N

Ojha Sunil & Company
Chartered Accountants
Firm No. 016402

INDEPENDENT AUDITORS' REPORT

To the Members of HFCL Limited (formerly Himachal Futuristic Communications Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of HFCL Limited (formerly Himachal Futuristic Communications Limited) (hereinafter referred to as the "Parent") and its subsidiaries (the parent company and its subsidiaries together referred to as the "Group") which comprise the Consolidated Balance Sheet as at March 31, 2020, 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, 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 Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

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 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 financial statements.

Emphasis of Matter

We draw attention to Note 41 of the consolidated financial statements which describes management's assessment of the impact of the outbreak of COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period.

Our opinion is not modified in respect of this matter.

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
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, 2020, revenue from customer contracts amounts to INR 3,938.91 Crores. As at March 31, 2020 contract assets amount to INR 19.16 Crores, contract liabilities to INR 25.16 Crores, the balance of work in progress (WIP) amounts to INR 119.26 Crores and retention amounts to INR 310.61 Crores The application of the revenue accounting standard (Ind AS 115, Revenue from Contracts with Customers) 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 fulfilment contractual obligations may need to be reassessed in addition, change orders or cancellations have to be considered. As a result, late 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.	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts. 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. 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 recurring 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 and also considering the impact of COVID-19, 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 INR 172869 crores as of March 31, 2020 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 7.77 crores as at March 31, 2020. 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 Parent's credit policy outlining authority for approving and responsibility to manage credit limits; • Understanding the related industry's external factors and impact of COVID-19 • 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 amounts receivables and accrued balances was deemed appropriate and corresponds to the risks identified.
3	*Recoverability of Other Advances* As at March 31, 2020, current financial assets include INR 525.83 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	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 Parent's procurement policy outlining authority for approvals and responsibility to manage vendor advances.

	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 Consolidated Financial Statements	• 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 of 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, 2020, under other current assets, indirect taxes recoverable include INR 135.15 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 Refer Note 21 to the Consolidated 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, pursuing 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, 2020, 'Indirect tax Recoverable' includes INR 19.56 crores in respect of Commercial taxes recoverable which are pending adjudication. The Parent 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.	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

	Refer Note 21 to the Consolidated Financial Statements	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.

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 action as per applicable laws and regulations.

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 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 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements 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 are responsible for assessing the ability of the Group 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 are responsible for overseeing the financial reporting process of the Group

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 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 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 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements 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.

Other Matters

a) We did not audit the financial statements/financial information of three subsidiaries included in the consolidated financial statement, whose financial statements/ financial information reflect total assets of Rs. 354.27 Crores as at March 31, 2020, total revenues of Rs. 451.30 Crores, Net profit after tax of Rs. 30.37 Crores and total comprehensive income of Rs. 35.78 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 three subsidiaries whose financial statements / financial information reflect total assets of Rs. 71.07 Crores as at March 31, 2020, total revenues of Rs. 22.09 Crores, Net profit/(loss) after tax of Rs. (1.31) Crores and total comprehensive income/(loss) of Rs. (1.24) Crores 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.

Our opinion on the consolidated financial statements above, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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 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 so far as it appears from our examination of those books and reports of other auditor.

(c) In respect of the branch abroad, we have been furnished management certified financial information comprising of revenue of Rs. 7.99 Crores and assets of Rs. 7.56 Crores and same have been considered by us in the consolidated financial statements.

(d) 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.

(e) 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.

(f) On the basis of the written representations received from the directors of the parent company as on 31st March, 2020 taken on record by the Board of Directors of parent company, the report of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) 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.

(h) 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.

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 47 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 47 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. 372625
UDIN: 20372625AAAAAS0542

Place: Jaipur
Date: June 05, 2020

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016533N

(Sunil Bhansali)
Partner
Membership No. 554645
UDIN: 20554645AAAAAJ2974

Place: New Delhi
Date: June 05, 2020

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HFCL LIMITED (FORMERLY HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED) AS ON MARCH 31, 2020

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
HFCL LIMITED (FORMERLY HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of HFCL LIMITED (formerly HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED) (herein after referred as the "Parent") and its subsidiary companies (herein after referred as the "Group"), including those audited by other auditors as 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 Controls 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 was 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 evidence 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, 2020, 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 in so far as it relates to six subsidiary companies is based solely on the corresponding report of the auditors of such companies.

Our opinion is not modified in respect of the above matters.

For S Bhandari & Co.
Chartered Accountants
Firm Registration No. 000560C

(P. D. Bald)
Partner
Membership No. 072225
UDIN: 20072025AAAAAA5947

Place: Jaipur
Date: June 05, 2020

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No. 094945
UDIN: 20094945AAAAAJ2974

Place: New Delhi
Date: June 05, 2020

[illegible]
Consolidated Balance Sheet as at March 31, 2014

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	3	[illegible]	[illegible]
(b) Reserves and Surplus	4	[illegible]	
(c) Money received against share warrants		[illegible]	[illegible]
Share application money pending allotment		[illegible]	[illegible]
Minority Interest	5	[illegible]	[illegible]
Non-Current Liabilities			
(a) Long-term borrowings	6	[illegible]	[illegible]
(b) Deferred tax liabilities (Net)	22	[illegible]	[illegible]
(c) Other long-term liabilities	7	[illegible]	[illegible]
(d) Long-term provisions	8	[illegible]	[illegible]
Current Liabilities			
(a) Short-term borrowings	9	[illegible]	[illegible]
(b) Trade payables	10	[illegible]	[illegible]
(c) Other current liabilities	11	[illegible]	[illegible]
(d) Short-term provisions	12	[illegible]	[illegible]
ASSETS			
Non-Current Assets			
(a) Fixed assets	13	[illegible]	[illegible]
(b) Non-current investments	14	[illegible]	[illegible]
(c) Deferred tax assets (net)	15	[illegible]	[illegible]
(d) Long-term loans and advances	16	[illegible]	[illegible]
(e) Other non-current assets	17	[illegible]	[illegible]
Current Assets			
(a) Current investments	18	[illegible]	[illegible]
(b) Inventories	19	[illegible]	[illegible]
(c) Trade receivables	20	[illegible]	[illegible]
(d) Cash and cash equivalents	21	[illegible]	[illegible]
(e) Short-term loans and advances	22	[illegible]	[illegible]
(f) Other current assets	23	[illegible]	[illegible]
Total Assets		[illegible]	[illegible]

EQUITY AND LIABILITIES			
Equity			
(a) Share capital	25	[illegible]	[illegible]
(b) Reserves and surplus	26	[illegible]	[illegible]
Equity attributable to owners of the Company		[illegible]	[illegible]
Non-controlling interests		[illegible]	[illegible]
Liabilities			
Non-current liabilities			
(a) Deferred tax liabilities	27	[illegible]	[illegible]
(b) Other long-term liabilities	28	[illegible]	
(c) Long-term provisions	29		[illegible]
Current liabilities		[illegible]	[illegible]
(a) Trade payables	30	[illegible]	[illegible]
(b) Other current liabilities	31	[illegible]	
(c) Short-term provisions	32	[illegible]	[illegible]
ASSETS			
Non-current assets			
(a) Fixed assets	33	[illegible]	[illegible]
(b) Goodwill on consolidation	34	[illegible]	
(c) Non-current investments	35	[illegible]	[illegible]
(d) Deferred tax assets (net)	36	[illegible]	[illegible]
(e) Long-term loans and advances	37	[illegible]	[illegible]
(f) Other non-current assets	38	[illegible]	[illegible]
Current assets		[illegible]	[illegible]
(a) Current investments	39	[illegible]	[illegible]
(b) Inventories	40	[illegible]	[illegible]
(c) Trade receivables	41	[illegible]	[illegible]
(d) Cash and cash equivalents	42	[illegible]	[illegible]
(e) Short-term loans and advances	43	[illegible]	[illegible]
(f) Other current assets	44	[illegible]	[illegible]
Total Assets		[illegible]	[illegible]

[illegible]

[illegible]

[illegible]

[illegible] Limited (formerly Piramal Enterprises Limited)
Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(₹ in crore)

Particulars	Note No(s)	For the year ended March 31, 2020	For the year ended March 31, 2019
I	INCOME		
	Revenue from operations	[illegible]	[illegible]
	Other Income	[illegible]	[illegible]
	Total Income (I)	[illegible]	[illegible]
II	EXPENSES		
	Cost of Materials Consumed	[illegible]	[illegible]
	Office Operations	[illegible]	[illegible]
	Personnel Expenses	[illegible]	[illegible]
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	[illegible]	[illegible]
	Depreciation, depletion and amortisation expense	[illegible]	[illegible]
	Finance Costs	[illegible]	[illegible]
	Other expenses	[illegible]	[illegible]
	Total Expenses (II)	[illegible]	[illegible]
III	Profit / (loss) before share of profit / (loss) of joint ventures, exceptional items and income tax (I - II)	[illegible]	[illegible]
IV	Share of profit / (loss) of joint ventures	[illegible]	[illegible]
V	Profit / (loss) before exceptional items and tax (III-IV)	[illegible]	[illegible]
VI	Exceptional items		
VII	Profit / (loss) before tax (V - VI)	[illegible]	[illegible]
VIII	Tax expense:		
	(1) Current tax	[illegible]	[illegible]
	(2) Deferred tax	[illegible]	[illegible]
IX	Profit (loss) for the year (VII - VIII)	[illegible]	[illegible]
X	Other Comprehensive Income (OCI)		
	Items that will not be reclassified to Profit or Loss		
	(a) Remeasurement of defined benefit plans	[illegible]	[illegible]
	(b) Equity instruments through Other Comprehensive Income	[illegible]	[illegible]
	(c) Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit and loss	[illegible]	[illegible]
	(d) Income tax relating to items that will not be reclassified to profit or loss	[illegible]	[illegible]
	(e) Share of other comprehensive income in joint ventures	[illegible]	[illegible]
	Other comprehensive income for the year, net of tax	[illegible]	[illegible]
XI	Total comprehensive income for the year (IX+X)	[illegible]	[illegible]
XII	Profit or loss attributable to:		
	Owners of the Parent	[illegible]	[illegible]
	Non-controlling interests	[illegible]	[illegible]
XIII	Total comprehensive income for the year attributable to:		
	Owners of the Parent	[illegible]	[illegible]
	Non-controlling interests	[illegible]	[illegible]
XIV	Earnings per share for continuing operations (face value of ₹ [illegible] each)		
	- Basic	[illegible]	[illegible]
	- Diluted	[illegible]	[illegible]

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached

For [illegible]
Chartered Accountants
Firm Reg. No. [illegible]

P. D. Baid
Partner
M. No. [illegible]

For Deloitte Haskins & Sells
Chartered Accountants
Firm Reg. No. [illegible]

[illegible]
Partner
M. No. [illegible]

For and on behalf of the Board of Directors

[illegible]
CEO & MD
DIN [illegible]

[illegible]
Director
DIN [illegible]

[illegible]
Chief Financial Officer

[illegible]
Company Secretary

[illegible]

[illegible]

[illegible] Limited (formerly Rajarshi Exports Corporation Limited)
Consolidated Statement of Cash Flow for the year ended March 31, 2020

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
I. Cash Flow from Operating Activities		
Net Profit before Taxes and Extraordinary Items	348.15	191.29
Adjustments for		
Depreciation and Amortisation expenses	45.83	26.07
(Gain)/Loss on disposal of property, plant and equipment	(1.45)	(0.05)
Interest & Other Borrowing Costs	30.46	71.47
Impairment Loss (Bad Debts, Advances and Assets written off)	9.20	24.61
Employee Share Based Payment Expenses	7.21	1.15
Share of (Profit)/Loss of Associates	1.26	(1.18)
Dividend and Interest Income classified as Investing Activities	(1.12)	(10.16)
Fair Value (gain)/loss	(4.21)	61.63
Investment written off	-	2.60
	167.48	38.16
Changes in operating Assets and Liabilities		
(Increase)/Decrease in Trade and other receivables	(172.13)	(33.11)
(Increase)/Decrease in Inventories	(77.12)	(1.96)
Increase/(Decrease) in Trade payables	18.29	31.47
(Increase)/Decrease in Financial Assets	(67.15)	(158.91)
(Increase)/Decrease in Other non-current assets	(1.1)	(76.89)
(Increase)/Decrease in Other current assets	(27.53)	(46.03)
Increase/(Decrease) in Provisions	(0.1)	(1.7)
Increase/(Decrease) in Other Non-Financial Liabilities	8.01	2.20
Increase/(Decrease) in other current liabilities	(21.05)	(11.07)
	(263.69)	(110.14)
Cash generated from Operations	251.15	52.11
Income taxes Paid (net)	(97.62)	(23.97)
Net cash inflow from/(used in) operating activities	153.53	28.14
II. Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	0.20	-
Payments for property, plant and equipment and Intangible assets	(21.04)	(18.27)
Payments for Investments	(2.27)	(0.05)
Proceeds from sale of Investments	0.2	0.2
Dividends received	0.12	0.1
Other Investments	5.35	29.97
Net cash inflow from/(used in) investing activities	(18.04)	(10.11)

III Cash flow from financing activities		
Proceeds from Issue of Warrants	2.50	15.50
Proceeds from borrowings	61.49	238.12
(Redemption of Preference Shares)		(98.18)
(Repayment of borrowings)	(61.05)	(53.68)
(Repayment of lease liabilities)	(2.24)	-
	0.70	102.76
Less:		
Finance Cost paid	(7.11.13)	(9.13.31)
Dividend & Tax thereon paid	(3.33.33)	(3.30)
Net cash inflow from/(used in) financing activities	(6.36)	89.33
IV Net increase/(decrease) in cash and cash equivalents (I+II+III)	11.03	(49.05)
V Cash and cash equivalents at the beginning of the financial year	5.53	54.58
VI Cash and cash equivalents at end of the year	16.56	5.53

Notes:

1 The Statement of Cash flows has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 Statement of Cash Flows specified in the Companies (Indian Accounting Standards) Rules, 2015

2 Figures in brackets indicate cash outflows

3 Cash and cash equivalents (refer note 16) comprise of the following:

Cash on hand	1.42	1.14
Cheques in hand	-	-
Balances with Banks		
- In current accounts	13.06	1.17
- Fixed Deposits with Bank	2.08	3.22
Balances per statement of cash flows	16.56	5.53

4 Analysis of non-current Borrowings

Non-current Borrowings (Refer Note 12)	566.39	644.69
Movement during the year reflected in the Statement of Cash Flows	119.56	134.80
Non-current portion at the end of the year	685.95	779.49

* Refer Note 12 for Non-current Borrowings (Refer Note 12) for more details

See accompanying notes forming part of the financial statements

As per our report of even date
For S. D. Baid & Co.
Chartered Accountants
Firm Reg. No. 000560C

P. D. Baid
Partner
M.No. 072625

Place: Chennai
Date: 30th May, 2020

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Reg. No. 117366W/W-100018

Shirish Bhavsar
Partner
M. No. 046643

Place: Chennai
Date: 30th May, 2020

For and on behalf of the Board

Chairman
DIN: 00052977

Managing Director
DIN: 00052898

Chief Financial Officer

Company Secretary
M. No. CS 7111

Place: Chennai
Date: 30th May, 2020

Particulars	Notes	Amount

	Share Capital	Share application money pending allotment	Reserves & Surplus					Items of Other Comprehensive Income				Total equity attributable to Owners of the Company	Non-controlling interests	Total Equity
			Securities Premium Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Capital Reserve	Retained earnings	Equity instruments through Other Comprehensive Income	Exchange differences on translating the financial statements of a foreign operation	Income tax relating to items that will not be reclassified to profit or loss	Foreign currency translation reserve			

For [illegible]
Chartered Accountants
Firm Reg. No. [illegible]

[illegible]
Partner
M.No. [illegible]

Place: [illegible] Date: [illegible]

For [illegible]
Chartered Accountants
Firm Reg. No. [illegible]

[illegible]
Partner
M.No. [illegible]

Place: New Delhi, Date: [illegible]

[illegible]
M P [illegible]
Chairman
DIN [illegible]

[illegible]
Company Secretary

[illegible]
Managing Director
DIN [illegible]

[illegible]
Chief Financial Officer

Place: [illegible]
Date: [illegible]

[illegible] Futuristic Communications Limited
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2020

1. Corporate Information

[illegible] Futuristic Communications Limited (THCL or the Holding Company) is a public limited company domiciled and incorporated in India and having its registered office at X, Excelsior Complex, Chamanganj, Satara, Uttarakhand Pradesh (7021). The Holding Company is listed and traded on National Stock Exchanges of India Ltd. (NSE) and BSE Ltd (BSE). Established in 1960, THCL is a diverse telecom infrastructure enabler with core interest spanning telecom infrastructure development, system integration and manufacture and supply of high-end telecom equipment. Optical Fiber and Optical Fiber Cable (OFC).

The Consolidated Financial Statements were approved by the Board of Directors of the Holding Company at its meeting held on [illegible] 2020.

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 financial statements are presented in [illegible] which is also its functional currency. All amounts are rounded off to the nearest rupee in crores, unless 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, 2019:

(a) Ind AS 116 Leases
(b) Amendment to Ind AS 12 Income Taxes
(c) Amendment to Ind AS 19 Plan Amendment, Curtailment or Settlement
(d) Amendment to Ind AS 23 Borrowing Costs

The Group has not early adopted any other standard or amendment that has been issued but is not yet effective. The Group has assessed the impact of these standards and amendments and has concluded that they will not have any significant impact on the Group's financial statements in the 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 and disclosures relating to contingent liabilities as at the date of the Consolidated Financial Statements and the reported amounts of income and expense for the period.

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 in future periods are affected.

2.2 Basis of Consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Holding Company has control. The Holding Company controls an entity when the Holding Company 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 Holding Company. They are de-consolidated from the date that control ceases. The Holding Company and subsidiaries are collectively called "the Group"

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the Holding Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized 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 Holding Company.

Non controlling interests in the result and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity and consolidated 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.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Holding Company and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments 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 recognised 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 date 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 recognised 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 recognised 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 recognised 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 period.

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 categorises assets and liabilities measured at fair value into one of three levels as follows:

- Level 1 – Quoted (unadjusted)
This hierarchy includes financial instruments measured using quoted prices.

- Level 2
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 2 inputs include the following:
a) Quoted prices for similar assets or liabilities in active markets
b) Quoted prices for identical or similar assets or liabilities in markets that are not active
c) Inputs other than quoted prices that are observable for the asset or liability
d) Market – corroborated inputs

- Level 3
They are unobservable inputs for the asset or liability reflecting significant adjustments 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. Non-current assets held for sale

Non-current assets and disposal groups 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, (excluding major inspections) having different useful lives & material value or other factors are accounted for as separate component. 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 Building (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. The 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 of 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
Residential Buildings	Office Building - 60 years Factory Building - 30 years
Leasehold improvements	Over the period of lease
Plant & Machinery	2.5 - 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 asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

An item of PPE 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 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.

2.8. Intangible Assets

a. Goodwill

Goodwill on acquisition of subsidiaries are included in intangible assets. Goodwill is not amortized but 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 only on demonstration of its technical feasibility, the intention and ability of the Group to complete, use or sell it, and 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 derecognised 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 costs: Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate 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. The 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 Fees: Intangible assets consist of right under licensing agreement are measured at cost as on the date of acquisition less accumulated amortisation 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 expresses its expected 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 recognised 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 amortised 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 instruments at FVTOCI

A 'debt instrument' is classified 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 instruments 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 held by 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. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Financial assets are reclassified at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The classification is made separately for each of the financial assets and the gains or losses arising on their remeasurement are recognised in the Consolidated Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

Derecognition

A financial asset is derecognized 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 derecognized.

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 derecognized 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. To determine 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).

2.9.2. 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 recognized when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at their amortized cost on initial recognition. They are classified as fair value through profit and loss.

Subsequent measurement
Financial liabilities are subsequently measured at amortized 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 amortized 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. Gain 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 recognized 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 amortization.

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 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 or 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 to bring 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 – Is valued at cost.

- Stores, tools & spares (consumables) – 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

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. Revenue from sales of scrap is classified as contract asset which may also refer as unbilled revenue. Any amount previously recognized as revenue is classified as receivables when there is unconditional right to receive cash or other consideration.

C. [illegible] represents revenues net of indirect taxes in the 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 segment

The Telecom Product segments of the Group principally generate revenue from sale of Optical Fibre 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 recognized revenue, when or to extent 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 from 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 recognised 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 their 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 equipments supplied under contract, the Group recognizes provisions for the 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 consider the material expenses.

iii. Other Revenue :

- Interest income

Interest income is recognised using the effective interest rate (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 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

2.13 Leases

As a lessee

The Group implemented a single accounting model as per Ind AS 116 with effect from April 01, 2019 requiring lessees to recognise assets and liabilities for all leases excluding exemptions listed in the standard. The Group elected to apply exemptions to short term leases or for leases for which the underlying asset is of low value

Based on the accounting policy applied, the Group recognises a right of use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee

The right of use assets are initially measured at cost, which comprises

- the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over the shorter of lease term or useful life of underlying assets

The lease liability is initially measured at the present value of the lease payments that are not paid on that date. These include...

- fixed payments (or any lease incentives receivable)
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease payments exclude variable elements which are dependent on external factors. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the profit and loss.

The lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract

2.14 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 recognised 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, either on the date of transaction or 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 differences on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

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 absences 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 (generally 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 annual contributions to the HDFC Standard Life Insurance Group Gratuity Plan in respect of gratuity cover. The present value of obligation under gratuity is determined based on actuarial valuation using Projected 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, unavailed 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. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding net interest, as applicable) and the effect of the asset ceiling (if any, excluding net interest, as applicable) are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leave Encashment:
Provision is provided for the liability at period end on account of unavailed leave. The same is provided on 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.

2.16. Employee Share-based payments
The Group has elected the policy to account for Employees Welfare Trust as a legal entity separate from the Group but consolidated in the Financial Statement. Any loan from the Group to the Trust is accounted for as a loan in accordance with the term.

The grant date fair value of options granted to employees of the Group is recognized as an employee benefits expense, 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 differ from those estimates.

2.17 Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a 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 consist 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 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 when inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Consolidated Financial Statements when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or where a reliable estimate of the obligation cannot be made.

2.19. Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all stipulated conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income. Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognized in the Consolidated Statement of Profit and Loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

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 Credit

The GST credit available on purchase of materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST 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 Statements. 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 to the extent that it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognized on temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interests in joint arrangements where the Group is able to control the timing of the reversal of the temporary differences and it is probable that such 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 such domestic associates and interests 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 created the income tax consequence.



Particulars	Electrical Machinery	Plant & Machinery	Building (Leasehold)	Electrical Installations	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Land (Freehold)	Land (Leasehold)	Total
Gross Carrying Value											
Balance as at April 1, 2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
[illegible]	[illegible]				[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Balance as at March 31, 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		-	[illegible]
[illegible]	[illegible]			-	[illegible]	[illegible]	[illegible]	-			*
[illegible]	[illegible]			[illegible]	[illegible]	-	[illegible]	[illegible]	-		[illegible]
Balance as at March 31, 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated Depreciation and Impairment											
Balance as at April 1, 2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
[illegible]	[illegible]	-			[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Balance as at March 31, 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				[illegible]
[illegible]	[illegible]			[illegible]	[illegible]		[illegible]	[illegible]		-	[illegible]
Balance as at March 31, 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Net Carrying Value											
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance as at March 31, 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

[illegible]

[illegible]

4 Capital work-in-progress

Rupees in Crore

Particulars	Buildings	Plant & Machinery	Electrical Installation	Total
Balance as at March 31, 2018	1.68		-	1.68
Additions	28.09	25.91	1.81	55.81
Disposals / Adjustments	1.68	3.80	-	5.48
Balance as at March 31, 2019	28.09	34.11	1.81	64.01
Additions	2.03	25.04	2.26	33.01
Disposals / Adjustments	25.30	33.71	1.81	81.82
Balance as at March 31, 2020	12.72	2.05	0.25	15.05

Notes:

The Holding company has considered to acquire an 8 acre Greenfield Coal Mine (GBC) project, for the adjoining to the mega 660 mw facility at Dadri, Uttar Pradesh with annual capacity of 0.7 MTPA. Accordingly, Holding company has started coal mine activities by deducted and incurred capital expenditure amounting to Rs 12.21 crore which is shown under the head "Capital work-in-progress". During the year, the Holding company has decided to sell the project GBC immediately, hence we held the temporary "other assets" of 12.21 crore. Further activities will be taken when we demerge the assets.

5 Intangible Assets (Other than Goodwill)

Rupees in Crore

Particulars	Computer software
Gross Carrying Value	
Balance as at April 1, 2018	9.41
Additions	0.61
Disposals / Adjustments	
Balance as at March 31, 2019	10.02
Additions	0.83
Acquisition of Subsidiary	0.26
Disposals / Adjustments	
Balance as at March 31, 2020	11.11
Accumulated Depreciation and Impairment	
Balance as at April 1, 2018	4.28
Depreciation for the year	2.62
Disposals / Adjustments	-
Balance as at March 31, 2019	6.90
Depreciation for the year	1.31
Disposals / Adjustments	
Balance as at March 31, 2020	8.21
Net Carrying Value	
As at April 1, 2018	5.13
As at March 31, 2019	3.12
Balance as at March 31, 2020	2.90

6 Intangible assets under development

Rupees in Crore

Particulars	Product Development
Balance as at April 1, 2018	4.72
Additions	26.63
Disposals / Adjustments	7.84
Balance as at March 31, 2019	23.51
Additions	4.72
Acquisition of Subsidiary	1.88
Disposals / Adjustments	12.81
Balance as at March 31, 2020	18.31

Note: Include Technology licence fee paid in the nature of Technical Know-how and Software Technology.

[illegible]

7 Investments accounted for using equity method

Particulars	As at March 31, 2020	As at March 31, 2019
Unquoted investments (at Cost)		
Investments in Equity Instruments		
Joint Ventures		1.49
Add: Post-acquisition profits		0.1
Total		1.59

7.1 Investment in Joint Venture Entity

Particulars	Ownership percentage	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	Amount	No. of Shares	Amount
Unquoted (at cost unless stated otherwise)					
Investment in Equity Instruments - Equity Shares					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Add: Goodwill on Purchase of Shares			[illegible]		[illegible]
Total aggregate unquoted investments			[illegible]		[illegible]
Aggregate amount of quoted investments and market value thereof			[illegible]		[illegible]
Aggregate amount of impairment in value of investments			[illegible]		[illegible]

7.2 Additional details of Joint Venture Entity

Particulars	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest / voting rights held by HFCL Ltd.	
			As at March 31, 2020	As at March 31, 2019
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

8 Non-Current Financial Assets - Others

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Investment in Others		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible]

Particulars	Refer Note	As at March 31, 2020		As at March 31, 2019	
		No. of Shares / Debentures / Units	Amount	No. of Shares / Debentures / Units	Amount
Investments carried at cost unless stated otherwise					
Investments in Equity Instruments - Equity Shares					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Investments in Equity Instruments carried at cost (A)			[illegible]		[illegible]
Investments in Other Instruments					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Investments in Other Instruments carried at cost (B)			[illegible]		[illegible]
Aggregate Amount of Quoted Investments and Market Value thereof			[illegible]		[illegible]
Aggregate Amount of Impairment in Value of Investments			[illegible]		[illegible]

[illegible]

[illegible]

9 Non-Current Financial Assets-Loans

Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered Doubtful		
Others	0.41	0.21
	0.41	0.21
Less: Provision for doubtful loans	(0.41)	(0.21)
Total	0.00	-

11 Non-Current Financial Assets-Others

Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposits with Bank (remaining maturity more than 12 months)*	31.34	31.22
Earmarked balances for unclaimed dividend	-	0.24
Security Deposits	0.21	0.23
Total	31.55	31.69

* Above fixed deposits are held as margin money towards bank guarantees.

13 Deferred tax assets (net)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. The amounts shown in the balance sheet include the following:

As at March 31, 2020

Particulars	Defined benefit obligations	Property, plant and equipment	Provisions & others	MAT credit entitlements*	Total
As at 1 April, 2018	9.14	2.09	21.06	36.50	118.74
Impact on account of adoption of Ind AS 116			0.16		0.16
Charged/(Credited)					
- to profit or loss	0.1	3.15	(6.63)	(34.2)	(41.62)
- to other comprehensive income	(0.56)				(0.56)
- on account of DPAs					-
As at 31 March, 2019	9.38	(0.19)	14.59	81.29	79.91
Impact on account of adoption of Ind AS 116 (refer note 3(A))	0.08				0.08
Impact on account of adoption of Ind AS 116 (refer note 3(A))			(7.35)		(7.35)
Charged/(Credited)					
- to Statement of profit and loss	(0.35)	1.45	(2.66)	(31.10)	(32.44)
- to other comprehensive income	(0.56)	-		-	(0.56)
- on account of DPAs					-
As at 31 March, 2020	8.17	(0.55)	10.05	5.19	12.15

* Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 promulgated on September 20, 2019, the Company has opted to pay income tax under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019, which is effective from April 1, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 and remeasured its deferred tax assets basis the rate prescribed in the said section. The full impact of this change, amounting to Rs. 32.44 crore has been recognised in the Statement of Profit and Loss.

12 Other Non-Current Assets

Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered Good		
Capital advances	4.10	10.16
Total	4.10	10.16

[illegible]
[illegible]

[illegible]

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

Notes:
[illegible]

[illegible]

Particulars	As at March 31, 2020	As at March 31, 2019
Quoted Investments		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible]

Particulars	Face Value	As at March 31, 2020		As at March 31, 2019	
		No. of Shares/Units	Amount	No. of Shares/Units	Amount
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Current Financial Investments			[illegible]		[illegible]

[illegible]

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Trade Receivables				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]
Balance at the end of the year		[illegible]		[illegible]

[illegible]

[illegible]

[illegible]

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
Total		

[illegible]

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]		
Total		

[illegible]

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]		
Total		

[illegible]

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]		
Total		

[illegible]

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]		
Total		

22 A. Share Capital

Rupees in Crore

(i) Authorised Share Capital

Particulars	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at April 1, 2018	5,10,00,00,000	510.00	2,50,00,000	250.00
Increase during the year	-	-	-	
As at March 31, 2019	5,10,00,00,000	510.00	2,50,00,000	250.00
Increase during the year	-	-	-	
As at Mar 31, 2020	5,10,00,00,000	510.00	2,50,00,000	250.00

(ii) Shares issued, subscribed and fully paid up

Particular	Equity Share Capital		Preference Share Capital	
	As at Shares	Amount*	No of Shares	Amount
As at April 1, 2018	1,23,94,37,191	123.94	61,57,500	
Add: Shares issued during the year	2,50,00,000	2.50	-	-
Add: Bonus shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	(61,57,500)	
As at March 31, 2019	1,26,44,37,191	126.44	-	-
Add: Shares issued during the year	1,00,00,000	1.00		
Add: Bonus shares issued during the year		-		-
Less: Shares bought back during the year			-	-
As at Mar 31, 2020	1,26,44,37,191	128.44	-	

* The Authorised Capital and Paid up Capital of the Company as on March 31, 2019 stood at Rs. 760 Crore and Rs. 126.44 Crore respectively. During the year ended March 31, 2020, the Company has allotted 1,00,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 260/- per equity share on preferential basis to the Promoter Group. Consequent upon the conversion of their warrants into equity shares. Upon allotment of these equity shares, the paid up equity share capital of the Holding Company has increased from Rs. 126.44 Crore (Rupees One Hundred Twenty Three Crore and Nine Lakh Thirty Seven Thousand One Hundred Ninety One Only) to Rs. 128.44 Crore (Rupees One Hundred Twenty Eight Crore Only) consisting of 1,28,44,37,191 Equity Shares of Rs. 10/- each.

(iii) Details of shareholders holding more than 5% equity Shares

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of Holding	No. of shares	% of Holding
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(iv) Terms/rights attached to Equity/Preference Shares

[illegible]

6. Other Equity

(₹ in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Reserves and Surplus		
(i) Retained Earnings	1,561.99	868.56
(ii) Components of Other Comprehensive Income		
a) Equity instruments through other comprehensive income	(1,114.31)	(1,117.02)
b) Remeasurement of defined benefit plans	(2.39)	8.76
c) Foreign currency translation reserve	(6.74)	
(iii) Other Reserves*		
a) Securities Premium	465.12	152.62
b) Debenture Redemption Reserve	7.72	8.25
c) Capital Redemption Reserve	50.00	50.00
d) Employee stock options outstanding reserve	11.49	4.10
e) Capital Reserve on Merger (refer note 2.1.3)	2.53	
(iv) Money received against Convertible Warrants**	-	5.00
Total	1,519.99	1,111.32

* Brief description of Other Reserves:

a) Securities premium is credited on issue of shares at a premium. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) As per the Companies Act, 2013 Rule 18(7) (b) read with Rule 18(4) (vi) of the Companies (Share Capital and Debentures) Rules, 2014, it is mandatory for the Holding Company to create a DRR of 25% of the value of debentures issued through public issue or on a private placement basis. The Holding Company is required to create the DRR only out of profits of the Company available for payment of dividend.

c) Capital Redemption Reserve is created as per the requirement of Section 69 of the Companies Act, 2013 pursuant to buyback of equity shares.

d) The Company has granted equity settled share based options to employees under the Employee Stock Option Plan. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in share based payment reserve. (Refer note 55).

** During the financial year 2019-20, Holding Company has received ₹ 5.00 Crores on account of warrants which are convertible into equivalent number of equity shares. Out of the above, ₹ 5.00 Crores received against 50,00,000 warrants were converted into equivalent number of equity shares of ₹ 10 each at a premium of ₹ 90 per share on exercise of warrants by the warrant holders. Consequently, 50,00,000 warrants were cancelled. (Refer Note 6.2(b)). Out of the remaining warrants, 50,00,000 warrants are forfeited by the Holding Company as the warrant holders have not exercised the option to convert warrants into equity shares during the year.

(a) Retained Earnings

(₹ in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	868.56	713.54
Changes in accounting policy or prior period errors (refer note 2.1)	(11.17)	(13.23)
Restated balance at the beginning of the reporting period	857.42	787.97
Add: Profit for the period	277.75	93.72
Add: Other comprehensive income for the year		
Transfer from Debenture Redemption reserve	1.61	-
Transfer from Capital redemption reserve	-	(50.00)
Add: Transfer on equity instruments through other comprehensive income	(3.48)	1.57
Net Premium on Buyback	(71.31)	(19.70)
Closing Balance	1,061.99	868.56

(b) Components of Other Comprehensive Income

(₹ in Crores)

Particulars	Debt instruments through other comprehensive income	Changes in fair value of FVOCI equity instruments	Remeasurement of defined benefit plans	Foreign currency translation reserve
As at April 1, 2018	1.57	(1,118.59)	4.92	-
Profit or loss for the year	(1.57)	1.57	3.84	
Other comprehensive income for the year	1.57			-
As at March 31, 2019		(1117.02)	8.76	
Profit or loss for the year		(1.13)	(1.13)	(6.74)
Other comprehensive income for the year			-	
As at March 31, 2020	-	(1,118.15)	7.63	(6.74)

(iii) Other Reserves

Rupees in Crore

Particulars	Securities Premium	Debenture Redemption Reserve	Capital Redemption Reserve	Employee Share based payment reserve	Capital Reserve
As at April 1, 2018	980.12	8.43	20.12	-	-
Increase during the year	52.50		30.38	4.29	-
As at March 31, 2019	1032.62	8.43	50.50	4.29	-
Increase during the year	35.00			7.61	2.32
Decrease during the year		7.81	-		
As at March 31, 2020	467.62	5.62	50.50	11.90	2.32

(iv) Money received against convertible warrants

Rupees in Crore

Particulars	Amount
As at April 1, 2018	Nil
Increase during the year	49.50
Decrease during the year	(49.50)
As at March 31, 2019	Nil
Increase during the year	Nil
Decrease during the year	Nil
As at March 31, 2020	

21 Non-Current Financial Liabilities - Borrowings

Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Borrowings		
a) Term Loans		
(i) From other parties (Refer Note 53(i))	6.24	6.24
b) Interest accrued from other parties	25.72	24.22
	31.96	30.46
Secured		
Borrowings		
a) Non Convertible Debentures	22.48	33.73
b) Term Loans		-
(i) from Banks*	186.64	103.95
c) Vehicle Loans		-
(i) from Banks	2.93	3.36
(ii) from others	0.03	0.07
	212.09	141.11
Less: Current maturities of long term debts - Term Loans	(30.77)	(35.09)
Less: Debentures redeemable within 12 months	(11.24)	(11.24)
Less: Current maturities of long term debts - Vehicle Loans	(1.13)	(0.95)
Total	200.94	154.35

* net of Rs 1.26 crore (Previous year Rs 2.05 crore) as finance charge

Regarding Holding Company:

a) Company has issued 33,72,750 (?) secured unrated Non-Convertible Redeemable Debentures (NCDs) of Rs 100/- each aggregating Rs 33.73 Crore consequent to 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 other term lenders and redeemable at face value in instalments 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. First instalment of 33.33% being 11,24,250 NCDs have been redeemed on time.

b) Term Loan of Rs 50.00 Crore (Previous year Rs 75.00 Crore) from one of the banks are secured by pari passu first charge on all the Fixed Assets both present and future by way of equitable mortgage. Further, loan is secured by way of pari passu second charge on the Current Assets of the Company.

c) Term Loan of Rs 140.91 Crore sanctioned and disbursed on 21.03.2020 is amounting to Rs 111.77 Crore (Previous year Rs [illegible] Crore) from the banks 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 5,66,50,000 equity shares of promoters (M/s NSN Venture [illegible]) and 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 18 structured quarterly instalments over a period of 5 years commencing after moratorium period i.e. 12 months after date of commencement of the project.

d) Other Vehicle Loans of Rs 2.96 Crore (Previous Year Rs 3.43 Crore) from banks and others are secured by way of hypothecation of respective assets.

Regarding Subsidiary Company:

a) The Board of Directors of the [illegible] proposed equity issue of equity shares of Rs. [illegible] each, in the ratio of equity shares holding i.e. 25% by GFL and 75% by [illegible] (HFCL), Holding Company. It is also proposed to grant right issue by way of conversion of outstanding loan (Principal with interest) due from GFL and NCD issued by HFCL. The HFL Board is in the process of taking formal approval from the shareholders. Accordingly, loan outstanding from GFL along with interest has been shown under Non-Current Financial Liability as per Ind AS 109 Financial Liability.

b) Secured term loan of Rs. 1000 Crore sanctioned and disbursed in full during the year 2019-2020 is outstanding as on 31.03.2020 is amounting to Rs. 1000 Crore (Previous year Rs. Nil) is from HDFC Bank Ltd is secured by way of exclusive charge on fixed assets (both present and future) by exclusive charge on 2.5 acre Industrial Land parcel located in Gandhi Chemical Complex by way of registered mortgage, exclusive charge on 15 acre Industrial Land parcel located in Dahej, Bharuch, Gujarat Stake by way of registered mortgage, exclusive charge on all current assets (both present and future) by exclusive charge on all Cash Flows of HFL Limited. The loan is further secured by way of Corporate Guarantee of [illegible] Limited, personal guarantee of Managing Director of the Holding Company and Corporate Guarantee of M/s MK Ventures Private Limited. Repayment of the loan upon would be made in 20 structured quarterly instalment over a period of 5 years commencing after moratorium period i.e. 3 years after date of disbursement.

Secured term or other loans - Repayment schedule and rate of interest :

Rupees in Crore

Particulars	Term Loan	Term Loan	Term Loan	Vehicle Loan
Rate of Interest	[illegible]%	11.05%	11.05%	8.75% to 10.25%
Outstanding amount	50.00	111.77	21.84	2.09
Repayment Due				
FY 2020-21	25.00	31.94	5.75	0.84
FY 2021-22	25.00	20.12	3.80	0.76
FY 2022-23		20.12	3.86	0.49
FY 2023-24 to 2025-26	-	39.59	8.43	

24 Non-Current Financial Liabilities - Other Liabilities

Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Financial guarantee obligations	-	2.24
Total	-	2.24

25 Non-Current Liabilities - Provisions

Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provisions for Employee Benefits (refer note no. 35)		
Provision for Gratuity	19.17	16.01
Provision for Leave Encashment	12.82	5.77
Total	31.99	21.79

[illegible] [illegible] — Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]		
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	
[illegible]		-
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

Regarding [illegible]

[illegible]

[illegible]

Regarding Subsidiary Companies

[illegible]

[illegible]

[illegible]

[illegible] [illegible] — Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible] [illegible] — Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	0.27	[illegible]
Total	[illegible]	[illegible]

[illegible]

[illegible] [illegible] — Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible] [illegible] — Rupees in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]		
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

31 Revenue from operations

Rupees in Crore

Particulars	For the years ended March 31, 2020	For the years ended March 31, 2019
Sale and Services		
- Manufacturing and trading activities	839.29	1,048.07
- Turnkey project related activities	2,795.68	1,542.53
		-
Other Operating Revenues		-
- Scrap sale	1.00	3.18
- Export incentives	2.44	1.31
Total	3,638.41	2,595.09

(a) While deriving the aggregate amount of consideration which is to be recognised in respect of unsatisfied performance obligations, there will be no material amount for the expected time to being met over the year. The Group has applied the practical expedient in Ind AS 115.

(b) Unless fixed for specific contracts, variable consideration arising from claims, variations, liquidated damages, penalties, changes in scope or terms of the contract, penalties on the contracts, export incentives, currency rate risk, etc. The aggregate value of transaction price allocated to unsatisfied or partially unsatisfied performance obligations is Rs. 3,134 Crores (March 31, 2019: Rs. 3,912 Crores). Out of this, the Company expects to recognise revenue of around 70% within the next year.

(c) Contract balances

(i) Trade receivables and contract assets/liabilities

Rupees in Crore

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	5.84	
Receivables recognised during the year	18.80	5.84
Impairment recognised during the year	1.04	
Balance at the end of the year	19.88	5.84

(ii) Contract assets and contract liabilities (unbilled revenue and deferred revenue)

Rupees in Crore

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	49.52	1.97
Increase due to invoicing during the year	2.11	1.55
Revenue recognised that was included in the contract liability and deferred revenue	(8.50)	-
Balance at the end of the year	43.16	49.52

Revenue in excess of invoicing are classified as contract assets while invoicing in excess of revenue are classified as contract liabilities (deferred revenue). Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

(iii) The Group has trade receivables and contract assets which are subject to the probability of contracts to receive supply, services and/or completion of contract, as per the terms of contracts. Contract liabilities include long-term advances received from customers for projects, as mobilisation advance, retention money and deferred revenue. Out of the advance received from customers, entire amount has been recognised as revenue except for contract liabilities of Rs. 43.16 Crores (March 31, 2019: Rs. 49.52 Crores). Due to the impact of COVID-19 pandemic, the Group will update its assessment of contract estimates relating to progress of the projects.

32 Other income

Rupees in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other non-operating income		
Interest Income	19.84	13.51
Dividend Income	0.02	0.01
Liabilities/provisions no longer required written back	9.19	0.07
Exchange Gain (Net)		1.41
Others	4.03	2.11
Total	33.08	17.11

31 Cost of Material Consumed

₹ in Crore

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Stock	42.93	17.22
Add : Purchases during the year	513.92	962.51
	556.85	1,079.66
Less : Closing Stock	56.92	82.39
Total	521.77	945.27

32 Other Direct Costs

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Project and Erection Site charges	1,501.25	1,651.16
Consumption of Packing Material	64.61	79.21
Consumption of stores and spare parts	9.10	10.06
Sales Opex written off	0.12	1.17
Total	1,575.08	1,741.60

33 Change in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Closing Stock		
Finished Goods	93.69	91.87
Stock in Trade Goods	67.21	52.17
Work in process	131.69	22.60
	292.59	166.64
Opening Stock		
Finished Goods	91.62	73.34
Stock in Trade Goods	67.11	23.66
Work in process	21.80	69.67
	180.53	166.67
Total	(94.06)	(7.97)

[illegible] Employee benefits expenses

Rupees in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	[illegible]	[illegible]
Contribution to provident and other funds	[illegible]	8.85
Staff welfare expenses	[illegible]	3.20
Share based payments [illegible] (refer note [illegible])	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible] Finance costs

Rupees in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
[illegible]	48.[illegible]	33.0[illegible]
[illegible]	25.8[illegible]	20.5[illegible]
[illegible]	[illegible]	11.77
[illegible]		5.30
[illegible]		[illegible]
[illegible]		[illegible]
[illegible]	[illegible]	
	[illegible]	[illegible]

38 Other expenses

Rupees in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	
[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible] Earnings per share [illegible]

Rupees in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Basic & Diluted Earnings per share		
Profit/Loss for the year	[illegible]	[illegible]
Profit attributable to ordinary [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

40 Critical accounting estimates and judgments

[illegible]

[illegible]

1. Useful lives of property, plant and equipment and intangible Assets

[illegible]

2. Recoverability of intangible assets and intangible assets under development

[illegible]

3. Employees Benefits

[illegible]

4. Revenue Recognition

[illegible]

5. Leases

[illegible]

6. Loss allowance for receivables and unbilled revenue

[illegible]

7. Taxes

[illegible]

8. Contingencies

[illegible]

9. Fair Value of financial instruments

[illegible]

41 Estimation of uncertainties relating to the global health pandemic from COVID-19

[illegible]

42 Changes in Accounting Policies

[illegible]

[illegible]

	Addition for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Land	-	[illegible]
Buildings	[illegible]	[illegible]
Total	[illegible]	[illegible]

	For the year ended March 31, 2020
Land	
Buildings	[illegible]
Total	[illegible]

Name of the Enterprises	Net assets i.e. total assets minus total liabilities		Share in Profit & Loss	
	As % of Consolidated net assets	Amount (Rs. in crore)	As % of Consolidated Profit or Loss	Amount (Rs. in Cr.)
Parent				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subsidiaries (Indian)				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non-Controlling Interest in all subsidiaries		[illegible]	[illegible]	[illegible]
Total Net assets/Profit or Loss attributable to [illegible]		[illegible]	[illegible]	[illegible]

Sensitivity analysis of the defined benefit obligation

Impact of the change in Discount Rate				
Present Value of Obligation at the end of the period	[illegible]	[illegible]	[illegible]	[illegible]
Impact due to increase of 0.5%	[illegible]	[illegible]	[illegible]	[illegible]
Impact due to decrease of 0.5%	[illegible]	[illegible]	[illegible]	[illegible]
Impact of the change in salary increase				
Present Value of Obligation at the end of the period	[illegible]	[illegible]	[illegible]	[illegible]
Impact due to increase of 0.5%	[illegible]	[illegible]	[illegible]	[illegible]
Impact due to decrease of 0.5%	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] assumptions are the expected maturity analysis of undiscounted benefits [illegible]

Maturity profile of defined benefit obligation:

March 31, 2021 to March 31, 2022	[illegible]	[illegible]	[illegible]	[illegible]
March 31, 2022 to March 31, 2023	[illegible]	[illegible]	[illegible]	[illegible]
March 31, 2023 to March 31, 2024	[illegible]	[illegible]	[illegible]	[illegible]
March 31, 2024 to March 31, 2025	[illegible]	[illegible]	[illegible]	[illegible]
March 31, 2025 to March 31, 2026	[illegible]	[illegible]	[illegible]	[illegible]
March 31, 2026 to March 31, 2030	[illegible]	[illegible]	[illegible]	[illegible]
March 31, 2031 and beyond	[illegible]	[illegible]	[illegible]	[illegible]

Investment Risk

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Note: The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2021 by [illegible], Fellow of the Institute of Actuaries of India. The present value of obligation is determined by discounting the

(b) Provisions as required under Ships, Vessels and Minimum Emergency Provisions Act, 1958 (Refer Note 1.4.2(b) & 1.4.2(c))

Refer Note 1.4.2(b) & 1.4.2(c)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	[illegible]	[illegible]
Interest on above	[illegible]	[illegible]
Interest on above	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Amount [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Note: The Company has [illegible] Provisions [illegible] Ships, Vessels and Minimum Manning [illegible] 1958 [illegible] Provisions [illegible] Ships, Vessels and Minimum Manning [illegible] 1958 [illegible]

(c) Other provisions and contingencies

(a) Contingent liabilities (to the extent not provided for)

Rupees in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Notes

[illegible]

(b) The Company [illegible]

(c) During the year [illegible]

[illegible]

(d) Commitments

Rupees in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]



(c) Financial Guarantees

Issued in favour of	Issued to	Amount of guarantee (Rs.)	Purpose	Carrying amount as per Ind AS 109 March 31, 2020	Carrying amount as per Ind AS 109 March 31, 2019
[illegible]	[illegible] Bank	[illegible]	[illegible]	Nil	[illegible]
[illegible]	[illegible] Ltd	[illegible]	[illegible]	Nil	
[illegible]	[illegible] Bank	[illegible]	[illegible]	Nil	Nil

(d) [illegible] the Board of Directors [illegible] Rs. [illegible] to the extent [illegible] the [illegible] of the [illegible] as [illegible] by [illegible] under [illegible]

(e) [illegible] Companies Act, [illegible] Investments [illegible] Companies [illegible] Schedule [illegible]

(f) [illegible] Non-Banking Financial Companies [illegible] Directions, [illegible] Obligations and Disclosure Requirements) Regulations, 2015:

(i) Loans and advances [illegible]

Name of Subsidiary	Amount of Loan/Advance Outstanding
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

Note: Subsidiary companies [illegible] Rs. [illegible] (Nil) [illegible]

(g) [illegible] Particulars, [illegible] Rs. [illegible] Nil) [illegible] Rs. [illegible] Nil) [illegible] March 31, 2019 [illegible]

(Rs. in crore)

Particulars	Unaudited March 31, 2020	Year ended March 31, 2019
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Particulars	Business Segments						Total	
	Telecom Products		Electronic Components & Systems		Others			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue								
Sales								
Total Revenue								
Segment Result								
Unallocated Income								
Unallocated Expenses								
Operating Profit								
Interest Expense								
Interest Income								
Income Taxes								
Profit from Ordinary Activities								
Other Information								
Segment Assets								
Unallocated Corporate Assets								
Total Assets								
Segment Liabilities								
Unallocated Corporate Liabilities								
Total Liabilities								
Capital Expenditure								
Depreciation and Amortisation								

32 Corporate social responsibility activities

	Year Ended March 31, 2022	Year Ended March 31, 2021
Gross amount to be spent by the Group during the year		
Amount spent during the year:		
Construction or acquisition of assets		
On other purposes		

33 Events occurring after the reporting period

34 Additional disclosure as required by Schedule III of the Companies Act, 2013, to the extent applicable to the Group for the year ended March 31, 2022

35 On March 31, 2018, the Company has granted 1,000,000 options to its employees under the Employee Stock Option Plan 2018 ("ESOP 2018"). The Nomination and Remuneration Committee of the Board of Directors of the Company, in its meeting held on March 31, 2018, has granted 1,000,000 options to the employees of the Company and its subsidiaries under the ESOP 2018. Each option comprises one equity share of face value of ₹ 10 each fully paid up. The options will vest in a graded manner over a period of 4 years from the date of grant and can be exercised within a period of 7 years from the date of vesting. The exercise price per option is ₹ 10. The fair value of the options granted under ESOP 2018 is ₹ 1,000 per option. The options granted under ESOP 2018 would be settled by the Company by issuing equity shares.

36 The Company has established an Employee Stock Option Plan 2018 ("ESOP 2018") for the benefit of its employees and employees of its subsidiaries. The Nomination and Remuneration Committee of the Board of Directors of the Company, in its meeting held on March 31, 2018, has granted 1,000,000 options to the employees of the Company and its subsidiaries under the ESOP 2018. Each option comprises one equity share of face value of ₹ 10 each fully paid up. The options will vest in a graded manner over a period of 4 years from the date of grant and can be exercised within a period of 7 years from the date of vesting. The exercise price per option is ₹ 10. The fair value of the options granted under ESOP 2018 is ₹ 1,000 per option. The options granted under ESOP 2018 would be settled by the Company by issuing equity shares.

The following table illustrates the number and weighted average exercise prices of and movements in share options during the year:

Particulars	Share options ("options")	
	Year ended March 31, 2022	Year ended March 31, 2021
Employee Stock Option Plan (ESOPs)		
Outstanding at the beginning of the year		
Granted		
Forfeited		
Exercised		
Expired		
Outstanding at the end of the year		
Exercisable at the end of the year		
Restricted Stock Units (RSUs)		
Outstanding at the beginning of the year		
Granted		
Forfeited		
Exercised		
Outstanding at the end of the year		

The following table summarizes information about options outstanding and exercisable as at March 31, 2022 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
ESOPs			
RSUs			

The following table summarizes information about options granted under the Employee Stock Option Plan 2018 for the year ended March 31, 2022:

Particulars	Options granted during the year ended March 31, 2022	
	ESOPs	RSUs

The Company has elected to account for its employee stock options using the intrinsic value method as per the guidance note on accounting for employee share based payments issued by the Institute of Chartered Accountants of India. Accordingly, no compensation cost has been recognized for the options granted to employees. Had the Company determined compensation cost based on the fair value at the grant date for its options, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:



55. [illegible]

IIFL LIMITED

(i) [illegible]

(ii) [illegible]

[illegible]

56. [illegible]

57. [illegible]

[illegible]

[illegible]

57.1 [illegible]

[illegible]

Particulars	As at March 31, [illegible]			As at March 31, [illegible]		
	[illegible]	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
[illegible]						
[illegible]						
[illegible]		[illegible]			[illegible]	
[illegible]				[illegible]		[illegible]
[illegible]		[illegible]			[illegible]	
[illegible]		[illegible]		[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]			[illegible]	[illegible]
[illegible]						
[illegible]	[illegible]	[illegible]			[illegible]	[illegible]
[illegible]	[illegible]	[illegible]			[illegible]	
[illegible]	[illegible]			[illegible]		
[illegible]			[illegible]			[illegible]
[illegible]			[illegible]		[illegible]	[illegible]
[illegible]	[illegible]		[illegible]			[illegible]
[illegible]			[illegible]			[illegible]
[illegible]		[illegible]	[illegible]			[illegible]
[illegible]			[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			[illegible]			[illegible]
Total Financial Assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial liabilities						
[illegible]						
[illegible]			[illegible]			[illegible]
[illegible] Others			[illegible]			[illegible]
[illegible]			[illegible]			
[illegible]			[illegible]		[illegible]	[illegible]
[illegible]			[illegible]			[illegible]
[illegible]			[illegible]		[illegible]	[illegible]
Total Financial Liabilities	[illegible]		[illegible]	[illegible]		[illegible]

[illegible]

[illegible]

[illegible]

As at year ended on March 31, 2021

(Rupees in lacs)

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2021	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
[illegible]	14	4..	-	-
FVTOCI				
Financial assets				
[illegible]	11	9.01	-	
[illegible]	11	2.17		-
[illegible]	12	7.37		
[illegible]	11	-		
[illegible]	11	1.74	-	
[illegible]	1..	-		0.10
[illegible]	9	-	-	14.11
[illegible]	4	-	-	57.46
[illegible]	3	-	-	3.01
[illegible]	4		-	5.17
[illegible]	3		-	0.
[illegible]	1		-	0
Total Financial Assets		24.1		79.71

As at year Ending March 31, 2020

(Rupees in lacs)

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2020	Note Nos	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
[illegible]	4	9.12	-	-
FVTOCI				
Financial assets				
[illegible]	11	9.71		
[illegible]	11	0.21		-
[illegible]	11	1.39		
[illegible]	11	-	-	
[illegible]	11	0	-	
[illegible]	11	-		0.01
[illegible]	2			0.77
[illegible]	5			7.14
[illegible]	4	-		3.5
[illegible]	6	-		5.11
[illegible]	4			1.11
Total financial assets		1	2.71	31.28

Significant accounting

[illegible]

[illegible]

[illegible]

[illegible]

(Rupees in lacs)

Particulars	Note Nos.	Carrying amount	Less Note 11	Short term 1	Total
As at March 31, 2021					
[illegible]	17	2.71	51.71		71.21
[illegible]	5	1.11	70.01		41.11
[illegible]	11, 17, 13, 17	0.71	0.11	11.17	11.71
As at March 31, 2020					
[illegible]	26	5.11	5.11		91.11
[illegible]	11	1	11.1		121.17
[illegible]	13, 17, 17, 13	1.11	1.17	1.11	1.11



Market Risk

[illegible]

[illegible]

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
Price risk		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.	[illegible]	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 0.25% change in interest rates. A 0.25% increase in interest rates would have led to approximately an additional Rs. 178 Crore loss for year ended March 31, 2020 (Rs.148 Crore loss for year ended March 31, 2019).

Credit Risk

[illegible]

Trade Receivables

[illegible]

[illegible]

Financial Instruments and Cash Deposits

[illegible]

Derivatives

[illegible]

Capital Management

[illegible]

Particulars	As at March 31, 2021	As at March 31, 2020
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount in Foreign Currency	Equivalent in Rs. Crore	Amount in foreign Currency	Equivalent in Rs. Crore
USD/INR	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Particulars		As at March 31, 2020		As at March 31, 2019	
		Amount in Foreign Currency	Equivalent in Rs. Crore	Amount in foreign Currency	Equivalent in Rs. Crore
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Particulars	Year Ended March 31, 2020		Year Ended March 31, 2019	
	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	[illegible]	[illegible]	[illegible]	[illegible]
EURO Impact	[illegible]	[illegible]	[illegible]	[illegible]
JPY Impact	[illegible]	[illegible]	[illegible]	[illegible]
GBP Impact	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Particular	F.Y. 2019-20	F.Y. 2018-19
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Adjustment		
MAT Adjustment	[illegible]	[illegible]
Depreciation & other adjustment	[illegible]	[illegible]
Dividend and Tax thereon	[illegible]	[illegible]
Amount of eligible / ineligible expenditure	[illegible]	[illegible]
The amount of income u/s 10 - dividend	[illegible]	[illegible]
Tax Provision as per Books	[illegible]	[illegible]

[illegible]

[illegible]

For S. Sundar & Co.
Chartered Accountants
Firm Reg. No. 000580C

P. B. Raja
Partner
M.No. 022625

Jaipur, 03rd June, 2020

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Reg. No. 015125N

Sunil Bhansali
Partner
M.No.: 054648

New Delhi, 10th June, 2020

For and on behalf of the Board of Directors

[illegible]
Chairman
DIN: [illegible]

[illegible]
Managing Director
[illegible]

[illegible]
Chief Financial Officer

[illegible]
Vice President - Corporate & Company Secretary

[illegible]

S. Khandelwal & Co.
Chartered Accountants
7, Tilak Marg, C-Scheme
Jaipur- 302 005

Oswal Sunil & Company
Chartered Accountants
71, Daryaganj,
New Delhi-110 002

INDEPENDENT AUDITOR'S REPORT

To the Members of Himachal Futuristic Communications Limited

Report on the Audit of the Consolidated Financial Statements

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.

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

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	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts.

	For the year ended March 31, 2019, revenue from customer contracts amounts to INR 4363.20 Crores. As at March 31, 2019 contract assets amount to INR 3.34Crores, contract liabilities to INR 49.52Crores the balance of work in progress (WIP) amounts to INR 58.16 Crores and retention amounts to INR 741.54 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. 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 fulfilment 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	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 AS 115 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 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 INR 1550.37 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 provisions for impairment of receivables amounted to INR 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 INR 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;

	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 INR 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 INR 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	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.

	exposures which involves significant judgement	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

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.

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.

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.

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 Rs. 272.33 Crores as at March 31, 2019, total revenues of Rs. 167.68 Crores, Net profit after tax of Rs. 47.55 Crores and total comprehensive income of Rs. 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 Rs. 24.37 Crores as at March 31, 2019, total revenues of Rs. 17.86 Crores, Net profit after tax of Rs. 0.80 Crores and total comprehensive income of Rs. 0.83 Crores 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 Rs. 0.09 Crores and total comprehensive income of Rs. 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 was 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 with 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.

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: May 15, 2019

S. Bhandari & Co
Chartered Accountants

Oswal Sunil & Company
Chartered Accountants

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 insofar 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. 000580C

(P. D. Bald)
Partner
Membership No. 072625

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N

(Sunil Bhansali)
Partner
Membership No. 054645

Place: New Delhi
Date: May 15, 2019

[illegible]

ASSETS

[illegible]

Total Assets [illegible]

EQUITY AND LIABILITIES

[illegible]

Liabilities

[illegible]

Current liabilities

[illegible]

Bajaj Capital Consolidated Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2019
(₹ in Rupees)

Particulars	Note No(s)	For the year ended March 31, 2019	For the year ended March 31, 2018
I	INCOME		
	Revenue from operations	29	42,37,79,17,217	32,46,21,63,363
	Other Income	31	46,56,86,262	26,79,71,800
	Total Income		42,84,75,03,479	32,73,01,35,163
II	EXPENSES			
	Cost of Material Consumed	32	9,46,26,66,641	5,31,71,87,912
	Other Direct costs	33	3,33,03,35,243	32,46,51,11,752
	Purchases of stock-in-trade		14,16,53,83,693	3,56,13,96,252
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	34	(79,61,13,331)	91,79,79,423
	Excise Duty		-	2,74,71,367
	Employee benefits expense	35	1,26,25,47,961	1,06,12,89,225
	Finance Costs	36	91,88,46,953	85,62,62,760
	Depreciation and amortisation expense		25,96,80,663	21,11,16,132
	Other Expenses	37	1,85,36,41,831	1,41,62,91,193
	Total Expenses		44,65,97,49,305	30,52,71,29,655
III	Profit / (loss) before Share of profit / (loss) of joint ventures / exceptional items and income tax (I - II)		3,81,51,66,974	2,20,29,14,408
IV	Share of profit / (loss) of associates (net)		18,72,2591	1,91,52,091
V	Profit / (loss) before exceptional items and income tax (III+IV)		3,19,24,93,721	2,22,19,86,503
VI	Exceptional Items	38		96,46,340
VII	Profit / (Loss) before tax (V - VI)		3,19,28,53,734	2,20,40,81,463
VIII	Tax expense			
	- Current Tax		95,40,77,277	1,07,41,369
	- Deferred Tax		-1,02,14,853	1,13,30,249
IX	Profit/(loss) for the year (VII-VIII)		2,32,76,01,610	1,11,50,01,631
X	Other Comprehensive Income (OCI)			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurement of defined benefit plans		46,38,613	49,11,326
	(ii) Income tax relating above item		(16,14,184)	(22,31,491)
	(iii) Income/(loss) on long term investments at fair value through OCI		1,45,91,997	(95,31,454)
	Items that will be reclassified to profit or loss			
	(i) Exchange differences through OCI		17,62,068	1,93,07,975
	Other comprehensive income for the year		4,53,78,603	1,23,36,406
XI	Total comprehensive income for the year (IX+X)		2,36,29,80,213	1,12,73,38,036
XII	Profit attributable to			
	Owners of the Parent		2,19,91,05,012	1,03,39,98,940
	Non-controlling interest		12,84,96,598	8,10,02,691
XIII	Total comprehensive income for the year attributable to			
	Owners of the Parent		2,24,60,46,612	1,04,85,31,977
	Non-controlling interest		12,19,36,861	7,88,06,059
XIV	Earnings per share (for continuing operations) (of ₹ 10 each) (Consolidated)			
	- Basic	39	1.77	1.15
	- Diluted	39	1.77	1.15

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. Bhat
Partner
M. No. 072025

Place: Delhi
Date: 24.05.2019

For Oswal Sehgal & Company
Chartered Accountants
Firm Reg. No. 016526N

Ashok Bhandari
Partner
M. No. 054645

Place: Delhi
Date: 24.05.2019

For and on behalf of the Board

Director
DIN: 00015207

Chief Financial Officer

Managing Director
DIN: 00015207

Company Secretary
& Compliance Officer

Firm Reg. No. [illegible]

Firm Reg. No. [illegible]

Partner

For and on behalf of the Board

Chairman

Managing Director

Hemisphere Properties India Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2019
(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity Share Capital

Particulars	Amount
As at April 01, 2017	1,27,03,97,134
Changes in equity share capital during the year	-
As at March 31, 2018	1,27,03,97,134
Changes in equity share capital during the year	7,40,91,236
As at March 31, 2019	1,34,44,88,370

B. Other equity

	Money received against Share Warrants	Reserves and Surplus				Items of Other Comprehensive Income			Equity attributable to Owners of the Company	Non-Controlling Interest	Total equity
		Share based payment reserve	Securities Premium Reserve	Capital Redemption Reserve	Other Reserves (Debenture Redemption Reserve)	Retained Earnings	Equity Investments through Other Comprehensive Income	Changes in fair value of FVOCI equity instruments	Attributable to Non-Controlling Interest			
Balance as at March 31, 2017		-	4,01,11,74,288	-	7,19,43,750	5,41,73,01,041	- 2,52,46,000	- 1,22,51,42,261	8,22,72,195	8,40,13,43,013	1,54,41,709	8,41,67,84,722
Changes in accounting policy or prior period errors						23,51,50,154				23,51,50,154	1,27,81,89,431	-
Restated balance as at March 31, 2017	-	-	4,01,11,74,288	-	7,19,43,750	5,65,24,51,195	12,52,46,000	11,22,51,13,261	8,22,72,195	8,63,65,13,167	129,37,39,139	8,41,66,51,406
Profit for the year after tax	12,96,50,100	-	-				-		-	12,96,50,100	-	8,81,42,014
Other comprehensive income for the year, net of income tax		-			-	1,04,45,74,411	-	67,29,014	3,92,549	1,04,81,75,146	3,92,549	1,04,85,67,695
Dividend paid				2,01,54,000	-	1,71,20,07,201			-	-		-
Transfer to Statutory Reserve/Retained Earnings					2,01,53,000	1,01,53,000	-	-	-			-
Balance as at March 31, 2018	12,96,50,100	-	4,01,11,74,288	2,01,54,000	9,21,96,750	7,23,73,55,041	- 2,52,46,000	- 1,21,55,05,250	8,26,65,289	10,84,50,63,405	129,41,31,688	10,32,62,10,030
Changes in accounting policy or prior period errors, net of income tax (Refer Note II)						37,47,97,020				37,47,97,020		29,97,57,616
Restated balance as at March 31, 2018	12,96,50,100	-	4,01,11,74,288	2,01,54,000	9,21,96,750	7,61,21,52,061	12,52,46,000	11,21,55,05,250	8,26,65,289	11,48,50,60,425	129,41,31,688	10,62,60,67,646
Profit for the year						1,00,01,63,613	62,10,00,000	1,03,61,72,000	70,00,000	2,65,83,35,613	12,00,00,000	2,77,83,35,613
Other comprehensive income for the year, net of income tax	1,00,00,000									1,00,00,000		1,00,00,000
Adjustment on account of Ind AS 115							2,00,00,000			2,00,00,000		2,00,00,000
Dividend paid & Dividend Distribution Tax				1,01,27,000		1,01,27,000						-
Transfer to Retained Earnings						1,00,00,000				1,00,00,000		1,00,00,000
Issue of Equity Shares		1,15,50,720								1,15,50,720		1,15,50,720
Balance as at March 31, 2019	13,96,50,100	1,15,50,720	4,01,11,74,288	3,02,81,000	9,21,96,750	8,61,21,15,674	76,62,46,000	10,82,16,77,250	8,96,65,289	12,61,92,97,231	141,41,31,688	13,03,34,28,919

As per our report of even date attached

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

For Dass, Gupta & Associates
Chartered Accountants
Firm Reg. No. 000276N

Partner
M. No. 092522

Partner
M. No. 094515

Place: New Delhi
Date: 30.05.2019

For and on behalf of the Board

Director
DIN: 00052898

Managing Director
DIN: 00052898

Chief Financial Officer
PAN: AAFPG0047K

Vice President (Corporate Affairs) & Company Secretary
M. No. A15402

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 Exchange 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 10, 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 standards 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, *Investment Property*
- Amendment to Ind AS 28, *Investments 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. HTCL has only joint ventures with Oregon Wave-X Canada Inc. (formerly Oregon Wave Inc.), a subsidiary of Transition-X Inc.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost, and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Holding Company and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless

the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investees 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 recognised 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 IAS No.12 - Income Taxes and IAS No.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 the Group recognizes the gain in OCI and presents it 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 or investments carry quoted prices.

- Level 2
  Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
  Level 2 inputs include the following:
  a) Quoted prices for similar assets or liabilities in active markets.
  b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
  c) Inputs other than quoted prices that are observable for the asset or liability.
  d) Market - corroborated inputs.

- Level 3
  They are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Group's assumptions about pricing by market participants. Fair values are determined on wholly or

on plan using a valuation model based on assumptions that are not 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, it initially measures the financial guarantees at their fair values and subsequently measured 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 condition 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, or 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 boilerings 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. The 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 or 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 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 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 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 amortization 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 asset 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 asset 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 costs: 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 the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development

Following initial recognition of the development expenditure on an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized 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 Fees: Intangible assets consist of right under licensing agreement are measured at cost as at the date acquired less accumulated amortization and impairment if any.

Amortization periods and methods: Intangible assets are amortized on straight line basis over a period ranging between 2-5 years which equates to its estimated 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 recognized 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 investments measured at fair value through other comprehensive income (FVTOCI)

Debt investments 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 date 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 investment 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 at 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 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

elected 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-recognized 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 recognized when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified at 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 recognized 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 loss of continuing operations, including impairment on inventories, are recognized in the Consolidated Statement of Profit and loss.

A previously recognised 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 condition 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.
- Stores, Spares & Consumables etc.: It is valued at cost after write-off of 1.50% 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 13

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 referas 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 Fibre 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 & Secure 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 standalone selling prices are not observable then Group reasonably estimates these. 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 recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

In most certain turnkey contracts, customer do not take control of the telecom infrastructure and communication network systems until they are completed. In such case revenue is recognized 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 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 retained by 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 currencies 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 differences between the date of transaction and on settlement or on translation is recognized in the Statement of profit or 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 differences on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

Effective April 1, 2017 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 periodic 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, unavailed 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 unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

Actuarial gains and losses are recognized in OCI as and when incurred.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the 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 benefits 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 Statements. 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 differences 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 concurrently with the accumulation of the obligation that creates the income tax consequences.

Financial Statements Consolidated

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts in ₹ Lakhs)

Property, Plant and Equipment

Particulars	Plant and Machinery	Building (Leasehold)	Building (Freehold)	Electrical Installations	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Land (Leasehold)	Land (Freehold)	Total
Gross Carrying Value											
Balance as at April 1, 2017	2,91,54,263	40,29,32,209	25,79,49,861	14,43,93,211	4,34,79,295	5,33,46,091	17,05,25,263	14,63,22,093	2,69,01,191	81,34,488	1,48,25,56,865
Additions	31,23,79,251	5,23,55,464	1,11,73,850	63,63,961	2,10,72,216	73,92,161	2,62,94,612	1,75,110	9,24,20,760	1,50,250	29,14,23,215
Disposals / adjustments	-	-	-	-	69,71,063	19,68,489	3,13,94,828	1,73,21,714	-	-	4,76,56,930
Balance as at March 31, 2018	3,02,34,25,102	45,09,94,697	27,09,64,750	15,11,89,121	7,25,71,603	5,79,09,763	15,54,24,997	13,30,63,489	8,78,28,871	87,60,823	1,73,63,23,150
Additions	1,29,73,80,631	9,71,09,729		99,72,142	78,57,295	41,19,167	1,11,01,790	1,23,34,234	16,98,216		15,71,86,404
Disposals / adjustments	1,53,996	-			12,16,059	1,98,24,211	1,97,22,213	98,56,969			4,84,63,448
As at March 31, 2019	4,29,71,77,734	54,81,04,426	27,09,64,750	16,01,61,263	8,92,12,839	4,20,04,717	14,68,04,574	13,55,40,754	8,95,27,087	87,60,823	1,84,50,32,106
Accumulated depreciation and impairment											
Balance as at April 1, 2017	23,85,42,407	1,23,23,893	6,62,29,951	10,07,27,427	3,62,33,540	5,06,58,316	13,86,01,965	4,78,70,264		19,01,016	2,75,14,10,119
Depreciation for the year	8,47,06,140	1,36,19,672	94,81,310	2,62,20,995	43,01,457	35,07,206	1,07,17,861	2,72,55,720	-	6,31,701	21,09,67,982
Disposals / adjustments	-	-	-	-	20,36,103	19,68,019	2,11,11,014	1,39,41,756	-	-	14,32,312
Balance as at March 31, 2018	2,21,99,94,048	12,62,91,566	7,57,10,421	11,73,48,422	3,91,99,305	5,22,97,503	13,82,08,812	5,46,82,809	-	89,88,209	2,89,20,12,602
Depreciation for the year	13,72,36,129	1,03,46,815	83,10,542	68,31,984	67,91,876	31,70,1401	2,30,00,071	1,01,77,508	-	94,011	21,79,03,136
Disposals / adjustments	69,137	-	-	-	12,16,059	1,95,51,613	1,97,16,869	97,06,26	-	-	4,82,59,163
As at March 31, 2019	2,35,71,61,040	14,26,37,381	8,20,40,963	12,41,80,406	4,47,75,122	5,58,98,292	14,30,40,953	5,51,54,191	-	90,82,150	3,02,28,16,465
Net Carrying Value											
Balance as at April 1, 2017	2,67,71,821	39,05,08,316	19,17,19,910	4,36,65,784	1,72,45,755	26,87,775	3,19,23,298	9,84,51,829	2,69,01,191	62,33,472	45,50,00,251
Balance as at March 31, 2018	80,34,31,054	32,46,03,131	19,52,54,329	3,38,40,699	3,33,72,298	56,12,260	1,72,16,185	7,83,80,680	8,78,28,871	87,71,614	1,46,42,10,548
Balance as at March 31, 2019	1,93,99,16,694	40,54,67,045	18,89,23,787	3,59,80,857	4,44,37,717	61,06,425	37,64,621	8,03,85,563	8,95,27,087	77,78,673	1,81,72,04,374

Notes

1 The title deeds of immovable properties are held in the name of the Company.

2 Refer note [illegible] for information on property, plant and equipment pledged as security by the Company.

3 [illegible]





4 Capital work-in-progress

Particulars	Buildings	Plant & Machinery	Electrical Installation	Total
Balance as at April 1, 2017	1,21,29,233	-	47,42,077	1,68,71,310
Additions	1,56,61,296	12,03,294	10,41,410	1,79,05,998
Capitalised / Adjustments	1,21,74,930	4,11,000	16,26,077	2,41,12,007
Balance as at March 31, 2018	1,56,15,619	-	-	1,06,15,301
Additions	26,05,11,918	26,50,31,866	1,67,96,410	54,23,40,194
Capitalised / Adjustments	1,05,21,670	2,79,13,716	-	3,84,35,386
Balance as at March 31, 2019	25,69,05,867	24,11,24,953	1,81,38,810	51,81,21,240

5 Intangible Assets (Other than Goodwill

Particulars	Computer software
Gross Carrying Value	
Balance as at April 1, 2017	9,11,45,000
Additions	1,49,27,191
Disposals / Adjustments	
Balance as at March 31, 2018	10,60,72,191
Additions	2,41,93,971
Disposals / Adjustments	-
Balance as at March 31, 2019	13,02,66,162
Accumulated depreciation and impairment	
Balance as at April 1, 2017	4,06,22,034
Depreciation charge for the year	1,37,78,611
Disposals / Adjustments	-
Balance as at March 31, 2018	5,29,91,727
Depreciation charge for the year	2,01,76,524
Disposals / Adjustments	-
Balance as at March 31, 2019	7,31,67,251
Net Carrying Value	
Balance as at April 1, 2017	5,27,91,270
Balance as at March 31, 2018	5,30,80,464
Balance as at March 31, 2019	5,70,98,911

6 Intangible assets under development

Particulars	Project Development
Balance as at April 1, 2017	-
Additions	8,16,86,103
Disposals / Adjustments	-
Balance as at March 31, 2018	8,16,86,103
Additions	13,33,68,312
Capitalised / Adjustments	2,40,61,591
Balance as at March 31, 2019	21,50,54,414

* Project Development Expenses for the year are net of recoveries from BSNL for Rs. Nil (Previous year Rs. Nil)

[illegible]
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2019
[illegible]

3 [illegible] accounted for using equity method

Particulars	Note [illegible]	As at March 31, 2019
Investment in Equity Instruments (Quoted)		
Investment in Equity Instruments (Unquoted)		
[illegible]		[illegible]
[illegible]		[illegible]
Total		[illegible]

4 [illegible] Investments in Joint Operations

Particulars	Principal activity	Proportion of ownership interest / voting rights held by the Company	
		As at March 31, 2019	As at March 31, 2018
[illegible]	[illegible]	[illegible]	[illegible]

5 [illegible] Investments in Subsidiaries

Particulars	As at March 31, 2019	As at March 31, 2018
(Unquoted)		
Investments in Equity Instruments		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

6 [illegible] Investments in Joint Ventures and Associates

Particulars	Note [illegible]	As at March 31, 2019		As at March 31, 2018	
		No. of Shares / Debentures / Units	Amount	No. of Shares / Debentures / Units	Amount
Investments carried at [illegible]					
Investments in Equity Instruments					
[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Investments in Joint Ventures and Associates carried at [illegible]			[illegible]		[illegible]
Investments carried at [illegible]					
Investments in Equity Instruments					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Investments in Joint Ventures and Associates carried at [illegible]			[illegible]		[illegible]
Aggregate Amount of Quoted Investments and Market Value thereof			[illegible]		[illegible]

[illegible]

[illegible]

[illegible]

[illegible] Communications Limited
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2019
[illegible]

[illegible] Non-Current Financial Assets - Others

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered doubtful		
Other loans	[illegible]	[illegible]
	[illegible]	[illegible]
Less: [illegible]	[illegible]	[illegible]
	-	-
Unsecured, Considered Good		
Fixed Deposits with banks [illegible]*	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

* [illegible]

[illegible] Deferred tax assets (net)

[illegible]

Particulars	Defined benefit obligation	Unabsorbed depreciation [illegible]	MAT credit entitlement	[illegible]	Total
As at 1 April, 2017	[illegible]	[illegible]	[illegible]	-	[illegible]
(Charged)/Credited:					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		-	-	[illegible]
[illegible]		-	[illegible]	-	[illegible]
As at 31 March, 2018	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]				[illegible]	[illegible]
(Charged)/Credited:					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		-		[illegible]
[illegible]		-	-		
As at 31 March, 2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] Other Non-Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible]
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2019
[illegible]

12 Inventories [illegible]

Particulars	As at March 31, 2019	As at March 31, 2018
Inventories [illegible]		
Raw Materials	[illegible]	[illegible]
Raw Materials [illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
Work-in-progress	[illegible]	[illegible]
Finished Goods	[illegible]	[illegible]
Stock-in-trade [illegible]	[illegible]	[illegible]
Stores and spares	[illegible]	[illegible]
Loose tools	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

Notes:
[illegible]
[illegible]

13 Current Financial Assets - Investments

Particulars	As at March 31, 2019	As at March 31, 2018
Quoted Investments		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible] Current Financial Assets - Investments

Particulars	Face Value	As at March 31, 2019 No. of Shares/Units	As at March 31, 2019 Amount	As at March 31, 2018 No. of Shares/Units	As at March 31, 2018 Amount
[illegible]					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total [illegible]			[illegible]		[illegible]
[illegible]					
[illegible]					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]					
[illegible]		[illegible]	-	[illegible]	-
[illegible]		[illegible]	-	[illegible]	
[illegible]	[illegible]	[illegible]		[illegible]	
[illegible]	[illegible]	[illegible]		[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total [illegible]			[illegible]		[illegible]
Total Current Financial Investments			[illegible]		[illegible]

14 Current Financial Assets - Trade Receivables

Particulars	As at March 31, 2019 Non-current	As at March 31, 2019 Current	As at March 31, 2018 Non-current	As at March 31, 2018 Current
Trade Receivables				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	-	
[illegible]		[illegible]		
Total	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]				
[illegible]				
[illegible]		[illegible]		
[illegible]	-			
[illegible]		[illegible]		

[illegible]

[illegible]

[illegible]

15 [illegible]

Particulars	As at March 31, 2019	As at March 31, 2018
[illegible]		
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible]

16 [illegible]

Particulars	As at [illegible]	As at March 31, 2018
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible]

17 [illegible]

Particulars	As at [illegible]	As at March 31, 2018
[illegible]		
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

18 [illegible]

Particulars	As at March 31, 2019	As at March 31, 2018
[illegible]		
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

19 [illegible]

Particulars	As at March 31, 2019	As at March 31, 2018
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]

20 [illegible]

Particulars	As at March 31, 2019	As at March 31, 2018
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		
Total	[illegible]	[illegible]





Hitachi Energy Communications Limited
Notes forming part of Consolidated Financial Statement for the year ended March 31, 2019
(All amounts are in Rs.)

21 A. Share Capital

(i) Authorised Share Capital

Particulars	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount	No of Shares	Amount
As at April 1, 2017	5,10,00,00,000	5,10,00,00,000	2,50,00,000	2,50,00,00,000
Increase during the year	-	-	-	-
As at March 31, 2018	5,10,00,00,000	5,10,00,00,000	2,50,00,000	2,50,00,00,000
Increase during the year	-			-
As at March 31, 2019	5,10,00,00,000	5,10,00,00,000	2,50,00,000	2,50,00,00,000

(ii) Shares issued, subscribed and fully paid up

Particular	Equity Share Capital		Preference Share Capital	
	No of Shares	Amount*	No of Shares	Amount**
As at April 1, 2017	1,23,93,77,194	1,23,93,77,194	89,56,000	
Add: Shares issued during the year	-	-	-	-
Add: Bonus shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	70,13,500	-
As at March 31, 2018	1,23,93,77,194	1,23,93,77,194	60,13,500	-
Add: Shares issued during the year	1,50,01,000	3,50,10,000	-	-
Add: Bonus shares issued during the year	-	-	-	-
Less: Shares bought back/taken during the year	-	-	60,13,500	-
As at March 31, 2019	1,25,43,77,194	1,25,43,77,194	-	-

* The Allotment Committee, Directors of the Board of Directors of the Holding Company in its meeting held on 5th November, 2018 and 29th March, 2019 has passed Resolution for 75,00,000 & 2,25,00,000 equity shares of the face value of Rs.10/- each at a premium of Rs.13 per equity share respectively to the existing shareholders on rights basis. Consequent upon exercise of the rights by the existing equity shareholders, the paid up equity share capital of the Holding Company is increased from Rs.123,93,77,194/- (Rupees One Hundred Twenty Three Crore Ninety Three Lakh Seventy Seven Thousand One Hundred Ninety Four Only) consisting of 12393777194 equity shares of the face value of Re.1/- each to Rs.125,43,77,194/- (Rupees One Hundred Twenty Five Crore Forty Three Lakh Seventy Seven Thousand One Hundred Ninety Four Only) consisting of 12543777194 equity shares of the face value of Re.1/- each.

** The liability component is disclosed under Preferred Liabilities under note no. 22.

(iii) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of Share	% of Holding	No. of share	% of Holding
RN Ventures IPI Ltd	24,09,90,991	19.25%	23,83,90,991	19.24%
Hexagon Communications IPI Ltd	21,68,65,093	17.28%	21,43,65,093	17.29%

(iv) Terms/rights attached to Equity/Preference Shares :

The Holding Company has issued equity shares at Rs.1/- each and same preference shares at Rs.10/- each. Each Shareholder of equity shares is entitled for one vote per share. Each Shareholder of Preference shares holding equity shares will be proportionate to the shares of the paid up equity capital of the Company held by them. Preference shareholders holding equity shares will be proportionate to the paid up capital provided. The Holding Company has not declared any dividend on any class of shares. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts in proportion to their shareholdings.

B. Other Equity

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Retained Earnings	568,54,15,787	725,93,95,041
(ii) Components of Other Comprehensive Income		
a. Debt instrument through other comprehensive income	-	(63,72,321)
b. Changes in fair value of FVOCI equity instruments	(1,17,31,14,481)	(1,23,30,73,929)
c. Remeasurement of defined benefit plans	8,75,75,461	8,49,75,280
(iii) Other Reserves*		
a. Securities Premium	4,62,69,74,288	4,80,11,74,288
b. Debenture Redemption Reserve	8,43,18,750	8,43,18,750
c. Capital Redemption Reserve	80,50,00,000	20,12,50,000
d. Employee Share based payment reserve	2,16,44,369	-
(iv) Money received against Convertible Warrants**	8,50,00,000	18,00,00,000
Total	13,14,22,25,174	10,54,76,67,609

* Brief description of Other Reserves:

a. Securities premium reserve is created to record the premium on issue of shares. The reserve is used only in accordance with the provisions of the Companies Act, 2013.

b. The Holding Company has 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 Debentures) 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 private placement route. 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. ₹ 60,30,00,000 (previous year ₹ 20,12,50,000) (Refer note B(i) (a) & (b)).

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 41).

** During the Financial Year 2018-19, Holding Company has issued 1,00,00,000 Convertible Warrants on preferential basis with right to Warrantee, who does not apply for and get allotted one equity share of face value of Re. 1/- (Rupee One Only) each for each Warrant within a period of 18 (eighteen) months from the date of allotment of Warrants (i.e. 03 October 18, 2017) at a price of Rs. 18/- each (Rupees Eighteen Only) (out of total warrants received 1,00,00,000 warrants have been converted into equity shares during the current financial year and the remaining 100,00,000 warrants have been converted in the month of March during April, 2019).

(i) Retained Earnings

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	725,93,95,041	519,73,01,941
Change in accounting policy (refer note 41)	(35,46,87,096)	27,51,86,151
Restated balance at the beginning of the reporting period	690,47,07,945	547,24,81,195
Add: Net profit for the period	1,33,76,01,930	1,71,70,09,611
Less: Appropriations		
Transfer to Debenture redemption reserve	-	(1,25,75,000)
Transfer to Capital redemption reserve	(60,37,50,000)	(20,12,50,000)
Dividend paid on Equity shares (including tax on dividend)	(95,96,48,000)	-
Non Controlling Interest	(12,74,02,088)	(3,83,71,000)
Closing balance	565,54,18,787	725,93,95,041

(ii) Components of Other Comprehensive Income

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	(42,53,40,000)	(1,22,72,12,201)	8,19,75,193
Increase during the year	-	98,38,814	37,07,587
As at March 31, 2018	(42,53,40,000)	(1,21,73,73,387)	8,56,82,780
Increase during the year	2,40,000	(1,13,91,369)	(7,07,681)
Decrease during the year	42,51,00,000		
As at March 31, 2019	-	(1,13,31,14,481)	8,75,75,461

(iii) Other Reserves

Particulars	Securities Premium	Debenture Redemption Reserve	Capital Redemption Reserve	Employee Share based payment reserve
As at April 1, 2017	[illegible]	[illegible]	-	-
Increase during the year	-	[illegible]	[illegible]	-
As at March 31, 2018	4,02,11,34,288	8,13,18,750	20,12,50,000	-
Increase during the year	[illegible]	-	[illegible]	[illegible]
As at March 31, 2019	4,52,61,21,288	8,41,65,750	80,50,00,000	4,18,55,369

(iv) Money received against convertible warrants

Particulars	As at March 31, 2019
As at April 1, 2017	-
Increase during the year	[illegible]
As at March 31, 2018	18,00,00,469
Increase during the year	[illegible]
Decrease during the year	[illegible]
As at March 31, 2019	8,50,00,000

22 Non-Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
Preference Shares		60,37,50,000
Borrowings		
a) Term Loans		
(i) from other parties (Refer Note 32 (iv))	6,04,20,000	6,04,20,000
b) Interest free Loans from other parties	24,41,39,109	24,08,83,510
	30,45,59,109	90,30,53,510
Secured		
Borrowings		
a) Non-Convertible Debentures	53,72,75,000	53,72,75,000
b) Term Loans		
(i) from Banks*	1,03,94,01,941	1,42,19,92,329
c) Vehicle Loans		
(i) from Banks	3,36,23,104	3,23,02,414
(ii) from others	7,23,092	15,30,168
	1,61,10,27,137	1,99,32,40,341
Less : Current maturities of long term debt - Term Loans	(25,00,00,000)	(60,00,00,000)
Less : Debentures redeemable in next 12 months	(11,44,25,000)	-
Less : Current maturities of long term debt - Vehicle Loans	(97,823)	(78,88,078)
Less : Preference Shares redeemable in next 12 months		(60,37,50,000)
Total	1,54,54,54,000	1,41,25,65,564

* Net of INR 2.68 crores (Previous year Nil) as fair value charge

Regarding Holding Company:

a) Nil (Previous Year - 60,37,500) Cumulative Redeemable Preference Shares (CRPS) of Rs. 100/- each aggregating to Rs. Nil (Previous Year Rs. 60,37,50,000) has been classified at the rate of 15% on 15% of the face value of the Shares and eg 31st March 2018 and 31st March 2019, respectively. CRPS carries a coupon rate of 0.50% p.a. on face value and Date i.e. 1st October, 2011 as mentioned in the Shareholders approved by the EGM Notice 23.03.2011.

b) Company had issued 53,72,750 (Previous Year - 53,72,750) 0.01% Secured Redeemable Non-Convertible Debentures (NCDs) of Rs.100/- each aggregating Rs. 53,72,75,000 (Previous Year - Rs. 53,72,75,000) 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 which Company has/are are to be created. The above NCDs are redeemable at the end of 15.33%, 33.33% and 15.33% at the end of the respective 2018 (FY 2017-18), 2019 (FY 2018-19), 2020 (FY 2019-20), 2021 (FY 2020-21) & 2021 (FY 2021-22) respectively.

c) Term Loan of Rs. 5,00,00,000 (Previous year Rs. 10,00,00,000) from Punjab National Bank (Term Loan of Rs. 5,00,00,000 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. The loan is further secured by pledge of 2,50,000 equity shares of promoters (M/s. KBN Ventures Private Limited) personal guarantee of Managing Director of the Company and Corporate Guarantee of M/s. KBN Ventures Private Limited. Repayment of the term loan is to be made in 28 structured quarterly installments over a period of 7 years commencing from the moratorium period of 12 months from the date of the commencement of the project.

d) Term Loan of Rs. Nil (Previous year Rs. 1,67,19,000) of Working Capital Term Loan of Rs. Nil (Previous year Rs. 3,64,00,000) and Funded Interest Term Loan of Rs. Nil (Previous year Rs. 20,34,00,000) from Bank are secured by way of pledge of shares and first charge by way of hypothecation on stocks and book debts, both present and future, ranking pari-passu with the charges created in favour of the Bankers for working capital facilities and second charge on Fixed Assets of the Company.

f) Working Capital Term Loans of Rs. Nil (Previous year Rs. 3,08,62,811) and Funded Interest Term Loans of Rs. Nil (Previous year Rs. 92,58,843) from Bank are secured by way of hypothecation of stocks of raw materials, stock in process, semi finished goods, stores and spares, book debts etc., now lying in the premises of the Company.

(All amounts are in Rs.)

g) Part of above Term Loans, Working Capital Term Loans and Funded Interest Term Loans from Banks amounting to Rs. 961.61 Crores (previous year Rs. 42,70,92,709/-) are secured by pledge of equity shares up to 51% (2115487 equity shares) of non-promoter shareholders and also personally guaranteed by Managing Director of the Company. Such loans are further secured by way of Corporate Guarantee of M/s ABA Ventures Private Limited

h) Other Working Loans of Rs. 3,03,80,196 (Previous Year 2 - 38,32,6321 from banks are also secured by way of hypothecation of respective assets.

Regarding Subsidiary Company:
a) The Board of Directors of the TTL Ltd has proposed a right issue of equity shares for Rs. 120,00,66,000/- in the ratio of equity shares held prior to the issue by GVK and 24% by Tanglin Retail Enterprises Communications Limited (TRECL) by the TTL Company. It is also proposed that the right issue be funded by way of conversion of outstanding loan including interest due from TTL and accrued loans extended by TRECL. The TTL Ltd is in the process of obtaining formal approval from the shareholders. Accordingly, the outstanding loan including interest and advances have been classified from TRECL Creditors shown under Current Financial Liabilities instead of Current Financial Liability

c) Term and other Loans - Repayment schedule and rate of interest -

Particulars	Term Loan	Term Loan	Vehicle Loan
Rate of Interest	10.45%	11%	8.50% to 10.20%
Outstanding amount	45,00,00,000	3,10,55,670	3,43,10,196
Repayment Due			
FY 2019-20	25,00,00,000	Payment of this loan is subject to get started. It will be started one year after the project is commissioned.	97,83,240
FY 2020-21	25,00,00,000		79,13,488
FY 2021-22	25,00,00,000		1,01,58,070
FY 2022-23 to FY 2026-27			41,01,121

23 Non-Current Financial Liabilities - Other Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Financial guarantee Obligations (refer note no. 45)	2,24,55,722	58,93,434
Total	2,24,55,722	58,93,434

24 Non Current Liabilities - Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Provisions for Employee Benefits (refer note no. 43)		
Provision for Gratuity	6,07,58,485	13,17,81,942
Provision for Leave Encashment	8,76,11,518	9,17,81,895
Total	24,58,33,307	23,05,68,937

[illegible]

[illegible]

13 [illegible]

Particulars	As at March 31, 2019	As at March 31, 2018
Investments - Equity (Quoted) at deemed cost		
Associates		
[illegible]	2,81,13,51,010	[illegible]
Subsidiaries		
[illegible]	1,11,[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	-	[illegible]
Total	[illegible]	[illegible]

Investment in Holding Company

[illegible]

[illegible]

Investment in Subsidiary Companies

[illegible]

** These Companies Operate under the exemption of Section [illegible] of the Companies Act, 2013 by virtue of [illegible]

14 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]
Total	[illegible]	[illegible]

15 Other Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Interest Accrued *	[illegible]	[illegible]
Other Financial Liabilities		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	-
[illegible]	-	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

* [illegible]

16 Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Others		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

17 Current Tax Liabilities (Net of Advance Tax)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible] Limited
Notes forming part of Consolidated Financial Statements for the year ended March 31, 2019
(All amounts are in Rs.)

29 Revenue from operations

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Sale and Services		
Manufacturing and [illegible]	13,45,4[illegible],60,320	8,09,72,43,2[illegible]
Installation, project and [illegible] services	27,32,38,93,[illegible]	23,77,54,[illegible]
Other Operating Revenues		
Scrap sale	[illegible]	[illegible]
Export Incentives	4,31,69,1[illegible]	[illegible]
Total	42,37,79,13,212	32,46,5[illegible],64,385

(i) [illegible]

(ii) [illegible]

(iii) [illegible]

(iv) Contract balances

(a) Changes in [illegible] are as follows:

	Year ended March 31, 2019
Balance at the beginning of the year	-
Revenue recognised during the year	5,13,76,338
[illegible]	-
Balance at the end of the year	5,13,76,338

(b) Changes in [illegible] are as follows:

	Year ended March 31, 2019
Balance at the beginning of the year	11,92,29,711
Revenue recognised [illegible] at the beginning of the year	-
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	3,58,51,2[illegible]
Balance at the end of the year	15,50,8[illegible]

[illegible]

30 Other Income

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Other non-operating income		
Interest income	[illegible]	[illegible]
Dividend income	[illegible]	[illegible]
[illegible] income	[illegible]	[illegible]
Exchange [illegible] (Net)	[illegible]	[illegible]
[illegible] (Net)	[illegible]	
Others	[illegible]	[illegible]
Total	16,95,55,537	24,85,21,580

Notes forming part of Consolidated Financial Statement for the year ended March 31, 2019

(₹ in words or in Lacs)

32 Cost of Material Consumed

	For the years ended March 31, 2019	For the years ended March 31, 2018
Opening Stock	42,52,11,932	39,13,50,682
Add: Purchases during the year	9,82,83,84,908	7,02,63,45,093
	10,25,35,97,840	7,41,76,95,775
Less: Closing Stock	82,09,14,219	41,52,12,821
Total	9,43,26,83,621	6,54,34,82,954

33 Other Direct Costs

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Power and Diesel Charges	17,31,45,9[illegible]	12,[illegible]
Consumption of Packing Material	29,13,41,981	1,[illegible]
Consumption of Tools and Spares parts	19,92,47,635	14,[illegible]
Direct Expenses	2,16,250	1,[illegible]
Total	1,81,05,39,301	12,4[illegible]

34 Changes in inventories of finished goods, work in progress and stock-in-trade

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Closing Stock		
Finished Goods	[illegible]	[illegible]
Stock in Trade Goods	37,11,69,252	21,56,33,62[illegible]
Work in progress	72,[illegible]	[illegible]
	1,09,28,13,617	1,43,07,94,142
Opening Stock		
Finished Goods	13,[illegible]	[illegible]
Stock in Trade Goods	34,64,44,259	25,[illegible]
Work in progress	1,09,[illegible]	[illegible]
	1,57,63,34,544	1,98,05,31,964
Total	47,91,61,27,31	40,40,79,620

35 Employee benefit expenses

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Salaries, bonus and allowances	[illegible]	[illegible]
Contribution to provident and other funds	[illegible]	[illegible]
Staff welfare expenses	[illegible]	[illegible]
Share based payments to employees (refer note [illegible])	[illegible]	
Total	[illegible]	[illegible]

36 Finance costs

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
[illegible]	[illegible]	[illegible]
Other finance costs	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	1,96,51,720	-
	[illegible]	[illegible]

37 Other expenses

Particulars	For the years ended March 31, 2019	For the years ended March 31, 2018
Rent	[illegible]	[illegible]
Rates and Taxes	[illegible]	[illegible]
Auditors' Remuneration		
Audit fees	[illegible]	[illegible]
In other capacity	[illegible]	[illegible]
Out of pocket expenses	[illegible]	[illegible]
Legal and Professional Charges	[illegible]	[illegible]
Communication expenses	[illegible]	[illegible]
Advertising and Promotional Expenses	[illegible]	[illegible]
Power and Fuel & Water Charges	[illegible]	[illegible]
Repairs and Maintenance	[illegible]	[illegible]
Insurance Expenses	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
[illegible] Product Development Expense	[illegible]	
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	
Miscellaneous Expenses	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible]

[illegible] Industries Communications Limited
Notes forming part of Consolidated Financial Statement for the year ended March 31, 2019
(All amounts are in lacs)

38 Exceptional Items

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
[illegible]	-	[illegible]
Total	-	[illegible]

39 Earnings per share (EPS) in accordance with 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		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	Rs. 10	Rs. 10
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

b) 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. The principal accounting estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company's management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the financial statements are discussed below:

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. This is a critical estimate as it requires a significant level of judgement as well as consideration of future events, which has an impact on, for example, the level of depreciation.

2. Recoverability of intangible asset and intangible assets under development
Capitalization of cost of internally generated assets is dependent on management's assessment of the technical feasibility and commercial viability of each project. Expenditure incurred during the development phase is capitalized only after management has determined that it is probable that future economic benefits will flow to the Company and such benefits can be measured reliably.

3. Employee benefits
Defined benefit plans are those which define the amount of benefit that an employee will receive on retirement using one or more factors such as age, years of service or compensation. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the financial statements represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. (Refer Note 31)

4. Revenue Recognition
The Company's revenue from sales is based on a transaction price which is determined based on the invoices/ agreements entered into with customers. The Company collects taxes on behalf of the government such as goods and service tax, etc. Accordingly, it excludes these taxes from revenue. The Company considers whether there are other promises in the contracts that should be separately identified as performance obligations and allocates a portion of the transaction price to each of those performance obligations. In doing so, the Company considers the pricing of products and services sold individually in similar circumstances and to similar customers. The Company also considers whether it is acting as an agent or principal in its revenue arrangements. This assessment is based on an analysis of the arrangements against indicators that the Company controls the goods or services before transferring them to the customer. The Company has concluded that it is acting as a principal in all of its revenue arrangements since it controls the goods or services before transferring them to the customer. (Refer Note 27)

5. Leases
Determining whether an arrangement contains a lease requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specified asset or assets and the arrangement conveys a right to use the asset. Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

6. Contingencies
In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Provisions are recognised when it is probable that a present obligation will result in an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent assets are not recognised and are disclosed in the notes only when it is probable that they will be realised.

7. Fair Value of Unquoted equity investments
Fair value of the financial instruments that are not traded in an active market (for example, unlisted equity securities) is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Company has used the discounted cash flow analysis for the unlisted equity investments held at FVTPL.

d) Change in Accounting Policy
Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Company has applied Ind AS 115 Revenue from Contracts with Customers with a date of initial application of 1st April 2018. As a result, the Company has changed its accounting policy for revenue recognition and has applied the standard using the cumulative effect method.

The new accounting policy for revenue recognition is set out in note 4 above. Under the cumulative effect method, the standard can be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company has elected to apply the standard retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company has recognised the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of equity as 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.

Impact on transition to Ind AS 115:

The impact on the Company's balance sheet as at 31 March 2018 was as follows:

Retained Earnings	Amount
Balance as at 31 March 2018	(23,93,93,943)
Recognition of contract assets	(1,90,00,000)
Recognition of contract liabilities	1,93,00,000
Impact on deferred tax assets	1,13,87,721
Adjustment on transition to Ind AS 115	1,16,87,721
Restated Balance as at 31 March 2018	(3,17,06,222)

The following tables summarise the impact of applying Ind AS 115 on the Group's financial statements for the year ended 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			
Property, plant and equipment	[illegible]	[illegible]	[illegible]
Current assets			
Trade receivables	[illegible]	[illegible]	[illegible]
Inventories	[illegible]	[illegible]	[illegible]
Other current assets	[illegible]	[illegible]	[illegible]
Equity			
Other equity	[illegible]	[illegible]	[illegible]
Current liabilities			
Current tax liabilities (net)	[illegible]	[illegible]	[illegible]
Deferred tax liabilities	[illegible]	[illegible]	[illegible]

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	[illegible]	[illegible]	[illegible]
Other income	[illegible]	[illegible]	[illegible]
Profit before exceptional items and income tax	[illegible]	[illegible]	[illegible]
Tax expense:			
Current tax	[illegible]	[illegible]	[illegible]
Deferred tax	[illegible]	[illegible]	[illegible]
Profit for the year	[illegible]	[illegible]	[illegible]
Profit for the year	[illegible]	[illegible]	[illegible]

42 (a) Information of Subsidiary Companies:

The following is the list of all subsidiaries (direct or indirect) the Management is of the opinion that all of these companies are material in nature:

Name of the Subsidiary Company	Percentage of Holding
HPL Electric & Power Limited	100%
Polycab Vietnam Cable Company Limited	100%
Polycab Wires Private Limited	100%
Polycab Infrastructure Private Limited	100%

(b) Information of Joint Ventures:

Name of the Joint Ventures Company	Percentage of Holding
Diamond Power Infrastructure Limited	50.00%

(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 (Rs. In Lacs)	As % of Consolidated Profit or Loss	Amount (Rs. In Lacs)
Parent				
Diamond Power Infrastructure Limited	[illegible]	[illegible]	[illegible]	[illegible]
Subsidiaries - Indian				
HPL Limited	[illegible]	[illegible]	[illegible]	[illegible]
Polycab Vietnam Cable Private Limited	[illegible]	[illegible]	[illegible]	[illegible]
Polycab Infrastructure Private Limited	[illegible]	[illegible]	[illegible]	[illegible]
Polycab Wires Private Limited	[illegible]	[illegible]	[illegible]	[illegible]
Non-Controlling interest in all subsidiaries	[illegible]	[illegible]	[illegible]	[illegible]
Joint Ventures (Investment as per equity method)				
Diamond Power Infrastructure Limited	[illegible]	[illegible]	[illegible]	[illegible]

* Elimination / consolidation adjustments

13 Employee benefits

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged off for the year as per Statement of Profit and Loss for the year as under

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employer's Contribution to Provident Fund	5,72,43,639	5,27,11,111

b) Defined Benefit Plan

The employee benefit 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. Actuarial valuation is carried out every year as per the requirement of Company's policy. Actuarial gains and losses are recognised immediately in the statement of profit and loss account in the year in which they arise.

Actuarial Assumptions

	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 (LIC (2006-08) Ultimate)				
Discount rate (per annum)	7.65%	7.75%	7.65%	7.75%
Rate of escalation in Salary (per annum)	7.00%	7.00%	7.00%	7.00%
Rate of return on Plan Assets	7.65%	7.75%	7.65%	7.75%

Table showing changes in present value of obligations

Present value of Obligation at the beginning of the year	11,12,08,206	11,70,18,110	1,08,30,026	1,46,31,109
Adjustment to opening balance	Nil	Nil	Nil	Nil
Interest Cost	1,31,49,554	90,13,241	8,01,213	11,30,113
Past service cost (Vested Benefit)	Nil	27,35,298	Nil	1,50,13,169
Current Service Cost	2,56,39,420	2,28,20,181	2,06,80,221	2,09,81,015
Curtailment cost / (credit)	Nil	Nil	Nil	Nil
Settlement cost / (credit)	Nil	Nil	Nil	Nil
Benefits paid	(69,89,010)	(75,01,533)	(1,34,13,341)	(2,72,81,169)
Actuarial (gain) / loss on obligations	33,33,862	(59,52,191)	(79,13,554)	(1,26,01,312)
Present value of Obligation at the end of the year	15,35,42,312	14,81,53,308	2,79,84,565	1,08,30,026

Table showing changes in the fair value of plan assets

Fair value of plan assets at beginning of the year	15,09,194	69,52,304	Nil	Nil
Adjustment to opening balance	Nil	Nil	Nil	Nil
Expected return on Plan Assets	1,01,237	4,81,693	N.A.	N.A.
Employer's Contribution	16,64,518	13,01,947	Nil	Nil
Benefits paid	Nil	(13,01,947)	Nil	Nil
Actuarial gain / (loss) on obligations	82,023	(59,82,803)	Nil	Nil
Transfer in / (out)	(2,000)	(1,000)	Nil	Nil
Fair value of plan assets at year end	16,44,736	15,09,194	Nil	Nil

Other Comprehensive Income

Actuarial (gain) / loss for the period - Obligation	31,78,897	(2,12,511)	(79,13,554)	(1,26,01,324)
Actuarial (gain) / loss for the period - Plan assets	(53,023)	(1,700)		Nil
Total (gain) / loss for the period	31,25,874	(2,14,211)	(79,13,554)	(1,26,01,324)
Net actuarial (gain) / loss recognized in the period	31,25,874	(2,14,211)	(79,13,554)	(1,26,01,324)
Actuarial (gain) / loss recognized in 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	19,48,02,215	16,11,05,568	7,70,45,228	1,96,06,626
Fair value of plan assets at the end of the period	2,74,24,129	1,53,05,341	Nil	Nil
Funded Status	(16,73,78,086)	(14,58,00,227)	(7,70,45,228)	(1,96,06,626)
Unrecognized actuarial (gains)/losses	Nil	Nil	Nil	Nil
Net (asset)/liability recognized in Balance sheet	16,73,78,086	14,58,00,227	7,70,45,228	1,96,06,626

Expenses recognized in Statement of Profit and Loss :

Current Service Cost	1,70,24,422	2,25,30,165	2,46,80,324	1,19,21,451
Past Service Cost - Vested Benefit	Nil	47,35,297	Nil	Nil
Interest Cost	1,21,49,885	90,16,291	52,01,036	67,20,043
Expected return on plan assets	(1,69,355)	(1,20,530)	Nil	Nil
Curtailment or settlement cost / (credit)	Nil	Nil	Nil	Nil
Expenses recognized in the statement of Profit and Loss	2,90,04,952	3,61,61,223	2,98,81,360	1,86,41,494

Sensitivity analysis of the defined benefit obligation :

Impact of the change in Discount Rate				
Present Value of obligation at the end of the period	19,48,02,215	16,11,05,568	7,70,45,228	1,96,06,626
Impact due to increase of 0.50%	(1,13,52,172)	(92,61,355)	(41,56,258)	(11,01,273)
Impact due to decrease of 0.50%	1,30,91,691	1,06,79,405	47,95,269	12,71,964
Impact of the change in salary increase				
Present Value of Obligation at the end of the period	19,48,02,215	16,11,05,568	7,70,45,228	1,96,06,626
Impact due to increase of 0.5 %	1,30,91,691	1,06,79,405	47,95,269	12,71,964
Impact due to decrease of 0.5%	(1,13,52,172)	(92,61,355)	(41,56,258)	(11,01,273)

Maturity profile of defined benefit obligation:

March 2019 to March 2020	1,67,81,613	1,21,80,262	39,39,114	23,84,225
March 2020 to March 2021	1,67,19,96	32,31,857	19,77,896	16,90,008
March 2021 to March 2022	25,28,092	18,07,591	11,98,759	10,22,094
March 2022 to March 2023	77,08,336	23,27,334	40,17,296	17,54,122
March 2023 to March 2024	95,29,236	63,78,813	39,39,102	28,58,464
March 2024 to March 2028	88,91,737	91,80,950	76,17,022	24,67,573
March 2028 onwards	14,51,01,262	12,11,27,210	9,46,97,752	24,68,219

Investment Details

Policy bonded with Insurance Company (Unquoted) (% invested)	2,74,24,129	1,53,05,341	Nil	Nil

Note: The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the Actuary Valuer.

33 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount due	62,35,45,870	6,71,67,593
Interest due thereon	2,03,64,206	6,12,116
Interest paid during the period beyond the appointed day	6,12,116	-
Amount of payment made beyond the period of delay during the year but without adding the interest specified under the Act	Nil	Nil
Amount of interest accrued and due but not paid at the end of the period	2,03,64,206	6,12,116
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 the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	Nil	Nil

Note: The above disclosure is based on Note No. 5 of Trade Payable. The vendors Micro Small and Medium Enterprises have been communicated to the extent information available with the Company and the same is relied upon by the auditors.

34 Commitments and Contingencies

(a) Contingent liabilities not provided for in respect of

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Unexpired Letters of Credit (Previous Year Rs.22,44,97,500) Provisions (Previous Year Rs.33,00,000/-)	1,31,41,11,041	87,81,56,159
(ii) Bank guarantees given by banks on behalf of the Company (Previous Year Rs.95,13,55,000/-) Provisions (Previous Year Rs.78,35,500)	6,14,20,12,700	7,46,70,33,600
(iii) Claims against the Company not acknowledged as debts (Previous Year Rs.Nil) Provisions (Previous Year Rs.Nil)	19,89,12,559	13,13,51,459

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 where required and disclosed the contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

ii) The Group is engaged in the business of Diamond Jewellery. Pursuant to the nature of business, the Group has entered into contracts for purchase of diamonds and gold in the normal course of business. Based on such contracts (wherever applicable), the Group has made adequate provisions for the same in the financial statements in accordance with the applicable Accounting Standard.

iii) As at 31st March, 2019 the Group has outstanding export obligations of

(d) Capital Commitments

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 Capital advances)	[illegible]	[illegible]

(e) Financial Guarantees

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
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

46 In the opinion of the Board of Directors, the fixed assets and other current assets have a value on realisation in the ordinary course of business which is not less than the amount at which they are stated in the Balance Sheet.

47 Certain promoter group companies have filed petitions before the Hon'ble High Court of Bombay at Goa under Section 397 and 398 of the Companies Act, 1956 seeking oppression and mismanagement relief against the Company and its directors. The Company has filed its reply to the petitions and the matters are pending before the Hon'ble High Court of Bombay at Goa.

Particulars	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Net profit / (loss) for the year attributable to Equity Shareholders	[illegible]	[illegible]
Weighted average number of Equity Shares	[illegible]	[illegible]
Basic and Diluted Earnings per Share	[illegible]	[illegible]

48 During the year, the Board of Directors has paid interim dividend aggregating to Rs. [illegible] per Compulsorily Convertible Preference Share (CCPS) of face value of Rs. 10/- each for the year ended March 31, 2019 amounting to Rs. [illegible] (including dividend distribution tax of Rs. [illegible]) approved by shareholders in the previous Annual General Meeting in favour of [illegible] which has been paid to the respective shareholders.

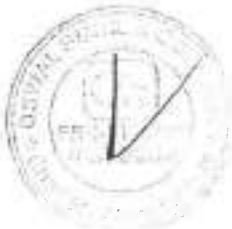
49 "Related Party Disclosures" as required by Ind AS - 24 and Regulation 34(3) and Schedule V Para A Sub-clause 2 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

i) Name and nature of related parties :

Relationship	Name of Related Party
(a) Ultimate Parent	[illegible]
(b) Key management personnel	[illegible]
(c) Post Employment Benefit Plan	[illegible]
(d) Enterprises owned or significantly influenced by key management personnel or their relatives	[illegible]

Note: Related party relationship is as identified by the Company and relied upon by the auditors.





(iii) Nature of transactions with related parties for the year ended March 31, 2019 and balances as at March 31, 2019 are as under:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Purchase/Receiving of Goods & Services		
Lanco Infratech Limited	6,25,53,015	-
Sales/Rendering of Goods and Materials		
Lanco Infratech Limited	50,16,477	
Expenses - Rent & Other expenses		
Sainripa Trading Private Ltd	33,12,000	-
Pearson Sales Overseas Private Ltd	44,54,914	-
Pragati Realtech Private Ltd	66,46,564	-
Loan/Equity towards Warrants		
AD Mediatech Private Limited	5,06,00,000	2,00,00,000
Devi Seema Transmission Private Limited	3,00,00,000	2,65,00,000
Closing Balances of Loans & Advances and		
Lanco Infratech Limited	97,83,621	
Sterling Energy Projects LLP	31,22,700	
Contribution towards Gratuity Liabilities		
HPCL Employees Group Gratuity Fund	3,03,500	9,71,000
Guarantees and collaterals		
Corporate Guarantees Issued	2,54,00,000	2,00,00,000
Remuneration of Key Management Personnels		
Mr. Lakshmi N. Mittal - Chairman Emeritus	8,30,39,600	7,90,75,000
Mr. Aditya Mittal (Chief Financial Officer)	1,06,72,850	1,01,60,800
Mr. Dilip Kumar Jha (Executive Director & Company Secretary)	42,71,000	37,81,150
Mr. G. Sankar, CEO & Director	12,83,500	11,63,100
Mr. C. D. Agarwal, Chief Financial Officer	16,21,220	14,53,000
Mr. Sridhar, Sub Group Secretary	18,46,012	17,56,000
Share based payment to employees		
Mr. Vivek Bhutani, Chief Strategy Officer	19,03,119	
Mr. Manish Pande, Vice President (Corporate & Corporate Projects)	8,47,260	-
Mr. G.S. Mandal, Executive Director	8,32,161	
Mr. C.D. Pattanayak, Chief Financial Officer	7,19,500	-





Particulars	Business Segments						Total	
	Telecom Products		Telecom Infrastructure and Services		Others			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue								
Turnover	[illegible]	[illegible]	[illegible]	[illegible]	-		[illegible]	[illegible]
Segment Results	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]							[illegible]	[illegible]
[illegible]							[illegible]	[illegible]
[illegible]							[illegible]	[illegible]
[illegible]							[illegible]	[illegible]
[illegible]							[illegible]	[illegible]
[illegible]							[illegible]	[illegible]
Other Information								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	-	-	-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]

51 Corporate social responsibility expenses

	Year Ended March 31, 2019	Year Ended March 31, 2018
Gross amount to be spent by the Group during the year [illegible]	1,56,58,35[illegible]	[illegible]
Amount spent during the year		
Construction or acquisition of assets		
On other purposes 1,45,36,567	1,45,36,567	[illegible]

52 Interest charges on [illegible] (previous year [illegible])

53 [illegible] Holding Company [illegible] Corporate Debt Restructuring (CDR) [illegible] Scheme [illegible] CDR [illegible] March 22, 2013 [illegible] Holding Company [illegible] CDR [illegible]

54 On October [illegible] Holding Company [illegible] ESOP [illegible] Plan [illegible] RSUs [illegible] years [illegible]

The Nomination, Remuneration and Compensation Committee ("Committee") of the Board of Directors of Holding Company [illegible] Independent Directors [illegible] Plans.

The [illegible] March 31, 2019 and March 31, 2018 [illegible]

Particulars	Year ended March 31, 2019*		Year ended March 31, 2018	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
Employee Stock Options (ESOPs)				
Outstanding at the beginning	-	-	-	
Granted	70,39,000	2,32,7[illegible],795		
Exercised	-	-		-
Forfeited and expired	1,85,000	6,36,[illegible]		-
Outstanding at the end	68,[illegible]	[illegible]	-	
Exercisable at the end	-	-		-
Restricted Stock Units (RSUs)				
Outstanding at the beginning	-		-	
Granted	70,[illegible]	[illegible]		-
Exercised	-		-	-
Forfeited and lapsed	[illegible]	[illegible]	-	-
Outstanding at the end	[illegible]	[illegible],328	-	-
Exercisable at the end			-	-

* [illegible] subsidiary company

[illegible] March 31, 2019 [illegible] as follows

Range of exercise prices per share	Options outstanding		
	No. of shares	Weighted	Weighted average
[illegible]	[illegible]	1	[illegible]
[illegible]	[illegible]	5	[illegible]

The [illegible] Black Scholes [illegible]

Particulars	For options granted during the	
	ESOPs	RSUs
Weighted average [illegible]	[illegible]	[illegible]
[illegible] (Rs.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Expected [illegible]	[illegible]	[illegible]
Expected [illegible]	[illegible]	[illegible]
Risk free [illegible]	[illegible]	[illegible]
Weighted average [illegible] (Rs.)	[illegible]	[illegible]

The [illegible] Holding Company [illegible]

55 In respect of [illegible]
[illegible]

i) The [illegible] March [illegible] 2019 [illegible] worth of Rs. 38.08 Crs (Previous year [illegible]) [illegible] Further the Company has [illegible] Rs. 24.21 Crs (Previous year: Rs.27 [illegible])

During the year the Subsidiary has [illegible] the [illegible] manufacturing capacity [illegible] Optic Fibre Cables plant [illegible] Chennai [illegible]. The Company has [illegible] (Previous year Rs. [illegible] Cr) [illegible] Profit after Tax (PAT) [illegible] Rs. [illegible] Cr. [illegible] net worth [illegible] Considering these matters the [illegible] that there [illegible] about the company being [illegible] to continue as a going concern and hence the financial statements have been prepared on a going concern basis.

[illegible] Rs. [illegible] Cr (Previous year Rs. [illegible] Cr) [illegible] interest accrued [illegible] Rs. [illegible] Cr [illegible] due to non-payment of [illegible] [illegible] the Govt. of India has [illegible] Rs. [illegible] Cr compensation payable to HFCL [illegible] of ETP claim against the outstanding interest [illegible] in respect of GOI loan. [Refer Note [illegible] (ii) below]

[illegible] During the year [illegible] possession of [illegible] of the Subsidiary at [illegible] Chennai [illegible] measuring [illegible] acres [illegible] held by the Subsidiary in the capacity of [illegible] sale deed dated [illegible] executed by the Government of Tamil Nadu [illegible] Industrial Area, Chennai. In order to give title of the [illegible] the Subsidiary, the Government of Tamil Nadu has [illegible] the Company to [illegible] acres [illegible] land to the Small Industries Department, Chennai. The Subsidiary has [illegible] the said land measuring [illegible] acres to the Small Industries Department, Chennai [illegible]. In respect of the remaining land measuring [illegible] acres, the name of the Subsidiary [illegible] in the revenue records of the Government of Tamil Nadu. Other [illegible] to transfer the land in favour of the Subsidiary are in progress.

(b) Claims of Rs. [illegible] Cr receivable from BSNL against the compensation approved by Telecom Commission vide letter No. [illegible] dated [illegible] for pre-closure of ETP project. Department of Telecommunications (DoT) vide letter No. [illegible] dated [illegible] has conveyed the decision [illegible] adjust [illegible] the Government [illegible] the Subsidiary [illegible] DoT [illegible] 08.11.2018 [illegible] the compensation amount of Rs. [illegible] Cr against the [illegible] outstanding as on [illegible] 2011 [illegible] approved. The [illegible] the adjustment of Rs. [illegible] Cr [illegible] compensation [illegible] of ETP claim against the [illegible] outstanding [illegible] Government of India (GOI). [illegible] ETP compensation of Rs. [illegible] Cr against [illegible] GOI [illegible] 2nd December 2018 the Company [illegible] till [illegible] 2019. [illegible] the Company has adjusted the [illegible] the [illegible] the Subsidiary's [illegible] adjustments [illegible] Note [illegible] above).

[illegible] The Board of Directors of [illegible] has proposed [illegible] equity shares for Rs. [illegible] Cr. [illegible] equity shares holding of [illegible] and [illegible] Holding Company [illegible] proposed that the right issue [illegible] loan along with interest [illegible] GOI [illegible] The Subsidiary [illegible] in the process of obtaining [illegible] shareholders. Accordingly [illegible] outstanding [illegible] from HLL [illegible] been shown under Non-Current Financial liabilities [illegible] Financial [illegible]

[illegible] Financial risk management objectives and policies

The Group's [illegible] financial liabilities [illegible] loans and borrowings, [illegible] and other payables, and financial guarantee [illegible]. 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 [illegible] exposed to a variety of financial risks, namely liquidity risk, market risk 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 [illegible] 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 Group will encounter difficulty in meeting the 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.

Particulars	Notes No.	Carrying	Less than 12	More than 12	Total
As at March 31, 2019					
Trade payables	26	[illegible]	[illegible]		8,64,50,77,6??
Deposits - [illegible]	27	[illegible]	[illegible]		1,41,09,62,0??
Other liabilities	[illegible]	[illegible]	[illegible]	[illegible]	4,35,02,81,5??
As at March 31, 2018					
Trade payables	6	[illegible]	[illegible]		[illegible]
Deposits [illegible]	25	[illegible]	[illegible]		1,91,74,72,802
Other liabilities	[illegible]	[illegible]	[illegible]	[illegible]	3,51,65,04,206

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: currency risk, interest rate risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and deposits, FVTPL investments.

The sensitivity analysis in the following section relate to the position as at 31 March 2018 and 31 March 2017.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
Price Risk		
The securities are exposed to the price risk that arises from investments in equity instruments. The price risk arises due to uncertainties about future market values of these investments.	In order to manage its price risk arising from investments in equity instruments, the Company diversifies its portfolio in accordance with the limits set by 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 value of the investments held by the Company arising from equity price.	The investments are monitored and all the decisions are approved by the Management.	If the equity prices had been 10% higher / lower: Other comprehensive income for the year ended 31st March 2018 would increase / decrease by ₹ [illegible] for the year ended 31st March 2018 as a result of the changes in the fair value of equity instruments measured at FVTPL.
INTEREST RATE RISK		
Interest rate risk is the risk that the fair value of 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.	To keep the interest rate risk under control, the Company closely keeps a watch on the market conditions and accordingly takes appropriate decisions.	As at 31st March 2018, the exposure to interest rate risk is not expected to fluctuate significantly. The Company has not entered into any derivative instruments. A 1% increase or decrease in interest rates would have an impact of ₹ [illegible] on additional P&L charge for the year ended 31st March 2018 (₹ [illegible] charge for the year ended 31st March 2017).

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, foreign exchange transactions and financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The Company does not hold collateral as security. The Company evaluates the concentration 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 Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Where the Company's financial assets are neither impaired or past due, it is expected that counterparties will not default on settlement of these assets.

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 summarizes details of net debt and assets at the end of the reporting period.

Particulars	As at March 31, 2019	As at March 31, 2018
Debt	5,50,20,02,104	4,05,34,12,107
Less: Cash and Cash equivalents (Note 13)	(7,72,73,175)	(56,59,77,363)
Net Debt	5,42,47,28,929	3,48,74,34,744
Total Equity	11,91,00,10,961	11,79,10,42,400
Net Debt to Total Equity	0.46	0.29

34 Financial Instruments by Category

Particulars	As at 31.03.2019			As at 31-03-2018		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
1) Financial Assets						
Investments						
A) Equity Instruments						
i) Subsidiaries	-	-			-	
ii) Associates & Joint Ventures	-				-	
iii) Fair value through other comprehensive income	-	10,52,73,611		-	11,52,73,775	
iv) Stock in trade	-		-			
a) Specified Digital Services Ltd		3,71,000	-	-	8,21,726	-
b) Vijaya Communications Ltd	-	2,43,649		-	1,73,728	
c) Mahanagar Telephone Nigam Ltd	-	29,73,215	-		2,34,44,112	-
d) Middle Mantle Wireless Ltd		25,223	-		76,143	
e) Reliance Communications Infrastructure Ltd		10,78,809	-		1,76,64,394	
f) TCIL Mauritius Communications (Proprietary) Ltd		61,950	-		11,957	
B) Mutual Fund	2,17,800		-	2,14,430	-	
C) Deposits with Banks	-	-	1,55,70,00,000			39,70,00,000
D) Other deposits		-	33,74,55,5...		-	2,99,20,775
E) Trade receivables	-		17,62,89,38,739		-	11,51,31,76,419
F) Cash and Cash equivalents			17,23,62,135			99,69,37,138
G) Other Bank Balances			1,41,83,18,922			1,31,71,70,962
H) Investment in post office savings certificates	-	-	5,63,17,169			5,21,03,005
I) Other receivables	-	-	11,8,97,69,091		-	4,19,72,39,981
Total financial assets	2,17,800	52,18,26,640	21,92,73,11,287	2,14,430	13,79,38,49...	16,50,10,96,315
2) Financial Liabilities						
I) Borrowings						
A) Loan Payable	-	-	4,25,62,02,331		-	3,81,93,07...
B) Bank Overdraft			24,68,09,771	-	-	23,41,05,107
C) Other Financial Liabilities	-		-	-	-	99,32,00,000
II) Obligations under Finance Lease	-	-		-		-
III) Deposits			31,09,62,01...			1,71,72,62,61...
IV) Trade payables	-	-	6,31,50,70,036	-	-	6,27,63,93,...
V) Other financial liabilities	-	-	63,30,72,252		-	2,63,10,734
Total financial liabilities	-	-	10,50,03,70,091			13,25,58,68,631

Fair Valuing methodology

Fair Value of Financial Assets and Liabilities measured at fair value on recurring basis

The fair value of financial assets and liabilities are classified in the following hierarchy based on the inputs used for valuation techniques: Quoted prices in active markets for identical assets or liabilities (Level 1), Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2) and Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at Year Ending 31st March 2019

Financial Assets measured at Fair Value recurring	Note No.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds	13	5,13,809		-
FVTOCI				
Strategic equity				
a) Numerallie Fiscal Services Ltd	13	3,51,950	-	
b) Vistara Communications Ltd		2,31,859	-	-
c) Magnet Group Ltd	13	1,34,27,333	-	
d) Media Matrix Worldwide Ltd	13	22,375		-
e) Sahara One Media and Entertainment Ltd	13	41,54,805		-
f) Avishkar Bio Tech Ltd	13	-	-	-
g) Manoramas Biotech Ltd	13	-	-	-
h) Optimus Textile Industries Ltd	13		-	
i) Rashtra Agrotech Ltd	13	-	-	
j) BGL Wind Power Company Phalodi Private Ltd	13	-		1,61,950
k) [illegible] Tele Systems Ltd	9		-	16,77,40,116
l) AB Corp Ltd	8			12,96,97,500
m) Global Venture Capital Technologies Pvt Ltd	6	-		-
n) Lite Gazers Atomic Coal Plant Ltd	8	-	-	4,87,167
o) Invis Cool Technologies Pvt Ltd	8		-	-
p) Shankar Sales Promotion Pvt Ltd	8		-	8,66,260
q) Sonic Consulting Pvt Ltd	8	-	-	-
r) AGI Properties Pvt Ltd	8	-	-	1,49,01,850
Total Financial Assets		2,57,67,863	-	30,45,78,583

As at Year Ended on 31st March 2018

Financial Assets measured at Fair Value recurring	Note No.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds	13	4,150	-	-
FVTOCI				
Strategic equity				
a) Numerallie Fiscal Services Ltd	13	3,51,950	-	
b) Vistara Communications Ltd	13	2,31,859	-	
c) Magnet Group Ltd	13	1,34,27,333	-	
d) Media Matrix Worldwide Ltd	13	22,375	-	
e) Sahara One Media and Entertainment Ltd	13	41,54,805		
f) Avishkar Bio Tech Ltd	13	-		
g) Manoramas Biotech Ltd	13	-		
h) Optimus Textile Industries Ltd	13	-	-	-
i) Rashtra Agrotech Ltd	13	-	-	
j) BGL Wind Power Company Phalodi Private Ltd	13	-	-	1,61,950
k) [illegible] Tele Systems Ltd	9		-	16,77,40,116
l) AB Corp Ltd	8		-	12,96,97,500
m) Global Venture Capital Technologies Pvt Ltd	6			-
n) Lite Gazers Atomic Coal Plant Ltd	8	-		4,87,167
o) Invis Cool Technologies Pvt Ltd	8			-
p) Shankar Sales Promotion Pvt Ltd	8		-	8,66,260
q) Sonic Consulting Pvt Ltd	8	-		-
r) AGI Properties Pvt Ltd	8	-	-	1,49,01,850
Total Financial Assets		5,55,44,204		30,10,87,743

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 makes 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 changes to these assumptions, refer [illegible]

31 Foreign Currency Exposure

a) The Group's exposure to foreign currency risk at the end of the reporting period expressed in foreign currency is as follows:

The Company's foreign currency forward contracts are designated as cash flow hedges of highly probable forecasted transactions. The terms of foreign currency forward contracts are consistently for the Company's various hedging strategies under principles set out in the 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:

a) Details of the Company's foreign currency exposure relating to Foreign Currency

Particulars	As at March 31, 2019		As at March 31, 2018	
	Amount in foreign Currency	Equivalent in Rs.	Amount in foreign Currency	Equivalent in Rs.
US$ / INR	[illegible]	[illegible]	[illegible]	[illegible]

b) Details of the Company's exposure

Particulars		As at March 31, 2019		As at March 31, 2018	
		Amount in foreign Currency	Equivalent in Rs.	Amount in foreign Currency	Equivalent in Rs.
Trade payable	USD / INR	[illegible]	[illegible]	[illegible]	[illegible]
	EUR / INR	[illegible]	[illegible]	[illegible]	[illegible]
Trade receivable	USD / INR	[illegible]	[illegible]	[illegible]	[illegible]
	EUR / INR	[illegible]	[illegible]	[illegible]	[illegible]
	GBP / INR	[illegible]	[illegible]	[illegible]	[illegible]

c) Foreign currency sensitivity analysis

The following details the Company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency denominated monetary items and translates the year end adjustment 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 where [illegible]

Particulars	Year Ended 31.03.2019		Year Ended 31.03.2018	
Impact on profit before tax	INR strengthens by 5%	INR weakening by 5%	INR strengthens by 5%	INR weakening by 5%
USD Impact	[illegible]	[illegible]	[illegible]	3,26,227
EURO Impact	[illegible]	[illegible]	[illegible]	-8,55,407
GBP Impact	[illegible]	[illegible]	[illegible]	-3,93,138

32 Tax Reconciliation

Particulars	F.Y. 2018-19	F.Y. 2017-18
Net Profit as per Statement of Profit and Loss before Taxes (Rupees)	[illegible]	[illegible]
Current Tax rate (%)	[illegible]	[illegible]
Adjustments:		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Tax Provisions as per Books	[illegible]	[illegible]

6II Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2018, has notified the following new and amended Ind ASs which are effective for annual periods beginning on or after 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 the amendment in the financial statements.

61 The Board of Directors of the 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 forthcoming Annual General Meeting ("AGM") of the Company or other authorised channel, if required. The dividend for the financial year ended 31st March, 2018 was declared at the 2nd Annual General Meeting ("AGM") held on 5th September, 2018 and was paid to the Shareholders within 30 days from the date of declaration.

62 Figures for the previous year have been regrouped/reclassified wherever necessary to correspond with the 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. 071625

New Delhi, 14th May, 2019

For Gyani Sood & Company
Chartered Accountants
Firm Reg. No. 016520N

Vipul Bansal
Partner
M.No. 094015

For and on behalf of the Board

M.P. Shukla
Controller
DIN: 07955577

Mahendra Nahata
Managing Director
DIN: 00052405

C. Sriram
Chief Financial Officer
PAN: AAUPS0903L

Vijay Bansal
Vice President (Corporate) & Company Secretary
M.No. FCS 5631

DECLARATION

The Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

_____

Mahendra Nahata
Managing Director
DIN: 00052898

Date: December 9, 2021
Place: New Delhi

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Signed by:

_____
Mahendra Nahata
Managing Director
DIN: 00052898

Date: December 9, 2021
Place: New Delhi

I am authorized by the Fund Raising Committee of the Board of Directors of the Company, vide resolution dated December 9, 2021, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

_____
Mahendra Nahata
Managing Director
DIN: 00052898

Date: December 9, 2021
Place: New Delhi

HFCL LIMITED

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CIN: L64200HP1987PLC007466

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Company Secretary and Compliance Officer: Mr. Manoj Baid
HFCL Limited, 8, Commercial Complex, Masjid Moth,
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Telephone: +91 9899166335
E-mail: manoj.baid@hfcl.com

BOOK RUNNING LEAD MANAGERS

ICICI Securities Limited	**JM Financial Limited**	**Monarch Networth Capital Limited**
ICICI Venture House Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025	7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Maharashtra, India	Unit 602 A, The Capital, Behind ICICI Bank Towers, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051

STATUTORY AUDITORS OF OUR COMPANY

S. Bhandari & Co., Chartered Accountants
P-7, Tilak Marg, C-Scheme Jaipur – 302005
Telephone: +91 141 2385412, 2385003, 2385329
E-mail: auditors@sbhandari.in

Oswal Sunil & Company, Chartered Accountants
71, Daryaganj, New Delhi – 110002
Telephone: +91 11 23251582, 23262902
E-mail: oswalsunil.co@gmail.com

INDIAN LEGAL COUNSEL TO THE COMPANY

Khaitan & Co
One World Centre
10th and 13th Floor, Tower 1C
841 Senapati Bapat Marg
Mumbai 400 013

INDIAN LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

AZB & Partners
AZB House
Plot No. A8, Sector-4
Noida 201 301

INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

Dentons US LLP
2000 McKinney Avenue,
Suite 1900,
Dallas, Texas 75201-1858
Tel: +1 214 259 0952

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below:

(Note: The format of the Application Form included herein below is for reference, indicative and for the purposes of compliance with applicable law only, and no Bids in this Issue were made through the sample Application Form. The Company, in consultation with the Book Running Lead Managers identified Eligible QIBs and circulated the serially numbered copies of the Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application made in the Issue was made only upon receipt of serially numbered copies of the Preliminary Placement Document and the Application Form, and not on the basis of the indicative format below.)

(*Incorporated in the Republic of India under the provisions of the Companies Act, 1956*) **Registered Office**: 8, Electronics Complex, Chambaghat, Solan – 173213, Himachal Pradesh, India **Corporate Office**: 8, Commercial Complex Masjid Moth, Greater Kailash – II, New Delhi - 110 048, India **Telephone:** +91-1792-230644 | **E-mail:** secretarial@hfcl.com | **Website:** www.hfcl.com **CIN:** L64200HP1987PLC007466	**APPLICATION FORM** Name of Bidder: _____ Form No: _____ Date: _____

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE ₹ 1 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO APPROXIMATELY ₹ [●] CRORES UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY HFCL LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 72.33 AND OUR COMPANY MAY OFFER A DISCOUNT OF UP TO [●]% ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue and submit this Application Form, and (ii) are residents in India participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdictions where those offers and sales are made. You should note and observe the selling and transfer restrictions contained in the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" in the accompanying preliminary placement document dated December 6, 2021 (the "PPD").

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
HFCL LIMITED
8, Electronics Complex, Chambaghat
Solan – 173213, Himachal Pradesh, India

Dear Sirs,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, at the terms and price indicated below. We confirm that we are an eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoters of the Company, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoters or persons related to promoter of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI.

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Fund*
MF	Mutual Funds	**IF**	Insurance Funds
FPI	Foreign Portfolio Investors**	**NIF**	National Investment Fund
VCF	Venture Capital Funds	**SI-NBFC**	Systemically Important Non-Banking Financial Companies
IC	Insurance Companies	**OTH**	Others _____ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "*Application Form*" under Issue Procedure section of the PPD.
** Sponsor and Manager should be Indian owned and controlled.*
***Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue*

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**").We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to

be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant authorisations. We note that the Company is entitled, in consultation with ICICI Securities Limited, JM Financial Limited and Monarch Networth Capital Limited (the "**BRLMs**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the CAN, when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLMs; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We agree and consent that (i) our names, address, contact details, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; and; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Himachal Pradesh at Chandigarh (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of the National Stock Exchange of India Limited and BSE Limited (together, the "**Stock Exchanges**"), and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the RBI and other applicable laws.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" sections of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLMs, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the confirmation of allocation note ("**CAN**"), when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Company, in consultation with the BRLMs, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the BRLMs. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

We acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. **By signing this Application Form and checking the applicable box above, we hereby represent, warrant, acknowledge and agree that we are located outside the United States and purchasing the Equity Shares in an "offshore transaction" (as defined in, and in reliance on, Regulation S) complying with Rule 903 or Rule 904 of Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.**

BIDDER DETAILS (in Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
MOBILE NO.			
TELEPHONE NO.		**FAX.**	
EMAIL			
FOR ELIGIBLE FPIs**	**Registration Number:**	**For AIFs***/ MFs/ VCFs***/ SI-NBFCs/ ICs**	**Registration Number:**

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLMs.*

***In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

****Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the BRLMs will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER	
BY 3.00 P.M. (IST), [●], 2021, [●]	
Name of the Account	HFCL Limited – Escrow Account
Name of the Bank	State Bank of India
Address of the Branch of the Bank	3rd Floor, Mumbai Main Branch Building, Mumbai Samachar Marg, Fort, Mumbai - 400023
Account Type	Escrow Account
Account Number	40621036104
IFSC	SBIN0011777
Tel No.	022 - 22719102/ 112/ 113 / (+91) 9987078973
E-mail	nib.11777@sbi.co.in/ sbi.11777@sbi.co.in

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "*HFCL Limited – Escrow Account*". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Bid/Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

DEPOSITORY ACCOUNT DETAILS																											
Depository Name (Please ✓)	National Security Depository Limited									Central Depository Services (India) Limited																	
Depository Participant Name																											
DP – ID	I	N																									
Beneficiary Account Number										(16 digit beneficiary account. No. to be mentioned above)																	
The Demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.**																											

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID		**PRICEPER EQUITY SHARE (RUPEES)**	
(In figures)	(In words)	(In figures)	(In words)
BID AMOUNT (RUPEES)			
(In figures)	(In words)		

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	
EMAIL			

OTHER DETAILS	
PAN*	
Date of Application	
Signature of Authorised Signatory (may be signed either physically or digitally) **	

ENCLOSURES ATTACHED

Attested/ certified true copy of the following:

- ☐ Copy of PAN Card or PAN allotment letter
- ☐ Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF
- ☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank
- ☐ Copy of notification as a public financial institution
- ☐ FIRC
- ☐ Copy of IRDAI registration certificate
- ☐ Intimation of being part of the same group
- ☐ Certified true copy of Power of Attorney
- ☐ Other, please specify

**It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*

***A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

Note:

(1) Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.

(2) The application form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company in consultation with the BRLMs.

(3) The duly filed Application Form along with all enclosures shall be submitted to the Book Running Lead Managers either through electronic form at the email mentioned in the PPD or through physical deliver at the address mentioned in PPD.

This Application Form, the PPD and the Placement Document sent to you/ be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.