
TRANSCRIPT OF THE 1st EXTRA-ORDINARY GENERAL MEETING OF THE FINANCIAL YEAR 2021-22 (EGM) OF THE MEMBERS OF HFCL LIMITED HELD ON MONDAY, 07TH MARCH, 2022 AT 11:00 A.M. (IST) THROUGH VIDEO CONFERENCING (“VC”)/ OTHER AUDIO VISUAL MEANS (“OAVM”) AT DIRECTOR’S BUNGLOW, TATA INSTITUTE OF SOCIAL SCIENCES, SION-TROMBAY ROAD, OPPOSITE DEONAR BUS DEPOT, V N PURAV MARG, DEONAR, MUMBAI-400088

Manoj Baid- Dear shareholders, I extend a warm welcome to all of you in the 1st Extra-Ordinary General meeting of the Financial Year 2021-22 of your Company, which is being held through video conference, Other Audio-Visual Means.

In view of the COVID-19 outbreak, the Ministry of Corporate Affairs had issued various circulars providing certain relaxations from the provisions of the Companies Act 2013 and rules made thereunder, including conducting the extra-ordinary general meeting for passing the resolutions of urgent nature through video conference, and other audio-visual means. As the special business mentioned in the EGM notice are unavoidable in nature and cannot be deferred, the Board of Directors of the Company has decided to convene the EGM through VC/ OAVM as per the circulars issued by the Ministry of Corporate Affairs and the SEBI.

We have with us today, Mr Bharat Pal Singh, Independent Director and Chairman of the Audit Committee and Member of the Nomination, Remuneration and Compensation Committee and Risk Management Committee who has joined through VC.

Please unmute Mr. Bharat Pal Singh Ji.

Bharat Pal Singh- Good morning.

Manoj Baid- Thank you, Sir. Then, we have Mr. Surendra Singh Sirohi, Independent Director, Chairman of the Nomination, Remuneration and Compensation Committee, Member of the Audit Committee and CSR committee.

Please unmute Mr. Surendra Singh Sirohi.

Surendra Singh Sirohi - Good morning dear shareholders. I extend a very warm welcome to you on this EGM today. Thank you.

Manoj Baid - Thank you, Sir. Then, we have with us today Mr. Arvind Kharabanda, Non-Executive Director and Member of the Audit Committee, Nomination, Remuneration and Compensation committee, Risk-Management Committee and Chairman of the Stakeholders’ Relationship Committee.

In today's EGM, there is an item to approve the continuation of his appointment as Director as Mr. Kharabanda is going to attain the age of 75 years.

Please unmute Mr. Kharbanda.

Arvind Kharabanda- Good morning dear shareholders.

Manoj Baid- Thank you, Sir. Then, we have with us Mr. Ajai Kumar, Independent Director of the Company, who is also present in the EGM. We also have an item to approve his appointment as an Independent Director of the Company.

Can I request moderator to unmute Mr. Ajai Kumar Ji?

Moderator- I have unmuted.

Ajai Kumar – Good morning all

Manoj Baid- Thank you Sir. Mr. Mahendra Nahata, Managing Director, Dr. R.M. Kastia, Non-Executive Director and Member of the Stakeholders Relationship Committee, Dr. Tamali Sengupta, Independent Director and Member of the Audit Committee and Stakeholders' Relationship Committee, and Mr. Ramakrishna Eda, Nominee Director of IDBI Bank Limited and Member of CSR Committee could not join the EGM due to their office exigencies.

I think our CFO Mr. V.R Jain is stuck in the bad traffic of Delhi. So, he also could not join. Then, we have with us Mr. Prabhu Dayal Baid, Senior Partner of M/s. S. Bhandari & Co., Statutory Auditors, who had joined the meeting through video conference.

Vijay Raj Jain – Manoj, I have joined.

Manoj Baid- Thank you, Mr. Jain and Mr. Baid. Thank you. Then, Mr. Amit Nowlakra, Partner, Oswal Sunil & Company, Statutory Auditors has also joined the meeting. Then, we have with us Mr. Baldev Singh Kashtwal, Secretarial Auditor and also the Scrutinizer for remote E-voting, E-voting during EGM, has also joined the meeting through VC.

Baldev Singh Kashtwal- Thank you Manoj Ji, very good morning to all. This is B.S. Kashtwal, Scrutinizer for the E-voting process. I have joined the extra-ordinary general meeting of HFCL Limited from my residence at Vaishali, District Ghaziabad. I extend a very warm welcome to all the stakeholders who have joined today's extraordinary general meeting of HFCL Limited. Thank you.

Manoj Baid- Thank you Kashtwal Ji. As per Article 14.5 of the Articles of Association of the Company, I would request Directors present to appoint one of them as the Chairperson of this EGM.

Arvind Kharabanda- I propose Mr. B.P. Singh to be the Chairman of the meeting. Hello?

Manoj Baid- Who is seconding? Could not hear your voice Sir.

Surendra Singh Sirohi- I second the name of Mr. B.P. Singh for chairing this EGM. Can you hear me?

Manoj Baid- Yes Sir, thank you.

Surendra Singh Sirohi- Thank you.

Bharat Pal Singh- Thank you for electing me as Chairman of this EGM.

Dear shareholders, I extend a warm welcome to all of you in this extraordinary general meeting of the Company.

Manoj Baid- Thank you Sir. The members may kindly note that in view of the COVID 19 pandemic, this EGM is being conducted through VC/ OAVM without the physical presence of the members at a common venue and due compliance with the applicable provisions of the Companies Act 2013 and the Rules made thereunder read with various circulars issued by the Ministry of Corporate Affairs and circulars issued by the SEBI from time to time.

30 members present will constitute the quorum and the moderator has confirmed me the quorum is present. So I would request the Chairman Sir to give his consent to start the proceedings of the meeting.

Bharat Pal Singh- Please proceed.

Manoj Baid- Thank you Sir. Before I hand over the proceedings to the Chairman, I would like to highlight certain points here. Joining to this meeting opened 15 minutes before the scheduled time of the commencement of the meeting, which is 11:00 am and it will remain open till another 15 minutes of the commencement of the meeting. Members are encouraged to join the meeting through their laptops and headphones for a better experience and use internet with a good speed to avoid any disturbance during the meeting. Participants connecting from mobile devices or tablets or through laptops, connecting via mobile hotspot may experience an audio-video loss due to fluctuation in the respective network. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any kind of technical glitches. As mentioned in the notice, convening this EGM, the facility of participation at the EGM through VC has been made available for 1000 members on a first come first serve basis, except for large shareholders, promoters, institutional investors, directors, key managerial personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, as well as the Auditors who are allowed to attend the EGM without any restrictions on account of first come first serve basis.

Pursuant to the circular, dated 8th April 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast the vote for the members is not available for this EGM. However, the body corporates are entitled to appoint authorized representatives to attend the EGM through VC, other audio-visual means and participate and cast their votes through E-voting. The deemed venue for this EGM will be the place from where the Chairman of the meeting conducts the EGM,

which is the residence of the Chairman of the meeting from where he's conducting today's EGM at Director's Bungalow, Tata Institute of Social Sciences, Sion, Trombay Road, VN Purav Marg, Deonar, Mumbai-400088.

Pursuant to the provisions of Companies Act 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided the facility for voting by electronic means to all its members to cast their votes electronically, and the business may be transacted through such E-voting. For this purpose, the Company has tied up with the NSDL, E-voting system of NSDL for facilitating voting through electronic means as the authorized agency. The Company provided a remote E-voting facility to all the persons who are members on February 28, 2022, being the cut-off date for the vote on the two resolutions set out in the notice of EGM, from 9:00 am on March 4, 2022 till 5:00 pm on March 6, 2022. Members attending the EGM today who have not cast their votes by remote E-voting during the said period are entitled to exercise the right to vote by E-voting during the EGM, which shall remain active for 15 minutes after the closure of this EGM by the Chairman.

Mr Baldev Singh Kashtwal, Practicing Company Secretary having membership number FCS 3616 and CP no. 3169 has been appointed by the Board as the Scrutinizer to conduct remote E-voting and E-voting today in a fair and transparent manner. Mr Baldev Singh Kashtwal is present in the meeting through video conference.

The voting results of today's EGM will be declared on or before March 9, 2022 after considering the E-voting done today by members participating in this EGM and also the remote E-voting already done by certain members. The results, along with the Scrutinizer Report, will also be submitted to the stock exchanges- NSE and BSE and will also be placed on the website of the Company.

Since EGM is convened through VC/ OAVM and resolutions have already been put to vote through remote E-voting. Therefore, in terms of Secretarial Standard 2 issued by the Institute of Company Secretaries of India, the same are not required to be proposed and seconded. There are two resolutions, namely both the resolutions are of nature of special business, , the first one is the Continuation of Mr. Arvind Kharabanda having DIN: 00052270 as a Non- Executive Director on attaining the age of 75 years in terms of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is a special resolution and the second one and the last one is the Appointment of Mr. Ajai Kumar, having DIN: 02446976 as an Independent Director, that is also a special resolution.

To transact the business as mentioned in the EGM notice, the members have been provided an opportunity to inspect all documents referred to in the notice and the explanatory statement by writing to the Company at its email id- secretarial@hfcl.com till the date of this EGM. The Register of Directors and Key Managerial Personnel and their shareholdings, Register of Contracts and Arrangements in which Directors are interested and other documents, as required to be maintained under the Companies Act 2013, are open for inspection by members till the conclusion of this EGM. With this, I now hand over the proceedings to the Chairman. Thank you.

Bharat Pal Singh- Dear shareholders, colleagues on the Board, Ladies and gentlemen. I'm delighted to welcome each one of you to the 1st Extra-Ordinary General Meeting of the financial year 2021-22 of your Company. I'm sure, each one of you have been safe and well in these difficult times of COVID. The situation of COVID has improved a lot. The fear of pandemic is still not over. We must all make sure that all of us, all our family members and colleagues remain safe. The Company is closely monitoring the current situation and we have implemented a number of measures to protect our employees, communities, and our operations. I take great pride in the way your Company has evolved in the last few years. Thankfully, our strategy and cooperation over the years have positioned HFCL in the right place at the right time with the right bouquet of products and solutions, and a strong pipeline of products and services. Our leadership team has continuously focused on ensuring to deliver what our customers need.

As we look into the future, it is truly upon us to pick and pursue opportunities in segments and geographies that we find most fulfilling and value accretive. All the strategic moves that we are making in the last six to eight quarters are now crystallizing into building blocks for a decade of future growth.

With an aim to position ourselves as a tech-powered enterprise, we have steadily been increasing our R&D investments and efforts over the last couple of years. An important facet of a technologically leap forward is our ambition to innovate and manufacture in India, not only for India, but also for the world.

During the year, we witnessed the addition of our new R&D centre at Bengaluru, one that is aimed at developing next-gen 5G products while also enriching our product portfolio.

We are swiftly deepening our overseas engagements in more than 30+ countries, which have traditionally been a strong bastion for optical fibre cables. With a clear plan to mine new geographies for a range of new-age telecom products and equipment, we're developing global sales and marketing talent pool by strategically inducting the local talent in select geographies. The early signs of export potential indicate of highly promising and fulfilling global future for HFCL.

Our R&D efforts have yielded success in the form of products which we have already developed. They have seen wide acceptability. Riding on the success of products, we have high expectations from products which are under development.

Gearing up to take full advantage of the emerging opportunities, we have devised multiple strategies. The first is to expand R&D initiatives. This includes a newly formed strategic business division, focusing on the 5G opportunity, including in- system integration required for seamless implantation through O-RAN. The division is undertaking an inside-out approach to identify, strategize and execute all relevant 5G opportunities by leveraging our existing strengths in R&D, manufacturing, network implementation and customer relationships while bridging the gaps through collaborative pursuits. The development of 5G, radio and transport products is progressing well. These products will result in the Company selling innovative and competitive products in global markets.

The second strategic move is to scale up manufacturing capabilities and capacities across optical fibre, optical fibre cable, FTTH cable. I'm happy to inform you that considering the increase in demand for optical fibre, optical fabric cable in India, as well as global markets, the management of the Company has decided to expand its manufacturing capacity of optical fibre, a vital raw material for optical fibre cable to 22 million fibre kilometres per annum from 10 million fkm per annum and also optical fibre cable to 34.75 million fibre kilometres per annum from 24.75 million fkm per annum. This expansion is to be completed by the end of June 2023. At the same time, the implementation of new manufacturing setup for the manufacture of defence products at Hyderabad is also promising well.

Third, I'm happy to share that HFCL Technologies Private Limited, a wholly-owned subsidiary of the Company, has been granted approval under the PLI Scheme for manufacturing telecom and networking products in India. The PLI Scheme and incentives given by the Government will add to our competitiveness and profitability. We being the Company located and manufacturing in India, our overheads are low and this coupled with the innovative design capabilities will help us roll out the cost-competitive products.

Having led robust foundations for future growth, we continue to invest in strengthening our capabilities and enriching our talent pool, sharpening digitizing our operational processes, we continue to look for opportunities to leverage our strength in building into these technology-driven products to enter new segments.

I'm delighted to see how your Company has rapidly grown to be amongst leaders in manufacturing products for telecommunications, defence and railway industry. Besides making its mark in the Indian market, your Company is also expanding its presence in the international market.

As I conclude my address, I would like to highlight that your continued patronage of HFCL keeps propelling our march forward and I thank each one of you for continued support and guidance. It is our privilege to co-create a greater value for all the stakeholders throughout this new and promising decade.

Now I request our Company Secretary to conduct the rest of the proceedings as per EGM notice.

Manoj Baid- Thank you very much Sir. Thank you very much for your insightful address. The E-voting is now open and members are requested to kindly vote while the meeting is in progress. E-voting will be disabled 15 minutes after the closure of this EGM by the Chairman. Now we would take all the queries and views of the shareholders. Mr. Lokesh Gupta, one of the shareholders of the Company has sent a query in advance through e-mail. He wants to know about the outlook of the sector, telecom sector as well as the future plans of the Company. I would request our CFO to kindly answer his queries.

Please unmute Mr. Jain.

Vijay Raj Jain- Yes, good morning Manoj. Thank you. So, the outlook of this telecom industry is very encouraging. In the next five to seven years, the total spend on the products into HFCL is operating, is expected around Rs.2,25,000 crore over a period of five years. Besides, the Company is also developing various products for defence manufacturing, where the market landscape is around Rs.5,00,000 crore over a period of five to seven years. On the railway side, the market opportunity is Rs.30,000 crore. The future of the Company in this domain is very encouraging next five to seven years. Besides that, the Company has already planned expansion of OFC capacities and OF capacity as a backward integration, which will help in improving the overall profitability of the Company going forward. The Company is also setting up a new facility for the manufacture of telecom and networking products as it is eligible under PLI Scheme announced by the Government of India. So that facility is planned to be set up during the next financial year and defence equipment manufacturing facility is also being set up. This is under implementation at Hyderabad. So all these expansions will take place during next financial year, which will help the Company in shift of revenue mix from more of EPC business to the product business and will help in improving the profitability and grab the market opportunities ahead. Thank you.

Manoj Baid- Thank you, Mr. Jain for your very crisp answers. We have also received last night a request from Mr. Bhutani and today in the morning from Mr. Aspi Bhesania for speaker shareholder registration, which was not possible at the last moment as it's being so late but we will certainly take their request offline and clarify their queries, if any. Now I would request the Chairman since all the formalities, statutory formalities as required to be completed at this EGM has been completed, so I would request the Chairman to conclude today's EGM.

Bharat Pal Singh- Thank you Manoj. The business of the extraordinary general meeting is now concluded.

Manoj Baid- Thank you Sir. With this, we have come to the conclusion of today's proceedings. On behalf of the Company and its shareholders, I thank all the board members who have joined through VC, Statutory Auditors, Secretarial Auditors, CFO.

Thank you everybody. Thank you all dear shareholders for taking time out and joining this EGM online. We look forward to have your physical presence in our next AGM or general meeting. E-voting is in progress and will be disabled 15 minutes from now. In case you have not voted so far, please do vote.

Thank you very much. Thank you once again.

Moderator- Thank you.

***** *The EGM concluded at 11:38 a.m. (IST)* *****