



HFCL Limited

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HFCL/SEC/23-24

July 27, 2023

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

Subject: Earnings’ Presentation

Dear Sir(s)/ Madam,

This is in continuation to our earlier intimation dated July 26, 2023.

In terms of Regulation 30 read with Para A of Part A of Schedule III to the SEBI Listing Regulations, we hereby submit a copy of the **Earnings’ Presentation** on, *inter-alia*, the **Un-audited Financial Results of the Company for the 1st Quarter ended June 30, 2023, of the Financial Year 2023-24**, both on **Standalone and Consolidated basis**, to be discussed during the **Earnings’ Call** scheduled to be held on **Thursday, July 27, 2023 at 02:00 p.m.**

It may be noted that the Board of Directors of the Company has, considered and approved the aforesaid Financial Results of the Company, in its meeting held on July 26, 2023.

We request to take the above information on your records and disseminate the same on your respective websites.

Thanking you,

Yours faithfully,
For HFCL Limited

(Manoj Baid)
Senior Vice-President (Corporate) &
Company Secretary

Encl: Earnings’ Presentation

July
2023

HFCL

Investor Presentation

HFCL LIMITED

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**HFCL at a
Glance**



Strategic Priorities



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Advantage**



**Social
Governance**



Financials



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HFCL at a glance

Presence in Key Industries

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Manufacturing Facilities across India

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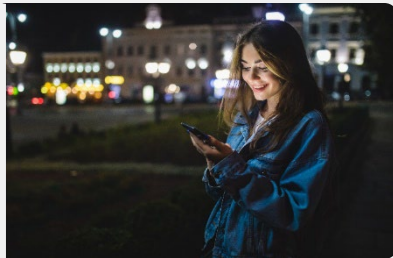
HFCL Journey

HFCL – At a Glance

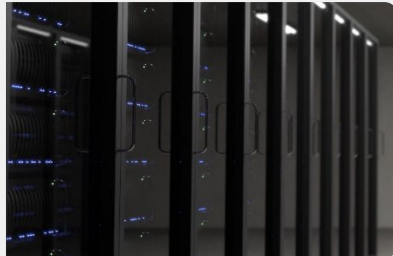
A leading innovation - led technology enterprise

Integrated communication products and solutions provider

Innovative product offerings



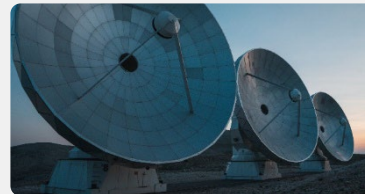
Comprehensive digital network solutions



Indigenous defence products



Key Sectors



83%

revenue contribution as on FY23

Telecom & Cable



15%

revenue contribution as on FY23

Defense



2%

revenue contribution as on FY23

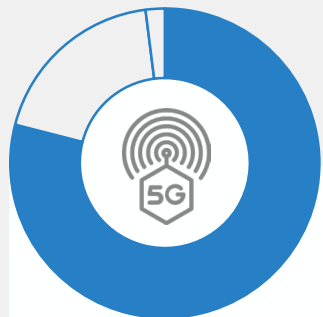
Railways

Largest market share in Optic Fibre Cable (OFC) supplies in India in FY22 and 2023

One of the largest manufacturers of Wi-Fi access points and Unlicensed band radios in India

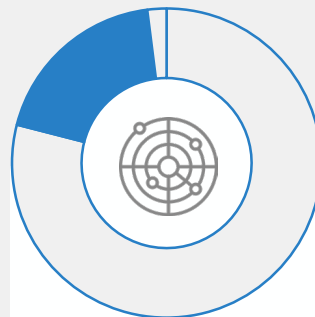
Leading technology company that offers end-to-end solutions establishing network required for defense communication in India

HFCL – Presence in Key Industries



Telecom and Cable

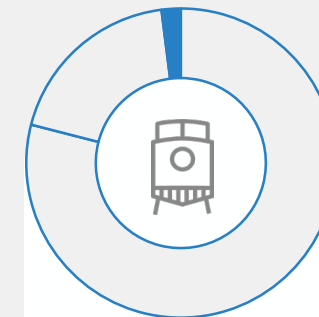
- **One of the largest manufacturer and supplier of OFC in India**
- **Rolling out backbone and backhaul OFC & FTTH network for Reliance Jio across North India**
- One of the leading technology companies that offer end-to-end solutions establishing network required for telecommunications, Defense communication and railway communication in India
- **In-House designed, developed and manufactured Wi-Fi, UBR, switch products range** witnessing traction in various countries.
Over 350,000 units sold since inception to leading Telecom service providers
- Selected for Government's PLI scheme and eligible for Incentives upto INR 652.79 crores for manufacturing telecom products



Defense

Leading technology company that offers end-to-end solutions establishing network required for defense communication in India :

- Optical transmission backbone network
- Integrating a fibre network overlay with GIS maps, satellite images and commercial land base data for the Indian Defense forces
- Complete MPLS based dedicated communication network for Defense services
- Microwave broadband radio



Railways

Leveraging our telecommunications network experience as well as comprehensive project management capabilities to create **modern communication and signaling systems for Metros, Main-line railways and Freight corridors**

Product Offerings

Telecommu- nication Products



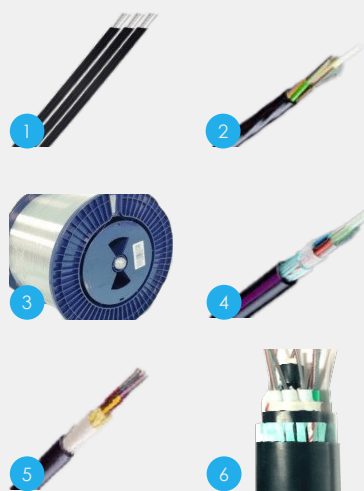
1. Point to Point and Point to Multipoint backhaul radio
2. Indoor & Outdoor Wi-Fi 5 and 6 Access Points
3. Cloud based Network management system
4. Ethernet L2/L3 Switches
5. Home Mesh Router

Defense Electronics Products



1. Thermal Weapon Sights (TWS)
2. Electronic Fuses
3. High capacity radio relay
4. VMS & Video Analytics
5. Ground Surveillance Radar

Optic Fiber/ Optical Fibers Cables



1. Optic Fiber
2. Armoured and Unarmoured Cable
3. Micro Cable
4. Micro Module Cable
5. Ribbon Cable
6. FTTH Cable

Passive Connectivity Solutions



1. Cable Assemblies
2. High Density Cabinets
3. Fiber Termination Box
4. PLC Splitters
5. Joint Closures
6. Aerial/ FTTH Accessories

Products Under Development



Telecommunication

- 5G Indoor & Outdoor FWA CPE
- 5G Macro Radio Unit Products (8T8R)
- 5G Indoor & Outdoor Small Cell (2T2R and 4T4R)
- Cell Site Router and Centralized Unit Aggregation Router
- Point-to-point and Point-to-Multipoint UBRs
- Wi-Fi 7 Access Points
- *IBR Cable*



Defense Communication & Electronics

- Software defined radio

Network Solution Offerings



Public Telecommunication



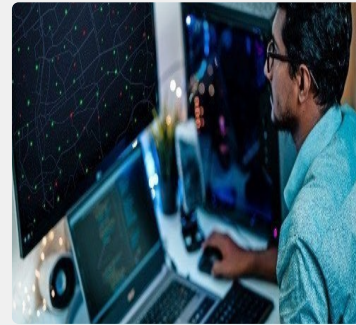
Deployment of comprehensive solutions for building of **wireless and optical telecommunications networks** including Optical Transport Network, Rural GSM Network, Fiber to Home, In-building Solutions, Mobile Backhaul Networks.



Defense Communication



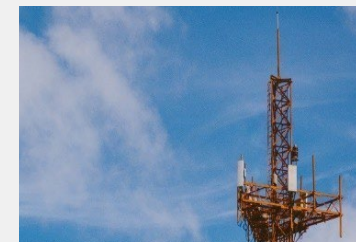
Optical Fiber Cable and Optical Transport Network



Fiber Monitoring & Management System



Internet Protocol Multi Protocol Label Switching Network



Microwave Broadband Radio

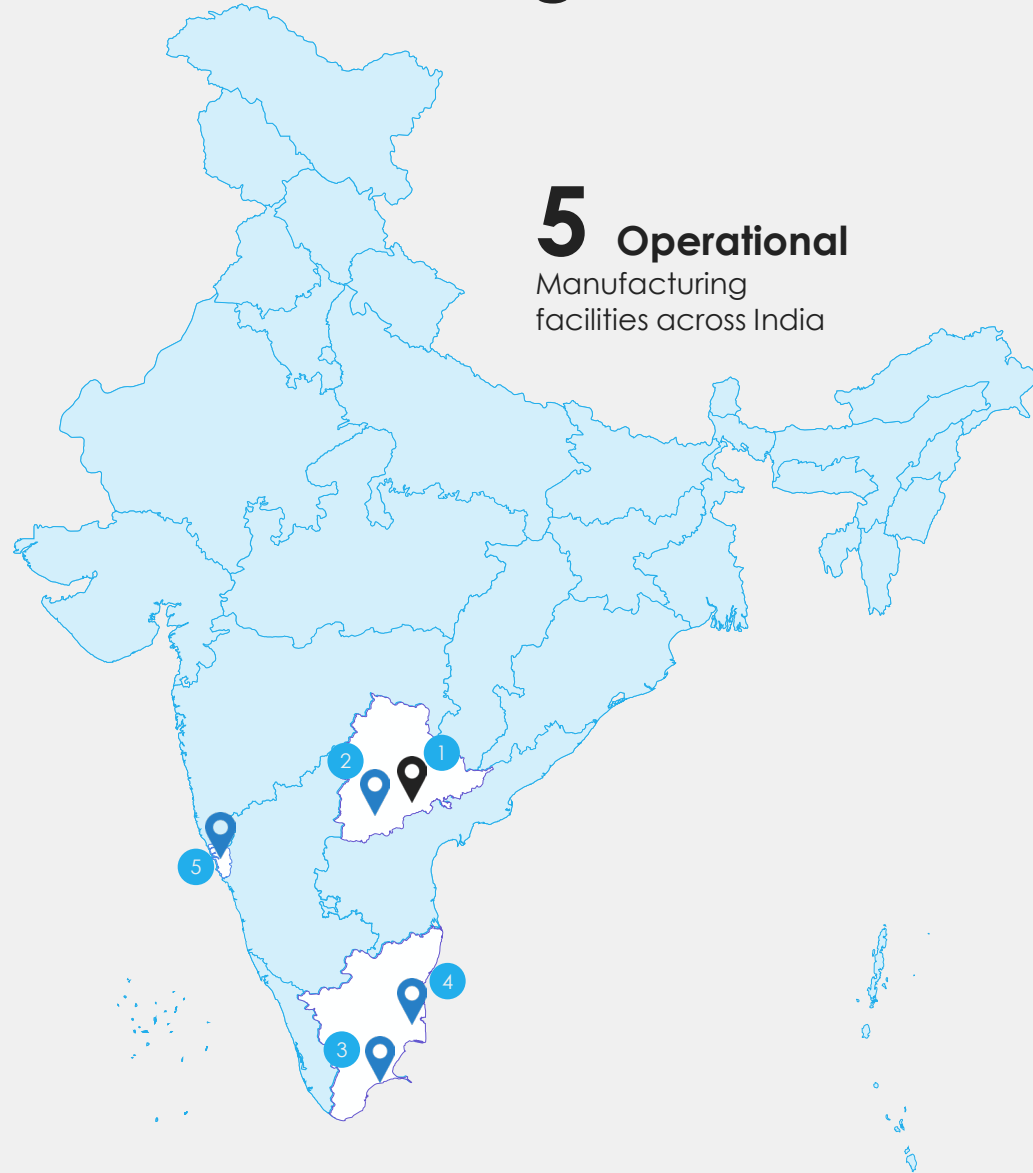


Railways Communication



Implementing IP based Video surveillance system (VSS) for railways

Manufacturing Facilities across India as on 31 March 2023



HYDERABAD, TELANGANA **2** facilities

- 5.2 mn fkm/annum Optic Fiber Cables
- 432k cable km/annum FTTH Cables
- 10 mn fkm/annum Optic Fiber production



CHENNAI, TAMIL NADU

- (Through subsidiary company HTL Ltd)
- 11.88 mn fkm/annum Optic Fiber Cables
 - 270k cable km/annum - FTTH Cables
 - Passive connectivity solutions



HOSUR, TAMIL NADU

- (Through subsidiary company HTL Ltd)
- 660km/annum Aramid Reinforced Plastic (ARP) Rods
 - 504k km/annum Fiber Reinforced Plastic (FRP) Rods
 - 2,700 MT/ annum Impregnated Glass Fiber Reinforcement (IGFR)
 - 24k MT/ annum Polymer Compound

All above are raw materials for optical fibre cable



VERNA, GOA

- 8 mn fkm/annum Optic Fiber Cables

Ongoing Projects



Public Telecommunication and EPC

₹ **3,591.67+** Cr

(USD 437.91+ mn) Current Order Book

- Rolling out backbone and backhaul Optical Fiber Cable & FTTH Network for **Reliance Jio** across Northern India
- Working on implementation of multiple hybrid projects for **BharatNet Phase-II** network, setting up OFC, GPON Radio networks, WiFi, and MW network
- Implementing contract received from State Water & Sanitation Mission (SWSM) for providing EPC services including provision for laying of Optical Fiber Cables, for execution of Rural Water Supply Network in Varanasi Revenue Division



Defense Communication

₹ **1,846.57+** Cr

(USD 224.92+ mn) Current Order Book

- Rollout of dedicated nationwide DWDM based **optical transmission backbone network**
- Integrating **Fiber network overlay** with GIS maps, satellite images and commercial land base data
- Planning, design and implementation of a **nationwide IP backbone and access network**
- End-to-end solution for multiple **hybrid microwave broadband radio** links in remote areas
- **Security & Surveillance implementation** with CCTV, surveillance access system and fire detection system at 300+ army locations



Railway Communication

₹ **656.92+** Cr

(USD 80.01+ mn) Current Order Book

- Implementing telecom networks for greenfield **domestic railway freight corridor projects** which includes the eastern and western dedicated freight corridors
- **Integrating communication network** for metros & mainline railways
- Implementing **video monitoring systems** at ~600 railway Stations
- Integrating communication network for **Kanpur, Agra, Mauritius** and **Dhaka** Metro rail projects

HFCL Journey

Capacity Expansion

(2011 – 2019)

- Expanded Optical Fibre Cable capacity from 2.04 mn fkm to 18.5 mn fkm
- Strengthened project execution division for capitalizing on emerging opportunities from 4G network rollout ; Bharatnet Projects ; Defense and railway communication networks
- Commenced execution of Network for Spectrum (NFS) project to create an India-wide secure, multi-service and multi-protocol converged network based on exclusive and dedicated tri-services optical transport backbone
- Set up manufacturing facilities for FRP / ARP / IGFR including cable accessories like - Cable Assemblies, High density cabinets, Fibre Termination boxes, Joint closures and PLC splitters



Propelling HFCL to be one of the largest integrated telecom network solutions providers in India



HFCL in Numbers

Revenue Growth

₹ IN CRORES

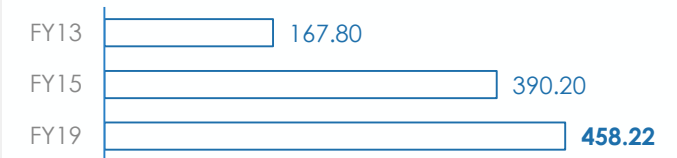


4,737.79

40.86%
6-year CAGR

EBITDA Growth

₹ IN CRORES



458.22

18.23%
6-year CAGR

PAT Growth

₹ IN CRORES



232.36

26.62%
6-year CAGR

HFCL Journey

Innovation Focused

(2020 – 2023)

- Set up of Greenfield Facility for the manufacture of Optic Fibre with an annual capacity of 10mn fkm as backward integration
- One of the largest manufacturer and supplier of OFC (including FTTH) in India
- Further expanded optic fibre cable capacities from 18.5mn fkm to 25.08mn fkm
- Commissioned a facility for the manufacture of Wire Harness (Automotive and Aerospace)
- Establishment of 2 R&D centres in Bengaluru and Gurugram
- Entered into technology collaborations with Wipro, VVDN, IP infusion, NXP, Aprecomm, Metanoia, etc.
- Launched 5G Lab-as-a-Service, UBR, Switches and **World's first Open source Wi-Fi 7**

Access point

(UNITS IN ₹ CRORES)

6584.71

(~USD 802.06 mn)
Order Book as
on 30th June 2023

0.25x_{as}

on 30th June 2023

Debt-Equity Ratio
(Improved from 0.48
in FY21)

HFCL in Numbers

Revenue Growth

₹ IN CRORES



4,743.31

7.30%
3-year CAGR

EBITDA Growth

₹ IN CRORES



665.86

8.83%
3-year CAGR

PAT Growth

₹ IN CRORES



317.71

10.18%
3-year CAGR



Strategic Priorities

Strategic Priorities

Expanding Product Portfolio

Expanding Global Reach

Increased Manufacturing Capabilities

Focus on R&D

Shift in Revenue Mix

Key Partnership & Stakeholders

Strategic Priorities



Expanding Product Portfolio



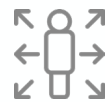
Increased Manufacturing Capabilities and high-level backward integration



Shift in Revenue Mix



Expanding Global Reach



Focus on R&D



Key Partnership & Stakeholders

Expanding Product Portfolio



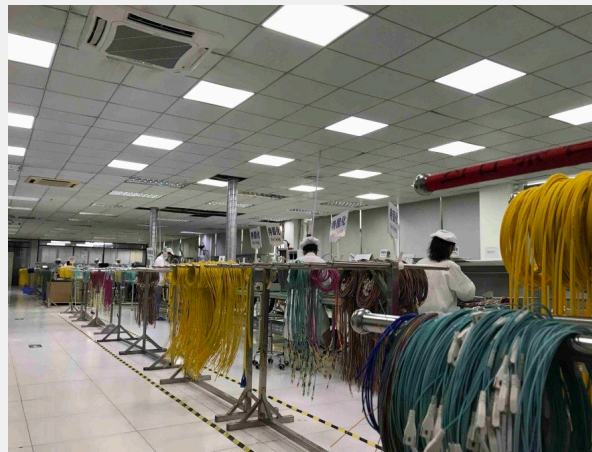
Significant investments for new product developments including **Wi-Fi-7 enabled access points, point to point and point to multi-point backhaul radios, routers and switches, radio access and transport products.** These products will be compatible with 5G networks.



Fresh initiatives to develop new types of optical Fiber cables for exports, alongside ensuring **high level of backward integration**



Development of software-defined radios, thermal weapon sights and ground surveillance radars



Expanding Global Reach



Exports constitute 17.71 % of total revenue in Q1FY24 and has **grown at a CAGR of 88.02% in last three years**



Established **two new wholly-owned subsidiaries in the Texas (USA) and Amsterdam (Netherlands)** targeting incremental product demand globally and business operations expansion



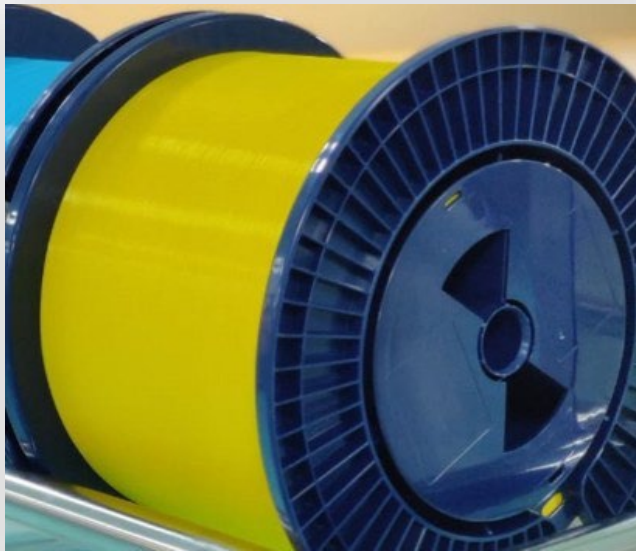
Focused on new geographies, especially **Europe, North America and Africa as a focused potential market**



Expanding Manufacturing Capabilities



Planned expansion of manufacturing capacity of Optical Fiber to **33.90 mn fkm p.a. from 10 mn fkm p.a.**



Planned OFC capacity expansion to **34.75 mn fkm p.a. from 25.08 mn fkm p.a.**



Setting up of new facility in NCR region for the manufacture of Telecom and Networking products



Focus on R&D



Establishment of 2 R&D centres in Bengaluru and Gurugram. Focus areas include 5G innovation and Telecommunication products.



Investing in **technology**, creating patent portfolio and indigenous R&D capability.



Investing in development of various use cases for taking advantage of 5G technology such as 5G Lab as a service



Shift in Revenue Mix



Increased business from Private Entities in alignment with **market demand**

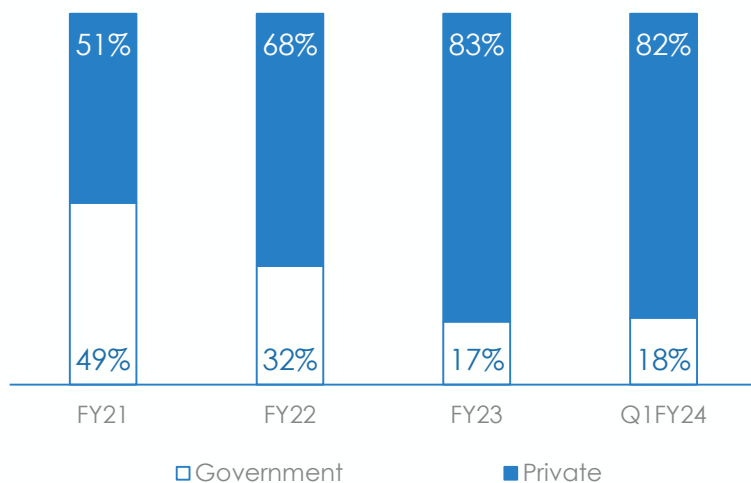


Increased focus on Export-led revenue generation by leveraging on global demand

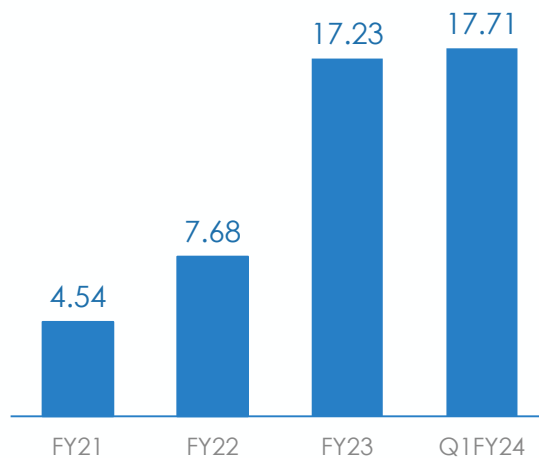


Shift from Project-led revenue to Product-led revenue - Increase in product revenue will facilitate **lower working capital, quicker realization and margin expansion**

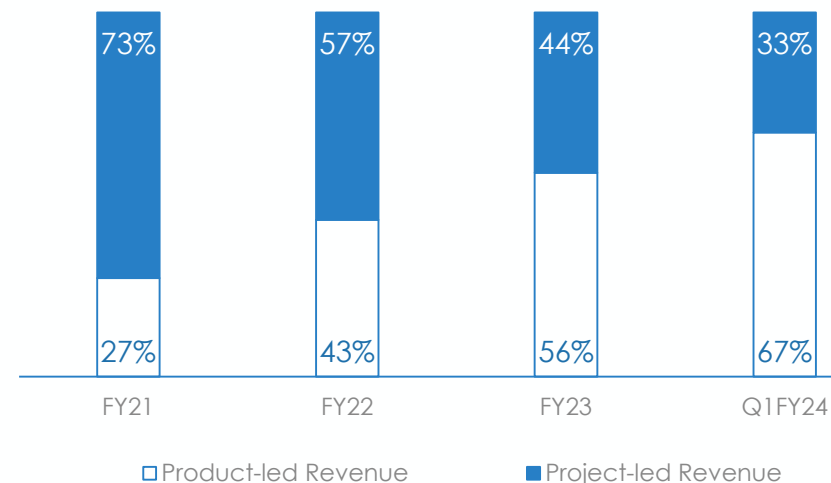
Increasing revenue share from Private Customers* (IN %)



Exports Revenue Share (IN %)



Shift towards Product-led Revenue (IN %)



Key Partnerships & Stakeholders



Partnership for 5G Transport Products



Design Partner for Macro Radio, Wifi Access points, UBR, Cloud Management system, Element Management systems etc.



Partnership for Artificial Intelligence (AI) based Analytics.



Partnership for Switches



Partnership for 5G Small Cells



Partnership for 5G Small Cells



Partnership for 5G Transport products





Opportunity Landscape

Opportunity Landscape

Global Opportunities – EU & UK

Global Opportunities – US & Africa

Global opportunities - 5G

HFCL as a Global Provider

Domestic Telecom Market Opportunities

Significant OFC-related Project Opportunities

Domestic 5G Market Opportunities

Domestic Defense Market Opportunities

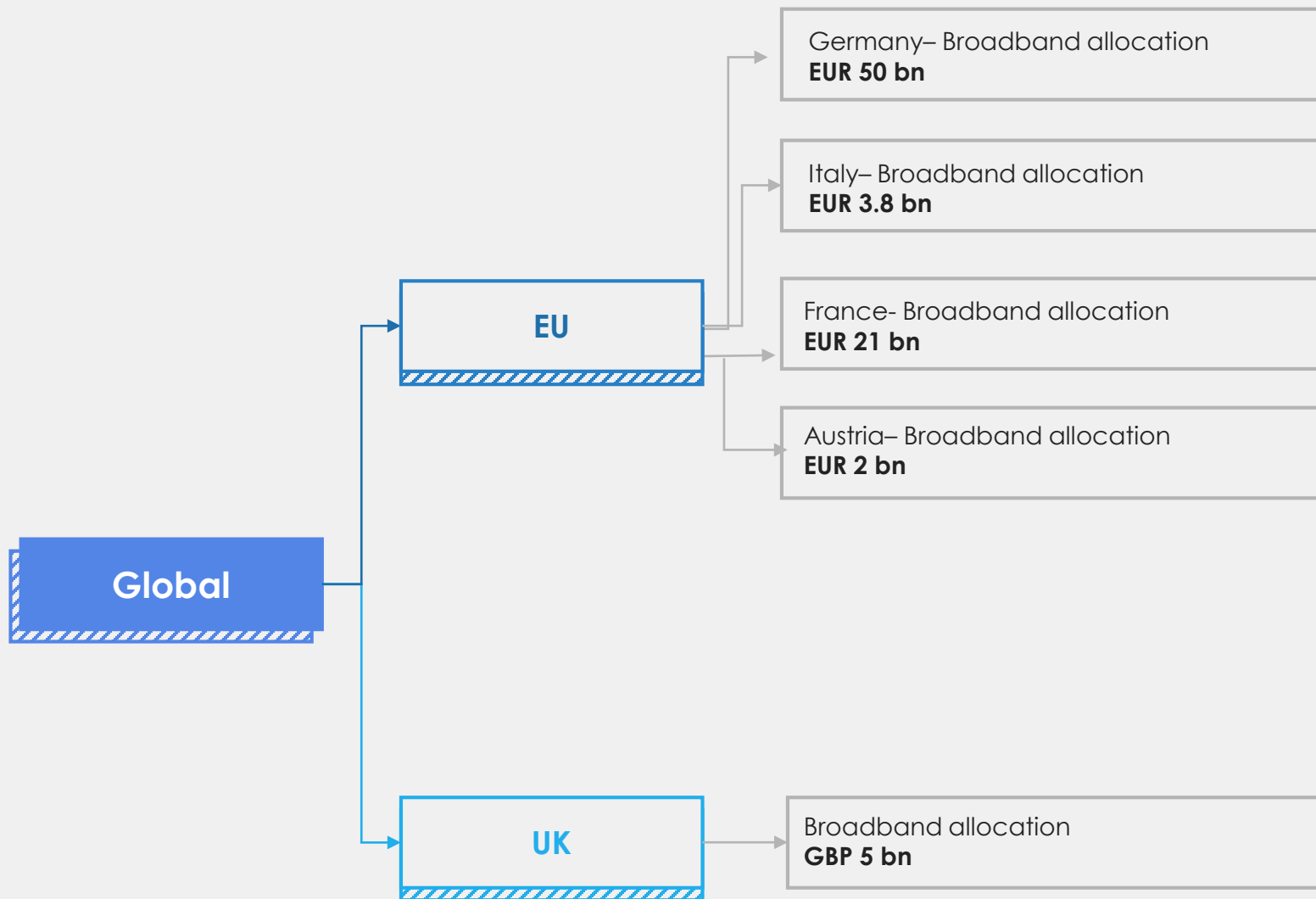
Domestic Railway Market Opportunities

Market Opportunity at a Glance

Opportunity Landscape



Global Opportunities – EU & UK



Source data: Feedback Advisory

Germany – BMVI Nationwide Gigabit Plan

EUR 50 billion allocated for Fiber broadband deployments in Germany through 2025 to increase Fiber coverage from 5.4% of households to 50%. Of the total capital, EUR 12bn was committed by the federal government and rest from private capital sources.*

Italy – 1 Giga Plan

EUR 3.8 bn, allocated with the goal of providing connectivity at download speeds of 1 gigabit per second and upload speeds of 200 megabits per second, in grey areas by 2026.*

France – PFTHD (Plan France Très Haut Débit)

EUR 21 billion capital (of which EUR 13 billion to EUR 14 billion from public investments) aimed at covering the entire France, including all homes, businesses, and government offices, with high-speed broadband by 2025.*

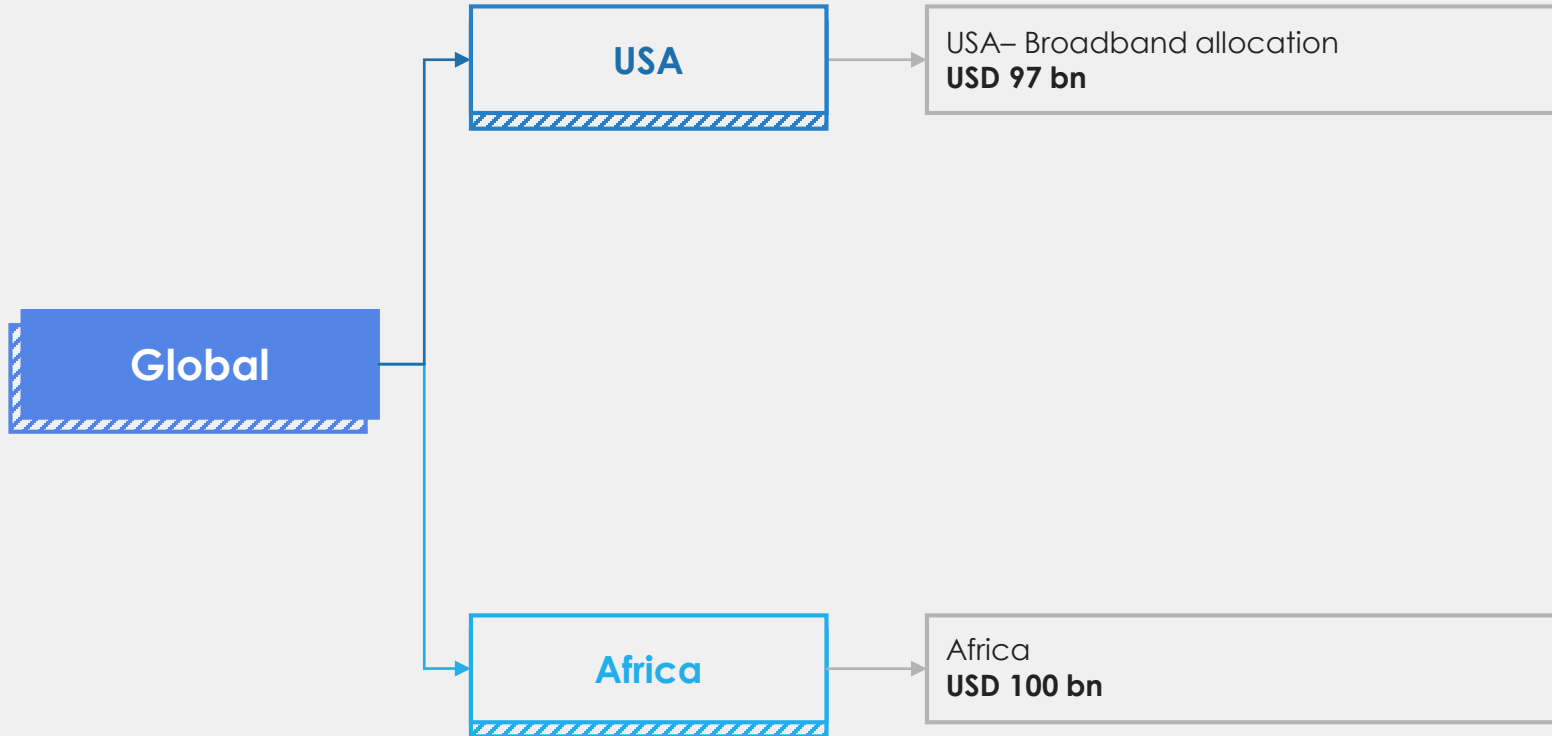
Austria – Symmetric Gigabit

The European Commission approved a EUR 2 billion aid scheme for Austria through the Recovery and Resilience Facility (RRF) to build passive infrastructure for fixed broadband access networks in areas with connectivity upto 100 Mbps

United Kingdom – Project Gigabit

GBP 5 billion capital allocated by the UK government to build next-generation gigabit broadband for over one million hard-to-reach homes and businesses with 85% coverage by 2025 and 100% by 2030.*

Global Opportunities – USA & AFRICA



USA

Under different federal programs, US is expected to distribute USD 97 bn of funding broadband infrastructure over the next 4-5 years. Main programs are Broadband Equity, Access and Deployment (BEAD) program (USD 42.5 bn) to support states expand the high-speed broadband service network, American Rescue Plan (USD 25 bn) to invest in affordable high-speed internet and connectivity

Africa

Less than a third of the population of Africa has access to broadband connectivity. As per World bank, Africa needs an investment of USD 100 bn by 2030 to provide universal, affordable, and quality broadband to all. **Leading countries in Africa – South Africa, Nigeria, Ghana, Kenya, Ethiopia, Tanzania and others are attracting investments to expand the optical fiber network.**

Global Opportunities - 5G

Impact/Opportunity capitalization

Addressable product segment

Portfolio under development

Cumulative TAM (FY23-30)*

Modernization requirement for transformation of transport network for 5G

5G Transport products

- Cell Site Router
- DU (Distributed Unit) Aggregation Routers
- CU (Centralized Unit) Aggregation Routers

~USD **87.3** Bn

Compliant to 3GPP Release 16 and based on open standards like ORAN (Open RAN)

CSPs embracing ORAN to unlock innovation, for rapid roll out of innovative 5G services, and for supply chain diversity

5G RAN products

- 5G 8T8R/32T32R/64T64R Macro RU / mMIMO (Radio Unit)
- 5G 2T2R/4T4R Indoor Small Cell for FR1 (Sub 6 GHz) and FR2 (Millimeter Wave)
- 5G 2T2R/4T4R Outdoor Small Cell for FR1 and FR2
- FWA CPE (Indoor and Outdoor for FR1 & FR2)

~USD **281.8** Bn

5G ORAN space has multiple vendors and CSPs need SI services to certify interoperability & deliver end-to-end public/private 5G networks

Enterprises and industry verticals seek E2E services to realize automated operations with 5G enabled use-cases powered by Data, Analytics and AI

System Integration (SI) Services

- ORAN Integration Solution Provider
- Private 5G network for Enterprises
- 5G enabled solutions for specific industry verticals like Manufacturing, Defense, Railways, Smart Cities, etc
- Cloud based network management system

~USD **245.1** Bn

HFCL as a Global Provider

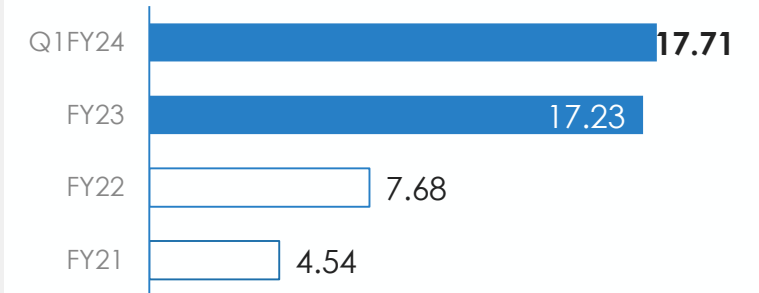
Our Global presence



- Operations in 45+ countries and 100+ clients globally
- Well established and long-term relations with domestic and foreign customers

Exports Revenue Share

(IN %)



- Distribution contracts across North America and Europe.
- Established subsidiaries in USA and Netherlands to cater to global demand, expand business operations
- Exports to Revenue Ratio has increased to 17.71% in Q1FY24 compared to 4.54% in FY21

Domestic Telecom

Market Opportunities (Except 5G)

Opportunity

Growth Driver*

BharatNet Project

HFCL aided in deployment of Phase II which we believe makes us a **preferred prospective partner for Phase III**

← For FY24, the spending from the USOF is pegged at Rs 10,400 crore, over three times higher than the revised estimates for FY23. Currently, a major allocation of the USOF goes towards the BharatNet project

Increased Domestic demand for OFC for dedicated Right of Way (RoW) along the greenfield highways

← The National Highway Authority of India (NHAI) is likely to spend USD 1.5-2.0 bn to develop dedicated Right of Way (RoW) for Optical Fibre Cable along the greenfield and brownfield highway over the next 3-4 years.

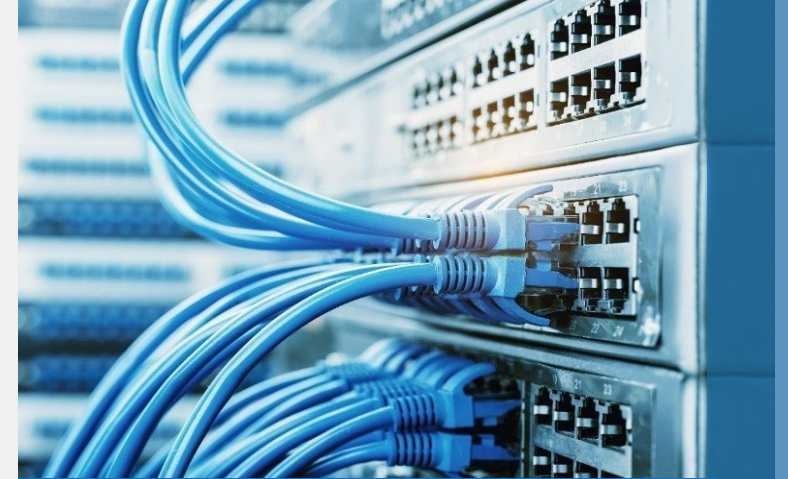
Increased Fiber to the Home (FTTH) Demand

← **Increased adoption of FTTH Services** and emphasis on

Rural Broadband penetration seen as growth and margin expansion enablers

Network Expansion by **BSNL**

← The Government has approved the third revival package of USD 10.79 bn in June, 2023 as budgetary support towards spectrum. To boost the 4G and 5G infrastructure BSNL is expected to spend USD 1-2 bn each year over the next 4-5 years (around USD 6-8 bn).



~USD 16.1 bn TAM across FY23-FY30 for OF/OFC and Accessories*



~USD 18.2 bn TAM FY23-FY30 for Telecom Equipment *

Source data: Feedback Advisory

Significant OFC-related Project Opportunities

National Broadband Mission

Under National Broadband Mission as on 31 March 2023,

- Fiberization (lakh Kms) cumulative, was 37.26 Lakhs kms with the target of **50 Lakhs kms by FY 2025**;
- 7.6 Lakhs towers were installed with the target of **15 Lakhs towers by FY 2025**

High Bandwidth Demand resulting into High Fiberization of Towers

Newly launched 5G expected to increase bandwidth demand resulting into higher tower fiberization. It is expected that **tower fiberization will cross 70% from the current level of 38.06% as of 31 March 2023, acting as a demand driver for Optical Fiber Cables (OFC Networks) and related solutions in the coming years**

BharatNet Phase III

BharatNet is the world largest rural broadband project connecting 250,000-gram panchayats across the country.

For BharatNet, we completed the deployment of 7843 Km of OFC Network in Punjab and 7,733 Km in Jharkhand in BharatNet Phase -II and has been pivotal in bringing broadband connectivity to 3,200 villages in Punjab and 1789 villages in Jharkhand.

For FY24, the spending from the Universal Service Obligation Fund (USOF) is pegged at Rs 10,400 crore, over three times higher than the revised estimates for FY23. Currently, a major allocation of the USOF goes towards the BharatNet project

- **Government of India expected to invest USD 10-12 Bn each year towards boosting the telecom infrastructure over the next 4-5 years (around USD 50 Bn by FY30)**
- **Estimated spend of USD 1.5-2.0 bn for OFC spend along highways for next 3 to 4 years**

Domestic Market Opportunities - 5G

Opportunity

Growth Drivers

Portfolio under development

Cumulative TAM (FY23-30)*

Networking product Demand

- 5G is expected to account for around 60 per cent of total mobile subscribers by FY2028 and 1,250 mn by FY 2030.
- Smartphone users are forecast to consume 65 GB of data per month on average by FY2030

- Cell Site Router
- DU (Distributed Unit) Aggregation Routers
- CU (Centralized Unit) Aggregation Routers

~USD **7.4** Bn

RAN product demand

- Jio plans to install 5G in 100 million homes through FWA over the next 4-5 years
- Public Wi-Fi services will be offered nationwide through Public Data Offices (PDOs)

- 5G 8T8R/32T32R/64T64R Macro RU / mMIMO (Radio Unit)
- 5G 2T2R/4T4R Indoor Small Cell for FR1 (Sub 6 GHz) and FR2 (Millimeter Wave)
- 5G 2T2R/4T4R Outdoor Small Cell for FR1 and FR2
- FWA CPE (Indoor and Outdoor for FR1 & FR2)

~USD **20.6** Bn

System Integration (SI) Service demand

- Indian enterprises expected to increase on 5g use cases spend including smart manufacturing, immersive content and cloud gaming
- Over 45 new data centres are expected to come up in India to increase the overall capacity by 1,000 MW by the end of 2025

- ORAN Integration Solution Provider
- Private 5G network for Enterprises
- 5G enabled solutions for specific industry verticals like Manufacturing, Defense, Railways, Smart Cities, etc.
- Cloud based network management system

~USD **18.6** Bn

Domestic Defense Market Opportunities

Opportunity

Growth Driver

Cumulative TAM (FY23-30)

Efforts to Modernize Indian Defense networks and systems and provide a boost to local manufacturers

- The Indian Defense capital expenditure was USD 19.0 Bn in FY 23 and is expected to reach USD 40.2 Bn by FY 30
- Record 75 per cent of the defence capital procurement budget has been earmarked for domestic industry in Financial Year (FY) 2023-24, up from 68 per cent in 2022-23.
- Import reduction from 65% by FY28 to 30% by FY32 on the back of initiatives like Aatmanirbhar Bharat, Make in India.
- Government listed a total of 310 items to be produced indigenously

~USD **2.8** Bn

Electronic fuses



~USD **30.6** Bn

Electro-Optics



Improved Market Expansion Opportunities

The Government of India has liberalized FDI under an automatic route up to 74 per cent and up to 100 per cent through the Government route

~USD **1.00** Bn

Software defined radio (SDR)



Domestic Railway Market Opportunities

Projects Available*

Dedicated Freight Corridors – Greenfield projects with 3 corridors

Growth Drivers & Overall Project Costs*

3 Dedicated Freight corridor projects with capital cost of USD 25 bn

Cumulative TAM (FY23-30)*

USD **0.85** Bn

Modernisation of signalling & telecommunication in Indian Railways

Automation of 15k kms rail signaling Train Collision Avoidance System 'KAVACH' to be installed on 37,000 km. An overall investment of INR 700 bn (USD 8.5 bn) was unveiled recently and is likely to be implemented over the next 5-7 years

USD **0.97** Bn

~35 global Metro Rail projects in execution, planning and proposed stage

Overall Metro projects worth USD 40 bn spread over the next 2-10 years

USD **3.0** Bn

8 RRTS projects proposed, 3 being considered for immediate implementation

2 in financial approval stage

USD **0.4** Bn



Market Opportunity at a Glance

	Cumulative FY 23-30 (USD Bn)*		% CAGR FY 23-30	
	Global	Domestic	Global	Domestic
Telecom Products				
A) OFC/OFC Accessories	189.39	16.10	≈7.19%	≈11.30%
B) 5G Products				
Networking Products	87.28	7.44	≈47.24%	≈58.63%
RAN Products	281.83	20.60	≈38.50%	≈72.64%
System Integration (SI) Service demand	245.06	18.57	≈23.11%	≈65.49%
C) Telecom Equipment (Except 5G)	840.10	18.23	≈8.86%	≈9.62%
Defense Products				
Electronic Fuses	32.44	2.84	≈16.52%	≈7.57%
Electro-Optics	170.51	30.64	≈7.57%	≈14.04%
SDR	83.40	1.00	≈8.45%	-
Railway Communication	5.20	2.20	-	-

Takeaways – Opportunities for HFCL to capture larger share in a growing market



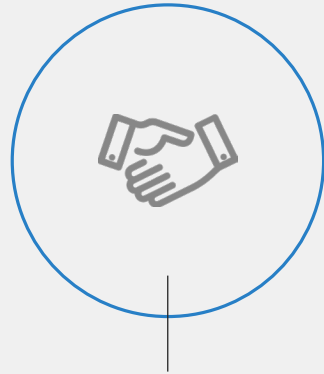
Competitive Advantage

Why is HFCL Preferred? (1/2)



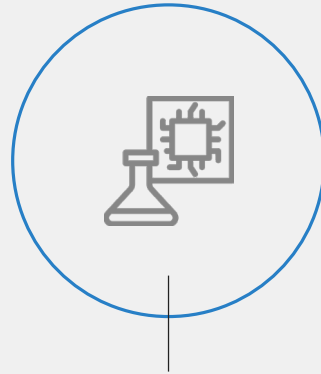
Market Leader

- One of the largest manufacturers of Optical Fiber Cable in India
- One of the largest manufacturers of Wifi Access points and UBR along with other telecom products in India



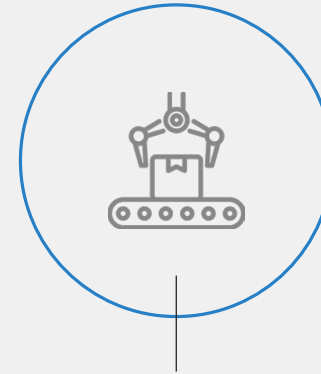
Long term customer relationship

- Partner for Reliance Jio in North India for rolling out of backbone and backhaul of OFC and FTTH network



In-House R&D

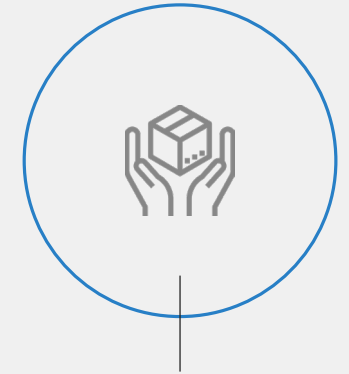
- Tech centric R&D driven company
- 236 strong R&D team as of 31 March 2023
- 2 R&D centres at Bengaluru, and Gurugram
- R&D partnership with reputed Companies
- 5G product portfolio developed inhouse



Integrated Manufacturing

Manufacturing key products under one roof

- Optical Fiber Cable
- Optic Fiber
- FTTH cables
- FRP Rods/ARP Rods/IGFR Yarns
- Polymer Compound
- Passive Connectivity Solution Products
- Telecom and Networking Products manufacturing currently through OEM Partners

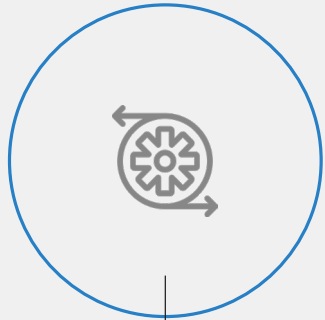


End to End Network Provider

- Proven capabilities under same roof for
- Executing concept to completion of projects
 - Delivering products

Aiming to be at the forefront of Global Technological revolution through innovation

Why is HFCL Preferred? (2/2)



Backward Integration

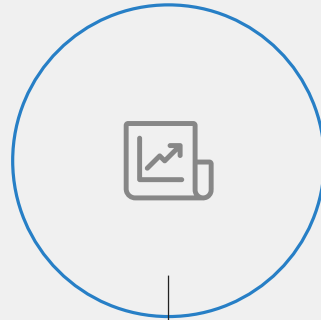
Key raw materials produced inhouse thereby acting as higher margin drivers

- Optical Fiber
- Polymer Compound
- FRP Rods/ ARP Rods/ IGFR Yarns



Healthy Financials

- Debt: Equity Ratio of 0.25x
- Signifies Low credit risk and comfortable capital structure



Strong Order Book

- Strong Order Book of ₹ 6584.71 crores diversified across Telecom, Defense and Railways
- Providing revenue visibility for the medium term



Global Focus

- Exports increased to 17.71% of revenue in Q1FY24 compared to 4.54% in FY21
- Established subsidiaries in USA and Netherlands for marketing its products globally

Building the Network Highway to power Indian and global communication infrastructure



Social Governance

ESG

CSR

ESG as a Prime Directive

Reduced Energy Consumption

- Replacement of conventional lighting by LED across facilities and offices
- Sustainable manufacturing through initiatives such as installation of high efficiency compressed air suction devices reducing noise and usage of compressed air

Improved Waste Management

- Partnership with Greentek Reman for e-waste management



Sustainable Packaging

- Utilization of corrugated paper sheet instead of plastic during the process of packaging and reengineering of packaging drums to save wood and fuel
- Paperless data recording in Optical Fiber and Cables testing, recording being directly from the test equipment to the PC via software.

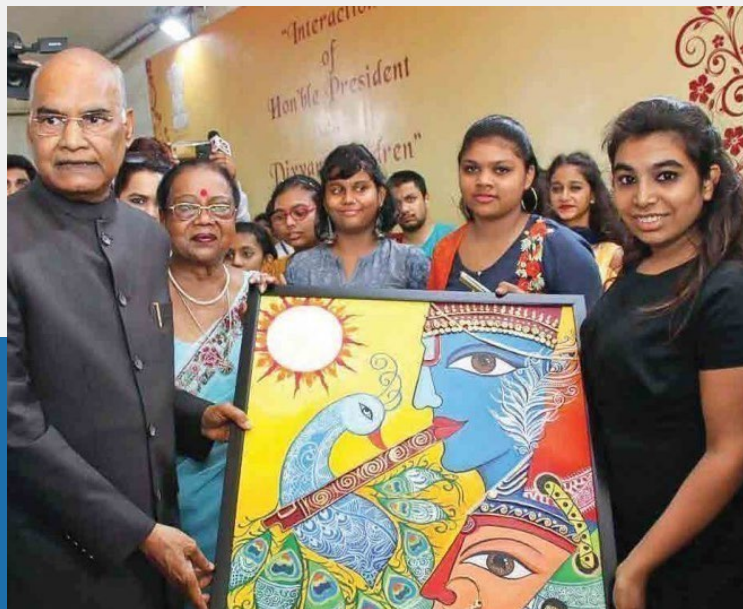
Improved Water Management

- Continuous water recycling in both Goa and Hyderabad manufacturing facilities through an efficient recycling process, reducing freshwater consumption.
- 15 KL/day and 30 KL/day Sewage Treatment Plants (STP) for recycling wastewater for gardening purposes both at Hyderabad and Goa Plant respectively.
- Constructed a rainwater harvesting system and a green landscape at Hyderabad.

CSR: Giving Back to Society

Healthcare Aid

- Running Mobile Medical units at different locations for providing preventive healthcare facilities in remote areas.
- Providing support for Corrective surgeries and open heart surgeries at St. Stephen's Hospital, New Delhi, All India National Foundation, and its Clinical Research and Medical Care wing, i.e. National Heart Institute, Delhi respectively.



Education Initiatives *(Past and current)*

- **PROJECT SAMARTH:**
- Adopted specially-abled children and providing grants for their education.
- Education & prevention of malnutrition amongst street children
- Providing Computer Skill Training to the underprivileged youth at our Computer Learning Centers in Ghazipur (U.P.)
- In education, our project **PEHAL** helped students continue their education through smart classes in Ghaziabad, Churu and Ghazipur

Old Age Care

- Provided assistance to SHEOWS (Saint Hardyal Educational and Orphan Welfare Society, Delhi), an Old Age Home that provide care for approximately 500 abandoned senior citizens, by supplying food items as needed

Societal Welfare *(Past)*

- **Welfare for Stray Animals** – Aimed at providing food and shelter facilities for stray animals

₹ 35 Cr.

CSR Spend across 9 years



Financials

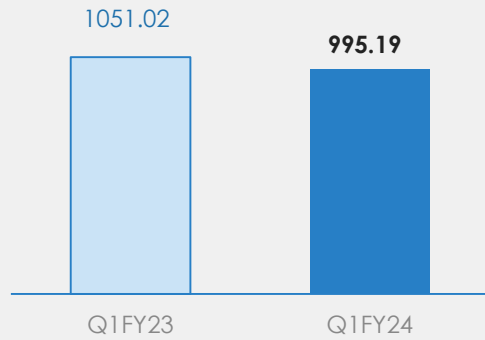
Q1FY24 Key Highlights - Consolidated

Q1FY24 Consolidated Income Statement

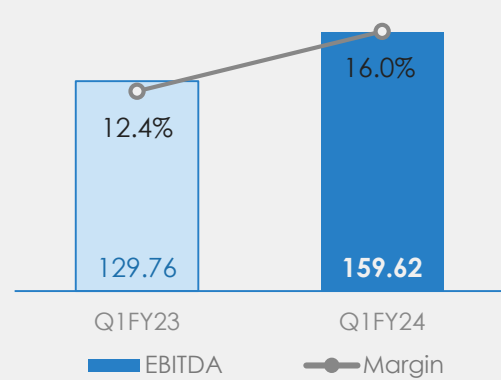
Diversified Revenue Streams

Q1FY24 Key Highlights - Consolidated

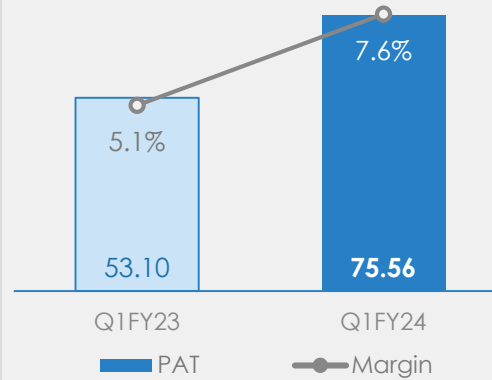
Total Revenue (₹ IN CRORES)



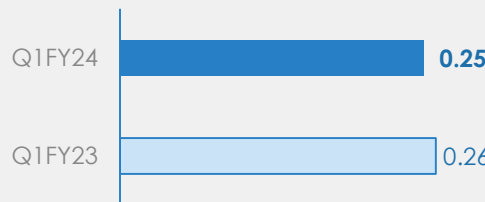
EBITDA & Margin (₹ IN CRORES & %)



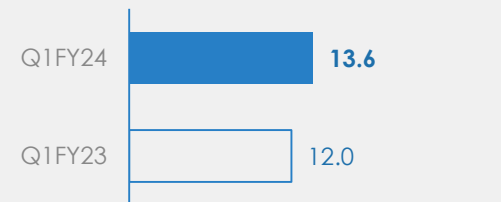
PAT & Margin (₹ IN CRORES & %)



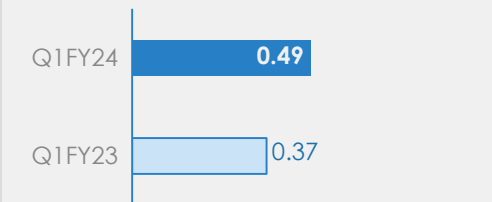
Debt-Equity Ratio (IN X)



RoCE (IN %)



Diluted EPS (IN ₹)



- **Signed** MoU with **BEL** to collaborate and develop solutions to address the requirements in the sectors like Defence, Telecom & Railways.
- Bagged orders from **Reliance** worth ~ ₹ **411.51 Crores** for supply of optical fibre cables and point-to-point unlicensed band radios.
- Bagged order from **Delhi Metro Rail Corporation** worth ~ ₹ **80.92 Crores**.
- Marked our presence in various key Global events i.e, **Mobile World Congress 2023**, **GITEX Africa 2023**, **ANGA COM** and **FTTH Council Europe 2023**.

Q1FY24 - Consolidated Profit & Loss Statement

Particulars (₹ IN CRORES)	Q1FY24	Q4FY23	Change Q-o-Q	Q1FY23	Change Y-o-Y
Revenue from Operations	995.19	1432.98	-30.55%	1051.02	-5.31%
Other Income	13.17	13.74		13.23	
Total Income	1008.36	1446.72	-30.30%	1064.25	-5.25%
Total Expenses	848.74	1278.55		934.49	
EBITDA	159.62	168.17	-5.08%	129.76	23.01%
EBITDA Margin (%)	16.04%	11.74%	430 Bps	12.35%	369 Bps
Depreciation	20.90	21.44		20.08	
Finance Cost	36.30	37.92		37.80	
Share of net profits / (loss) of JV's accounted using equity method	0.11	0.12		(0.93)	
Exceptional Items	-	-		-	
PBT	102.53	108.93	-5.88%	70.95	44.51%
PBT Margin (%)	10.30%	7.60%	270 Bps	6.75%	355 Bps
Tax	26.97	30.25		17.85	
Profit after Tax	75.56	78.68	-3.97%	53.10	42.30%
PAT Margin (%)	7.59%	5.49%	210 Bps	5.05%	254 Bps
Other Comprehensive Income	(0.92)	2.34		0.24	
Total Comprehensive Income	74.64	81.02	-7.87%	53.34	39.93%
EPS (Diluted ₹)	0.49	0.52		0.37	



Appendix

Management Team

Board of Directors

Shareholders' Information

Abbreviations / Description

Led by an Experienced Management Team (1/2)



SUBODH KUMAR GARG
Executive Director (Growth Strategy)



VIJAY RAJ JAIN
Group Chief Financial Officer



JITENDRA SINGH CHAUDHARY
Executive President (Communications)



HARSHWARDHAN PAGAY
Executive President (OFC)



PETER WEIMANN
Chief Technology Officer (OFC)



RAJESH JAIN
Executive President (Telecom EPC Projects)



COL B B SINGH
Executive President (Defense Products)



JAYANTA DEY
Executive President (5G Business)

Led by an Experienced Management Team (2/2)



DEVENDER KUMAR

Executive President (Project Delivery)



JOCHEN ARMS

Vice President, Sales (DACH, Europe)
(OFC)



SANJAY VITHALRAO JORAPUR

President – (Human Resources)



NAND LAL Garg

President (Supply Chain)



SUNIL KUMAR PANDEY

Chief Information Officer



MANOJ BAID

Senior Vice President (Corporate) &
Company Secretary



ANDREW WESTERMAN

Vice President, International Sales
(Communication Products)



ROB GILBERT

Country Manager (OFC
Sales) – UK, Ireland

Governed by an Experienced Board

01 MAHENDRA NAHATA
Promoter and Managing Director

02 AJAI KUMAR
Independent Director

03 BHARAT PAL SINGH
Independent Director

04 SURENDRA SINGH SIROHI
Independent Director

05 TAMALI SEN GUPTA
Independent Director

06 ARVIND KHARABANDA
Non-Executive Director

07 RANJEET MAL KASTIA
Non-Executive Director

01



02



03



04



05



06



07



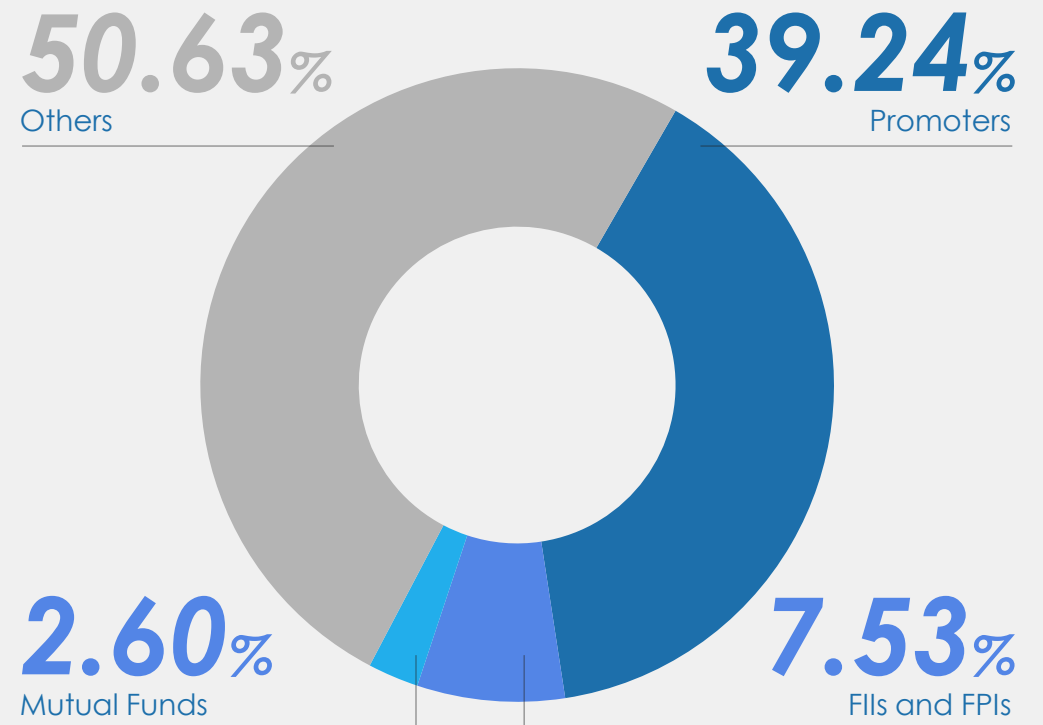
Shareholders' Information

Share Information

(AS ON June 30, 2023)

NSE Ticker	HFCL
BSE Ticker	500183
Market Cap (₹ Crores)	8,944.41
% free-float	82.47%
Free-float market cap (₹ Crores)	7,376.45
Shares Outstanding	1,37,77,58,321
3M ADTV (Shares)	56,96,432
3M ADTV (₹ Crores)	37.94
Industry	Telecommunications – Equipment & Solutions

HFCL in Numbers as on 30 June 2023



Abbreviations / Description

Abbreviation	Description
3GPP	3 rd Generation Partnership Project
ARP	Aramid Reinforced Plastic
CAGR	Compounded Annual Growth Rate
CPE	Consumer Premises Equipment
DPEPP	Defense Production & Export Promotion Policy
DU/ CU Aggregation Routers	Distributed Unit / Centralized Unit Aggregation Router
EPC	Engineering, Procurement and Construction
Fkm	Fiber kilometres
FRP	Fiber Reinforced Plastic
FTTH	Fiber To The Home
FTTx	Fiber To The x
FWA	Fixed Wireless Access
GIS map	Geographic Information System map
IGFR	Impregnated Glass Fiber Reinforcement
OEM	Original Equipment Manufacturer
MMU	Mobile Medical Unit
MPLS	Multi-Protocol Label Switching

Abbreviation	Description
O&M	Operating & Maintenance
OFC	Optic Fiber Cable
Order Book	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 & letters of acceptance issued by the customer prior to execution of the final contract)
PAT	Profit after Tax
PLI	Production Linked Incentive
R&D	Research & Development
RAN	Radio Access Network
RF Front End	Radio frequency front end
RoCE	Return on Capital Employed
RoW	Right of Way
RRTS	Rapid Rail Transit System
UBR	Unlicensed Band Radio
VSS	Video Surveillance System

Consolidated Profit & Loss Statement

Particulars (₹ IN CRORES)	FY21	FY22	FY23
Revenue from Operations	4,422.96	4,727.11	4,743.31
Other Income	36.13	42.91	47.18
Total Income	4,459.09	4,770.02	4,790.49
Total Expenses	3,873.38	4,077.04	4,124.63
EBITDA	585.71	692.98	665.86
EBITDA Margin (%)	13.21%	14.66%	14.04%
Depreciation	68.63	78.25	82.97
Finance Cost	176.09	166.40	152.19
Share of net profits / (loss) of JV's accounted using equity method	-	0.16	(0.09)
Exceptional Items	4.13	6.38	-
PBT	336.86	442.11	430.61
PBT Margin (%)	7.62%	9.35%	9.08%
Tax	90.62	116.25	112.90
Profit after Tax	246.24	325.86	317.71
PAT Margin (%)	5.57%	6.89%	6.70%
Other Comprehensive Income	4.96	1.71	1.55
Total Comprehensive Income	251.20	327.57	319.35
EPS (Diluted ₹)	1.87	2.38	2.18

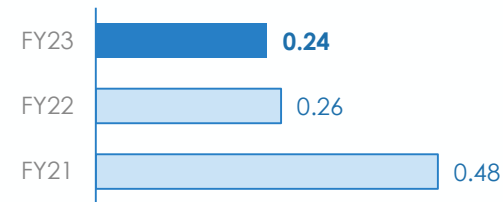
Consolidated Balance Sheet

Equities & Liabilities (₹ IN CRORES)	FY21	FY22	FY23
Total -Shareholder Funds	1,923.47	2,818.37	3,144.14
NON CURRENT LIABILITIES			
(A) Financial Liabilities			
(i) Borrowings	250.78	121.25	110.37
(ii) Other Liabilities	54.97	19.34	6.20
(B) Other Non Current Liabilities		34.74	69.72
Total - Non – Current Liabilities	305.75	175.33	186.29
CURRENT LIABILITIES			
(i) Borrowings	668.84	621.55	637.94
(ii) Other Liabilities	2317.74	1556.21	1,504.22
Total – Current Liabilities	2,986.58	2,177.76	2,142.16
GRAND TOTAL - EQUITIES & LIABILITES	5,215.80	5,171.46	5,472.59

Assets (₹ IN CRORES)	FY21	FY22	FY23
(A) Tangible Assets	475.49	536.16	574.91
(B) Goodwill	26.17	26.17	26.17
(C) Other Intangible Assets	42.17	74.10	215.31
(D) Investment in Associates / JV		11.66	18.57
(E) Financial Assets			
(i) Trade receivables	444.83	595.61	423.11
(ii) Other Financial Assets	52.35	85.94	92.82
(F) Other Non Current Assets	24.96	22.52	39.55
Total - Non – Current Assets	1,065.97	1,352.16	1,390.44
(A) Inventories	435.26	573.38	757.85
(B) Financial Assets			
(i) Trade Receivables	2,610.99	1,895.94	1,886.11
(ii) Cash & Bank Balances	306.44	528.24	322.59
(iii) Others-Advances	461.81	386.31	533.57
(iv) Others	17.66	34.84	33.87
(C) Other Current Assets	317.77	400.59	548.16
Total – Current Assets	4,149.83	3,819.30	4,082.15
GRAND TOTAL – ASSETS	5,215.80	5,171.46	5,472.59

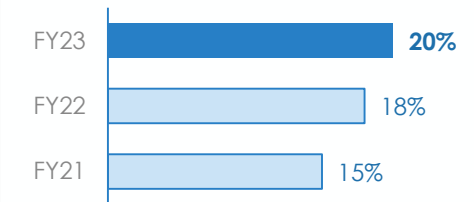
Debt-Equity Ratio

(IN X)



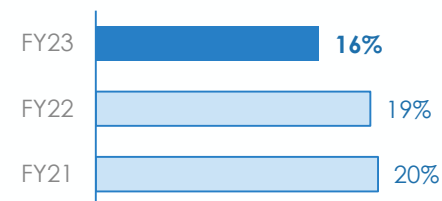
Dividend

(IN %)



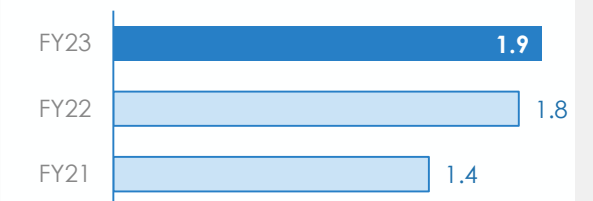
RoCE**

(IN %)



Current Ratio

(IN X)



** Low RoCE in FY22 / FY23 is due to fund raise in December 2021. The Company is in the process of creating capabilities and expanding capacities, which are expected to start reflecting operationally through increased revenue and improved margins from FY24-25 onwards

Thank you



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Amit Agarwal

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