



HFCL Limited



ENDURING CHANGE EMPOWERING GROWTH

Annual Report 2024-25

Embracing Change. Empowering Growth.

FY25 was a year of significant change, shaped by industry-wide shifts such as reduced demand for optical fiber cables, pricing pressures in telecom products, and delays in EPC project execution. These challenges tested the resilience of our business model, but also opened avenues for innovation and strategic realignment. We embraced change by reinforcing our core operations, expanding our solution portfolio, and aligning capacity with long-term demand visibility.

Our telecom offerings were strengthened with next-generation wireless solutions designed for scalability and interoperability. We also secured substantial orders of our indigenously developed telecom and networking products, reaffirming our position as a trusted technology partner. Internationally, our footprint widened particularly across Europe and North America, where demand for high-performance fiber and connectivity products continues to grow. We also achieved a strategic breakthrough in the defence sector with an order for the manufacture and supply of thermal weapon sights, while also entering the data centre space through high-fiber-count cable infrastructure to support the global digital backbone. We focused on capacity enhancement, improved supply chain agility, and responsiveness to shifting demand cycles. Efficiency and adaptability were

improved across functions, while sustainability was embedded through energy optimization, emission reduction, and circular practices.

As we look ahead, our strategy remains rooted in execution excellence and capturing growth opportunities across telecom, defence, and data centre infrastructure. With the rising demand for high-speed connectivity and digital networks, we are scaling manufacturing capacities, deepening customer partnerships, and expanding our market presence.

Sustainability continues to be a core pillar of our growth journey, empowering us to innovate responsibly, operate efficiently, and build a future-ready organization.

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AGM Notice

335

FY25 Highlights

Financial

₹4,065 crore
Revenue from Operations

₹507 crore
EBITDA

₹173 crore
Profit After Tax

₹1.23
Earnings per Share (EPS)

₹9,900⁺ crore
Order Book

7.69%
ROCE

0.33_x
Debt-Equity Ratio

Non-Financial

43.66%
Reduction in Annual
Fuel Consumption

8.59%
Reduction in Total
Waste Generated

16%
Input Materials Directly Sourced
from MSMEs/Small Vendors

714
New
Employees Hired

36,000⁺
Total Employee
Training Hours

1.32 lakh⁺
CSR Beneficiaries

Credit Rating

CARE A: Stable
Long-term

CARE A1 (A ONE)
Short-term

ESG Score/Rating

70.9
By SES ESG Research Private Limited

63
By NSE Sustainability Ratings & Analytics Ltd.



HFCL at a Glance

Laying the Foundation for a Connected Future



HFCL is a leading technology enterprise with operations in high end Telecom and Defence Equipment, Optical Fiber, Optical Fiber Cables and Passive Connectivity Solutions (through its subsidiary, HTL Limited) and also creating digital networks for telcos, enterprises and governments. Backed by deep domain expertise, robust manufacturing capabilities, and a growing global footprint, the Company is focused on building high-performance, future-ready connectivity solutions aligned with evolving market needs and India's self-reliance goals.

Operating Across Three High-Growth Segments

HFCL's operations are anchored across three fast-growing sectors, each playing a critical role in advancing next-generation connectivity, national security and digital infrastructure.



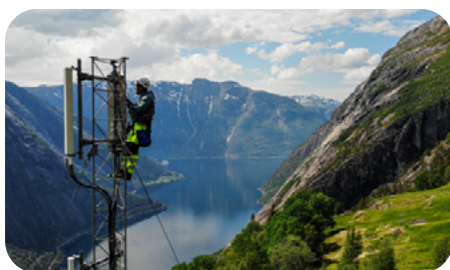
Telecom

The Company manufactures optic fiber, optic fiber cables, along with a comprehensive portfolio of telecom and networking products. These include access, transmission and passive connectivity solutions that form the backbone of digital communication networks.



Defence

This segment provides advanced communication and surveillance technologies, offering a range of products such as electronic fuzes, electro optics, ground and coastal surveillance radars, tactical cables and integrated wire harness solutions designed for mission-critical applications.



System Integration

HFCL delivers end-to-end deployment of large-scale telecom and defence communication networks, encompassing network design, infrastructure rollout, and maintenance to ensure high reliability performance across critical applications.

HFCL's Competitive Edge

HFCL has built a distinct space in the industry by setting high benchmarks and steadily working towards them. The Company remains focused on creating sustainable value for its stakeholders by leveraging its strengths in innovation, manufacturing, R&D, project execution, talent development, and customer engagement.

Market Leadership

HFCL stands as a leading manufacturer and supplier of optical fiber cables in India, with its deep expertise and steadfast focus on quality. The Company also commands a strong market share in Wi-Fi Access Points, Unlicensed Band Radios (UBR), and a wide array of telecom products. This leadership position underscores HFCL's critical role in advancing India's telecommunications landscape and reinforces its robust market presence.



**Optical Fiber Cable
(OFC) Supplier in India**

Strong Manufacturing Footprint



Hyderabad, Telangana

(Two State-of-the-Art Facilities)

Optic Fiber, Optical Fiber Cables, FTTH Cables



Verna, Goa

Optical Fiber Cables



Hosur, Tamil Nadu

Defence Manufacturing

Thermal Weapon Sights, Electronic Fuzes, High Capacity Radio Relay, Surveillance Radars, Compact Transhorizon Communication System (CTCS)



Manesar, Haryana

Telecom & Networking Equipment



Chennai, Tamil Nadu

(Through Subsidiary HTL Ltd)

Optical Fiber Cables, FTTH Cables, Passive Connectivity Solutions



Hosur, Tamil Nadu

(Through Subsidiary HTL Ltd)

Raw Material Production for Optical Fiber Cables

Aramid Reinforced Plastic (ARP) Rods, Fiber Reinforced Plastic (FRP) Rods, Impregnated Glass Fiber Reinforcement (IGFR)

End-to-end Solutions Provider

HFCL offers fully integrated capabilities spanning design, development, and delivery. The Company plays a pivotal role in product innovation, customisation and turnkey execution across telecom networks and critical defence communications.

Vertically Integrated Manufacturing Capabilities

The Company's end-to-end operations from manufacturing to supply ensure efficiency, quality control and cost optimisation. With backward-integrated facilities across India, the Company has established strong capabilities in optic fiber, optic fiber cable and related products along with Telecom & Networking and Defence products.

14 mn fkm

Annual Capacity for Optical Fibers (OF)

25.08 mn fkm

Annual Capacity for Optical Fiber Cables (OFC)

7,02,000 ckm

Annual Capacity for FTTH Cables

14 lakh

Automotive and Industrial Parts/Annum

2,700 mt

Annual Capacity for Impregnated Glass Fiber Reinforcement (IGFR)

6,60,000 km

Annual Capacity for Aramid Reinforced Plastic (ARP) rods

5,04,000 km

Annual capacity for Fiber Reinforced Plastic (FRP) Rods

1 lakh

Aerospace and Defence Cable Assemblies/Annum

~5,000 units

Annual Capacity for Thermal Weapon Sights

~2,50,000 units

Annual Capacity for Electronic Fuze

~1,000 units

Annual Capacity for High Capacity Radio Relay

~1,000 units

Annual Capacity for Surveillance Radars

Compact Transhorizon Communication System (CTCS)

Telecom & Networking Equipment



Offerings

Integrated Products & Solutions for Next-Gen Connectivity

HFCL offers a holistic portfolio of products and solutions designed to power advanced connectivity across the telecom and defence sectors spanning optical fiber, optical fiber cables, passive connectivity solutions, wireless access equipment, defence-grade electronics, coastal and surveillance radars, and turnkey network deployments. HFCL addresses the entire value chain of communication networks. This comprehensive capability positions HFCL as a trusted, technology-led partner in building future-ready infrastructure.

Products

Telecom

Networking Products

HFCL provides a broad range of high-performance networking equipment catering to global telecom operators and enterprises, enabling faster, more secure, and scalable connectivity solutions.

Product Category	Key Offerings
Wireless Access	Indoor & Outdoor Wi-Fi 5, 6, and 7 Access Points
Backhaul	Point-to-Point and Point-to-Multipoint Unlicensed Band Backhaul Radio (UBR)
Routing & Switching	IP/MPLS Routers, Ethernet L2 Switches
Home Connectivity	Mesh Routers
5G Enablement	Indoor & Outdoor FWA CPE
Network Management	Unified Cloud-based Network Management System (io Canvas)
Element Management	Cloud native Element Management System for IP/MPLS Router

Optical Fiber & Cable Products

HFCL manufactures a diverse range of optical fibers and cables that form the backbone of high-speed data transmission infrastructure.

Optical Fiber	EKA fiber, HFCL A2, HFCL A1, HFCL A2 200 & HFCL A1200, HFCL 2D
Fiber Cables	Armoured/Unarmoured Cable, Micro Cable, Ribbon Cable, FTTH Cable, Micro Module Cable, IBR Micro Cable, IBR Indoor/Outdoor Cable, Tactical Cable, MPO Cable

Passive Connectivity Products

The Company offers high-quality passive connectivity components that enable seamless integration and high-speed performance in telecom networks.

Assemblies & Enclosures	Cable Assemblies, Fiber Termination Box, Joint Closures
Distribution Hardware	High-Density Cabinets, PLC Splitters
Accessories	Aerial/FTTH Accessories
Data Centre	MPO/MTP Assemblies, LIU, Cable Managers

Wire Harness Portfolio

HFCL also supplies specialised cable assemblies designed for high-reliability applications across aerospace, defence, and automotive sectors.

Aerospace & Defence	Customised Cable Assemblies
Automotive	Specialised Automotive Harnesses

Defence Products

A key partner in India's defence modernisation efforts, HFCL develops indigenous defence-grade technologies for mission-critical communication and surveillance needs.

Military Armament and Ammunition	Electronic Fuze, Artillery Shells, Multi-mode Hand Grenade (MMHG)
Electronic Warfare (EW) and Tactical Communication System	High-capacity Radio Relay (HCRR), Compact Trans-horizon Communication System (CTCS), Ground Surveillance Radar (GSR), Coastal Surveillance Radar (CSR)
Electro Optics	Thermal Weapon Sights (TWS), Thermal Imaging Core (TI Core)

Turnkey Solutions & Network Projects

Telecom Projects

HFCL has a strong track record in executing large-scale telecom infrastructure projects, including transport networks, FTTH rollouts, and advanced Wi-Fi deployments.

- Optical Transport Networks
- Rural GSM and In-Building Solutions
- Fiber to the Home and Mobile Backhaul

Defence Communication Projects

The Company supports critical defence communication infrastructure with secure, end-to-end network deployments.

- MPLS Network Solutions
- Microwave Broadband Links in Remote Areas
- Optical Transmission Backbone Networks
- GSM-based Fiber Monitoring Systems

Geographic Presence

Expanding across Borders



With a strong manufacturing base and strategically located facilities across India, HFCL has built robust operational capabilities to support large-scale production. The Company's focus on backward integration enhances control over quality, cost, and supply chain efficiency. This operational strength is complemented by an expanding commercial presence across global markets, enabling it to serve a diverse and growing customer base.



State-of-the-art
Manufacturing
Facilities



R&D Centres



Marque customer
across 60+ countries

Global Client Base

HFCL has expanded its presence across international markets, working closely with leading telecom operators, enterprises and government bodies. The Company's growing global customer base reflects the trust placed in our technology-led solutions and our ability to support diverse connectivity needs across regions.



*Map not to Scale

Some market leaders who we work with

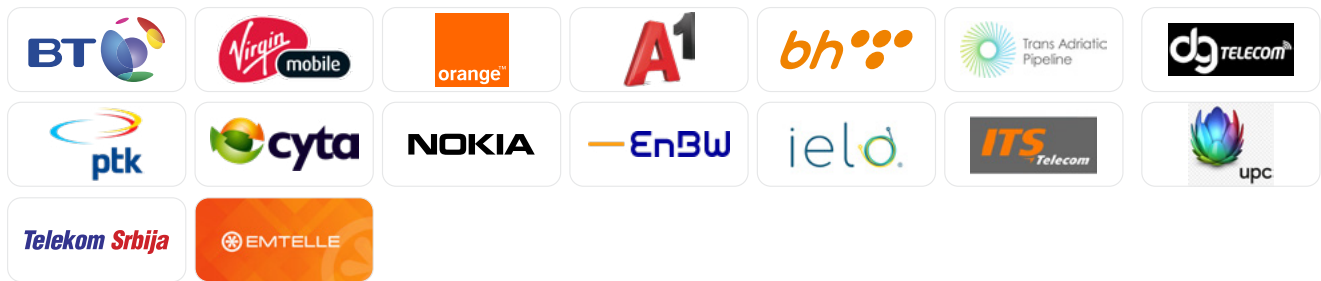
In India



In South East Asia and Asia Pacific



In UK & Europe

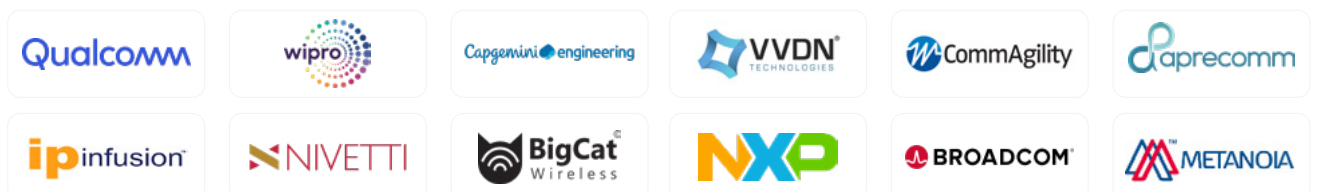


In Middle East & Africa



Premier Technology Partners

HFCL works closely with a growing network of global and domestic technology partners to enhance product capabilities, accelerate innovation, and expand addressable markets. These partnerships enable access to cutting-edge platforms, faster integration of emerging technologies, and co-development of customised solutions across telecom, defence and digital infrastructure.





Managing Director's Message

Dear Shareholders,

FY25 was a year that tested resilience, sharpened focus and laid the foundation for a stronger, more future - readier HFCL. Even as the global trade landscape was reshaped by protectionist policies, including the sweeping tariff regimes, shifting supply chains, and rapid technological transitions, we navigated these crosscurrents with clarity of purpose. The doubling of U.S. tariffs on Indian exports to 50%, driven by geopolitical tensions and energy trade dynamics, underscored the

volatility of global commerce. Yet, by transforming challenges into opportunities, we emerged with renewed strategic momentum, better positioned to thrive in an increasingly complex and competitive global environment.

Today, India is at the cusp of a once-in-a-generation transformation. The convergence of 5G, Artificial Intelligence, cloud, and edge computing, coupled with the Government's focus on self-reliance, through initiatives like

'Digital India' and 'Make in India' is accelerating our journey towards becoming a prominent digital leader. The telecom sector is on track to enable a \$1 trillion digital economy by 2029-30. In defence, policy reforms, indigenisation mandates, and rising geopolitical demands are creating unprecedented opportunities for homegrown companies. HFCL stands at the intersection of these megatrends, with commitment to building world-class solutions that connect, secure, and empower.

Strengthening Our Foundations

FY25 was marked by decisive actions to strengthen the long-term resilience and competitiveness of our business. In telecom, we became the first Indian company to develop and commercialise 5G Fixed Wireless Access Customer Premises Equipment (FWA CPE), shipping over four lakh units in its launch year and securing repeat orders, including one worth ₹174 crore aggregating to ~₹800 crore. We also indigenously developed MPLS Routers tailored for broadband, and enterprise networks, winning orders worth more than ₹800 crore under BharatNet Phase III. These products not only strengthen India's digital infrastructure but also carry strong export potential reinforcing our position as a key contributor to the global telecom ecosystem.

After six to seven quarters of subdued demand in optical fiber cables (OFC), we saw a positive turnaround beginning Q1 FY26. Global demand revival, 5G densification, BharatNet momentum, and hyperscale data centre expansion have driven our Optical Fiber and Optical Fiber Cable facilities to higher capacity utilisation. In Q1 alone, we secured export orders of OFC worth ₹300 crore, executed revenues of ₹210 crore, onboarded new global customers, and received product approvals from leading international players, reinforcing our position as a trusted partner in next-generation fiber connectivity.

To meet surging demand for high-count Intermittently Bonded Ribbon (IBR) cables, critical for hyperscale data centres, our Board approved a major capacity expansion from ~1.73 million fiber kilometres to ~19.01 million fiber kilometres annually across our Hyderabad and Goa facilities for such cables. Post-expansion, HFCL's total



To meet surging demand for high-count Intermittently Bonded Ribbon (IBR) cables, critical for hyperscale data centres, our Board approved a major capacity expansion from ~1.73 million fiber kilometres to ~19.01 million fiber kilometres annually across our Hyderabad and Goa facilities for such cables.



OFC capacity will rise to ~42.36 million fiber kilometres per annum, positioning us among the world's leading manufacturers of optical fiber cables. This scale-up not only strengthens our ability to serve global digital infrastructure needs but also reinforces our commitment to innovation-led growth.

In Passive Connectivity Solutions, we through our subsidiary, HTL Limited, strengthened our domestic and global presence, offering integrated, ready-to-deploy solutions for telecom operators, enterprises, and data centres. We also expanded our Cable Reinforcement Solutions portfolio with exports to the US, Europe, and the Middle East, reinforcing HFCL's role in delivering reliable, high-performance networks worldwide.

Defence: A Strategic Growth Engine

Defence is now a cornerstone of our long-term growth strategy. Over the past year, we have built a comprehensive portfolio of advanced, indigenously developed products from ground and coastal surveillance radars, thermal weapon sights, and electronic fuzes to high-capacity radio relay systems and tactical optical fiber cables.

Our new, state-of-the-art defence manufacturing facility in Hosur, Tamil Nadu, enhances our ability to scale production while meeting stringent quality and compliance standards. In FY25 and Q1 FY26, we secured strategic defence orders, including tactical cables and thermal weapon sights for AK-203 rifles for the Indian Army. Our subsidiary, HTL Limited, entered the wire harness segment, supplying critical assemblies for fighter aircraft upgrades and armoured vehicles, a high-potential, low-capex business

Managing Director's Message

with robust profitability prospects. These developments mark a pivotal step in HFCL's journey to becoming a reliable partner in India's defence modernisation efforts.

We deepened our collaboration with the Defence Research and Development Organisation (DRDO) through key technology licensing agreements for Compact Trans-horizon Communication Systems and Multi-Mode Hand Grenades. These partnerships reflect our growing role in India's defence innovation ecosystem. We are also in advanced stages for securing additional technology transfers for next-gen fuzes, handheld thermal imagers, and UAV payloads, further expanding our capabilities in high-impact, indigenous defence solutions.

HFCL is also investing in future warfare technologies. We are developing a drone detection radar with soft-kill capabilities, foliage penetration radar solutions that have attracted strong market interest. These initiatives position HFCL to serve both domestic and international defence markets with cutting-edge indigenous defence technologies that align with evolving combat and security needs.

Innovating for a Digital Future

Technology leadership remains central to HFCL's strategy. Our R&D investments

are focused on developing products and solutions that anticipate the evolving needs of tomorrow's networks and battlefields. We are actively contributing to India's AI-native 6G mission, collaborating with premier academic institutions to pioneer next-generation connectivity technologies. Simultaneously, the global surge in AI-driven data consumption is fuelling unprecedented investments in hyperscale and edge data centres. HFCL's high-capacity, data-centre-grade OFC portfolio and passive connectivity solutions are purpose-built for these mission-critical environments, giving us a strong competitive edge as demand accelerates worldwide.

Operational Resilience and Market Diversification

Our performance during FY25 reflects both external headwinds and internal recalibration. Consolidated revenue stood at ₹4,065 crore, with EBITDA of ₹507 crore. Profit before tax was ₹217 crore, and profit after tax stood at ₹173 crore. While financial performance was impacted by muted demand for optical fiber cable, margin pressure from newly launched telecom products, and slower customer offtake in our EPC business, we remained focused on strengthening the foundations for long-term growth.

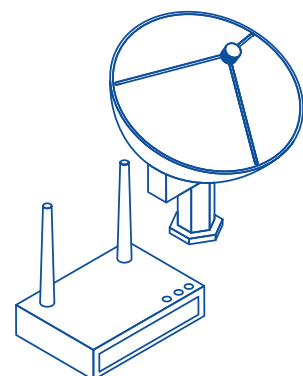
We entered FY26 with higher capacity utilisation across our optical fiber and optical fiber cable facilities and a clear revival across our core segments. Operational tailwinds have been reinforced by a decisive rebound, particularly in our OFC business, where facilities are now running at optimal levels. Our revenue base is diversifying across domestic and export markets, supported by expanding customer relationships, high-value product approvals, and strong traction in both telecom and defence verticals.

As of June 30, 2025, HFCL's order book stood at ₹10,480 crore, up from ₹6,776 crore a year earlier, with balanced contributions from telecom, defence, and connectivity solutions. This provides strong visibility and a foundation for targeted revenue growth in the range of 20-25% in FY26, with margins expected to improve gradually.

HFCL is actively optimising its revenue mix and customer base to build a more resilient and profitable business model. Over the past five years, we have made a deliberate shift from project-led to product-led revenues. In FY21, projects accounted for 73% of our revenue, while products contributed just 27%. By FY25, this ratio had reversed, with products contributing 61% and projects 39%,



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reflecting our strategic pivot toward high-margin, scalable solutions.

Similarly, our customer base has evolved significantly. In FY21, government clients made up 49% of our business, but by FY23, private sector engagement surged to 83% and remained strong at 65% in FY25. This shift underscores our growing traction in high-value private markets. Export revenue has also shown consistent improvement, rising from 4.54% in FY21 to 12.23% in FY25, despite global headwinds, highlighting our expanding international footprint. This transition is not only enhancing our competitiveness but also positioning HFCL to serve a broader and more diversified customer base across domestic and global markets.

Sustainability and Stakeholder Value

Our growth is anchored in responsible business practices. SES ESG Research, a pioneer in ESG ratings in India since 2018–19, awarded HFCL an ESG score of 70.9 for FY24, a testament to our commitment to energy efficiency, ethical sourcing, inclusive workplaces, and community development. SES has conducted extensive ESG-related work for stock exchanges and a wide range of domestic and foreign institutional investors. Further, NSE Sustainability Ratings & Analytics Ltd. (NSRAL), a subsidiary of NSE Indices Limited and part of the National Stock Exchange of India group, also assigned an overall ESG rating of 63 to

HFCL for FY24. Sustainability is not an adjunct to our strategy, it is integral to how we innovate, manufacture, and deliver value. These independent assessments underscore our ongoing efforts to embed sustainability across our operations and governance frameworks.

The Road Ahead

We enter FY26 with confidence, agility, and a clear strategic direction. The megatrends driving our industry, digital inclusion, AI-led network transformation, defence modernisation, and global data infrastructure expansion, align perfectly with our capabilities and investments. These structural shifts not only validate our strategic choices but also position us to lead in high-growth, innovation-driven segments across both domestic and global markets.

Our priorities for FY26 are sharply defined and aligned with our long-term vision. We are committed to driving innovation by developing next-generation telecom and defence solutions for both domestic and global markets. Execution excellence remains a cornerstone of our operations, as we focus on delivering with speed, quality, and reliability. We are actively expanding our global footprint, targeting high-value international segments to strengthen our presence and competitiveness. With a robust order book, expanded capacities, a deep R&D pipeline, and unwavering focus on customer trust, HFCL is poised

not just to participate in, but to lead the next wave of connectivity and security solutions, across the world.

As we look ahead, I extend my sincere gratitude to our customers, partners, shareholders, bankers, board members and employees for their unwavering support and belief in HFCL's journey. Your trust and collaboration have been instrumental in shaping our progress. Together, we are building a company that will define the connected and secure future of tomorrow.

Warm Regards,

Mahendra Nahata

Managing Director



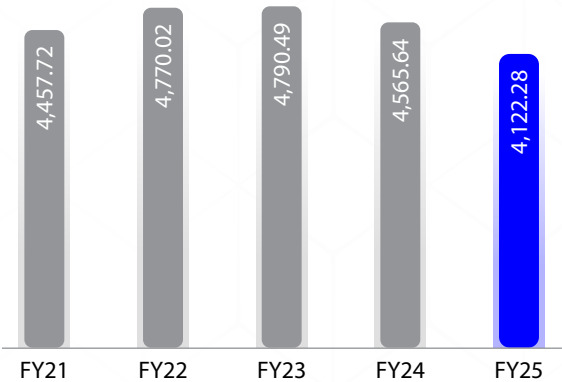
Key Performance Indicators

Delivering Resilient Performance

In FY25, HFCL faced a confluence of short-term headwinds, including a downturn in optical fiber cable demand, margin pressure from newly launched telecom products and softer EPC customer off-take. Despite these challenges, the Company remained focused on strengthening its core for long-term growth.

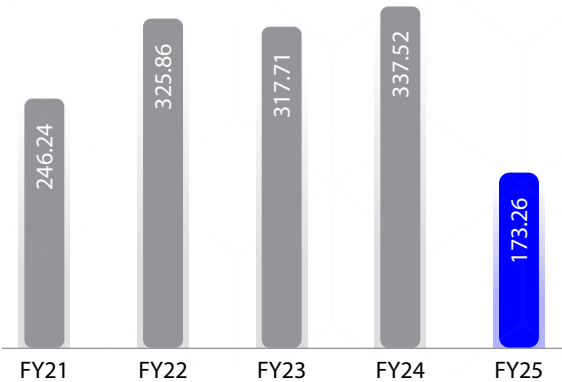
Total Income

(₹ in crore)



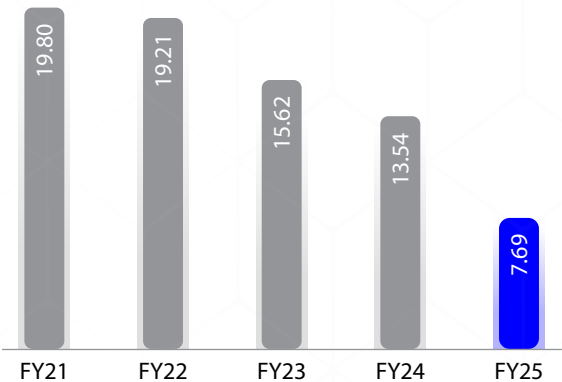
Profit After Tax (PAT)

(₹ in crore)



ROCE

(%)



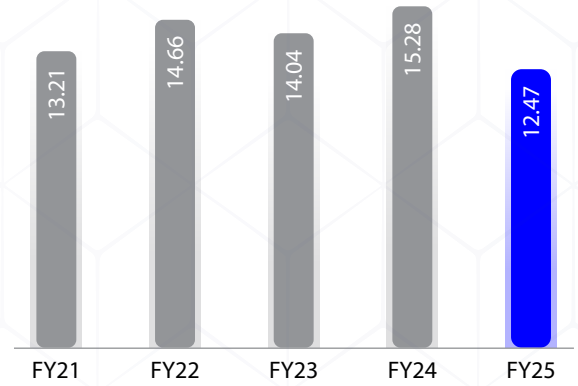
EBITDA

(₹ in crore)



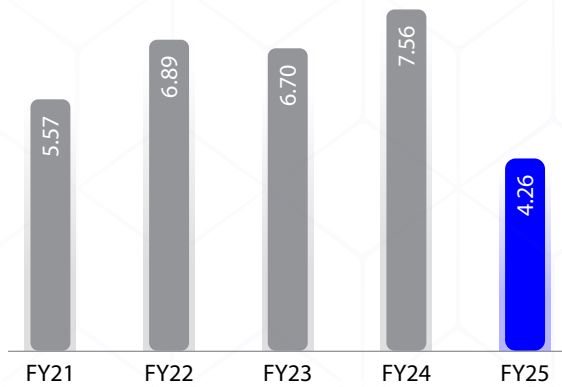
EBITDA Margin

(%)



PAT Margin

(%)



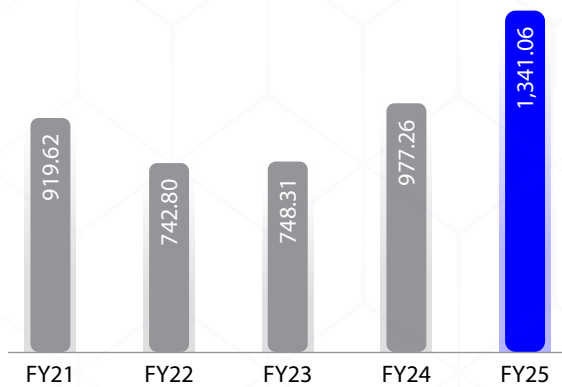
EPS

(₹)



Debt

(₹ in crore)



Debt-equity Ratio

(times)



Operating Context

Opportunities in Telecom and Networking Segment



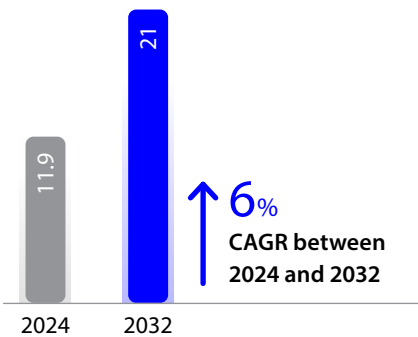
Optic Fiber Cables (OFC)

The global surge in demand for high-speed, low-latency connectivity is fuelling a strong transition towards fiber-rich networks.

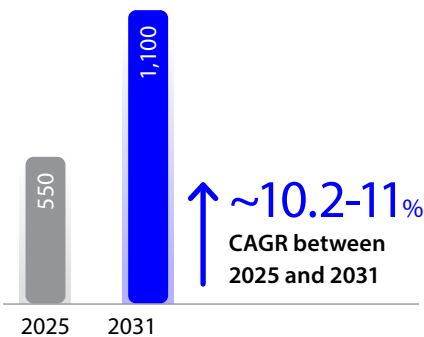
With the rapid rollout of 5G and the growing adoption of cloud technologies driving data centre expansion, optical fiber cables are emerging as indispensable components of modern digital infrastructure. Government initiatives worldwide aimed at enhancing broadband access and building smart cities are further accelerating the demand for resilient and scalable fiber networks.

In India, continued policy support and investments in large-scale connectivity initiatives such as BharatNet Phase- III project are significantly advancing fiber deployment. This is unlocking long-term growth potential for optical fiber cables, associated accessories, and passive infrastructure solutions.

Global OFC Market Size
(\$ in billion)

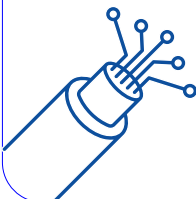


Indian OFC Accessories Market Size
(\$ in million)



Growth Drivers

- 5G Rollouts driving demand for high-speed, low-latency, and high-capacity fiber-based backhaul
- Government Digital Initiatives, including Smart Cities and rural broadband, accelerating fiber deployment
- Cloud, AI, and IoT Adoption fuelling expansion of hyperscale and edge data centres
- Surge in Internet and Mobile Data Usage necessitating robust and scalable fiber networks
- Rising FTTH/FTTx Adoption to meet demand for ultra-fast home and enterprise connectivity
- Enterprise Digital Transformation boosting demand for high-speed, reliable infrastructure



HFCL's Response

HFCL has positioned itself at the intersection of these secular growth themes. Our expanded optical fiber and optical fiber cable capacities are now running at optimal utilisation to serve both domestic 5G backhaul projects and international carriers. A new portfolio of data centre grade cables addresses hyperscale and edge deployments, while tactical ruggedised cables serve high resilience applications across healthcare, defence and automotive sectors. Through forward integration into passive connectivity solutions in our subsidiary HTL Limited, we have strengthened our value proposition and expanded our global footprint. An agile R&D pipeline further ensures that our offerings remain aligned with evolving global standards and dynamic customer requirements.

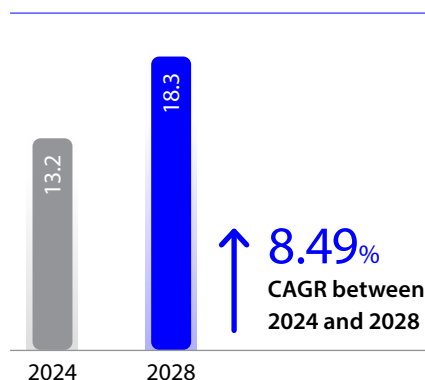


Wi-Fi Products

Demand for high capacity, low latency wireless access equipment is rising as enterprises digitise, remote work persists and connected devices multiply. Next generation Wi-Fi, especially Wi-Fi 6, has become integral to seamless indoor mobility, edge computing, and smart city applications, prompting enterprises and service providers to refresh legacy networks with more reliable, secure, and power efficient access points.

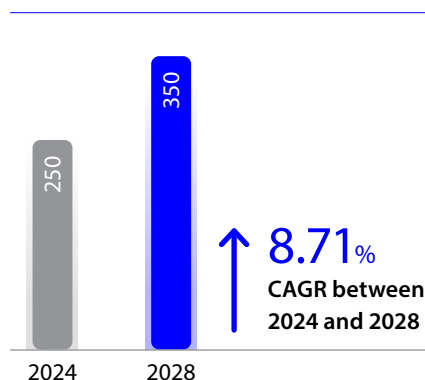
Global Wi-Fi Market Size

(\$ in billion)



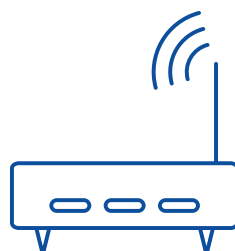
India Wi-Fi Market Size

(\$ in million)



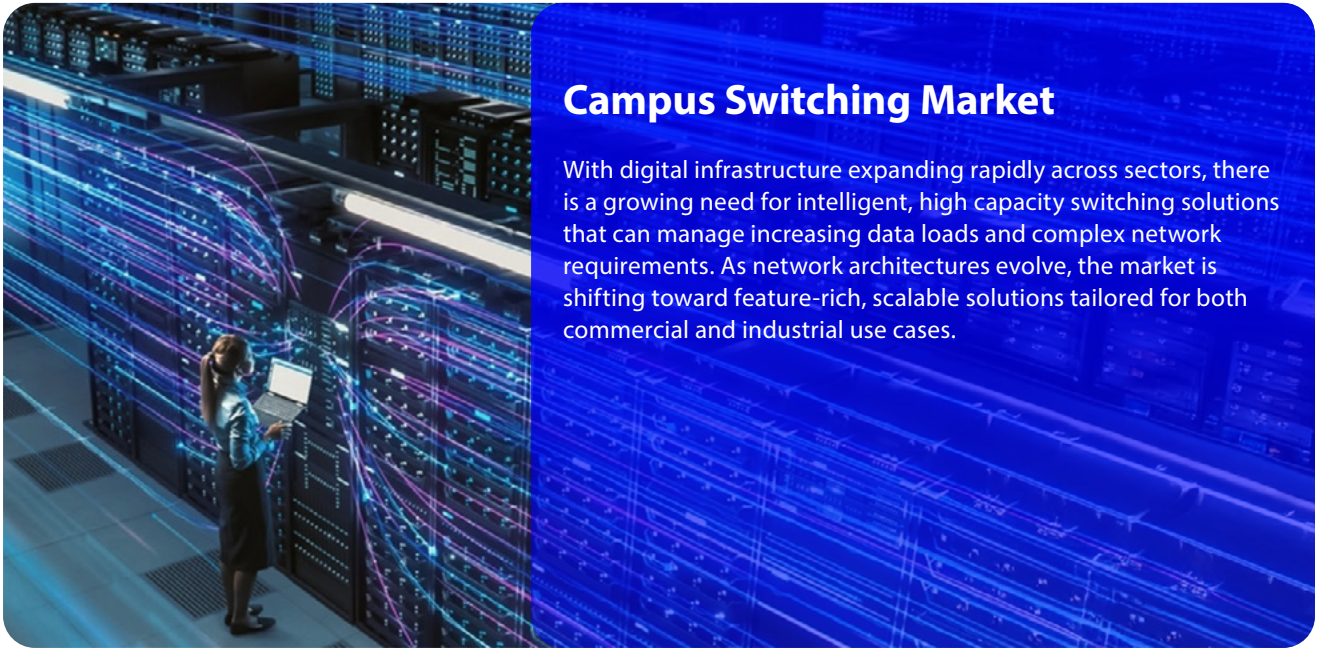
Growth Drivers

- Enterprise Cloud Adoption and Hybrid Work driving demand for high-speed, low-latency wireless connectivity
- Growth in IoT, Smart Homes, and Smart Cities requiring dense, reliable, and secure indoor Wi-Fi coverage
- Public Wi-Fi and Rural Broadband initiatives led by governments and telecom service providers expanding network footprints



HFCL's Response

HFCL is concentrating on the high growth Wi-Fi 6 segment with a "Made in India" portfolio that combines advanced features with competitive pricing. Its access points offer AI driven management, open Wi-Fi compatibility, and zero touch provisioning for frictionless deployment, while seamless integration with third party platforms ensures flexibility for enterprises and service providers. This differentiated value proposition, backed by domestic manufacturing and compliance with global standards, positions HFCL to capture a growing share of both Indian and international Wi-Fi markets.



Campus Switching Market

With digital infrastructure expanding rapidly across sectors, there is a growing need for intelligent, high capacity switching solutions that can manage increasing data loads and complex network requirements. As network architectures evolve, the market is shifting toward feature-rich, scalable solutions tailored for both commercial and industrial use cases.

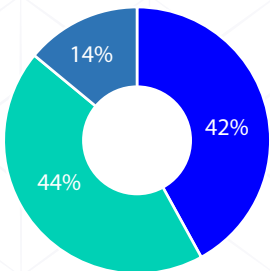
USD 20 bn

Global Campus Switching Market
Size in 2025

USD 326 mn

India's Campus Switching Market
Size in 2024

Switching Market Size (\$ in billion)



- Data Center Segment - 18.34
- Campus Segment - 19.88
- Others - 5.97

source: IDC 2024

Growth Drivers

- Rising Enterprise Data Traffic and growing bandwidth requirements driven by digital transformation
- Expansion of Smart Manufacturing and Industrial Automation increasing the need for robust, low latency switching solutions
- Demand for Secure, Scalable, and Energy-efficient Networks to support cloud, AI, and edge computing applications
- Growth in Data Centres and Campus Networks necessitating high-performance switching infrastructure
- Adoption of SDN (Software-Defined Networking) enabling greater flexibility, control, and automation in enterprise networks



HFCL's Response

HFCL is focused on delivering high-performance 1GE/10GE switches tailored for modern enterprise and industrial applications. Targeting a global addressable market of approximately USD 20 billion, the Company offers solutions that are engineered with advanced features and manufactured in India. These switches provide a strong value proposition for customers seeking reliability, scalability, and cost efficiency.

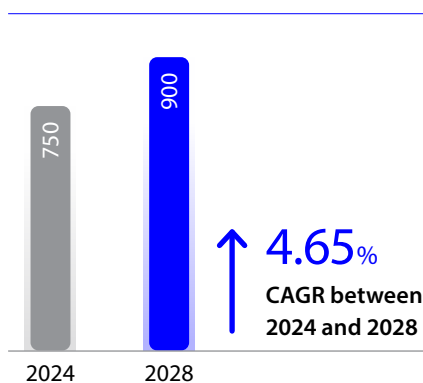


Unlicensed Band Radios (UBRs)

As last-mile connectivity becomes increasingly critical in underserved and remote regions, UBRs are gaining prominence as cost-effective, quick-to-deploy wireless solutions. These radios are especially valuable for bridging connectivity gaps where laying fiber is economically or logistically unviable. With demand spanning across enterprise networks, surveillance, and rural broadband, the market is gradually shifting toward solutions that are compact, scalable, and easy to operate without compromising on performance.

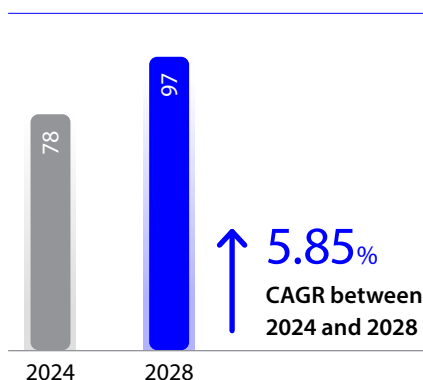
Global UBR Market Size

(\$ in million)



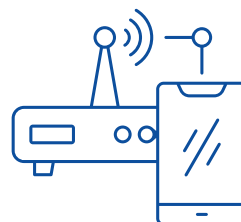
India UBR Market Size

(\$ in million)



Growth Drivers

- Rising Need for Reliable Last-Mile Wireless Connectivity in rural, remote, and underserved regions
- Surge in Demand for Rapid, Infrastructure-light Deployments across surveillance, telecom, and enterprise networks
- Cost-efficiency and Spectrum Flexibility of unlicensed bands enabling faster and scalable rollouts
- Growth in Smart City and Public Safety Applications requiring secure and high-throughput wireless backhaul
- Supportive Government and Regulatory Push for rural broadband and connectivity inclusion



HFCL's Response

HFCL offers a robust portfolio of Made-in-India UBRs equipped with advanced features and designed for ease of deployment. Tailored for both short- and long-range applications, these radios are competitively priced and require minimal technical expertise, making them ideal for telecom operators, government connectivity programmes, and enterprise customers. With a sharp focus on performance, flexibility, and deployment speed, HFCL continues to strengthen its position in the growing UBR segment.



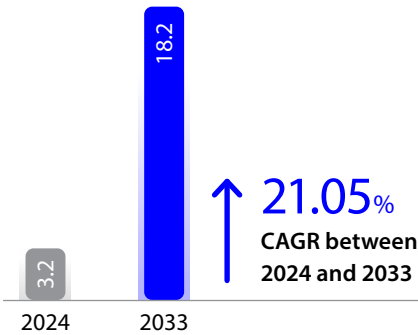
5G Fixed Wireless Access Customer Premise Equipment (FWA CPE)

FWA CPE is rapidly emerging as a key enabler of last-mile broadband connectivity, offering a cost-effective and scalable alternative to traditional wired networks. The transition to 5G has significantly enhanced FWA CPE's performance and use-case flexibility, making it suitable for both urban and rural deployments.

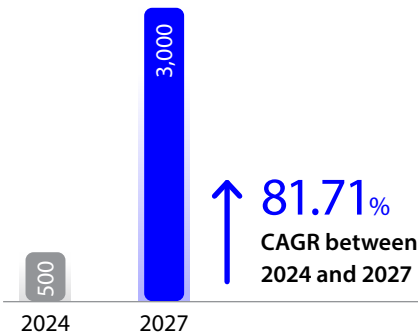
6.77 Mn

5G FWA CPE connections in India since its launch

Global 5G FWA CPE Market Size (\$ in billion)



India 5G FWA CPE Market Size (\$ in million)



Growth Drivers

5G Outdoor FWA CPE

- Long-range connectivity suitable for large and remote areas
- Weather-resistant design ideal for rugged environments
- Suitable for low-cost, high-throughput deployments across extended spaces

5G Indoor FWA CPE

- Compact and aesthetic form factor suited for homes and offices
- Easy installation with minimal technical support
- Delivers high-speed connectivity in space constrained settings



HFCL's Response

HFCL offers a comprehensive range of Made-in-India FWA CPE solutions designed to meet the distinct needs of both outdoor and indoor deployments. With advanced features, ease of installation, and competitive pricing, these devices are supporting telecom operators and enterprises in scaling last-mile broadband connectivity across diverse geographies and use cases.

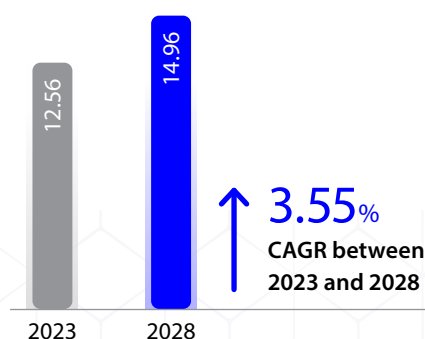
Routers



With the surge in data consumption, cloud adoption, and enterprise digitisation, routers have become critical to modern network infrastructure. Service providers and large enterprises are scaling their transport and core networks to meet rising demand for high-speed, low-latency connectivity. This shift is driving the need for compact, high-performance, and energy-efficient routers that can seamlessly support growing traffic across diverse network environments from data centres to edge and access networks.

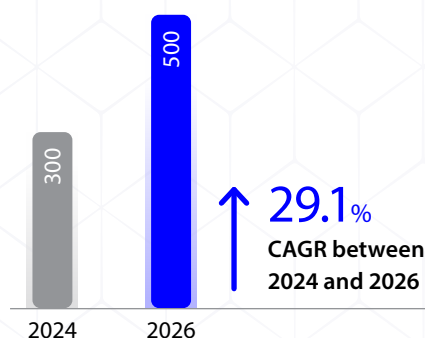
Global Router Market Size

(\$ in billion)



India Router Market Size

(\$ in million)



Growth Drivers

- Surging Mobile and Broadband Data Traffic driving demand for robust backhaul and aggregation infrastructure
- Expansion of Cloud and Data Centre Networks requiring high-capacity, high-speed routing solutions
- Adoption of Compact, Energy-efficient Routers for edge, metro, and remote deployments
- Transition to Next-generation Transport Networks to support 5G, IoT, AI, and other emerging applications
- Need for Scalable and Secure Routing in enterprise, telecom, and mission-critical government networks



HFCL's Response

The Company has introduced a new generation of routers designed to meet the evolving needs of telecom and enterprise transport networks. Built with advanced capabilities and a compact form factor, these routers are well-suited for high-bandwidth applications and are already being deployed by India's Tier-1 telecom operators.



Opportunities in Defence Sector

India's focused push towards defence indigenisation and modernisation is creating significant opportunities for domestic manufacturers. Policy reforms and procurement shifts are aimed at building a resilient, self-reliant defence ecosystem, supported by increased capital spending, import reduction targets, and liberalised FDI norms.

\$2.8 billion

Cumulative Total Addressable Market (TAM) Size FY23-30 of Electronic Fuzes

\$30.6 billion

Cumulative TAM Size FY23-30 of Electro-Optics

\$40.11-70.54 billion

Cumulative TAM Size FY24-33 of Global Radar (6.3% CAGR)

\$1.16-2.35 billion

Cumulative TAM Size FY24-31 of Indian Radar (10.6% CAGR)

HFCL's Response

The Company is leveraging this policy momentum with a focused defence portfolio comprising electronic fuzes, electro optics, surveillance radars, high-capacity radio relay systems and tactical cables. The Company is also expanding manufacturing capabilities and collaborating with DRDO to address new-generation defence requirements, positioning itself as a credible partner in India's defence modernisation journey.

Growth Drivers

- Rise in defence capital expenditure, expected to more than double by FY30
- 75% of the defence capital procurement budget earmarked for domestic industry
- GOI aims to reduce imports from 65% to 30% by FY32 under Make in India
- 310 items listed for indigenous production
- Liberalised FDI norms: up to 74% via automatic route, 100% through approval

Growth Drivers

- Defence modernisation and border surveillance
- Automotive radar (ADAS, autonomous vehicles)
- AI and software-defined radar technologies
- Civil applications (weather forecasting, air traffic control)
- Space-based radar (SAR, satellite imaging)
- Rising defence budget (₹6 trillion+ in 2024)
- Expansion in civil aviation (500M+ passengers projected by 2030)
- Automotive radar adoption (ADAS systems)
- Infrastructure development (smart cities, traffic control)



Opportunities in System Integration

India's growing focus on digital and physical infrastructure is creating significant demand across telecom, utility, and enterprise segments. The Government's continued emphasis on enhancing rural connectivity, modernising public infrastructure, and building robust data networks is unlocking large-scale opportunities for system integration and EPC services. This trend is especially visible in national initiatives such as BharatNet Phase - III, 4G expansion and 5G rollouts, and water infrastructure programmes, along with the rapid expansion of data centres.

Key Opportunity Segments

DoT/BSNL Projects

BharatNet Phase III, 4G tower tenders, CPAN network expansion, OTN rollout

Optical Fiber Cable

National OFC ring project under evaluation, long-term growth visibility

Water Infrastructure

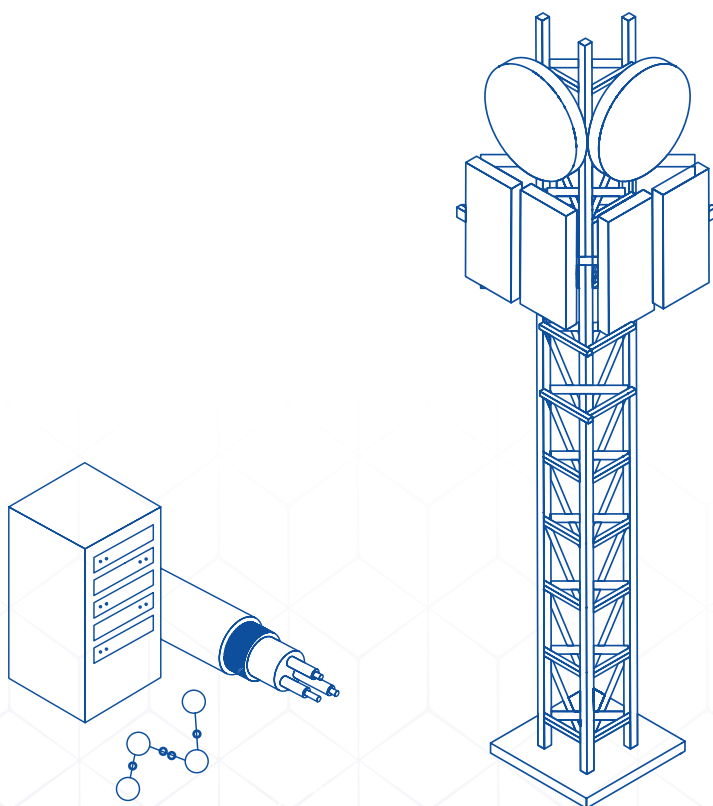
Rural Water supply project under Jal Jeevan Mission and Irrigation Projects with major capex allocation

Data Centres

Rising demand for robust digital infrastructure creating EPC opportunities

Data Centres – A Strategic Growth Area

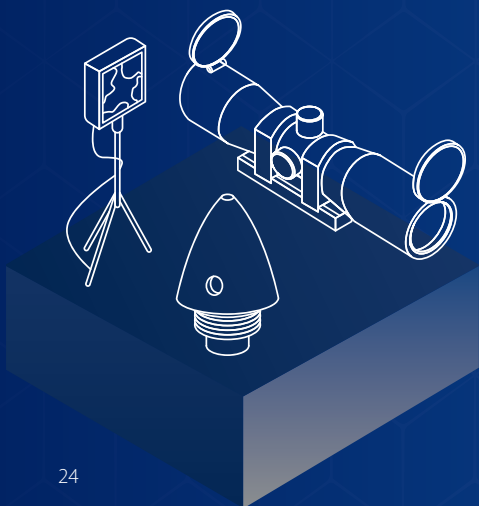
India is experiencing a significant surge in demand for data centre infrastructure, fuelled by rapid digital consumption and accelerated cloud adoption. This trend reflects the growing need for secure, scalable, and high-speed data management solutions across both public and private sectors. HFCL's EPC division is strategically positioned to capitalise on this opportunity, as data connectivity and infrastructure development emerge as critical enablers of the Country's digital transformation agenda.





Strategic Priorities

Strengthening Capabilities for a Technology-Led Future



HFCL continues to strengthen its focus as a technology-driven organisation. By expanding manufacturing capabilities, advancing product innovation, and broadening its market presence, the Company is building long-term growth levers. The Company's foray into data centre infrastructure further reflects its approach to align with emerging opportunities in connectivity and digital ecosystems.

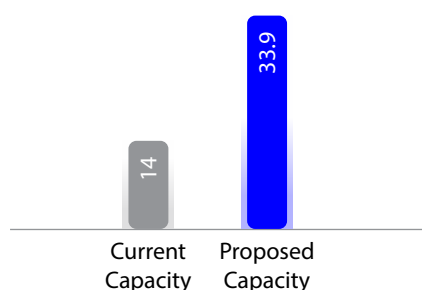
Expanding Manufacturing Capabilities

As part of our ongoing efforts to enhance operational efficiency and build greater control across the value chain, we have continued to invest in expanding our in-house manufacturing capabilities. This strategic focus on horizontal and backward integration is aimed at reducing reliance on external suppliers, improving quality assurance, and supporting margin improvement over the long term.

Planned Expansion of Manufacturing Capacity

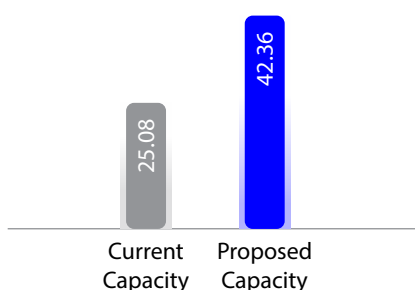
Optic Fiber

Mn fkm/annum



Optical Fiber Cables

Mn fkm/annum



Progress in FY25



During the year, we commissioned two new manufacturing facilities: one in Manesar (NCR) for telecom and networking products and another in Hosur for defence production. These facilities have expanded our in-house capabilities across critical product lines while assuring all required quality parameters.

Way Forward

We remain focused on expanding our manufacturing footprint and strengthening integration across the value chain. Backed by rising demand for advanced telecom and defence solutions, we aim to scale high-potential product lines, enhance capacity utilisation, and align our capabilities with long-term opportunities. By investing in innovation, operational excellence, and future-ready infrastructure, HFCL is well-positioned to capitalise on the evolving needs of a digitally connected and secure world.

Strategic Entry into Data Centre Infrastructure

Driven by rising demand for AI, cloud services, and high-speed connectivity, the data centre industry is witnessing strong global investment momentum. HFCL views this space as a natural extension of its telecom and fiber solutions portfolio.

Progress in FY25



The Company has started supplying optical fiber cables and networking equipment to emerging data centre clients, particularly in support of India's expanding digital infrastructure. These efforts are helping HFCL build credibility and initial scale in this critical ecosystem.

Way Forward

With global data centre CapEx projected to exceed \$ 1.1 trillion by 2029, HFCL plans to deepen its presence through customised connectivity solutions and high-capacity products tailored for hyperscale and edge deployments. This strategic focus also complements national initiatives such as Digital India and 5G rollout.

Optimising Revenue Mix and Customer Base

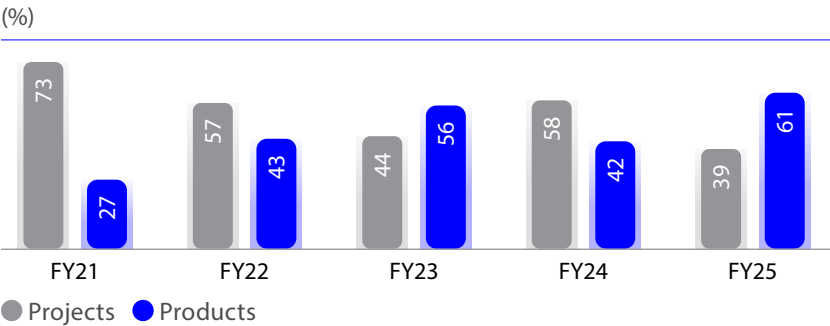
The Company is gradually shifting its focus towards product-led revenue, expanding its engagement with private sector clients, and re-building momentum in export markets.

Progress in FY25

Product-Centric Approach

We have also begun reducing our dependence on turnkey project-led revenue streams that typically offer lower margins. The transition towards a product-led model is gradual but deliberate. By focusing on high-value, scalable products, we aim to build a more resilient revenue profile with better margin visibility over time.

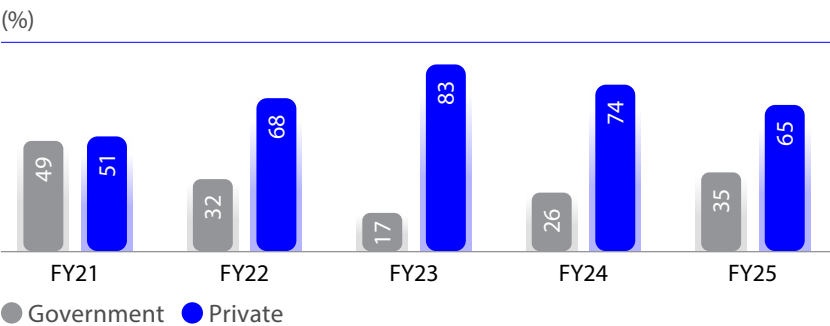
Revenue Mix (Projects vs. Products)



Focus on Increased Business from Private Entities

We are steadily reshaping our customer portfolio with a sharper focus on higher-margin private clients. This shift is helping us streamline our offerings and align better with changing market dynamics.

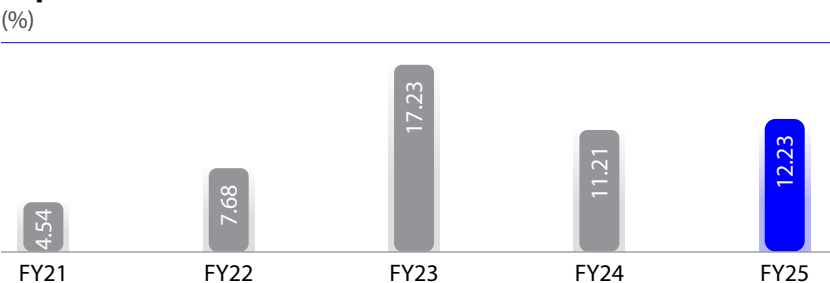
Revenue Mix (Government vs. Private Customers)



Enhanced Focus on Export-Led Revenue

Export performance was impacted over the past two years due to subdued global demand. With signs of recovery in key markets, we are re-engaging international customers. Our strategy emphasises expanding global reach and balancing domestic and overseas revenues. To support this, the Company is increasing IBR cable capacity from ~1.73 to ~19.01 mfkM/p.a. This expansion targets rising demand from North America and Europe.

Export Revenue Share Trend



Way Forward

HFCL continues to deepen its focus on product-led revenues by scaling high-margin, innovation-driven offerings while reducing dependence on lower-margin project work. The Company is also broadening its presence among private-sector clients and strengthening export-led opportunities through selective market expansion, enhanced global partnerships, and tailored solutions for international customers.

Focus on R&D and Becoming a Technology-Led Company

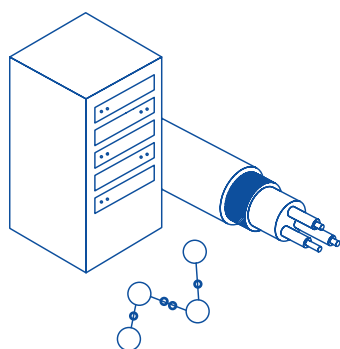
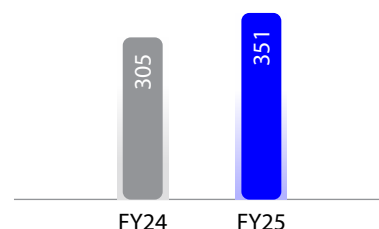
Innovation remains central to HFCL's strategy for sustaining leadership in the telecom and defence sectors. The Company continues to strengthen its product portfolio with a focus on next-generation technologies, including 5G, 6G, and advanced defence solutions. Backed by dedicated R&D centres in Bengaluru, Hyderabad, and Gurugram, HFCL invests in developing future-ready products aligned with evolving market needs.

Progress in FY25

Strengthening R&D Team

The Company's in-house R&D team, structured across specialised domains, plays a pivotal role in driving innovation and building differentiated, high-performance solutions that reinforce HFCL's technology-led positioning.

R&D Team Strength (Numbers)



Next-Generation Products in Development

Driven by our innovation-led strategy, we are advancing a diverse pipeline of telecom and defence solutions designed to meet emerging connectivity and security requirements across markets.

Telecommunication and Networking

- Variants for Wi-Fi 6 and Wi-Fi 7 Access Points
- Expanding the Switching products to include higher end enterprise and datacentre requirements
- Variants of IP/MPLS Routers
- Global variants of Indoor and Outdoor FWA CPEs

Defence Communication and Electronics

- Drone Detection Radar
- Multi-Mode Hand Grenades

Way Forward

With a growing R&D team and capabilities, HFCL is focused on accelerating the development of next-generation telecom and defence technologies. The Company aims to deepen innovation in wireless technologies, and indigenous defence electronics reinforcing its positioning as a future-ready, technology-led enterprise.



Environment

Environmental Stewardship

HFCL integrates environmental responsibility across its operations by advancing clean energy, reducing emissions, and adopting efficient waste and water management practices. Through sustainable manufacturing and process innovation, the Company remains focused on minimising its environmental impact and contributing to a low-carbon, resource-efficient future.



Environmental Sustainability Roadmap

The Company has a structured ESG roadmap aimed at achieving its long-term sustainability objectives. The Company has initiated targeted actions across energy, water, and waste management to reduce its environmental footprint. These measures are part of a broader effort to embed resource efficiency and environmental responsibility into core operations.



Facility	Sustainability Initiatives	Expected Outcomes
Hyderabad	• Installation of a 1 MW solar system	• Estimated Energy saving: 1.5 million units/year • Estimated Emission reduction: 1215 metric tonnes/year
	• Replacement of conventional microwave lamps with LED UV variants	• Estimated Emission reduction: 5,022 metric tonnes of CO ₂ /year • Estimated Energy saving: 6.2 million units/ year
	• Responsible Waste Management Practices	• Total waste recycled: 717 MT • Total waste recovered: 78 MT
Goa	• Transition to solar energy covering 40% of total energy needs	• Estimated Emission reduction: 3,240 metric tonnes of CO ₂ /year • Estimated Energy saving: 3.1 million units/year
	• Upgradation of machinery and adoption of advanced technologies	• Estimated Energy saving: 7 lakh units/ year
	• Responsible Waste Management Practices	• Total waste recycled 291 MT
Chennai and Hosur (HTL Ltd, a subsidiary)	• Adoption of a 10 MW solar/wind hybrid energy model, targeting 80–90% renewable share by FY27	• Transition to solar/wind model at Chennai and Hosur will have an expected CO ₂ emission reduction of up to 14,580 metric tonnes

Emission Control

HFCL is committed to reducing its Scope 1 and Scope 2 greenhouse gas (GHG) emissions through the adoption of clean energy and energy-efficient technologies. The Company has implemented several measures to minimise its carbon footprint across manufacturing, packaging, storage and transportation processes.

Energy Management

HFCL continues to prioritise responsible energy management as part of its broader environmental strategy. Although fossil fuel usage accounts for a small portion of its total energy mix, the Company remains committed to further reducing dependence on conventional sources by transitioning to renewable energy and enhancing energy efficiency across its operations.

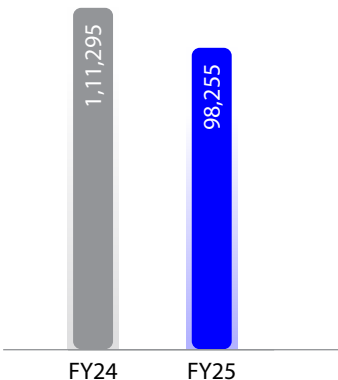
13%
Decrease in total energy consumption and
~5%
decrease in energy intensity



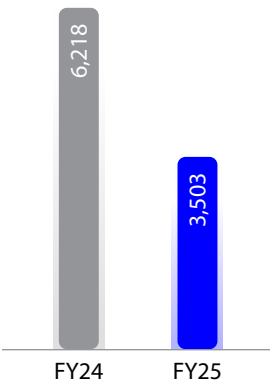
Energy Consumption

(GJ)

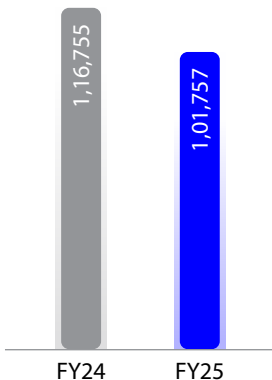
Electricity Consumption



Fuel Consumption



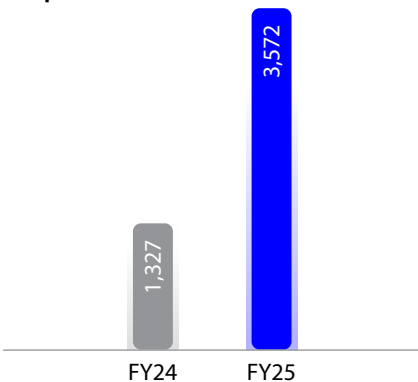
Total Energy Consumption



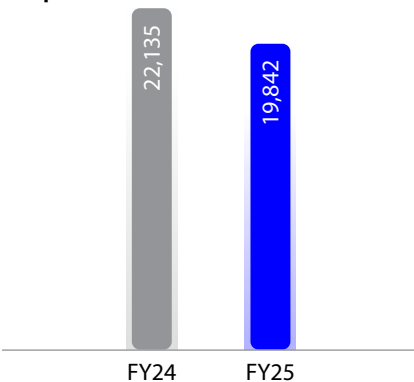
GHG Emission

(Metric tonnes of CO₂ equivalent)

Scope 1



Scope 2



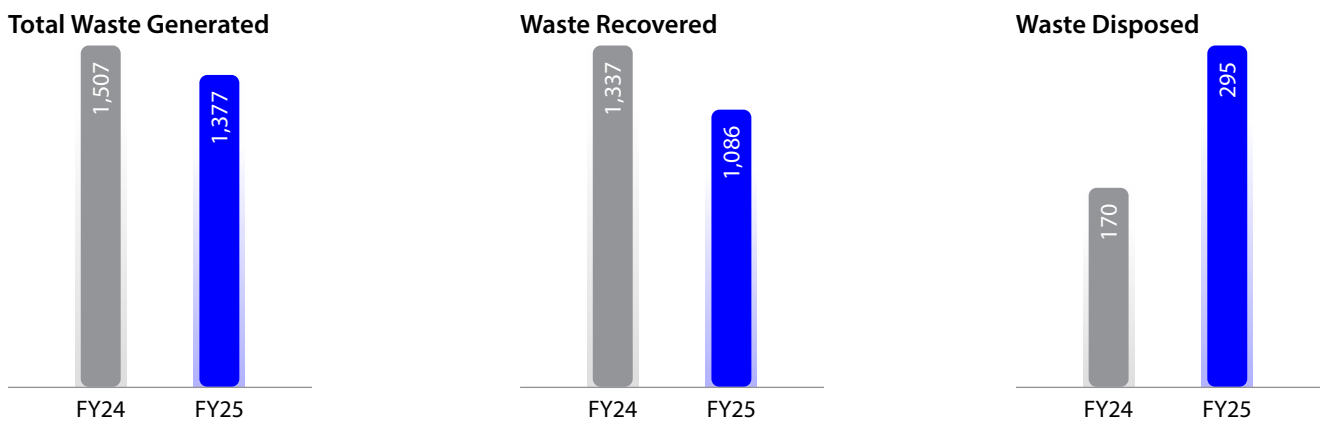
10%
Reduction in Scope 2 emission, through the adoption of clean energy and energy-efficient technologies

Waste Management

HFCL continues to strengthen its waste management practices by prioritising resource recovery, recycling and reuse across its operations. The Company's approach is aligned with its sustainability goals, focusing on minimising environmental impact and reducing landfill dependency through efficient handling and treatment of industrial waste.

Total Waste Generated

(in Metric Tonnes)



Sustainable Manufacturing Processes

Guided by the principles of reduce, reuse, and recycle, HFCL continues to adopt sustainable practices within its manufacturing operations. Packaging materials are reused through collaboration with suppliers, and empty fiber spools and jelly containers are returned for reuse. The Company also uses biodegradable rubber wood to minimise wood consumption in final packaging.

E-Waste Management

HFCL maintains a standardised e-waste management framework aligned with the E-Waste Management Rules, 2022. The Company has partnered with certified vendors authorised by the Central and State Pollution Control Boards and the Ministry of Environment, Forest and Climate Change to ensure safe and compliant disposal of electronic waste.



Water Management

The Company has adopted an integrated water management approach across its manufacturing sites, focusing on conservation, recycling, and reuse to minimise dependency on freshwater sources and promote responsible resource utilisation.

Water Recycling and Reuse

Efficient water recycling systems have been implemented at the Goa and Hyderabad facilities to reduce freshwater consumption. The Company has installed Sewage Treatment Plants (STPs) at both locations to treat wastewater, which is repurposed for non-industrial applications such as gardening and landscaping.

35 KL/day

Capacity of STP at Hyderabad

30 KL/day

Capacity of STP at Goa



Rainwater Harvesting

To conserve natural water resources and reduce reliance on external water supply, the Company has installed a rainwater harvesting system at its Hyderabad facility. The system supports green landscaping and helps maintain water self-sufficiency on-site.

Green Landscaping

To enhance biodiversity and maintain ecological balance, HFCL has developed green landscapes across its plant locations. These areas serve both environmental and aesthetic purposes, contributing to the overall sustainability of the manufacturing ecosystem.

10,200

Square metres

Green landscaped area developed at Hyderabad facility

Industry Leading Certifications

The Company's management systems are anchored in globally recognised standards that validate its commitment to quality, safety, security and environmental stewardship. During the year, the certification landscape was refreshed and broadened to cover every critical aspect of operations from product safety to privacy governance ensuring stakeholders can rely on consistently high performance.

RoHS & REACH Compliance

All raw materials used in optical fiber and cable manufacturing conform to RoHS restrictions on hazardous substances and meet REACH obligations on chemical safety assuring customers of environmentally responsible products.

Continuous Improvement Outlook

Beyond maintaining certificates, HFCL integrates audit findings into improvement roadmaps, expands coverage as regulations evolve, and cascades best practices to suppliers and partners. Together, these certifications form a robust governance framework that supports sustainable growth and stakeholder confidence.



Integrated Management Systems

- **Environmental & Occupational Health** – All major plants operate under ISO 14001 (environment) and ISO 45001 (health & safety), reinforcing HFCL's low impact, safe workplace agenda.
- **Quality & Customer Experience** – ISO 9001 certification spans offices and plants, while the telecom specific TL 9000 and the complaint handling ISO 10002 standard provide an additional layer of discipline for product reliability and customer responsiveness.
- **Business Continuity** – The Goa facility is certified to ISO 22301, supported by plant level continuity, recovery and emergency playbooks that are tested through regular drills and awareness sessions.
- **Information Security & Privacy** – An enterprise wide shield is maintained through ISO/IEC 27001 (information security), ISO/IEC 27701 (privacy), and ISO/IEC 20000-1 (IT service management), ensuring data driven operations remain resilient and compliant.
- **Laboratory & Product Safety** – Optical fiber testing labs in Goa and Hyderabad meet ISO/IEC 17025 competence requirements and are designated by the Certificate of Conformity Assessment Body (CAB). Optical fiber cables also hold UL (USA) safety approval.
- **Process Excellence** – HFCL's software development practice in Gurugram achieved CMMI DEV Level 3, underscoring maturity in project execution.



Social-People

Investing in People for Sustainable Growth

As the industry continues to evolve, HFCL remains focused on building a skilled, agile, and future-ready workforce. The Company is committed to offering continuous learning opportunities, fostering inclusive practices and developing cross-functional teams aligned with its long-term strategic goals.



Building Talent through Strategic Hiring

HFCL continues to attract and onboard high-calibre professionals to support its growth ambitions. With a focus on strengthening expertise in technical, sales, and business development functions, new team members have been integrated into key roles to drive innovation and customer expansion.

Our hiring approach is guided by merit, business needs, and the commitment to shape a workforce that reflects industry standards and global aspirations.

Learning and Development

The Company prioritises upskilling and continuous learning to help employees stay ahead of industry demands. Structured training initiatives were conducted across levels, focusing on both technical proficiency and leadership development.

During the year, employees benefited from:

- Functional and domain-specific training modules
- Digital learning platforms for flexible skill-building
- Development tracks for team leads and first-time managers

Strengthening Diversity and Inclusion

HFCL strives to maintain a workplace that is fair, inclusive, and respectful. Our efforts are designed to create an environment where individuals can contribute meaningfully, regardless of background or gender.

Key initiatives during the year included:

- Organisation-wide POSH (Prevention of Sexual Harassment) training

- Introduction of the Future Women Leaders (FWL) programme to support women in leadership pipelines
- International Women's Day celebrations featuring workshops and panel discussions to recognise the contributions of women employees

195

Women employees

714

New employees hired during FY25

36,000+

Training hours spent on capacity building and skill development



Social- Communities

Promoting Inclusive Growth

~₹5 crore

CSR spend during FY25

1,32,000+

CSR beneficiaries in FY25

At HFCL, social responsibility is a shared commitment to build inclusive and empowered communities. Through well-structured CSR interventions, the Company continues to contribute effectively by expanding access to healthcare, education, and community development programmes. In FY25, HFCL strengthened its social outreach by deepening partnerships, scaling initiatives and focusing on tangible, positive outcomes for the communities it serves.

Healthcare Access and Support

HFCL's healthcare initiatives are focused on extending preventive and curative services to remote and marginalised populations.



Mobile Medical Units

HFCL operated five Mobile Medical Units in partnership with HelpAge India and Wockhardt Foundation, providing essential healthcare services to marginalised populations in remote and underserved urban areas.

Open Heart Surgeries

The Company facilitated lifesaving open heart surgeries and valve replacements in collaboration with All India National Heart Foundation and the National Heart Institute, Delhi.

Corrective Surgeries

The Company supported corrective surgeries for individuals with polio-related or congenital deformities. These interventions significantly enhanced mobility, independence, and overall quality of life for the beneficiaries.

Promoting Education and Digital Inclusion

Recognising education as a powerful equaliser, HFCL focused on enabling access to learning and digital literacy.



Under Project Samarth, the Company provided financial assistance towards academic expenses of specially-abled students at Balvantray Mehta Vidya Bhawan, New Delhi,

to promote inclusive and equitable education.

The Company facilitated computer skills training for underprivileged youth through five Computer

Skill Learning Centres located in Ghazipur, Uttar Pradesh. This program aimed to enhance digital literacy and employability, empowering participants to access better career opportunities.



Board of Directors

Leading with Integrity and Accountability

At HFCL, governance is not just a compliance function, it is a core enabler of responsible growth. The Company is committed to upholding the highest standards of conduct through well-defined oversight, ethical decision-making, and a leadership approach that places stakeholder interests at the forefront. This commitment is reflected in how the Board and management drive accountability, shape strategic direction, and reinforce a culture of trust across the organisation.

Board of Directors

The Board of Directors at HFCL serves as the apex governing body, responsible for guiding the Company's strategic direction and overseeing its financial, operational and reputational aspects. The Board plays a critical role in ensuring that the organisation adheres to high standards of governance while fostering long-term value for stakeholders.

Board Committees

To support effective governance, HFCL has constituted six specialised Board Committees, each entrusted with distinct responsibilities. These committees are designed to facilitate informed decision-making, focused oversight, and reinforce effective governance within the Company.

The Committees:

- Audit Committee
- Nomination, Remuneration and Compensation Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Environment, Social and Governance (ESG) Committee

Board Composition

1

Executive Director

2

Non-executive Director

3

Independent Director



Board Experience

HFCL benefits from the strategic guidance of a highly experienced Board. Their collective insight and leadership strengthen the Company's position as a trusted name in communication technologies and support its long-term vision for innovation, growth, and sustained excellence.

40+ years

Cumulative Board experience across relevant sectors

Board Tenure

The Managing Director and Independent Directors (excluding Non-Executive Directors) are generally appointed for a term of three years. They are eligible for re-appointment based on their performance and on the recommendation of the Nomination, Remuneration and Compensation Committee and subject to the approval of the Board and shareholders.

Board Diversity

HFCL's Board is thoughtfully constituted to reflect diversity across gender, qualifications, professional backgrounds, and specialised skills. This diversity enables balanced perspectives and effective decision-making aligned with stakeholder interests.

Board of Directors



Mahendra Nahata
Managing Director



Ajai Kumar
Independent Director



Bela Banerjee
Independent Director



Bharat Pal Singh
Independent Director



Arvind Kharabanda
Non-Executive Director



Dr. Ranjeet Mal Kastia
Non-Executive Director

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Management Discussion and Analysis



Global Economic Review

Global growth was 3.3% in CY24, maintaining a steady pace from the previous year and showing resilience. Performance varied across regions, with advanced economies recording slower expansion due to tight financial conditions and softer external demand, while emerging and developing economies experienced relatively stronger activity, supported by domestic demand and targeted policy measures. Labour markets continued to improve, with global employment rising and job indicators returning to pre-pandemic levels.

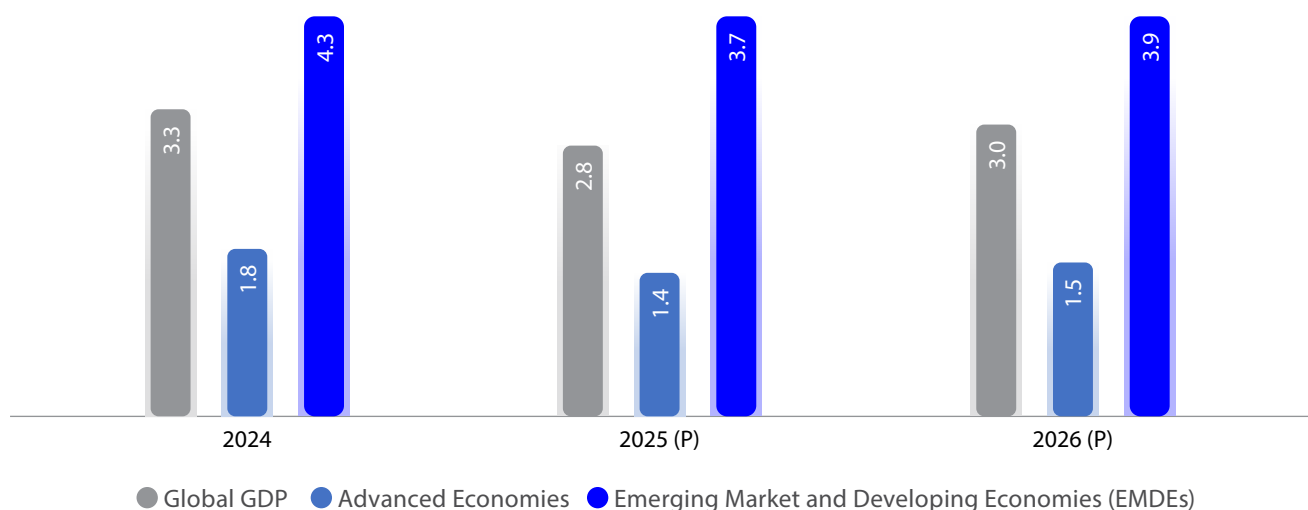
The operating environment remained mixed, with trade flows influenced by higher restrictions, geopolitical uncertainty, and limited fiscal capacity in some economies affecting public investment. In advanced economies, interest rates stayed high for much of the year, and bond yields rose as central banks worked to bring inflation under control and adjusted their forward guidance.

Inflation eased across most regions but remained above historical averages, particularly in advanced economies where services and wage costs kept pressure on prices. The ongoing conflicts in Eastern Europe and the Middle East continued to impact global commodity markets.

Outlook

The global economy is expected to slow in 2025, with growth in EMDEs moderating from 2024 levels before improving slightly in 2026, partially offset by continued weakness in advanced economies. The divergence in growth trajectories could widen further, depending on the pace of disinflation and the policy responses across regions. Risks from fiscal tightening and slowing global trade could further constrain growth in advanced economies.

Global Real GDP (%)



Source: International Monetary Fund

Global inflation is projected to decline to 4.3% in 2025 and 3.6% in 2026. While advanced economies may face prolonged inflationary pressures due to wage adjustments and supply-side constraints, inflation in EMDEs is likely to ease further, barring renewed food or commodity shocks. However, the rise in trade restrictions could reintroduce cost pressures and limit monetary flexibility.

Labour markets are expected to remain broadly stable, although employment growth is likely to slow slightly to 1.5% in 2025. Despite this moderation, job creation is expected to continue in most economies, especially in services and green transition sectors.

Interest rate trajectories will depend on inflation trends and external risks. While some central banks may consider gradual easing, decisions will likely remain data-dependent, especially in economies with inflation still above target. The divergence in monetary policy across major economies could influence capital flows and currency volatility.

Overall, the global outlook remains cautious. While headline indicators suggest steady progress, underlying risks from geopolitical shift to tighter financial conditions require continued vigilance and policy agility.

Indian Economic Overview

India's real GDP growth for FY25 is estimated at 6.5%, supported by higher agricultural output, early signs of recovery in manufacturing sector, sustained momentum in services, and steady rural consumption. In 2025, India emerged as the world's fourth-largest economy, driven by ongoing domestic reforms and its expanding role in the global economy aligned with the strategic vision of Atmanirbhar Bharat.

Macroeconomic conditions remained stable, with a declining fiscal deficit, easing inflation, strong consumer demand, and a resilient external sector. The Government's continued focus on structural reforms and infrastructure investment is expected to support long-term growth. For FY26, a capital expenditure outlay of ₹11.21 lakh crore, equivalent to 3.1% of GDP, has been allocated to investment in transport, logistics, housing, and energy. These investments will enhance productivity and support greater private sector participation. Complementing this infrastructure push, the Government is also advancing digital connectivity through initiatives such as BharatNet Phase III and public Wi-Fi expansion under PM-WANI, which are expanding broadband access to underserved areas and improving service delivery.

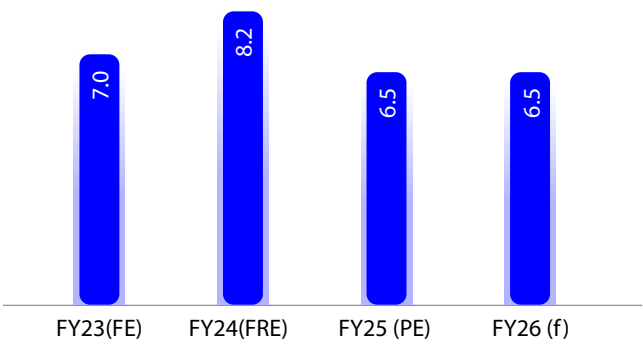
Employment indicators showed continued improvement. Provisional data from Employees' Provident Fund Organisation reported a net addition of 14.58 lakh members in March 2025, marking a 1.15% year-on-year increase. The unemployment rate among persons aged 15 and above stood at 5.1% in April 2025. The MSME sector remained a critical source of employment, second only to agriculture.

The agriculture sector is projected to grow by 3.8% in FY25, driven by a record Kharif output of 1,647.05 lakh metric tonnes, which is 5.7% higher than the previous year and 8.2% above the five-year average. While manufacturing growth remained modest amid global demand challenges, early signs of recovery were evident with improved business sentiment.

Inflation and Fiscal Trends

Retail inflation moderated to 4.6% in FY25 remaining well within the RBI’s tolerance band of 2-6% and marking the lowest since FY19. This reflects the effectiveness of monetary policy measures and improvements in supply-side management, including better foodgrain buffer management and logistics interventions. Fiscal consolidation continued during the year, with the revised fiscal deficit estimate at 4.8% of GDP for FY25, projected to decline further to 4.4% in FY 26. This trajectory underscores the Government’s commitment to prudent fiscal management and long-term macroeconomic stability.

India Growth Trend (%)



Source: MOSPI, Government of India, RBI

Outlook

The Reserve Bank of India projects real GDP growth at 6.5% for FY26, maintaining the pace of the previous year. Growth is expected to be supported by resilient rural demand, improved manufacturing activity, and steady performance in services. Consumer Price Index inflation is projected to average around 4.0%, although global and weather-related risks may influence price dynamics.

According to the International Monetary Fund, India’s economy is expected to grow by 6.2% in 2025 and 6.3% in 2026, maintaining its lead over global and regional peers. The outlook remains strong, supported by sound macroeconomic fundamentals and ongoing reforms in infrastructure, innovation, and financial inclusion.

Bilateral trade agreements, such as the India–UAE Comprehensive Economic Partnership Agreement (CEPA) and the India–Britain Free Trade Agreement (FTA), are aiding supply chain diversification and enhancing trade resilience. The Union Budget reflects a balanced approach between consumption, investment and fiscal prudence, reinforcing India’s long-term growth strategy. Continued emphasis on localisation and self-reliance, under initiatives such as Make in India, is expected to strengthen domestic manufacturing capabilities across key sectors and support long-term economic growth.

Industry Overview

Indian Telecom Sector

India’s telecom industry, encompassing both wireless and wireline users, maintained its position as the second-largest telecom market globally, with a total subscriber base of 1,200.80 million as of March 31, 2025. The sector continued to evolve with growth in high-speed internet users and improved digital infrastructure. Internet subscribers grew from 954.40 million in FY24 to 969.10 million in FY25, reflecting a 1.54% year-on-year growth, driven by accelerated network expansion, rising data consumption, policy measures supporting digital inclusion and the adoption of advanced technologies such as 5G, FTTH, and fixed wireless access (FWA).

Broadband subscribers increased from 924.07 million to 944.12 million in FY25, a 2.16% rise, while narrowband users

declined by 17.67%, from 30.34 million to 24.98 million, indicating a shift toward high-speed connectivity.

Wireless data subscribers rose from 913.34 million at the end of March 2024 to 939.51 million at the end of March 2025, up by 1.57%. Further, wireless data consumption rose from 1,94,774 PB to 2,28,779 PB, while wireless data revenue grew from ₹1,86,226 crore to ₹2,15,078 crore, reflecting a rise of 15.49%.

The sector witnessed strong investment activity, with Average Revenue Per User (ARPU) for wireless services rising from ₹149.25 in FY24 to ₹182.95 in FY25, a 22.57% increase. Average monthly Minutes of Usage (MOU) per subscriber grew from 963 to 1,026, marking a 6.54% increase.

Note: Growth Rates Calculated with respect to Previous Year; FE: Final Estimates, FRE: First Revise Estimate; PE: Provisional Estimates, f: forecast

Total telephone subscriptions grew marginally from 1,199.28 million in FY24 to 1,200.80 million in FY25 (0.12% growth). However, overall tele-density declined from 85.69% to 85.04%. Urban subscriptions increased slightly from 665.38 million in FY24 to 666.11 million in FY25 (0.11% growth), with urban tele-density falling from 133.72% to 131.45%. Rural subscriptions rose from 533.90 million in FY24 to 534.69 million in FY25 (0.15% growth), while rural tele-density declined from 59.19% to 59.06%.

969.10 million

Total Internet Subscribers in FY25,
1.54% YoY growth

944.12 million

Total Broadband Subscribers in FY25,
2.16% YoY growth

(Source: Ministry of Communication (PIB))

Key Growth Drivers

Advancements in 5G Technology: Since the launch of 5G services in the Country, approximately 25 crore mobile subscribers were using 5G services by February 2025, supported by deployment of 4.69 lakhs 5G Base Transceiver Stations (BTSs) by the Telecom Service Providers (TSPs) across the Country. It is one of the fastest rollouts of 5G network globally.

Broadband Connectivity: India continued to see rapid expansion in high-speed internet access fuelled by the pandemic, rising smartphone usage and government efforts. While mobile broadband leads, wired connections especially fiber optic are expanding. Technological advancements in terrestrial wireline, wireless and satellite systems are further enhancing broadband access and bridging the digital divide across the Country.

Tech & Infrastructure Investment: In FY25, telecom operators invested heavily in 5G rollout, fiber infrastructure, OpenRAN and edge computing. These advancements enhanced network capacity, reduced latency and supported future technologies, driving improved connectivity across both urban and rural India. The Union Cabinet approved a ₹12,195 crore Production-Linked Incentive (PLI) scheme; 42 companies committed ₹4,115 crore investment, including MSMEs and global firms. As of March 2025, about ₹1,162 crore in incentive disbursements had been made to 21 of the approved companies.

IoT Ecosystem: The Internet of Things (IoT) continued to gain momentum in FY25, particularly in healthcare, manufacturing, and urban infrastructure. This expansion

drove demand for reliable telecom infrastructure and advanced semiconductor technologies, enabling greater operational efficiency, automation, and digital transformation across key sectors. The growing IoT ecosystem is expected to play a pivotal role in shaping India's digital economy and enhancing sectoral productivity.

Domestic Manufacturing: In FY25, domestic manufacturing emerged as a key growth pillar for the telecom sector. Supported by the PLI scheme, India scaled up local production of telecom equipment, including 5G radios, routers and optical fiber components.

Artificial Intelligence (AI) and Edge Computing: The telecom sector saw increasing adoption of AI and edge computing in FY25, which played a pivotal role in improving network intelligence and efficiency. AI was used to automate fault detection, enable real-time network optimisation, and support predictive maintenance, helping operators reduce downtimes and operational costs. Simultaneously, the expansion of edge computing infrastructure brought data processing closer to users, thereby reducing latency and improving the performance of bandwidth-intensive services such as video streaming, gaming and IoT-based applications. These technologies are becoming integral to managing 5G networks, enabling use cases like network slicing, dynamic traffic management, and personalised service delivery, positioning them as critical enablers of the telecom sector's ongoing digital transformation.

Cybersecurity: With the rapid expansion of digital services and 5G networks, cybersecurity remained a top priority for the telecom sector. According to CERT-In, India reported over 2 million cybersecurity incidents in 2024, underscoring the need for robust defense mechanisms. Telecom operators are increasingly investing in AI-enabled threat detection systems, secure network architectures and compliance with the Telecom Act 2023 to enhance protection against evolving cyber threats. These initiatives are critical to safeguarding core infrastructure and strengthening user trust in the digital ecosystem.

Localised Content and Services: Rising digital literacy and mobile access in Tier 2 and rural areas are driving demand for localised digital content and vernacular services. Telecom operators are partnering with ed-tech, OTT, government bodies, content platforms to deliver region-specific entertainment, education, and e-governance solutions, driving digital inclusion and deeper engagement across diverse linguistic and cultural segments.

Policy Support and Regulatory Reforms: The Telecommunications Act 2023, along with standardised Right of Way (RoW) rules, PLI scheme and targeted budget allocations continued to support infrastructure development, streamline rollout, reduce regulatory hurdles, and significantly boost domestic manufacturing and telecom equipment exports thereby strengthening India's self-reliant digital ecosystem.

Sustainable Practices: Telecom operators strengthened their commitment to sustainability by adopting energy-efficient networks, deploying solar-powered towers and promoting e-waste recycling, and investing in green data centres, aligned with India's Net Zero 2070 commitment. These initiatives helped lower carbon emissions and supported India's broader climate and environmental goals, enabling greener digital growth.

Affordable Smartphones & Increased Internet Penetration: India's smartphone user base crossed 750 million in FY25, propelled by affordable 4G/5G handsets and government-backed connectivity programs such as BharatNet. Increased rural internet penetration and mobile broadband access have significantly expanded the digital footprint, creating new demand for data services and digital payments.

Future-Ready Innovation and Growth: The Department of Telecommunications (DoT) has established a dedicated 6G Innovation and released the Bharat 6G Vision document,

which envisages India as a frontline contributor in the design, development and deployment of 6G technology by 2030.

Government Push and Investment Momentum: India's digital economy is projected to account for 13.42% of national income in FY25 and is expected to reach 20% by FY30, driven by telecom, IT and electronics manufacturing. In the Union Budget FY26, ₹81,005 crore (~US \$9.27 billion) was allocated to the telecom and IT sectors, underscoring the Government's continued commitment to digital infrastructure development. Moreover, Foreign Direct Investment (FDI) in the telecom sector has reached approximately ₹2.4 lakh crore (US \$39.99 billion) since 2000, driven by liberalised FDI norms, proactive policy reforms, and strong domestic demand. These inflows have supported network expansion, technological upgrades, and employment generation, reinforcing the sector's long-term growth trajectory.



Optical Fiber Cable Industry

India's Optical Fiber Cable (OFC) and accessories market continued its growth trajectory, supported by initiatives such as Digital India, BharatNet Phase-III execution, 5G rollouts, data centre expansion, rising export demand along with increasing demand for high-speed broadband connectivity across the Country. According to the Department of Telecommunications (DoT), a cumulative total of 6,98,010 route km of optical fiber cable had been laid as of March 31, 2025 over the last three years, with annual demand exceeding 35 million fiber km in FY25. The rollout of FTTH connections under BharatNet also crossed 12.2 lakh by March 2025, significantly improving rural broadband access.

The market was valued at USD 748.5 million in 2023 and is expected to reach USD 1,501.9 million by 2030, growing at a CAGR of 10.5%.

\$8.68 Billion

Total Addressable Market (TAM) for
OF/OFC and Accessories

Growth Drivers

Increased Demand for High-Speed Connectivity: The growing need for high-speed connectivity is fuelling the rapid expansion of the optical cable industry. Increased dependence on digital services across work, education, healthcare, and entertainment has heightened demand for faster, more reliable internet. OFC offer high bandwidth, low latency, and long-distance transmission, making them ideal for this shift. The rollout of 5G, rising data centers, smart city projects, and government initiatives such as BharatNet Phase-III execution and Digital India are accelerating fiber deployment and driving nationwide industry growth and investment.

Government Initiatives: Government initiatives are significantly boosting India's OFC industry. Spectrum auctions and supportive policies are enabling telecom companies to expand 5G services, which rely heavily on dense OFC infrastructure. Additionally, the Smart Cities Mission promotes digital infrastructure and smart solutions, increasing the demand for robust OFC networks to support IoT, surveillance, and urban connectivity.

BharatNet Programme: Launched in 2011, BharatNet is a flagship initiative by the Government of India aimed at providing affordable, high-speed internet access to every Gram Panchayat across the Country. The project seeks to connect over 2,50,000 Gram Panchayats through Optical Fiber Cable, significantly enhancing rural connectivity. Under Phase III of the BharatNet project, the focus is on achieving universal fiber connectivity in rural areas using an IP MPLS ring architecture, which ensures higher reliability and redundancy. As of January 2025, 2.14 lakh Gram Panchayats have been connected under this initiative, and 6.92 lakh kilometers of OFC have been laid, marking substantial progress toward bridging India's digital divide. With an overall outlay of ₹1.39 lakh crore, BharatNet Phase III aims to connect nearly 6 lakh villages, enabling access to e-governance, digital services, telemedicine, and online education, thus narrowing the rural-urban digital gap.

Infrastructure Development: The National Highways Authority of India (NHAI) is contributing to digital infrastructure by integrating OFC deployment with highway development. Through its Digital Highways initiative, NHAI allows OFC installation along national highways via dedicated utility corridors targeting 30,000 km by 2027. This enables faster and cost-effective fiber rollout across long distances. By leveraging its vast road network, NHAI is helping expand broadband connectivity, support 5G deployment, and boost India's overall digital and telecom infrastructure.

Defence Sector

India's defence production has witnessed remarkable growth since the launch of the "Make in India" initiative. Once heavily reliant on foreign suppliers, the nation is now emerging as a formidable player in indigenous defence manufacturing. This transformation underscores India's commitment to self-reliance, enabling it to meet its strategic



and security needs through home-grown capabilities. In line with this vision, the Government has identified the Defence and Aerospace sectors as critical pillars of the 'Atmanirbhar Bharat' (Self-Reliant India) initiative, aiming to strengthen national security while driving economic growth.

Modernisation and Localisation of Defence Equipment and Infrastructure

To realise the vision of 'Viksit Bharat @ 2047' with a technologically advanced and Atmanirbhar Armed Forces, India is accelerating its defence modernisation efforts while strengthening domestic defence manufacturing capabilities. In the Union Budget for FY26, the Ministry of Defence (MoD) was allocated ₹6,81,210.27 crore, marking a 9.53% increase over FY25. This allocation accounts for 13.45% of the total Union Budget, making it the highest among all ministries and reflects the Government's strategic focus on national security and self-reliance in defence production.

A key focus of India's defence strategy is indigenisation. In FY26, 75% of the defence modernisation budget, amounting to ₹1,11,544.83 crore, has been earmarked for procurement from domestic sources. Of this, ₹27,886.21 crore representing 25% of the domestic procurement share is specifically allocated to private Indian industries, reinforcing the Government's commitment to fostering a self-reliant defence ecosystem and encouraging private sector participation in strategic manufacturing.

In parallel, investment in innovation and research has been strengthened. The Defence Research and Development Organisation (DRDO) has received an enhanced allocation of ₹26,816.82 crore for FY26, marking a 12.41% increase from FY25. Of this, ₹14,923.82 crore is dedicated to capital expenditure and funding R&D projects. The increased budget will boost DRDO's ability to develop advanced technologies with a special focus on fundamental research and collaboration with private firms under the Development-cum-Production Partner model.

This support, particularly through DRDO's flagship Technology Development Fund scheme, is expected to accelerate the growth of deep-tech capabilities and make India's defence sector more self-reliant and globally competitive. In addition, the modernisation drive includes significant upgrades in secure defence communication systems, with the addition of telecom-grade optical fiber networks.

Growth Drivers

Policy and Initiatives

In recent years, the Government of India has undertaken several transformative initiatives to strengthen defence manufacturing and achieve self-reliance. Key reforms include liberalisation of the FDI policy in 2020, permitting up to 74% FDI via the automatic route, which has attracted ₹5,516.16 crore investments since April 2000.

A major milestone was the inauguration of the Tata Aircraft Complex in Vadodara, in October 2024, which will domestically produce 40 of the 56 C-295 aircraft, marking significant progress towards Atmanirbharta. The Defence Testing Infrastructure Scheme (DTIS) is supporting the creation of eight testing facilities, with seven already approved.

The annual Manthan event at Aero India 2025 brought together startups, academia, and industry, showcasing innovation and collaboration. Under Defence Acquisition Procedure (DAP)-2020, priority is given to domestic procurement, with 75% of the ₹1,11,544 crore modernisation budget allocated to Indian industry.

Industrial Corridors and Innovation

The Defence Industrial Corridors in Uttar Pradesh and Tamil Nadu are strategic initiatives under the 'Make in India' programme aimed at boosting indigenous defence and aerospace manufacturing. These corridors are designed to reduce imports, promote exports, and position India as a global defence manufacturing hub.

So far, investments of over ₹8,658 crore have been made across six nodes in Uttar Pradesh (Agra, Aligarh, Chitrakoot, Jhansi, Kanpur, and Lucknow) and five nodes in Tamil Nadu (Chennai, Coimbatore, Hosur, Salem, and Tiruchirappalli). As of February 2025, 253 Memorandums of Understanding (MoUs) have been signed, with a projected investment potential of ₹53,439 crore.

These corridors are enhancing manufacturing capabilities, generating employment and supporting the growth of Micro, Small and Medium Enterprises (MSMEs), startups, and private players propelling India towards self-reliance in defence production and innovation.

Promotion of Indigenous Design and Development of Defence Equipment

Introduced in the Defence Procurement Procedure (DPP) 2006 and refined over time, the MAKE procedure promotes indigenous defence manufacturing through three categories:

MAKE-I: Government-funded (up to 70%, prototype development support capped at ₹250 crore per Development Agency), minimum 50% Indigenous Content (IC)

MAKE-II: Industry-funded, minimum 50% IC, focused on import substitution

MAKE-III: Manufacturing via foreign Transfer of Technology (ToT), requiring at least 60% IC

As of March 2025, 145 projects involving 171 industries are underway:

40 under **MAKE-I**

101 under **MAKE-II**

4 under **MAKE-III**

These initiatives are driving self-reliance in defence production fostering indigenous design and development and strengthening India's strategic capabilities. Defence exports reached an all time high of ₹23,622 crore (US\$ 2.76 billion) in FY25, a 12.04% year-on-year increase over ₹21,083 crore in FY24.

\$ 2.76 Billion

Defence Exports have reached an all-time high in FY25



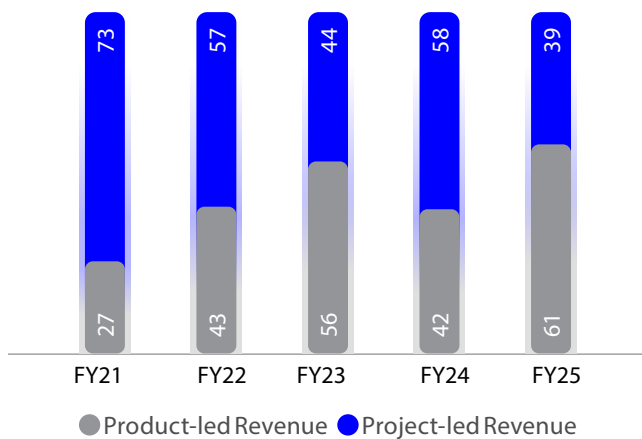
Business Performance Review

Transformation of Revenue Mix

Transition from Project-driven to Product-centric Revenue:

The Company is strategically transitioning from project-led to product-led revenue having resolved not to engage in low-margin turnkey projects. This strategic pivot emphasises scalable, high-value product offerings with the potential to deliver higher margins, stronger cash flows, improved revenue visibility and enhanced market positioning. By focusing on innovation and long-term value creation, the Company aims to strengthen its financial health and build a more resilient business model.

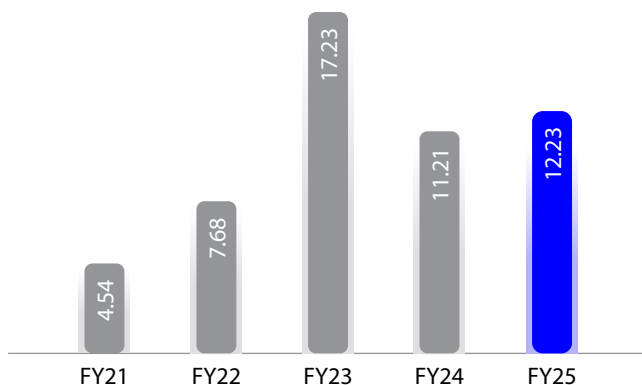
Shift towards Product-led Revenue (%)



Enhanced Emphasis on Export-oriented Revenue:

The Company recorded strong consistent growth until FY23, followed by a slowdown in FY24 driven by global demand challenges. With early signs of recovery in FY25 and improving international market conditions, the Company is focused on accelerating export growth, expanding its global customer base and capturing higher market share. These efforts aim to establish a stronger global presence and drive long-term, sustainable growth through diversified revenue streams.

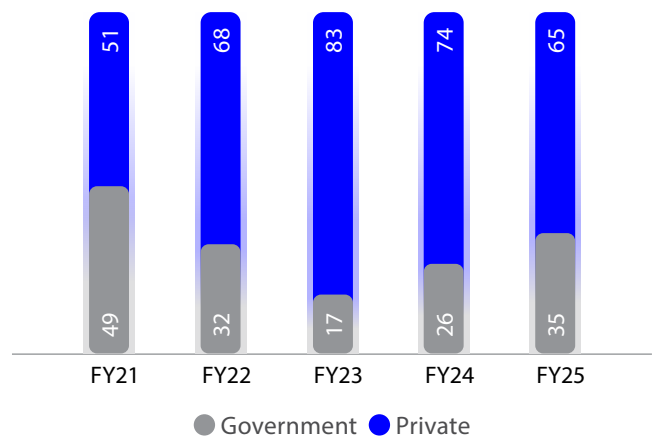
Export Revenue Share (in %)



Ramped-up Engagement with Private Entities:

The Company is strengthening its customer mix by prioritising higher-margin private clients. This strategic shift involves refining go-to-market approaches, optimising product offerings and aligning more closely with evolving market dynamics and customer expectations. By deepening engagement with private entities, the Company aims to enhance profitability, drive sustainable growth, and build a more agile and market responsive business model.

Revenue share from Private Customers (%)



Optical Fiber Cable and Optical Fiber

Phased Expansion of Optical Fiber and Optical Fiber Cable Capacity

After experiencing subdued demand for Optical Fiber Cable over the past six to seven quarters, which led to lower capacity utilisation across manufacturing operations, the Company is now witnessing a notable recovery in operational performance driven by strengthening market conditions and emerging growth drivers.

As of Q1 FY26, the Company's optical fiber manufacturing operations have achieved full capacity, compared to 45% utilisation in FY25. Similarly, OFC manufacturing, which operated at 40% utilisation during the previous fiscal, is expected to achieve full capacity during the current quarter.

This recovery is supported by favourable industry momentum, including:

- Nationwide 5G rollouts
- Data centre expansion
- Execution of BharatNet Phase III
- Rising export demand

In response to these opportunities, the Company is significantly expanding its optical fiber manufacturing capacity, increasing from 14 million fiber kilometre (fkm) per annum to 33.90 million fkm per annum. This expansion is progressing as planned and is expected to be fully operational by the end of FY26.

In line with the Company's strategy to diversify its optical fiber cable product portfolio, capture high-value market segments, and drive market expansion, the Board of Directors in its meeting held on July 11, 2025 has approved the enhancement of Intermittent Bonded Ribbon (IBR) cable manufacturing capacity from ~1.73 million fiber kilometres per annum (mfkm/p.a.) to ~19.01 mfkm/p.a. at its existing facilities in Hyderabad and Goa with a total capital outlay of approximately ₹125.55 crore.

This expansion is aimed at meeting rising global demand, particularly from North America and Europe. The Company already has orders in hand of IBR cables from large hyperscalers, underscoring the market's confidence in its capabilities. It strategically positions HFCL as a key player in this specialized and high growth segment.

The expanded capacity is expected to be completed in a phased manner starting from December 2025 and is anticipated to be fully operational by June 2026. Upon completion of the aforesaid expansion, the Company's consolidated OFC manufacturing capacity will reach ~42.36 mfkm/p.a.

The Company's earlier plan to set up an OFC manufacturing facility under its subsidiary, HFCL Technologies Private Limited, has been temporarily put on hold due to the prevailing trans-border security situation in Jammu & Kashmir. In view of the current concerns and associated operational risks in the region, the proposed expansion will remain suspended until the situation stabilises and a favourable environment for industrial development is restored.

Quality Compliance and Certifications

The Company's Hyderabad Fiber Plant achieved several key quality and compliance milestones reinforcing its commitment to global standards and customer satisfaction. The plant earned:

- ISO 10002:2018 for Customer Satisfaction & Complaints Management
- ISO/IEC 27701:2019 for Privacy Information Management
- Fire resistance certification and CE/UKCA compliance for cable products, strengthening its market access in the UK and European regions

The Goa Plant's testing facility received the prestigious TDAP certification from the VDE Institute, Germany further validating its technical capabilities. Both Hyderabad and Goa plants attained NABL accreditation for Optical Fiber and Cable testing, underscoring HFCL's commitment to precision and reliability.

The Company upgraded its Business Continuity Management System to ISO 22301:2019 ensuring operational resilience. The Company continues to maintain key certifications including:

- ISO 14001 (Environmental Management)
- ISO 45001 (Occupational Health & Safety)
- ISO 9001:2015 (Quality Management)
- CMMI-DEV Level 3 (Process Maturity for Development)

The Company's optical fiber products earned GR-20 Telcordia certification from Ericsson Network Integrated Solutions (NIS), a key enabler for expanding its presence in North American markets.

In recognition of its manufacturing capabilities, the Hyderabad Fiber Plant was honoured with the Frost & Sullivan Indian Manufacturing Excellence Award – Silver Merit Award further validating its industry leadership.

These achievements reflect the Company's unwavering commitment to global quality standards, safety and operational excellence.

Growing International Presence in Europe

HFCL is accelerating its global expansion through strategic partnerships across Europe, Southeast Asia, and the Middle East, with a focus on delivering advanced solutions in fiber optics, telecommunications, and defense technologies. After two years of muted export performance, the Company is now well-positioned to capitalise on the rebound in global demand supported by a robust product portfolio and expanding international footprint.

One of the key growth areas is the Fiber to the Home (FTTH) market, which is witnessing rapid growth, driven by rising demand for high-speed connectivity, smart home solutions, and digital infrastructure. By 2030, the number of FTTH subscribers is projected to reach:

- 158 million in EU27+UK region
- 221 million in the EU39 region

Globally, FTTH adoption is increasing, especially in developing regions such as Asia, Africa, and Latin America. Between 2024 and 2034, the FTTH market is expected to grow at a CAGR of 16.6% in H1 and 16.8% in H2 reflecting strong long-term demand and investment potential.

Product Innovation

The Company continues to strengthen its position as a technology-driven organisation by expanding its manufacturing and R&D capabilities to address the rising demand across core sectors. The Company has successfully developed ultra-thin micro cables and high-density fiber variants, specifically designed for data centers and next-generation 5G and emerging 6G networks. These innovations are currently patent pending, underscoring the Company's commitment to intellectual property and technological leadership.

At ISE EXPO 2024, the Company showcased its innovation prowess with the launch of award-winning IBR cables and a new 864-fiber micro cable with compact diameter of 10.6mm, reinforcing its leadership in high-performance fiber optic solutions. These developments enable more efficient and scalable network deployments, catering to the evolving needs of global telecom operators and hyperscale data networks.



Telecom & Networking Products and Turnkey Solutions

HFCL continued to strengthen its position as a leading provider of advanced telecom solutions, with a portfolio that reflects its commitment to innovation and self-reliance. The Company introduced several cutting-edge, Made-in-India products, including:

- India's first 5G Fixed Wireless Access (FWA) Customer Premises Equipment (CPE) with its own intellectual property rights (IPR)
- High-speed Unlicensed Band Backhaul Radios
- IP/MPLS Routers, Switches and Wi-Fi 7 Access Points
- Next-generation optical fiber products

HFCL's Unlicensed Band Radios currently deliver data speeds of up to 2 Gbps over distances ranging upto 35 kilometres.

Expansion of UBR Portfolio

We have strategically expanded our Unlicensed-Band Backhaul Radio (UBR) portfolio to cater to a broader range of deployment scenarios:

Compact Form Factor Radios

Tailored for enterprise campuses and urban networks, these radios are optimized for environments where tower space is limited and rapid deployment is essential.

Point-to-Multipoint (P2MP) Variants

Prototype trials are currently in progress to support applications such as last-mile connectivity under BharatNet Phase III. These P2MP UBR solutions are designed to connect multiple gram panchayats from a central hub, aligning with the Government's vision for rural broadband enablement.

Education Sector: A Flagship Success

Our deployment of Wi-Fi 6 Access Points (APs) at the University of Delhi marks our largest single-site implementation this year, reinforcing our leadership in next-generation connectivity solutions for the education sector.

Parameter	Details
Colleges & Campuses Covered	60+
Students, Faculty & Staff	450,000+
Use Cases	Smart classrooms, digital administration, IoT labs

This initiative supports the university's digital transformation goals by enabling high-density connectivity, seamless high-definition video streaming, and secure guest and roaming access. It stands as a testament to the scalability and performance of our Wi-Fi 6 technology in demanding academic environments.

IP/MPLS Routers

A key milestone during the year was the successful development of indigenous Multi-Protocol Label Switching (MPLS) Routers, specifically designed for 5G backhaul and enterprise networks. Engineered for rugged environments and dual-use applications across civil and defense sectors, these routers have already secured confirmed orders worth ₹800 crore, underscoring the Company's ability to deliver high-performance, scalable solutions that meet both domestic and international requirements.

FWA CPE

HFCL became the first Indian company to develop and commercially launch 5G FWA CPE, marking a significant milestone in the evolution of last-mile wireless connectivity in the 5G era. In its debut year, the Company dispatched around 6,00,000 units, reflecting strong market acceptance. Further underscoring its market leadership, HFCL has already secured confirmed orders worth more than ₹800 crore for the supply of this product.

Standards and Research

We are significantly increasing our investments in research and development across emerging technology domains, with a focus on next-generation Wi-Fi 8 and AI-driven radio for 5G, 5G Advanced and 6G technologies. These efforts are aimed at enhancing our innovation pipeline and maintaining technological leadership.

Aligned with the Indian Government's "Atmanirbhar Bharat" initiative and its push for digital connectivity across strategic sectors such as railways and defence, HFCL anticipates sustained demand for vertically integrated, indigenously developed networking solutions. Our commitment to building made-in-India products positions us strongly to meet this growing national imperative.

Strategic Wins Under BharatNet Phase III

During FY25, HFCL achieved significant milestones under the Government of India's BharatNet Phase III initiative, aimed at delivering high-speed internet connectivity to all 6,40,000 villages across the Country. The Company participated in tenders floated by Bharat Sanchar Nigam Limited (BSNL) and emerged successful in securing major contracts.

HFCL received a contract worth approximately ₹2,501.30 crore for the design, supply, construction, installation, upgradation, operation, and maintenance of the middle-mile network in the Punjab Telecom Circle.

The Company also secured Advance Purchase Orders totalling approximately ₹2,166.99 crore from Rail Vikas Nigam Limited for the supply of Optical Fiber Cables, Telecom Equipment, and related accessories, along with annual maintenance services, for BharatNet Phase III in the Uttar Pradesh (East) and Uttar Pradesh (West) Telecom Circles. In addition to this the Company also received service order worth ₹56.36 crore from RVNL.

These cumulative orders, valued at over ₹4,700 crore, underscore HFCL's growing leadership in India's digital infrastructure landscape and its proven capabilities in executing large-scale, mission-critical telecom projects. Beyond these wins, the Company sees significant potential to supply fiber, optical fiber cables, routers and passive connectivity solutions to other vendors involved in the remaining 13 telecom circles. According to the Department of Telecom, tenders worth over ₹50,000 crore in these circles are currently at various stages of award.

HFCL has played a pivotal role in earlier phases of BharatNet, particularly Phase II, where its advanced technologies and efficient execution contributed to transformative improvements in rural broadband connectivity in Punjab and Jharkhand. The Company remains committed to supporting the Government's 'Digital India' vision and the recently launched Digital Public Infrastructure (DPI) framework for rural services, by bridging the digital divide in underserved regions.

Furthermore, the Union Budget for FY26 has reinforced the importance of digital connectivity, proposing high-speed internet access for primary healthcare centers and government secondary schools nationwide. The budget allocates ₹1.05 lakh crore for telecom and broadband infrastructure projects, including BharatNet Phase III execution and rural connectivity, which is expected to drive increased demand for broadband equipment and optical fiber cables, products manufactured by HFCL, positioning the Company to capture a substantial share of this emerging market opportunity.





5G Business Unit

The global telecom industry is projected to surpass 6.29 billion 5G subscriptions in 2030 from 2.3 billion in 2024, growing at a CAGR of 18%. In India, with 1.19 billion users and 1.06 billion wireless subscribers (as of December 2024), including 290 million 5G subscriptions (24% of total mobile connections) and an average per capita data usage of 32 GB per month, demand for fiber, 5G and advanced connectivity is surging, areas where HFCL holds a strong position. Through technology partnerships with Qualcomm, Broadcom, Intel, NXP, TI, Mediatek and IP Infusion, HFCL is accelerating next-gen telecom innovation. With a dedicated 5G business unit, HFCL is positioning itself to tap into the US\$600 billion total addressable market (TAM) projected by FY30. The Company's focus spans 5G product development, global system integration, and enterprise-grade connectivity, positioning it as a key player in the 5G revolution and digital transformation.

Fixed Wireless Access (FWA) Customer Premises Equipment

HFCL offers comprehensive telecom solutions—indoor and outdoor, point-to-point or multipoint, front-haul to back-haul, designed for networks of all sizes. Our secure, scalable technologies are backed by intelligent network management tools that streamline configuration and enhance performance.

HFCL became the first Indian company to launch 5G FWA Customer Premises Equipment, dispatching over 400,000 units in FY25 and securing ~₹205 crore of additional orders. The Company's innovative Indoor and Outdoor 5G FWA CPEs are boosting broadband penetration, bridging the digital divide, and positioning HFCL as a future-ready global telecom technology leader.



Routers

Modernizing transport networks is critical for 5G, driven by higher bandwidth demands per cell site, increased site density, and strict latency requirements. HFCL's 5G transport product portfolio supports this transformation through the use of merchant silicon, network disaggregation, and open standards such as the Telecom Infra Project (TIP) and Open Compute Project (OCP).

HFCL's IP/MPLS router portfolio includes 56 Gbps, 82 Gbps, 360 Gbps, and 800 Gbps models, supporting interfaces like 1G, 10G, 25G, 40G, 50G, and 100G. Designed for 5G transport networks, these routers serve as Access, Pre-Aggregation, and Aggregation Routers, with hot-swappable fans and power units for easy maintenance. For ease of operations and maintenance, all these routers can be managed remotely from a Network Operation Centre (NOC) by an Element Management System (EMS) that is built on a cloud native architecture.



Standards and Research on 5G, 5G Advanced and 6G

Innovation in 5G and 6G is a strategic priority for HFCL. As an active member of global and national forums such as TIP, TSDSI, B6GA, and NSG-5 (towards ITU-R WP5D), we are strengthening our R&D efforts in key areas, including AI/ML, energy efficiency, and Integrated Sensing and Communication (ISAC), where we are developing advanced algorithms, system prototypes, and contributing to pre-standardization efforts. These initiatives support the advancement of 3GPP standards and Open RAN specifications while driving innovation in RF front-end design, antenna systems, autonomous networks, edge computing, and sustainability.

HFCL also partners with leading academic and research institutions to accelerate cutting-edge 6G innovation. Our AI-enabled intelligent Macro RU use case was recognized by ITU's AI for Good platform and nominated for the prestigious SAIL award, showcasing our leadership in applying AI for next-generation networks.

We are also building a strong and future-focused IP portfolio of patents. The patents are mostly in the domains of energy efficiency, power management, ISAC and towards Radio Access Networks (RAN).

With strong domestic adoption, we are expanding globally, focusing on exports of FWA devices, routers, Wi-Fi 7 access points, switches, and fiber optic cables.



Expanding Horizons in the Defence Sector

The defence sector is emerging as a strategic growth driver for HFCL, offering long-term value creation opportunities. With the Government of India earmarking 75% of the defence capital procurement budget for domestic manufacturers, the policy thrust on indigenisation has created a conducive environment for companies like HFCL to contribute meaningfully to national security and self-reliance.

HFCL has made early and decisive investments in building a comprehensive portfolio of advanced defence technologies. These include:

- Ground and Coastal Surveillance Radars for securing strategic locations
- Night Vision Devices for enhanced operational effectiveness in low-visibility conditions
- Electronic Fuzes that improve safety and precision in modern munitions
- High Capacity Radio Relay Systems for real-time, high-bandwidth mission-critical communication
- Tactical Optical Fiber Cables, engineered for rapid deployment and rugged use in battlefield and disaster recovery scenarios

These solutions are designed for both domestic and international defence markets, and the Company is already witnessing strong interest from the Indian armed forces as well as overseas clients. A notable addition to HFCL's defence portfolio is its Drone Detection Radar, which is currently under development and expected to enter production within the current financial year.

The Defence Division has been aggressively implementing Go-To-Market strategies in the Electro-Optics segment, establishing a distinct competitive position within the Indian Army. We are proud to share that HFCL is now a qualified vendor for the Indian Army. Intensive user trials were conducted by the Infantry Test & Development Unit (ITDU), Mhow, for our Thermal Weapon Sights (TWS) for AK-203 rifles and Rocket Launchers. Our systems successfully cleared these rigorous field evaluations, demonstrating compliance with the stringent operational and technical standards of the Indian Army.

HFCL has achieved a strategic win with a landmark order from the Indian Army for the manufacture and supply of Thermal Weapon Sights, reinforcing its position in the defence sector. This order not only underscores our growing capabilities in the defence optics space but also reflects the increasing trust placed in HFCL's indigenously developed technologies by key defence stakeholders.

To support its growing defence business, HFCL inaugurated a state-of-the-art manufacturing facility in Hosur, Tamil Nadu. This facility is dedicated to producing indigenously developed defence products such as Thermal Weapon Sights, Electronic Fuzes, High Capacity Radio Relay Systems, and Surveillance Radars, tailored to meet the evolving needs of modern armed forces.

Further strengthening its R&D and innovation capabilities, HFCL signed two Technology Licensing Agreements with the Defence Research and Development Organisation (DRDO) for:

- A Compact Transhorizon Communication System, enabling high data rate, low latency terrestrial backhaul connectivity in remote areas, and
- A Multi-Mode Hand Grenade, reinforcing HFCL's commitment to delivering modular, battlefield-ready innovations.

HFCL has also developed Tactical Cables for use in battlefield environments, forming a critical part of its high-performance connectivity solutions. The Company has already secured a contract worth ₹44.36 crore from the Indian Army for the supply of these cables, with results from additional large tenders expected shortly.

In parallel, HFCL's subsidiary, HTL Ltd., has entered the wire harness segment for defence applications, a high-potential, low-capex business with strong profitability prospects. HTL is currently executing initial orders for critical applications in fighter jet upgrades and T-72 tank modernization programs, further underscoring HFCL's growing role in India's defence modernization efforts.

With increasing domestic demand and export potential, HFCL is well-positioned to scale its defence offerings and contribute meaningfully to India's vision of self-reliance in defence manufacturing.

FINANCIAL REVIEW (CONSOLIDATED)

Revenue from Operations

The Company recorded a revenue from operations of ₹4,064.52 crore in FY25, showing a slight decrease from ₹4,465.05 crore in FY24.

Other Income

The Other income stood at ₹57.76 crore in FY25 as against ₹100.59 crore in FY24.

Total Income

The total income for FY25 stood at ₹4,122.28 crore, slightly down from ₹4,565.64 crore in FY24. This decline was primarily driven by drop in revenue from optical Fiber cables, coupled with global demand softness and a decrease in other income.

Total Expenses

The total expenses in FY25 amounted to ₹3,615.53 crore, compared to ₹3,883.51 crore in FY24. The decrease in expenses aligns with the reduced revenue.

EBITDA and EBITDA Margin

Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA) for FY25 was ₹506.75 crore, as against ₹682.13 crore in FY24. The EBITDA margin has reduced to 12.47% in FY25 from 15.28% in FY24 primarily due to low capacity utilisation of Optic Fiber Cable facilities.

Depreciation and Finance Cost

Depreciation expenses has slightly increased to ₹105.51 crore in FY25 from ₹81.76 crore in FY24, while finance costs also increased to ₹185.01 crore in FY25 from ₹147.28 crore in FY24.

Share of Net Profits/Loss of JV's

The share of net profits from joint ventures, accounted for using the equity method, stood at ₹0.36 crore in FY25, down from ₹0.93 crore in FY24.

Profit before Tax (PBT) and PBT Margin

Profit before Tax (PBT) for FY25 was ₹216.59 crore, reduced from ₹454.02 crore in FY24. The PBT margin also declined to 5.33% in FY25 from 10.17% in FY24.

Tax and Profit after Tax (PAT)

Tax expenses were ₹43.33 crore in FY25, compared to ₹116.50 crore in FY24. Profit after Tax (PAT) decreased to ₹173.26 crore in FY25 from ₹337.52 crore in FY24. The PAT margin also decreased to 4.26% in FY25 from 7.56% in FY24.

Other Comprehensive Income and Total Comprehensive Income

Other Comprehensive Income saw a significant decline and incurred loss of ₹35.83 crore in FY25 from ₹129.60 crore in FY24. Consequently, Total Comprehensive Income for FY25 was ₹137.43 crore, compared to ₹467.12 crore in FY24. The decrease in Other Comprehensive Income is attributable to the change in fair value of investments held by the Company in a listed entity, reflecting market fluctuations during the year under review.

Earnings Per Share (EPS) - Diluted

Earnings Per Share (EPS) for FY25 was ₹1.23, reduced from ₹2.33 in FY24, followed by dip in overall profitability in FY25.

Dividend

The Board of Directors of the Company has recommended a final dividend @10%, i.e. ₹0.10 (Ten paise) per equity share of face value ₹1 each for FY25 subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting of the Company.

Net Worth

The Company's net worth increased to ₹4,119.32 crore from ₹3,999.83 crore in the previous year.

Debt

The Debt in FY25 stood at ₹1,341.06 crore against ₹977.26 crore in FY24.

Order book

The Company has a healthy consolidated order book of more than ₹9,967 crore as on March 31, 2025, providing clear visibility of earnings for the coming years. The order book comprises high-margin O&M contract order worth ₹3,675 crore.



Capital Structure

Authorised Share Capital

As on March 31, 2025, the Authorised Share Capital of your Company stood at ₹760 crore (Rupees Seven Hundred Sixty crore only) divided into 510 crore (Five Hundred Ten crore) equity shares of face value of ₹1/- (Rupee One) each, aggregating to ₹510 crore (Rupees Five Hundred Ten crore only) and 2.50 crore (Two crore Fifty lakhs) Cumulative Redeemable Preference Shares (CRPS) of ₹100/- (Rupees Hundred) each, aggregating to ₹250 crore (Rupees Two Hundred Fifty crore only).

Paid-up Share Capital

As on March 31, 2025, the Paid-up Equity Share Capital of your Company stood at ₹144.27 crore comprising of 144,26,72,812 equity shares of face value of ₹1/- each.

Allotment of Equity Shares

The Board of Directors and the Shareholders of the Company at their meetings held on September 02, 2022, and September 30, 2022, respectively, had approved raising of funds by way of preferential issue of securities (Warrants) to persons belonging to Promoter and Non-Promoter category in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**") and the Companies Act, 2013 ("**Act**") and the rules made thereunder.

Pursuant to the aforesaid authorisations, the Private Placement Offer Cum Application Letter (PAS-4) dated October 10, 2022 and pursuant to the applications received from persons belonging to Promoter and Non-Promoter category in the preferential issue under Chapter V of the SEBI ICDR Regulations ("**Issue**"), and Section 42 and Section 62 of the Act, as amended, read with the rules

issued thereunder, the Allotment Committee (Warrants) of the Board of Directors, vide its resolution dated October 15, 2022, had approved the allotment of 1,41,00,000 (One Crore Forty-One lakhs) Warrants convertible into 1,41,00,000 equity shares at a price of ₹80/- per Equity Share (**Warrant Exercise Price**).

Further, the Allotment Committee (Warrants) of the Board of Directors, vide its resolutions dated February 07, 2024, March 22, 2024 and April 11, 2024 had approved the allotment of 1,00,00,000 (One Crore), 22,00,000 (Twenty-Two Lakh) and 17,00,000 (Seventeen Lakh) equity shares, respectively, having face value of ₹1/- (Rupee One only) each, at a premium of ₹79/- per equity share, fully paid-up, upon conversion of warrants.

Pursuant to the said allotments, the paid-up equity share capital of the Company increased from ₹142,87,72,812 divided into 142,87,72,812 equity shares of ₹1/- each to ₹144,26,72,812/- divided into 144,26,72,812 equity shares of ₹1/- each, as of March 31, 2025.

Further, the warrants allotted to one of the warrant holders, belonging to the non-promoter category and being a part of the senior leadership team, holding 2,00,000 warrants, who sought early retirement from the Company, and since retired, did not exercise the conversion option within 18 months from the date of the allotment, i.e. on or before April 14, 2024. Therefore, the 25% of Warrant Exercise Price i.e., ₹40 lakhs received by the Company stands forfeited as per provisions of Regulation 169(3) of Chapter V of the SEBI ICDR Regulations.

The proceeds amounting to ₹111.20 crore were utilised as per the objects and purpose of the Issue.

Your Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

Key Financial Ratios

As mandated by Regulation 34(3) and Para B of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the key financial ratios are detailed below:

Financial Ratios	FY25	FY24	Reason for Variations more than 25% during FY25
Debtors Turnover	1.61	1.77	-
Inventory Turnover	3.52	4.20	-
Interest Coverage	2.17	4.08	The variation is primarily attributable to a reduction in profit during the financial year.
Current	1.86	2.08	-
Debt Equity	0.33	0.24	The variation is primarily due to increase in debt on account of manufacturing capacity enhancement.
Operating Profit Margin (%)	12.47	15.28	-
Net Profit Margin (%)	4.26	7.56	The variation is primarily attributable to a reduction in profit during the financial year.
Return on Net Worth (%)	4.27	9.45	The variation is primarily attributable to a reduction in profit during the financial year.

Business Outlook

HFCL strides forward with a steadfast commitment, steering its course towards sustainable growth. This progression is driven by continuous capacity expansion, strengthening value chain, a robust pipeline of innovative product and solution offerings backed by intensive R&D, comprehensive system integration, an ever-growing customer base, and an expanding global footprint. The rising global demand for high-speed, secure communication networks further accelerates the Company's upward growth trajectory.

By reinforcing its core competencies, HFCL is strategically positioned to effectively meet global communication and networking requirements, ensuring competitive pricing while reducing reliance on imports and capitalising on emerging opportunities shaped by evolving global dynamics.

The anticipated surge in global demand for Optical Fiber Cable, along with the increasing penetration of Fiber-to-the-Home (FTTH), continued deployment of 5G, expansion of 4G networks, the nationwide BharatNet initiative, rapid proliferation of data centres, and rising exports, collectively serve as strong growth enablers.

The Indian Government's resolute emphasis on domestic procurement of telecom and defence equipment, coupled with the telecom operators' continued network expansion and technology upgrades, align seamlessly with HFCL's ambitious and transformative growth strategy.

As HFCL progresses along this transformative path, it remains firmly aligned with the Prime Minister's vision of connecting every gram panchayat and village through Optical Fiber Cable, aiming to make affordable broadband connectivity a nationwide reality.

We remain confident that our focused initiatives, expanding our product portfolio across telecom, Optical Fiber Cable, passive connectivity solutions, and defence products; enhancing production capacity; deepening backward integration; broadening our customer base; transitioning from project-led revenue to product-led revenue; and exploring new geographies will drive consistent revenue growth, enhance margin and ensure optimal utilisation of working capital resources. With a strong sense of optimism, we look forward to unlocking future opportunities and delivering a successful year ahead.

Embracing the wave of technological transformation, HFCL is evolving into a dynamic enterprise dedicated to fostering innovation and delivering cutting-edge solutions and products across telecommunications, and defence sectors. The Company aims to position itself as a globally recognised technology player, equipped with one of the world's largest Optical Fiber Cable manufacturing capacities and a portfolio of advanced Defence and Telecom Networking products and solutions built to international standards.



Research and Development (R&D) Capabilities

HFCL is a technology-driven enterprise with a strong focus on research and development (R&D) to drive innovation and stay at the forefront of technological advancement. With a talented R&D team of 351 professionals across its centres in Bengaluru, Gurugram, and Hyderabad, HFCL is actively shaping the future of telecommunications.

Strengthened in-house R&D Team

108

5G Products

105

Enterprise Networking Products

60

Technology & Defence

78

Optic fiber & Optical fiber Cable

HFCL leads as a technology-driven company with R&D at its core. With 351 experts across Bengaluru, Hyderabad, and Gurugram, it pioneers 5G, edge computing, and radio innovations.

Key milestones include global technology collaborations, indigenous product development, filing of multiple patents (including five in the 5G RAN domain), and the establishment of a 5G Lab-as-a-Service, enabling advanced testing and supporting Industry 4.0 transformation.



Digital Transformation and Operational Excellence

To standardise and elevate our business operations, HFCL undertook a comprehensive Business Process Re-engineering (BPR) initiative. This led to optimised workflows and the formulation of a digital transformation roadmap aligned with our strategic objectives. A key milestone in this journey was the successful implementation of SAP S/4HANA on RISE, establishing a unified enterprise architecture that integrates all business verticals, ensures data consistency, and embeds global best practices through standardised processes and a single Chart of Accounts. This scalable and flexible platform enables seamless integration, fosters innovation, and strengthens long-term organisational resilience.

As part of our broader digital transformation, we are in the process of deploying a best-fit Customer Relationship Management (CRM) solution across all verticals. This initiative is designed to enhance customer experience by providing a comprehensive 360-degree view, enabling personalised engagement, improved responsiveness, and deeper customer insights.

In parallel, we developed an in-house Channel Sales & Distribution (CSD) portal to streamline telecom distributor operations. This platform facilitates efficient, self-managed workflows and significantly reduces turnaround times, marking a substantial advancement in our digital capabilities.

Recognising the critical importance of cybersecurity in this transformation, HFCL has implemented industry-leading solutions for threat detection, brand monitoring, vulnerability assessment, and risk mitigation. Organisation-wide awareness campaigns were also conducted to equip employees with the knowledge to identify, prevent, and respond to cyber threats, thereby strengthening enterprise-wide security resilience.

Furthermore, HFCL has concluded its enterprise-wide Artificial Intelligence (AI) strategy, with a focused approach on:

Enhancing Productivity – Empowering employees through AI-enabled workflows.

Optimising Processes – Embedding AI across operations to drive efficiency.

Delivering AI-Powered Solutions – Innovating products and services for the future.

These AI-driven initiatives are expected to improve operational efficiency, reduce costs, and accelerate time-to-market for innovative solutions, positioning HFCL to leverage emerging opportunities in next-generation networks and smart connectivity.

Investing in Human Capital

At HFCL, people form the backbone of innovation and operational excellence, driving sustainable growth across expanding global operations. In FY25, HFCL focused on building a future-ready workforce through strategic hiring, capability enhancement, and leadership development initiatives aligned with business priorities.

Recruitment and Onboarding

In FY25, we strengthened the Company's capacity to support its telecom, defence, and export-led growth plans by hiring 229 new on-roll employees and 485 off-roll/fixed-term employees. A strong emphasis was placed on leadership roles, with 19 senior positions filled in business leadership, product line management, operations, sales, and technology functions. These hires were targeted towards high-growth segments such as Data Centre & Connectivity, Optical Fiber & Optical Fiber Cable, and Defence Products, ensuring the Company remains competitive in both domestic and international markets.

Recruitment efforts were optimised through in-house hiring capabilities, significantly reducing cost-per-hire and time-to-fill critical roles.

During the year, specialised technical talent was onboarded for HFCL's 5G and Wi-Fi Centre of Excellence in Bengaluru and key roles in Defence, OFC-Passive Connectivity Solutions, and PLM. Sales leaders were recruited for strategic international markets including the USA and UK.

The Company also continued graduate hiring from premier engineering and management institutes to build a pipeline of future-ready talent.

As of March 31, 2025, HFCL's total workforce stood at 3,231 employees, with 195 female employees.



Employee Development

HFCL continues to evolve as a high-innovation enterprise, underpinned by a strong people-first philosophy. In FY25, we deepened our focus on capability development and leadership readiness. A competency-based model was initiated for critical roles in the OF and OFC businesses to prepare for future business scalability.

Our Learning & Development ecosystem matured further through a combination of on-the-job coaching, instructor-led sessions, virtual learning, micro-learning modules, and the HFCL Academy platform. Key development milestones included:

- **5G Readiness:** 25 engineers certified in router configuration and deployment.
- **Quality Assurance:** 14 quality engineers trained on NABL standards.
- **Marketing Enablement:** Teams upskilled in digital marketing strategies and tools.
- **Leadership Development:** 380 first-time managers enrolled in a structured program, with 63% demonstrating improved cross-functional collaboration and behavioural competencies.

Training Metrics for FY25

- 1,228 instructor-led training (ILT) effort-days across 36 full-day programs
- 6,124 total effort-days across all formats, including compliance and virtual learning
- 2,242 unique learners trained, with 1,142 active on-roll employees as of March 31, 2025
- 1,183 employees accessed HFCL Academy; 61% focused on technology upskilling

This integrated framework enables HFCL's talent to adapt and lead in a rapidly evolving business landscape.

HFCL CARES: Holistic Wellness and Safety

The HFCL CARES program took a more proactive approach this year, addressing physical, mental, and emotional wellbeing holistically.

FY25 Highlights:

- 14 Health Camps: Including CPR training, cardiology check-ups, dental screenings, and blood donation drives
- 24 Health Talks: Topics ranged from chronic disease prevention to cancer awareness and ergonomic health
- Mental Wellness: Programs focused on mindfulness, stress management, and burnout prevention
- Women's Wellness: Specialized sessions covering hormonal health, hygiene, and well-being for support staff

To further strengthen employee's financial security, 9 Employee Assistance Programs (EAPs) were conducted on tax planning, financial wellness, and wealth management.

Workplace safety was reinforced through 22 safety programs covering fire drills, PPE usage, and National Safety Week observances. 18 inclusion sessions focused on Human Rights, POSH awareness, and Diversity, Equity & Inclusion (DEI) themes.

Employee Communication

HFCL's leadership places a strong emphasis on open and transparent communication to nurture a unified and engaged organisational culture. Regular town halls, led by the Managing Director and business heads, serve as digital forums where key updates are shared and employee queries are addressed, fostering alignment and trust across teams.

The MD's newsletter further reinforces this commitment by highlighting strategic goals, business developments, and milestones, ensuring employees remain informed and connected to the Company's vision.

In addition to formal channels, informal interactions such as "coffee connects" promote approachability and strengthen interpersonal relationships, contributing to a collaborative and inclusive work environment.

Employee Engagement

At HFCL, we believe that an engaged workforce is vital to our growth and long-term success. We are committed to fostering a vibrant, inclusive, and collaborative workplace that enhances employee satisfaction, retention, and productivity while instilling a strong sense of belonging. Our culture is enriched through initiatives such as team outings, "Fun Fridays," and festive celebrations, which strengthen interpersonal connections and promote camaraderie.

Extending this spirit beyond the workplace, our **Personal Social Responsibility (PSR)** philosophy motivates employees to contribute meaningfully to social and environmental causes. During the year, our people actively participated in initiatives such as blood donation camps, nationwide plantation drives, and CSR Week, during which employees visited NGOs and institutions under the motto *"Smile with someone and let someone smile."* Through the **HFCL Champions of Good Work Award**, we recognize and encourage employees, along with their families and friends, to dedicate their time, skills, and resources to community development. Many colleagues also volunteer by conducting online remedial classes for children, making a tangible difference in their education.

By integrating employee engagement with social responsibility, HFCL has created a workplace where professional fulfillment goes hand in hand with making a lasting, positive impact on society and the environment.

Diversity, Equity & Inclusion (DEI)

In FY25, HFCL continued to embed Diversity, Equity & Inclusion (DEI) into its organizational culture, reinforcing our commitment to a respectful, equitable, and inclusive workplace. Over 2,480 employees participated in awareness programs covering Prevention of Sexual Harassment (POSH), Human Rights, and Anti-Bribery & Anti-Corruption (ABAC) policies. Additionally, 23 POSH Committee members underwent advanced certification training to strengthen governance and compliance.

HFCL celebrated International Women's Day 2025 across multiple locations through speaker sessions, interactive workshops, and recognition activities, engaging more than 200 women employees / workers in meaningful dialogue and celebration.

We remain steadfast in our commitment to fostering an environment where diverse talent is empowered to thrive, contribute meaningfully, and drive sustainable business outcomes.

SPARK Programme

To support long-term growth and strengthen our leadership pipeline, HFCL recruited 43 campus graduates from reputed institutions under the SPARK Program in FY25. This cohort included 30 Graduate Engineer Trainees (GETs), 6 Postgraduate Engineer Trainees (PGETs), and 7 Management Trainees (MTs) who joined HFCL and HTL, a subsidiary of the Company.

Aligned with SPARK's core values of innovation, ownership, and continuous learning, a comprehensive week-long induction program and plant tour were conducted to onboard the new talent. Ongoing engagement through Meet & Greet sessions, quarterly manager reviews, and an Annual Business Unit Meet provided structured feedback, performance evaluations, and targeted training interventions.

These initiatives ensure that SPARK participants remain energized, engaged, and aligned with HFCL's long-term strategic goals, while fostering a culture of growth and excellence.

HR Digitisation

Digital transformation continues to be a cornerstone of our HR strategy. Through our integrated HiFi HRMS platform, we have digitized key employee lifecycle processes, enabling 24/7 accessibility via mobile and web platforms.

Key Enhancements in FY25

- Compensation Planning module was digitized to facilitate structured compensation reviews backed by market based benchmarks
- Digitized workflows for international travel, higher education reimbursements, and expense claims
- Digitized HR letters (offer, appointment, transfer, experience)
- Automated face biometric attendance at corporate, plant, and R&D locations integrated with the HRMS to facilitate instant reporting capabilities
- Hiring assessment tool and onboarding feedback introduced for improved experience

We also introduced system-generated reports for Separation Clearance, Assignment Tracking, and consolidated Employee Master data across group entities. With Payroll MIS now fully operational on HiFi, salary data is centralized and available through automated dashboards as the foundational step towards digitizing Payroll module in next financial year.

These digital initiatives enhance efficiency, compliance, and user experience strengthening HFCL's HR foundation for the future.

Corporate Social Responsibility

HFCL is actively engaged in a range of Corporate Social Responsibility (CSR) initiatives designed to promote societal well-being.

CSR Project Impact Overview

Advanced Healthcare – Corrective Surgeries for Polio-Related Deformities, Clubfoot, and Other Congenital Abnormalities

In collaboration with St. Stephen's Patient Welfare Society - Delhi, this initiative facilitated transformative orthopaedic surgeries for individuals, mostly children, suffering from debilitating polio-related deformities, clubfoot, and congenital musculoskeletal anomalies. These procedures were led by Dr. Mathew Varghese, one of India's foremost orthopaedic surgeons and a global advocate for polio eradication, recognized by WHO and the Government of India for his public health service. Through meticulous

surgical care and rehabilitative support, 92 underprivileged individuals regained mobility and independence, with 100% of beneficiaries belonging to vulnerable and marginalized groups. This project not only restored physical functionality but also enabled reintegration into educational and economic systems, reaffirming healthcare as a tool for social equity.

Advanced Healthcare – Critical Cardiac Surgeries

Partnering with the National Heart Institute - Delhi, a premier cardiac care centre in India, this project enabled life-saving heart surgeries for 40 economically disadvantaged patients diagnosed with critical cardiovascular conditions such as congenital heart defects, valvular disease, and ischemic heart conditions. These high-cost, high-complexity procedures, often out of reach for families below the poverty line, were fully funded, ensuring zero out-of-pocket burden on patients. The program helped prevent avoidable mortality, reduce long-term disability, and exemplified a model of tertiary care inclusion. All beneficiaries were



from financially and socially disadvantaged backgrounds, aligning with HFCL's healthcare equity mandate.

Preventive Healthcare – Mobile Medical Units (MMUs)

HFCL's flagship initiative in preventive and primary health care delivery involves the deployment of Mobile Medical Units (MMUs) across five geographies: Solan (Himachal Pradesh), Goa, Sardarshahar (Rajasthan), Ghazipur (Uttar Pradesh), and Hyderabad (Telangana). These fully equipped vans bring doorstep healthcare services to underprivileged and medically underserved communities, especially in remote, hilly, and urban slum areas.

Each MMU includes an MBBS doctor, pharmacist, lab technician, and a dedicated Social Protection Officer (SPO) responsible for community engagement, awareness, and grievance redressal. Services include general health checkups, maternal and child health, basic pathology tests, distribution of essential medicines, and preventive health awareness camps. Collectively, the MMUs served more than 1.31 lakhs individuals during FY25.

Inclusive Education – Support for Children with Special Needs

In partnership with Balwantrai Vidya Bhavan - Delhi, HFCL undertook a comprehensive initiative to support 50 children with developmental and intellectual disabilities, providing full educational sponsorship to cover their academic expenses. This effort reflects the Company's commitment to inclusive and equitable quality education,

in alignment with the principles of the National Education Policy (NEP) 2020.

Beyond academic funding, HFCL extended a grant for the procurement of a specialized van to ensure safe and reliable transportation for the students. The initiative also included the revamping of an old printing press to facilitate experiential learning and the installation of smart classroom systems to enable tailored pedagogical approaches suited to the unique needs of special-needs learners.

All beneficiaries of this program come from marginalized socio-economic backgrounds, and the project is designed to foster long-term independence, integration, and empowerment. Through this initiative, HFCL continues to demonstrate its dedication to building an inclusive society and enabling transformative impact through education.

Skill Development – Digital Literacy for Rural Youth (Ghazipur, U.P.)

Aligned with Skill India and Digital India initiatives, HFCL in collaboration with Hari Prem Society established five digital learning centres across rural Ghazipur, Uttar Pradesh, a region with high youth unemployment and limited access to vocational training. These centres trained 645 youth in foundational and advanced computer skills, including data entry, office automation, and internet applications, thereby enhancing their employability in both formal and gig economies. All trainees were selected from economically disadvantaged rural communities, ensuring that technology becomes a bridge, not a barrier, to upward mobility.

CSR Initiatives: Beneficiary Reach and SDG Alignment

Project Category	Partner	Total Beneficiaries	% from Vulnerable Groups	*SDGs Aligned
Corrective Surgeries – Delhi	St. Stephen's Patient Welfare Society	92	100	 
Critical Heart Surgeries – Delhi	National Heart Institute	40	100	 
MMU – Solan	HelpAge India	32,901	100	 
MMU – Goa	HelpAge India	26,884	100	 
MMU – Sardarshahar	HelpAge India	23,804	100	 
MMU – Ghazipur	Wockhardt Foundation	24,304	100	 
MMU – Hyderabad	Wockhardt Foundation	23,503	100	 
Inclusive Education – Special Needs Children - Delhi	Balwantrai Vidya Bhavan	50	100	 
Digital Skill Development - Ghazipur	Hari Prem Society	645	100	  

*SDG 1: No Poverty | SDG 3: Good Health and Well-being | SDG 4: Quality Education | SDG 8: Decent Work and Economic Growth | SDG 9: Industry, Innovation and Infrastructure | SDG 10: Reduced Inequalities

Conclusion: Purpose-Driven Progress and Community Empowerment

In FY25, HFCL’s CSR initiatives embodied a community-first, impact-driven philosophy focused on healthcare inclusion, education equity, and livelihood enhancement. Across these domains, the Company extended direct and measurable benefits to more than 1.32 lakh individuals, all of beneficiaries drawn from socially and economically disadvantaged sections of society.

The programs have been aligned with national missions such as Ayushman Bharat, Skill India, and Samagra Shiksha, as well as the United Nations Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health & Well-being), SDG 4 (Quality Education), SDG 8 (Decent Work), and SDG 10 (Reduced Inequalities).

Our healthcare interventions advanced Universal Health Coverage by providing curative, preventive, and rehabilitative services through both institutional collaborations and mobile outreach models. Concurrently, our educational and skilling programs created long-term pathways for empowerment by fostering inclusion, independence, and income generation potential.

₹ 42.80 crore
CSR Spend in the Last 11 Years

Risk Management

HFCL’s Risk Management Policy provides a structured and strategic framework for identifying, assessing, and mitigating risks across its diverse business operations. This comprehensive approach enables the Company to proactively manage potential challenges and uncertainties, thereby safeguarding its long-term objectives.

The Company’s risk management efforts are overseen by a dedicated Risk Management Committee, which evaluates key risks across business units and functions. By aligning its practices with industry standards, HFCL ensures a vigilant, systematic, and informed approach to risk assessment and mitigation.

The Risk Management Policy is reviewed by the Risk Management Committee, to ensure its relevance and effectiveness in a dynamic business environment.

Furthermore, the Audit Committee provides additional oversight with a specific focus on managing financial risks and internal controls, thereby strengthening the overall effectiveness of HFCL’s risk management strategies.

HFCL remains committed to a proactive and resilience risk management approach. While the Company maintains confidence in its current risk profile, its agility and preparedness to address unforeseen risks highlight its dedication to operational continuity and sustainable growth.

A few inherent risks associated with the Company are discussed herein.

Risks	Description	Mitigation Measures	Impact
Economic Risk	Macroeconomic fluctuations may impact demand, profitability, and growth.	Continuous monitoring of economic indicators, strategic business adjustments, financial prudence and diversifying revenue streams.	Enhances adaptability to economic cycles, ensuring sustained operations and growth during downturns.
Competition Risk	Intense market competition may affect order acquisition and margins.	Strong positioning as a number one optical fiber cable supplier in India, turnkey solution provider, robust client relationships, and sustained R&D investments to drive innovation.	Strengthens market presence and customer confidence, leading to higher order inflow.

Risks	Description	Mitigation Measures	Impact
Foreign Exchange Risk	Exposure to currency fluctuations due to import/export operations.	Active forex management through professional consultants, hedging instruments like forward contracts and options.	Minimizes forex losses and ensures financial stability.
Technology Risk	Rapid technological changes may render existing solutions obsolete.	Continuous investment in R&D and timely technology upgrades to stay ahead of market trends.	Maintains competitiveness through innovation and relevance in evolving markets.
Government Policy Risk	Changes in regulations or government policy priorities may disrupt operations.	Active monitoring of policy developments and strategic alignment with government initiatives.	Ensures compliance and operational continuity amidst regulatory changes.
Order Execution Risk	Delays in project execution may lead to penalties and reputational damage.	Robust project management practices along with policies, skilled workforce, and digital tools for real-time monitoring and execution.	Ensures timely delivery, mitigates penalties, and strengthens client trust.

Internal Control Systems and their Adequacy

HFCL has established a robust internal control framework that is well-aligned with the scale and complexity of its operations. This framework encompasses key elements such as governance, compliance, audits, controls, and reporting mechanisms, ensuring a comprehensive and integrated approach to risk and control management.

The Company has implemented a structured system of internal financial controls to ensure the accuracy and reliability of its financial statements. These controls are regularly reviewed and tested for adequacy and operational effectiveness, with active involvement from the management, internal auditors, and statutory auditors.

The internal control system is designed to safeguard the Company's assets against loss or unauthorized use and to ensure the integrity of financial and operational records. This enables accurate reporting and accountability across all levels of the organization.

To further strengthen this framework, internal audits are conducted by M/s Anil Aggarwal & Co., Chartered Accountants, based at 501, Surya Kiran Building, K.G. Marg, Connaught Place, New Delhi – 110001. These audits are carried out across all locations and functional areas throughout the year. The findings and recommendations are submitted to the Audit Committee of the Board, which provides strategic oversight and directs necessary improvements to enhance the internal control environment.

In addition, the Company has established policies to ensure uniform accounting practices across its subsidiaries. The financial statements of subsidiaries and joint ventures are

audited and certified by their respective statutory auditors to facilitate accurate consolidation.

During the FY25, the internal control systems were thoroughly assessed, and no material weaknesses in either design or operation were identified.

Based on these evaluations, the Board affirms that the Company's internal financial controls were adequate and operating effectively during FY25.

Cautionary Statement

The statements made in this management discussion and analysis section regarding the Company's objectives, expectations, or predictions may contain forward-looking elements as defined by applicable laws and regulations. Forward-looking statements are based on specific assumptions and anticipations of future events. However, the Company cannot guarantee the accuracy or realisation of these assumptions and expectations.

It is important to note that the Company assumes no obligation to publicly amend, modify, or revise forward looking statements based on any subsequent developments, information, or events. Consequently, the actual performance or results of the Company may differ from the projected estimates provided in the forward-looking statements.

The readers should consider the discussions on our financial condition and results of operations in conjunction with our audited, consolidated financial statements and the accompanying notes included in the Annual Report.

Directors' Report

Dear Members,

Your Board of Directors has pleasure in presenting the 38th Annual Report on the business and operations of your Company together with the Audited Financial Statements for the financial year ended March 31, 2025.

FINANCIAL HIGHLIGHTS

Your Company's financial performance (standalone and consolidated) for the financial year ended March 31, 2025 is summarised below:

Particulars	Standalone		Consolidated	
	2024-25	2023-24	2024-25	2023-24
Revenue from Operations (Net)	3,795.22	4,074.59	4,064.52	4,465.05
Other Income	60.90	100.13	57.76	100.59
Total Income	3,856.12	4,174.72	4,122.28	4,565.64
Total Operating Expenses	3,380.33	3,588.77	3,615.53	3,883.51
Depreciation and Amortization expenses	84.90	58.48	105.51	81.76
Total Expenses	3,465.22	3,647.25	3,721.04	3,965.27
Profit before Finance Cost and Tax	390.89	527.47	401.24	600.37
Finance Cost	149.46	115.02	185.01	147.28
Share of net profits of joint ventures accounted for using equity method	-	-	0.36	0.93
Profit before Tax (PBT)	241.43	412.45	216.59	454.02
Tax Expense Net of MAT Credit Entitlement	46.68	102.79	43.33	116.5
Profit after Tax (PAT)	194.75	309.66	173.26	337.52
Attributable to:				
Shareholders of the Company	-	-	177.41	329.81
Non-Controlling Interests	-	-	(4.14)	7.71
Opening Balance of Retained Earnings	1,959.79	1,674.75	2,091.64	1,786.57
Profit for the year	194.75	309.66	177.43	329.82
Transfer to Retained Earnings	1.32	3.96	1.72	3.83
Amount available for appropriation	2,155.86	1,988.37	2,270.79	2,120.22
Dividend on Equity Shares (Previous Year)	(28.85)	(28.58)	(28.85)	(28.58)
Closing Balance of Retained Earnings	2,127.01	1,959.79	2,241.94	2,091.64

During FY25, total Consolidated Income of your Company was ₹4,122.28 crore as compared to ₹4,565.64 crore during the previous year, showing slight decrease of 9.71%.

Your Company has achieved Consolidated EBIDTA of ₹506.75 crore in FY25 from ₹682.13 crore in the previous year, showing decrease of 25.71%. Profitability, i.e., Consolidated PBT has decreased by 52.30% to ₹216.59 crore in FY25 from ₹454.02 crore during the previous year.

In FY25, your Company reported a Consolidated PAT of ₹173.26 crore, compared to ₹337.52 crore in the previous year, showing a decline of 48.67%.

Net Worth

The net worth of your Company has increased during the year under review to ₹3,962.55 crore from ₹3,821.69 crore in the previous year.

Gross Debt

The consolidated debt in FY25 stood at ₹1,341.05 crore as against ₹977.26 crore in FY24.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Section 129 read with Schedule III to the Companies Act, 2013 (hereinafter referred to as the "Act") and the Companies (Accounts) Rules, 2014, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "SEBI Listing Regulations") and applicable Indian Accounting Standards, the Audited Consolidated Financial Statements of the Company for FY25, together with the Auditors' Report forms part of this Annual Report.

TRANSFER TO RESERVES

The Board of Directors has decided to retain the entire amount of profits for FY25, under Retained Earnings and has not transferred any amount to the General Reserves, during the year under review.

DIVIDEND

Your Board of Directors, at its meeting held on May 22, 2025, has recommended a Dividend @ 10% i.e., ₹0.10/- (Ten Paise) per equity share of face value of ₹1/-, aggregating to dividend pay-out of ₹14.43 crore for the financial year ended March 31, 2025, subject to approval of shareholders at the ensuing annual general meeting ("AGM") of the Company. The above decision is in accordance with the Company's Dividend Distribution Policy.

The dividend shall be subject to deduction of TDS before payment to shareholders, as per applicable provisions of the Income-Tax Act, 1961.

Dividend Distribution Policy

As per Regulation 43A of SEBI Listing Regulations, top 1000 listed companies based on the market capitalisation, shall formulate a Dividend Distribution Policy.

Accordingly, the Policy has been adopted by the Board of Directors of the Company setting out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/ or retaining profits earned by the Company.

The Dividend Distribution Policy is available on the Company's website at https://www.hfcl.com/wp-content/uploads/2025/05/Dividend_Distribution_Policy_22052025.pdf

Investor Education and Protection Fund (IEPF)

In accordance with the applicable provisions of the Act read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, which remain unpaid or unclaimed for a period of seven years, from the date of transfer to Unpaid Dividend Account.

Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven consecutive years or more shall be transferred to the demat account of the Investor Education and Protection Fund Authority ("IEPF Authority").

During the year under review, no amount of the unclaimed/unpaid dividend and any such share in the Company, was due to be transferred to the IEPF Authority.

The following table provides a list of years for which unclaimed dividends and their corresponding shares would become eligible to be transferred to the IEPF on the dates mentioned below:

Financial Year	Dividend per Share (₹)	Date of Declaration	Last date for claiming Dividend	Due Date for Transfer	Amount (₹) (Unpaid as on March 31, 2025)
2017-18	0.06	September 29, 2018	November 04, 2025	December 04, 2025	10,27,349.70
2018-19	0.10	September 28, 2019	November 03, 2026	December 03, 2026	16,19,253.80
2020-21	0.15	September 30, 2021	November 05, 2028	December 05, 2028	21,35,668.60
2021-22	0.18	September 30, 2022	November 05, 2029	December 05, 2029	26,22,246.84
2022-23	0.20	September 30, 2023	November 05, 2030	December 05, 2030	14,54,267.48
2023-24	0.20	September 30, 2024	November 05, 2031	December 05, 2031	13,93,420.05

Details of unpaid dividend for the FY2017-18, 2018-19, 2020-21, 2021-22, 2022-23 and 2023-24, can be accessed from the website of the Company at www.hfcl.com and claim can be made by making request to the Company/Registrar and Share Transfer Agent (RTA).

Details of Nodal Officer

The Company has designated Mr. Manoj Baid, President & Company Secretary of the Company as a Nodal Officer for the purpose of IEPF Authority.

INDIAN ACCOUNTING STANDARDS (IND-AS)

Financial Statements of your Company and its subsidiaries, for the financial year ended March 31, 2025, have been prepared in accordance with Indian Accounting Standards (Ind-AS), as notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

FIXED DEPOSITS

During FY25, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

SHARE CAPITAL AND CHANGES IN CAPITAL STRUCTURE

Authorised Share Capital

As on March 31, 2025, the Authorised Share Capital of your Company stood at ₹760 crore (Rupees Seven Hundred Sixty crore only) divided into 510 crore (Five Hundred Ten crore) equity shares of face value of ₹1/- (Rupee One) each, aggregating to ₹510 crore (Rupees Five Hundred Ten crore only) and 2.50 crore (Two crore Fifty Lakhs) Cumulative Redeemable Preference Shares (CRPS) of ₹100/- (Rupees Hundred) each, aggregating to ₹250 crore (Rupees Two Hundred Fifty crore only).

Paid-up Share Capital

As on March 31, 2025, the Paid-up Equity Share Capital of your Company stood at ₹144.27 crore comprising of 144,26,72,812 equity shares of face value of ₹1/- each.

Allotment of Equity Shares

The Board of Directors and the shareholders of the Company at their meetings held on September 02, 2022 and September 30, 2022, respectively, had approved raising of funds by way of preferential issue of securities (Warrants) to persons belonging to Promoter and Non-Promoter category in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**") and the Act and the rules made thereunder.

Pursuant to the aforesaid authorisations, the Private Placement Offer Cum Application Letter (PAS-4) dated October 10, 2022 and pursuant to the applications received from persons belonging to Promoter and Non-Promoter category in the preferential issue under Chapter V of the SEBI ICDR Regulations ("**Issue**"), and Section 42 and Section 62 of the Act, as amended, read with the rules issued thereunder, the Allotment Committee (Warrants) of the Board of Directors, vide its resolution dated October 15, 2022, had approved the allotment of 1,41,00,000 (One Crore Forty One Lakh) Warrants convertible into 1,41,00,000 equity shares at a price of ₹80/- per Equity Share (Warrant Exercise Price).

Further, the Allotment Committee (Warrants) of the Board of Directors, vide its resolutions dated February 07, 2024, March 22, 2024 and April 11, 2024 had approved the allotment of 1,00,00,000 (One Crore), 22,00,000 (Twenty Two Lakhs) and 17,00,000 (Seventeen Lakhs) equity shares, respectively, having face value of ₹1/- (Rupee One only) each, at a premium of ₹79/- per equity share, fully paid-up, upon conversion of warrants.

Pursuant to the said allotments, the paid-up equity share capital of the Company increased from ₹142,87,72,812 divided into 142,87,72,812 equity shares of ₹1/- each to ₹144,26,72,812/- divided into 144,26,72,812 equity shares of ₹1/- each, as at March 31, 2025.

Further, the warrants allotted to one of the warrant holders, belonging to the non-promoter category and being a part of the senior leadership team, holding 2,00,000 warrants, who sought early retirement from the Company, and since retired, did not exercise the conversion option within 18 months from the date of the allotment, i.e., on or before April 14, 2024.

Therefore, the 25% of Warrant Exercise Price i.e., ₹40,00,000/- received by the Company stands forfeited as per provisions of Regulation 169(3) of Chapter V of the SEBI ICDR Regulations.

The entire proceeds amounting to ₹111.20 crore were utilised as per the objects and purpose of the Issue.

Your Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

MANAGEMENT DISCUSSION AND ANALYSIS (MDA) REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the SEBI Listing Regulations, is presented in a separate section, forming part of this Annual Report.

CORPORATE GOVERNANCE

Your Company is committed to benchmark itself with global standards for providing good corporate governance. Your Board constantly endeavors to take the business forward in such a way that it maximises long term value for the stakeholders. The Company has put in place an effective corporate governance system which ensures that the provisions of SEBI Listing Regulations are duly complied with.

A detailed report on the Corporate Governance pursuant to the requirements of the SEBI Listing Regulations forms part of this Annual Report.

A Certificate from the Secretarial Auditor of the Company, confirming compliance of conditions of corporate governance as stipulated in SEBI Listing Regulations, is provided in the Report on Corporate Governance which forms part of the Corporate Governance Report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

As stipulated under Regulation 34(2)(f) of the SEBI Listing Regulations, the Business Responsibility and Sustainability Report, describing the initiatives taken by the Company from environmental, social and governance perspective forms part of this Annual Report.

EMPLOYEES' LONG TERM INCENTIVE PLAN

In terms of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations"), as amended from time to time and with the objective to promote entrepreneurial behaviour among employees of the Company, motivate them with incentives and reward their performance with ownership in proportion to the contribution made by them as well as align the interest of the employees with that of the Company, "Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan-2017" ("HFCL Plan 2017") was approved by the Board of Directors of your Company on August 26, 2017, which was further approved by the members of the Company, in their 30th Annual General Meeting held on September 25, 2017.

The HFCL Plan 2017 comprises of the following three subsets:

1. Employee Stock Option Plan (ESOP) under which Options would be granted;
2. Restricted Stock Units Plan (RSUP) under which Units would be granted;
3. Employee Stock Purchase Scheme (ESPS) under which shares would be issued.

During the financial year ended March 31, 2025, your Company has not granted any Employee Stock Options and Restricted Stock Units in terms of the HFCL Plan 2017. The Company has also not issued any shares under ESPS during the year under review.

Applicable disclosures as stipulated under the SEBI SBEB & SE Regulations with regard to the HFCL Plan 2017, are provided as **Annexure – A** to this Report.

Your Company has obtained a Certificate from Mr. Baldev Singh Kashtwal, Secretarial Auditor and ICSI Peer Review Certificate No. 1205/2021 that the HFCL Plan 2017 for grant of stock options has been implemented in accordance with the SEBI SBEB & SE Regulations and the resolution passed by the members in their 30th Annual General Meeting held on September 25, 2017.

The said Certificate would be placed at the ensuing annual general meeting for inspection by the members.

The Nomination, Remuneration and Compensation Committee of the Board of Directors, *inter-alia*, administers and monitors, the HFCL Plan 2017 of your Company.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on March 31, 2025, your Company had 13 (thirteen) subsidiaries and 02 (two) associates viz.

Subsidiary:

1. HTL Limited
2. Raddef Private Limited

Wholly-owned Subsidiary:

3. Polixel Security Systems Private Limited
4. Moneta Finance Private Limited
5. HFCL Advance Systems Private Limited
6. DragonWave HFCL India Private Limited
7. HFCL Technologies Private Limited

Foreign Subsidiary:

8. HFCL Inc. USA
9. HFCL B.V. Netherlands
10. HFCL Canada Inc. (Wholly-owned subsidiary of HFCL B.V.)
11. HFCL Poland Sp. z.o.o., (formerly Blue Diwali Sp. z.o.o.) (Wholly-owned subsidiary of HFCL B.V.) (w.e.f. May 17, 2024)
12. HFCL UK Limited (Wholly-owned subsidiary of HFCL B.V.) (w.e.f. July 05, 2024)
13. HFCL Pty Limited (Wholly-owned subsidiary of HFCL B.V.) (w.e.f. October 28, 2024)

Associate:

14. Nimpaa Telecommunications Private Limited
15. BigCat Wireless Private Limited

The Company regularly monitors the performance of these companies.

There has been no material change in the nature of the business of the subsidiaries.

A statement containing the salient features of the financial statements of subsidiary companies and associate companies of the Company in the prescribed Form **AOC-1** forms a part of the Consolidated Financial Statements (**CFS**) in compliance with Section 129(3) and other applicable provisions, if any, of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, as amended.

The said Form also highlights the financial performance of each of the subsidiaries, included in the CFS of the Company, pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014.

In accordance with the provisions of Section 136 of the Act, the financial statements of the subsidiaries are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of the ensuing AGM. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at **HFCL Limited, 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi – 110048** and the same shall be sent by post.

The financial statements including the CFS and all other documents required to be attached to this Report have been uploaded on the website of the Company at www.hfcl.com.

Material Subsidiaries

The Company has adopted a 'Policy for determining Material Subsidiaries' as per requirements stipulated in Explanation to Regulation 16(1)(c) of the SEBI Listing Regulations.

The said policy may be accessed on the website of the Company at https://www.hfcl.com/wp-content/uploads/2025/05/HFCL-Policy-on-Determining-Material-Subsidiaries_22052025.pdf.

The Company has one material subsidiary viz. HTL Limited, as on March 31, 2025.

DIRECTORS AND KEY MANAGERIAL PERSONNELS (KMPs)

Re-Appointments/Appointments

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Dr. (Mr.) Ranjeet Mal Kastia (DIN: 00053059), Director (Non-Executive), is liable to retire by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

The brief resume of him and other related information are being given in the Notice convening the 38th AGM of your Company.

Your directors recommend his re-appointment as a non-executive director of your Company, by way of a special resolution, since, he is aged above 75 years.

The Board of Directors at its meeting held on September 02, 2024 and on the recommendation of the Nomination, Remuneration and Compensation Committee has re-appointed Mr. Mahendra Nahata (DIN: 00052898) as the Managing Director of the Company for a further period of 3 (three) years with effect from October 01, 2024, which was subsequently approved by the shareholders of the Company in their AGM held on September 30, 2024, by way of a special resolution.

The Nomination, Remuneration and Compensation Committee and the Board of Directors, on the basis of performance evaluation of independent director and taking into account the external business environment, the business knowledge, acumen, experience and the substantial contribution made by Mr. Ajai Kumar (DIN: 02446976) during his tenure, had recommended to the Board and the shareholders that continued association of Mr. Ajai Kumar as an Independent Director would be beneficial to the Company.

Based on the above, the shareholders, in their AGM held on September 30, 2024, approved re-appointment of Mr. Ajai Kumar for a second term of consecutive three years, commencing from November 25, 2024 to November 24,

2027 to hold office as Independent Director of the Company, not liable to retire by rotation on the Board of the Company.

During the FY25, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mrs. Bela Banerjee (DIN: 07047271) as an Additional Director in the category of Independent Director for a period of three consecutive years effective from December 17, 2024 to December 16, 2027, not liable to retire by rotation who was further appointed as a Director (Independent) by the shareholders of the Company on March 08, 2025, through Postal Ballot by way of a special resolution.

In the opinion of the Board, Mr. Ajai Kumar and Mrs. Bela Banerjee possesses requisite qualifications, experience, expertise and holds highest standards of integrity.

Further, Mr. Ajai Kumar and Mrs. Bela Banerjee are exempted to qualify on-line proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

Brief resume, nature of expertise, disclosure of relationships between directors inter-se, details of directorships and Committee membership held in other companies of the Director proposed to be re-appointed, along with his shareholding in the Company, as stipulated under Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, is appended as an Annexure to the Notice of the ensuing AGM.

Appropriate resolution for re-appointment of Director is being placed for your approval at the ensuing AGM.

Cessation

Mr. Surendra Singh Sirohi (DIN: 07595264) and Dr. (Ms.) Tamali Sengupta (DIN: 00358658) have completed their second term as Independent Directors on the close of business hours on August 26, 2024 and December 23, 2024, respectively. The Board of Directors places on record its sincere appreciation for the support and valuable guidance given by Mr. Sirohi and Ms. Sengupta during their tenure as Independent Directors of the Company.

Key Managerial Personnel

During the year under review, Mr. Mahendra Nahata, Managing Director, Mr. Vijay Raj Jain, Chief Financial Officer and Mr. Manoj Baid, President & Company Secretary, continue to be the Key Managerial Personnel of your Company, in accordance with the provisions of Section 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Declaration by the Company

The Company has issued confirmation to its Directors, confirming that it has not made any default under Section 164(2) of the Act, as on March 31, 2025.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedules and Rules issued thereunder as well as clause (b) of sub-regulation (1) of Regulation 16 of the SEBI Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and that they are independent of management.

In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties.

The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

In the opinion of the Board, Independent Directors fulfil the conditions specified in the Act, Rules made thereunder and the SEBI Listing Regulations and are independent of the management.

Familiarisation Programme for Independent Directors

As per Regulation 25(7) of the SEBI Listing Regulations, the Independent Directors of the Company need to be imparted with familiarisation programme.

The familiarisation programme aims at making the Independent Directors of the Company familiar with the business and operations of the Company through various structured familiarisation Programmes.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company and related matters are available on the website of the Company at the web-link: https://www.hfcl.com/wp-content/uploads/2025/04/HFCL-Familiarisation-Prog-ID_2025.pdf.

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

As required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, information relating to percentage increase in remuneration, ratio of remuneration of each Director and Key Managerial Personnel to the median of employees' remuneration etc. is annexed as **Annexure – B** to this report.

The details of remuneration of top 10 employees of the Company as required to be disclosed under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report.

Further, pursuant to second proviso to Section 136(1) of the Act, this Report is being sent to the members excluding the said Information.

Any member interested in obtaining a copy of the same may write to the Company Secretary and Compliance Officer at secretarial@hfcl.com.

The remuneration paid to the Directors is in accordance with the Remuneration Policy formulated in accordance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

Disclosure under Section 197(14) of the Act

The Managing Director of your Company does not receive remuneration or commission from any of the subsidiaries of the Company.

Remuneration Policy

Pursuant to provisions of Section 178 of the Act and the SEBI Listing Regulations, the Nomination, Remuneration and Compensation Committee ('NRC Committee') of your Board has formulated a Remuneration Policy for the appointment and determination of remuneration of the Directors including criteria for determining qualifications, positive attributes, independence of a director, Key Managerial Personnel, Senior Management Personnel and other employees of your Company.

The NRC Committee has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for making payments to Executive and Non-Executive Directors and Senior Management Personnel of the Company.

During the year under review, there was no change in the Remuneration Policy, except to the extent required to be aligned with the changes in the statutory provisions.

The detailed Policy is available on the Company's website at https://www.hfcl.com/wp-content/uploads/2025/05/Remuneration-Policy_22052025.pdf and the salient aspects covered in the Remuneration Policy have been outlined in the Corporate Governance Report, which forms part of this Report.

BOARD AND COMMITTEE MEETINGS

Five meetings of the Board of Directors were held during the FY25.

The intervening gap between any two consecutive meetings of the Board was within the stipulated time frame prescribed under the Act and the SEBI Listing Regulations.

Details of meetings held and attendance of directors are mentioned in Corporate Governance Report, which forms part of this Annual Report.

Separate Meeting of Independent Directors

In terms of requirements of Schedule IV to the Act and Regulation 25 of the SEBI Listing Regulations, a separate meeting of the Independent Directors was held on March 22, 2025 for FY25.

The meeting of the Independent Directors was attended by all the three independent directors, namely, Mr. Bharat Pal Singh, Mr. Ajai Kumar, and Mrs. Bela Banerjee.

Board Committees

Your Company has constituted several Committees of the Board which have been established as part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

As on March 31, 2025, your Board has 05 (five) mandatory Committees, namely:

1. Audit Committee;
2. Nomination, Remuneration & Compensation (NRC) Committee;
3. Stakeholders' Relationship Committee (SRC);
4. Corporate Social Responsibility (CSR) Committee; and
5. Risk Management Committee (RMC).

The details with respect to the composition, powers, roles, terms of reference, number of meetings etc. of the Committees held during FY25 and attendance of the members at each Committee Meeting, are provided in the Corporate Governance Report which forms part of the Annual Report.

All the recommendations made by the Committees of the Board including the Audit Committee were accepted by the Board.

Details related to Risk Management and Internal Financial Controls are provided in the Management Discussion and Analysis, which forms part of the Company's Annual Report for FY25.

PERFORMANCE EVALUATION

The Act mandates formal annual evaluation by the Board of its own performance and that of its committees and individual directors. Schedule IV to the Act provides that the performance evaluation of independent directors shall be done by the entire board of directors, excluding the directors being evaluated.

Pursuant to the provisions of the Act read with relevant rules issued thereunder, Regulation 17(10) of the SEBI Listing Regulations and the Master Circular issued by SEBI on November 11, 2024, the evaluation of the annual performance of the Directors/ Board/ Committees was carried out for FY25.

The parameters for the performance evaluation of the Board, *inter-alia*, include performance of the Board on deciding long term strategy, rating the composition and mix of Board members, discharging of governance and fiduciary duties, handling critical and dissenting suggestions, etc.

The performance of the Board was evaluated after seeking inputs from all the directors on the basis of above parameters.

The performance of the Committees was evaluated after seeking inputs from the Committee members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The Nomination, Remuneration and Compensation Committee reviewed the performance of the Individual Directors, the Committees of the Board and the Board as a whole.

A questionnaire for the evolution of the Board, its committees and the individual members of the Board, covering various aspects of the performance of the Board and its Committees, including composition and quality, roles and responsibilities, processes and functioning, adherence to Code of Conduct and Ethics and best practices in corporate governance was sent to the Members of the NRC Committee.

The Board of Directors reviewed the performance of the Independent Directors. Performance Evaluation was done on the basis of criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the agenda items, technical knowledge on the subject matter, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of the Independent Directors, performance of Non-Independent Directors and the Board as a whole was evaluated, taking into account the views of Executive Directors and Non-Executive Directors.

Basis the feedback received on questionnaire from all the Directors, the performance of the Board as a whole, the Committees of the Company and the individual directors was found to be satisfactory.

The Directors expressed their satisfaction with the evaluation process.

The details of the evaluation process are set out in the Corporate Governance Report which forms part of this Annual Report.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors & their Report

M/s S. Bhandari & Co. LLP, Chartered Accountants (FRN: 000560C/C400334) and M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N) were re-appointed as Statutory Auditors for second term of 05 (five) consecutive years, at the 35th Annual General Meeting (AGM) of the Company, held on September 30, 2022, for auditing the

accounts of the Company from the financial year 2022-23 to 2026-27.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Further, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under Section 143(12) of the Act.

Secretarial Auditors & their Report

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended or re-enacted from time to time), your Company had appointed Mr. Baldev Singh Kashtwal, Company Secretary in whole-time practice, having COP No. 3169 and Membership No. F-3616, for conducting the Secretarial Audit of your Company for FY25.

The Secretarial Audit Report in prescribed form MR-3, issued by the Secretarial Auditor is annexed herewith as **Annexure – C** to this Report. Further, as required under Regulation 24A of the SEBI Listing Regulations, the Secretarial Audit Report of HTL Limited, a material subsidiary of the Company is also annexed herewith as **Annexure – C1** to this Report.

Further, in terms of Regulation 24A of the SEBI Listing Regulations, with effect from April 01, 2025, the Company is required to appoint a practicing company secretary for not more than one term of five consecutive years or a firm of practicing company secretaries for not more than two terms of five consecutive years, as a secretarial auditor, with the approval of the members at its AGM and such secretarial auditor must be a peer reviewed company secretary and should not have incurred any of the disqualifications as specified under the SEBI Listing Regulations.

Further, as per the said Regulation, any association of the individual or the firm as the secretarial auditors of the Company before March 31, 2025 shall not be considered for the purpose of calculating the tenure of the secretarial auditors.

Taking into account the above requirements, the Board, on the recommendation of the Audit Committee, has approved the appointment of Mr. Baldev Singh Kashtwal, Company Secretary in whole-time practice, having COP No. 3169, Membership No. F-3616 and ICSI Peer Review certificate No. 1205/2021, as the Secretarial Auditor of the Company for a term of 05 (five) consecutive financial years, commencing from the financial year 2025-26 to the financial year 2029-30, subject to the approval of the members at the ensuing AGM of the Company.

The Company has received a written consent from the secretarial auditor that the appointment, if approved, will be in accordance with the applicable provisions of the SEBI Listing Regulations, Act and rules framed thereunder. Further, the Secretarial Auditor has confirmed that he is not disqualified to be appointed as the secretarial auditor of the Company.

Remarks by Secretarial Auditor

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark for FY25.

Cost Records and Cost Audit

The Company is not required to maintain cost accounts and records as specified by the Central Government under sub-section (1) of Section 148 of the Act and the relevant rules made thereunder. Further, the Requirement of Cost Audit as stipulated under the provisions of Section 148 of the Act, are not applicable for the business activities carried out by the Company.

INSOLVENCY AND BANKRUPTCY CODE, 2016

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during FY25.

DETAILS OF DIFFERENCE BETWEEN THE AMOUNT OF VALUATION DONE

The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof, is not applicable during FY25.

VIGIL MECHANISM/ WHISTLE-BLOWER POLICY

The Board of Directors of your Company has formulated a Whistle-Blower Policy, which is in compliance with the provisions of Section 177(9) & (10) of the Act and Regulation 22 of the SEBI Listing Regulations.

The Company, through this Policy envisages to encourage the Directors and employees of the Company to report to the appropriate authorities any unethical behaviour, improper, illegal or questionable acts, deeds, actual or suspected frauds or violation of the Company's Codes of Conduct for the Directors and the Senior Management Personnel.

During FY25, no complaint was received and no individual was denied access to the Audit Committee for reporting concerns, if any.

The Policy on Vigil Mechanism/Whistle-Blower Policy may be accessed on the Company's website at the link: https://www.hfcl.com/wp-content/uploads/2020/01/HFCL-Whistle-Blower-Policy_Revised1.pdf

Brief details of establishment of Vigil Mechanism in the Company, is also provided in the Corporate Governance Report which forms part of this Report.

CREDIT RATINGS

CARE Ratings Limited (a SEBI Registered Credit Rating Agency) ("**CARE**") vide its letter dated August 21, 2024, has reaffirmed the credit ratings for the long-term and

short-term bank facilities of the Company, details of which are as below:

Facilities	Ratings	Rating Action
Long Term Bank Facilities	Care A; Stable (Single A; Outlook: Stable)	Reaffirmed
Short Term Bank Facilities	Care A1 (A One)	Reaffirmed

Infomerics Valuation and Rating Ltd. (RBI & SEBI Registered Credit Rating Agency) (“**Infomerics**”) vide its letter dated March 31, 2025 has **reaffirmed** the credit ratings for the long term and short-term bank facilities of the Company, the details of which are as below:

Facilities	Ratings	Rating Action
Long Term Bank Facilities	IVRA /Stable & withdrawn	*Reaffirmed & withdrawn
Short Term Bank Facilities	IVR A1 & withdrawn	*Reaffirmed & withdrawn

* Based on the Company's request, Infomerics vide its letter dated March 31, 2025 has withdrawn the aforesaid credit ratings after receiving a no-objection certificate from all the lenders of the Company.

Further, SES ESG Research Private Limited (SES) has assigned an adjusted Environmental, Social, and Governance (ESG) Score of 70.9 to the Company.

Further, NSE Sustainability Ratings & Analytics Ltd. (NSRAL), a subsidiary of NSE Indices Limited and a group company of National Stock Exchange of India Ltd, has

also assigned an overall ESG Rating of 63 to the Company for FY24.

The Company have not engaged SES and NSRAL for ESG Ratings. SES & NSRAL has independently prepared their reports based on data pertaining to FY 2023-24 of the Company, available in public domain.

ANNUAL RETURN

The draft Annual Return of the Company as on March 31, 2025, in prescribed e-Form MGT-7 in accordance with Section 92(3) of the Act, read with Section 134(3)(a) of the Act, is available on the Company's website at www.hfcl.com.

Further the Annual Return (i.e., e-form MGT-7) for FY25 shall be filed by the Company with the Registrar of Companies, Himachal Pradesh, within the stipulated period.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of loans, guarantees and investments, as on March 31, 2025, as stipulated under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, are as follows:

Particulars	Amount (₹ in crore)
Loans given	47.15
Guarantees given	511.18
Investments made	267.04

Loans given, Guarantees provided and Investments made during FY25:

Name of the entity	Relation	Amount (₹ in crore)	Particulars of Loans, Guarantees & Investments	Purpose for which the Loans, Guarantees and Investments are proposed to be utilized by the recipient
HFCL Technologies Private Limited	Wholly owned Subsidiary	13.44	Loan given	For working capital and general corporate business purposes.
HFCL Technologies Private Limited	Wholly owned Subsidiary	70.00	Investment made	The Company has, from time-to-time sanctioned unsecured loans/ inter-corporate deposits to HFCL Technologies Private Limited, a wholly owned subsidiary company ('HTPL'), to support the commencement of its commercial operations. Out of the total outstanding loans and accrued interest, an amount of ₹70 crore has been converted into Unsecured, 0% Optionally Fully Convertible Debentures ('OFCDs') of ₹1,000/- each.
HTL Limited	Subsidiary	128.07	Incremental Corporate Guarantee*	Collateral Security for various credit facilities sanctioned by State Bank of India, Yes Bank Limited, Kotak Mahindra Bank Limited and Axis Finance Limited to HTL Limited.

* As on March 31, 2025, outstanding corporate guarantee given to HTL Limited was ₹491.02 Crore.

For more details, please refer **Note No.7, 8, 9, 14, 18, 47(c) and 51** to the Standalone Financial Statements for FY25 of the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Company has adopted a "Policy on Dealing with and Materiality of Related Party Transactions", in accordance with the provisions of the Act and Regulation 23 of the SEBI Listing Regulations, *inter-alia*, providing a framework for governance and reporting of Related Party Transactions including material transactions and threshold limits for determining materiality.

The said Policy is available on the website of the Company at the web-link: https://www.hfcl.com/wp-content/uploads/2025/05/HFCL-Policy-on-RPTs_22052025.pdf

During the year under review, all contracts/ arrangements/ transactions entered into by the Company with related parties were in ordinary course of business and on arm's length basis.

The Company has entered into contracts/ arrangements/ transactions with related parties which qualify as material in accordance with the Policy of the Company on materiality of related party transactions.

Thus, there are transactions required to be reported in prescribed Form **AOC-2** pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the details of which is annexed herewith as **Annexure – D** to this Report.

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on Related Party Transactions, formulated by the Company.

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large.

The details of the transactions with person(s) or entities forming part of the Promoter(s)/Promoter(s) Group, which individually hold 10% or more shareholding in the Company and other related parties as per Indian Accounting Standards (IND-AS) – 24 are set out in **Note No. 51** to the Standalone Financial Statements of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of energy conservation, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act, read with the Rule 8 of the Companies (Accounts) Rules, 2014, are annexed herewith as **Annexure – E** to this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has been proactively carrying out CSR activities since more than two decades.

The Company is undertaking CSR activities through registered societies, NGOs, Section 8 companies and directly.

In compliance with requirements of Section 135 of the Act, the Company has laid down a Corporate Social Responsibility (CSR) Policy. The CSR Policy is available on the website of the Company and may be accessed at the web-link https://www.hfcl.com/wp-content/uploads/2022/09/CSR_Policy_2022.pdf

The composition of the CSR Committee, brief contents of CSR Policy, unspent amount and reason thereof, if any, and report on CSR activities carried out during the FY25, in the format, prescribed under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **Annexure – F**.

For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which forms part of this Report.

MATERIAL CHANGES AFFECTING THE COMPANY

A. Change in nature of business

The Company has not undergone any change in the nature of the business during FY25.

B. Material changes and commitments, if any, affecting the financial position of the Company

There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of FY25 and the date of this Report.

SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS, TRIBUNALS AFFECTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There is no significant/material order passed by the Regulators, Courts, Tribunals affecting the going concern status and the Company's operations in future.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy on Prevention of Sexual Harassment at Workplace and has complied with the provisions relating to the constitution of Internal Complaints Committee(s) (ICCs) in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the rules made thereunder.

ICCs at each workplace of the Company, have been set up to redress complaints, if any, received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

ICC of each workplace of the Company has also filed Annual Return for the calendar year 2024 at their respective jurisdictional offices, as required under Section 21(1) of the Sexual Harassment of Women at Workplace (Prevention,

Prohibition and Redressal) Act, 2013 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.

The details of complaints filed under the Sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013 are provided below:

Particulars	Details
Number of complaints of sexual harassment received in the year	Nil
Number of complaints disposed-off during the year	Nil
Number of cases pending for more than ninety days	Nil

SIGNIFICANT DEVELOPMENTS

Although, the Company has achieved various milestones which have already been set out in the Management Discussion and Analysis forming part of the Annual Report, there were no other significant developments during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3)(c) of the Act, the Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures from the same;
- the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2025 and of the profits of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

LISTING

The equity shares of your Company are presently listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). The Company has paid annual listing fee for FY26 to BSE and NSE.

DEPOSITORY SYSTEMS

Your Company's Scrip has come under compulsory dematerialisation w.e.f. November 29, 1999 for Institutional Investors and w.e.f. January 17, 2000, for all Investors. So far, 99.97% of the equity shares have been dematerialised.

The ISIN allotted to the equity shares of the Company is INE548A01028.

IMPLEMENTATION OF CORPORATE ACTION

During the year under review, the Company has not failed to implement any Corporate Action within the specified time limit.

COMPLIANCE WITH SECRETARIAL STANDARDS

Pursuant to the provisions of Section 118(10) of the Act, the Company has complied with the applicable provisions of the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

COMPLIANCE WITH PROVISIONS RELATING TO THE MATERNITY BENEFITS ACT, 1961

The Company has duly complied with all applicable provisions of the Maternity Benefits Act, 1961.

REPORTING PRINCIPLE

The Financial and Statutory Data presented in this Report is in line with the requirements of the Act (including the rules made thereunder), Indian Accounting Standards (Ind AS) and the Secretarial Standards (SS).

REPORTING PERIOD

The Financial Information is reported for the period April 01, 2024 to March 31, 2025. Some parts of the Non-Financial Information included in this Board's Report are provided as on the date of this Report.

CAUTIONARY STATEMENT

Statements in the Management Discussion & Analysis Report describing the Company's projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would

make a difference to the Company's operations include demand supply conditions, raw material prices, changes in government regulations, tax regimes and economic developments within the Country and abroad and such other factors.

PERSONNEL

Your Directors wish to place on record their sincere appreciation for the devoted services of all the employees and workers at all levels and for their dedication and loyalty, which has been critical for the Company's success.

ACKNOWLEDGEMENTS

Your Company's organisational culture upholds professionalism, integrity and continuous improvement across all functions as well as efficient utilisation of the Company's resources for sustainable and profitable growth.

Your Directors wish to place on record their appreciation for the valuable co-operation and support received from the Government of India, various State Governments, the Banks and other stakeholders such as, shareholders, customers and suppliers, among others. The Directors look forward to their continued support in future.

The Directors thank the Central Government, Government of Goa, Government of Telangana, Government of Himachal Pradesh, State Bank of India, Punjab National Bank, Bank of Baroda, Union Bank of India, Indian Bank, IDBI Bank Limited, Yes Bank Limited, ICICI Bank Limited, KEB Hana Bank, Axis Finance Limited, KB Kookmin Bank, Shinhan Bank, and CSB Bank Limited and other Banks for all co-operations, facilities and encouragement they have extended to the Company.

Your Directors acknowledge the continued trust and confidence you have reposed in the Company.

For and on behalf of the Board

Mahendra Nahata

Managing Director
DIN: 00052898

Arvind Kharabanda

Non-Executive Director
DIN: 00052270

Place: New Delhi
Date: July 25, 2025

ANNEXURE (A) TO DIRECTORS' REPORT

DISCLOSURES PURSUANT TO REGULATION 14 OF THE SEBI (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 ("SBEB & SE REGULATIONS") READ WITH PART F OF SCHEDULE I OF SBEB & SE REGULATIONS

A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of Section 133 of the Companies Act, 2013 including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time.

Please refer to **Note No. 56** to the Standalone Financial Statements for FY25, which forms part of this Annual Report.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the Regulations shall be disclosed in accordance with 'Accounting Standard 20 – Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time:

₹1.35 (Rupee One and Paise Thirty Five only) as on March 31, 2025.

C. Details related to Employee Stock Options (Options/ ESOs) and Restricted Stock Units (RSUs):

(i) A description of each ESOs that existed at any time during the year, including the general terms and conditions of each ESOs, including:

(a) Date of shareholders' approval: August 26, 2017

(b) Total number of Options approved under ESOs and RSUs:

S. No.	Particulars	No. of Options/ RSUs
1.	Employee Stock Options	1,00,00,000
2.	Restricted Stock Units	1,00,00,000

(c) Vesting requirements of ESOs and RSUs: The Vesting conditions in respect of the Options and RSUs granted under the Employee Stock Option Plan shall be as determined by the Nomination, Remuneration and Compensation Committee ("**Committee**") from time to time. Upon commencement of this Plan, subject to terms and conditions of this Plan, the Options and RSUs granted to Eligible Employees shall vest as per the schedule ("**Vesting Schedule**") determined by the Committee at the time of grant but the Vesting Schedule shall not be less than one year and not

more than five years from the date of grant of Options and RSUs as the case may be. At the stage of determining the grant, the Committee may or may not consider performance based vesting of the Options.

ESOs:

% Options to be Vested	Year
40% of the Options granted	End of the 1 st year from the date of grant
30% of the Options granted	End of the 2 nd year from the date of grant
30% of the Options granted	End of the 3 rd year from the date of grant

***RSUs:**

% RSUs to be Vested	Year
70% of the RSUs granted	End of the 3 rd year from the date of grant
30% of the RSUs granted	End of the 4 th year from the date of grant

*Since the performance conditions of RSUs were not met and hence RSUs have not vested to any of its Grantees. The Nomination, Remuneration and Compensation Committee at its meeting held on April 23, 2022 decided to cancel all the RSUs.

(d) Exercise price or pricing formula for ESOs and RSUs:

Options were granted at a price of ₹20.65/- per equity share, i.e., the closing market price of the shares of the Company on the NSE immediately prior to the date of grant i.e., October 15, 2018.

RSUs were granted at a price of ₹1/- per equity share.

(e) Maximum term of Options/RSUs granted:

Not more than five years from the date of grant of Options/RSUs.

(f) Source of shares (primary, secondary or combination):

Primary.

(g) Variation in terms of Options/RSUs:

Not Applicable.

(ii) Method used to account for ESOs/RSUs- Intrinsic or Fair Value:

Fair Value Method.

(iii) Where the company opts for expensing of the Options using the intrinsic value of the Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the Options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed:

Not Applicable.

(iv) Options/ RSUs movement during the year:

Particulars	ESOs	RSUs*
Number of Options/RSUs outstanding at the beginning of the period	10,65,800	NIL
Number of Options/RSUs granted during the year	NIL	NIL
Number of Options/RSUs forfeited/lapsed/cancelled during the year	2,58,400	NIL
Number of Options/RSUs vested during the year	NIL	NIL
Number of Options/RSUs exercised during the year	3,21,300	NIL
Number of shares arising as a result of exercise of Options/RSUs	3,21,300	NIL
Money realised by exercise of Options/RSUs (₹), if scheme is implemented directly by the Company	NIL	NIL
Loan repaid by the Trust during the year from exercise price received (₹)	77,00,000	NIL
Number of Options/RSUs outstanding at the end of the year	4,86,100	NIL
Number of Options/RSUs exercisable at the end of the year	4,86,100	NIL

* Since the performance conditions of RSUs were not met and hence RSUs have not vested to any of its Grantees. The Nomination, Remuneration and Compensation Committee at its meeting held on April 23, 2022 decided to cancel all the RSUs.

(v) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for Options whose exercise price either equals or exceeds or is less than the market price of the stock:

Particulars	(Amount in ₹)	
	ESOs	RSUs*
Weighted average exercise price	20.65	1.00
Weighted average fair value as on grant date	11.04	19.74

*Since the performance conditions of RSUs were not met and hence RSUs have not vested to any of its Grantees. The Nomination, Remuneration and Compensation Committee at its meeting held on April 23, 2022 decided to cancel all the RSUs.

(vi) Employee wise details (name of employee, designation, number of Options/RSUs granted during the year, exercise price) of Options/RSU's granted to:

(a) Senior managerial personnel: During the financial year ended March 31, 2025, no further Options/RSUs have been granted by the Company pursuant to HFCL 2017 Scheme.

(b) Any other employee who receives a grant in any one year of Option amounting to 5% more of Options granted during that year:
Not Applicable

(c) Identified employees who were granted Options/RSUs, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Not Applicable**(vii) A description of the method and significant assumptions used during the year to estimate the fair value of Options and RSUs:****(a) The fair value of each equity-settled award is estimated on the date of grant using the Black-Scholes model with the following assumptions:**

Particulars	ESOs-For grants made during FY19
Weighted average share price (₹)	20.65
Exercise price (₹)	20.65
Expected volatility	56.4% to 59.1%
Expected life of the Options (years)	3.50 to 5.50
Expected dividends	0.23%
Risk-free interest rate	7.81% to 7.89%
Weighted average fair value as on grant date (₹)	11.04

(b) The method used and the assumptions made to incorporate the effects of expected early exercise, how expected volatility was determined, including an explanation of the

extent to which expected volatility was based on historical volatility; and whether and how any other features of the Options grant were incorporated into the measurement of fair value, such as a market condition.

The expected life of the ESOs is estimated based on the vesting term and contractual term of the ESOs as well as expected exercise behaviour of the employee who receives the ESOs. Expected volatility during the expected term of the ESOs is based on historical volatility of the observed market prices of the Company's publicly traded equity shares during a period equivalent to the expected term of the ESOs.

(viii) Disclosures in respect of grants made in three years prior to IPO under each ESOs/RSUs:

Until all Options/RSUs granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such Options/RSUs shall also be made: Not Applicable.

D. Details related to Employee Stock Purchase Scheme (ESPS):

(i) The following details on each ESPS under which allotments were made during the year:

- a. Date of shareholders' approval: August 26, 2017
- b. Number of shares issued: NIL
- c. The price at which such shares are issued: NIL
- d. Lock-in period: Not Applicable

(ii) The following details regarding allotment made under each ESPS, as at the end of the year:

Particulars	Details
The details of the number of shares issued under ESPS	NIL
The price at which such shares are issued	Not Applicable
Employee-wise details of the shares issued to;	
(i) senior managerial personnel;	NIL
(ii) any other employee who is issued shares in any one year amounting to 5% or more shares issued during that year;	NIL
(iii) identified employees who were issued shares during any one year equal to or exceeding 1% of the issued capital of the Company at the time of issuance;	NIL
(iv) Consideration received against the issuance of shares, if scheme is implemented directly by the Company	NIL
(v) Loan repaid by the Trust during the year from exercise price received	NIL

E. Details related to Trust:

The following details, *inter-alia*, in connection with transactions made by the Trust meant for the purpose of administering the schemes under the Regulations are to be disclosed:

(i) General information on all schemes:

S. No.	Particulars	Details
a.	Name of the Trust	HFCL Employees' Trust
b.	Details of the Trustee(s)	(i) Mr. Brij Behari Tandon (ii) Mr. Pankaj Jain
c.	Amount of loan disbursed by the Company/any Company in the group, during the year	NIL
d.	Amount of loan outstanding as at the end of the year (repayable to Company/any company in the group)	₹1,29,38,460/-
e.	Amount of loan, if any, taken from any other source for which Company/any company in the group has provided any security or guarantee	NIL
f.	Any other contribution made to the Trust during the year	NIL

(ii) Brief details of transactions in shares by the Trust:

Sr. No.	Particulars	Details
(a)	Number of shares held at the beginning of the year	9,18,800
(b)	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	NIL
(c)	Number of shares transferred to the employees/sold along with the purpose thereof	3,21,300
(d)	Number of shares held at the end of the year	5,97,500

(iii) In case of secondary acquisition of shares by the Trust:

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	NIL
Acquired during the year	NIL
Sold during the year	NIL
Transferred to the employees during the year	NIL
Held at the end of the year	NIL

It is informed that the Nomination, Remuneration and Compensation Committee in its meeting held on April 23, 2022, waived off the conditions of achieving Composite Performance Score of 70% for the third year of the Scheme i.e., for FY21 as well and accordingly, all the eligible employees have right to exercise their remaining 30% of ESOPs. Further, since the performance conditions of RSUs have not been met and Nomination, Remuneration and Compensation Committee has also not relaxed any of the performance conditions, RSUs stands cancelled.

The details as required to be disclosed under the SBEB & SE Regulations can be accessed at the https://www.hfcl.com/wp-content/uploads/2025/08/Disclosure_of_ESOP_Annexure_2025.pdf

ANNEXURE (B) TO DIRECTORS' REPORT

A. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AS AMENDED BY THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016: -

I. Ratio of the remuneration of each director to the median remuneration of all the employees of your Company for FY25 is as follows:-

Sr. No.	Name of Director	Category	Ratio of remuneration of Director to the Median remuneration
1.	Mr. Mahendra Nahata	Managing Director	86.70
2.	Mr. Arvind Kharabanda	Non-Executive Director	2.17
3.	Dr. (Mr.) Ranjeet Mal Kastia	Non-Executive Director	1.22
4.	Mr. Bharat Pal Singh	Independent Director	1.53
5.	Mr. Surendra Singh Sirohi*	Independent Director	0.39
6.	Dr. (Ms.) Tamali Sengupta*	Independent Director	0.83
7.	Mr. Ajai Kumar	Independent Director	1.08
8.	Mrs. Bela Banerjee**	Independent Director	0.42

*Mr. Surendra Singh Sirohi (DIN:07595264) and Dr. (Ms.) Tamali Sengupta (DIN:00358658) had completed their second term as Independent Directors on the close of business hours on August 26, 2024 and December 23, 2024, respectively.

** During the FY25, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mrs. Bela Banerjee (DIN: 07047271) as an Additional Director in the category of Independent Director for a period of three consecutive years effective from December 17, 2024 to December 16, 2027, not liable to retire by rotation, who was further appointed as a Director (Independent) by the shareholders of the Company on March 08, 2025, through Postal Ballot by way of a special resolution.

Notes:

- The information provided above is on standalone basis.
- Remuneration to Directors includes sitting fees paid to Non-Executive Directors.
- Median remuneration of the Company for all its employees is ₹ 9,00,000/- for the FY25.

II. Percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer, other Executive Directors and Company Secretary during the FY25:

Sr. No.	Name	Category	Increase (%)
1.	Mr. Mahendra Nahata	Managing Director	-22.32*
2.	Mr. Vijay Raj Jain	Chief Financial Officer	-30.31**
3.	Mr. Manoj Baid	President & Company Secretary	-42.84***

*Since, the Board of Directors and NRC Committee have not recommended net profit based remuneration, there is a decrease in the remuneration of Managing Director during FY25.

** Since, no payment of LTI was made, there is a decrease in the remuneration of CFO during FY25.

*** Since, no payment of LTI and Ex-gratia was made, there is a decrease in the remuneration of Company Secretary during FY25.

III. Percentage increase in the median remuneration of all employees in the FY25:

Particulars	Increase (%)
Median remuneration of all employees per annum	12.50

IV. Number of permanent employees on the rolls of the Company as on March 31, 2025:

The number of permanent employees on the rolls of the Company as on March 31, 2025 were 1,910. Besides, the Company has also 1,321 personnel on off-roll or contractual basis as on March 31, 2025.

V. Comparison of average percentile increase in the salaries of employees other than the key managerial personnel and the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Name	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	6.99
Average Salary of Managing Director	-22.32
Average Salary of CFO and Company Secretary	-33.35

VI. Affirmation: It is hereby affirm that the remuneration paid during the year under review is as per the Remuneration Policy of the Company.

ANNEXURE (C) TO DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2025

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
HFCL Limited

CIN: L64200HP1987PLC007466
8, Electronics Complex
Chambaghat
Solan - 173 213 (H. P.)

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HFCL Limited** (hereinafter called "**the Company**") for the financial year ended on **31st March, 2025 ("Audit Period")**. The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed, website and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the Audit Period complied with the statutory provisions listed hereunder and also that the Company has proper Board - Processes and Compliance – Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

I have examined the books, papers, minute books, forms and returns filed, website and other records maintained by the Company for the Audit Period according to the provisions of applicable laws provided hereunder: -

- (i) The Companies Act, 2013 ("**the Act**") and the rules made thereunder including any re-enactment thereof;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the regulations and bye - laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings wherever applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"):-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (**Not applicable during the Audit Period**);
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (**Not applicable during the Audit Period**);
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (h) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (**Not applicable during the Audit Period**);
- (i) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client to the extent of securities issued (**Not applicable during the Audit Period**);
- (j) Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (**Not applicable during the Audit Period**);
- (k) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (**to the extent applicable**);
- (l) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009; and

Other laws as applicable specifically to the Company:

- a) The Employees Provident Funds and Miscellaneous Provisions Act, 1952;
- b) Employees State Insurance Act, 1948;
- c) The Factories Act, 1948;
- d) The Indian Contract Act, 1872;
- e) Minimum Wages Act, 1948;

- f) The Payment of Bonus Act, 1965;
- g) Payment of Gratuity Act, 1972;
- h) The Payment of Wages Act, 1936;
- i) The Industrial Disputes Act, 1947;
- j) The Maternity Benefit Act, 1961;
- k) The Contract Labour (Regulation and Abolition) Act, 1970;
- l) The Apprentices Act, 1961;
- m) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, read with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013;
- n) The Industrial Employment (Standing Orders) Act, 1946 and other applicable labour laws.

I have also examined the compliance with the applicable clauses of the following: -

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;
- (ii) The Uniform Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I FURTHER REPORT THAT the compliance by the Company of applicable fiscal laws, such as direct and indirect tax laws has not been reviewed in this audit since the same have been subject to review by the statutory auditors.

I FURTHER REPORT THAT:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Independent Directors and a woman Independent Director with respect to composition of Board during the Audit Period.

During the Audit Period, Mr. Surendra Sing Sirohi (DIN: 07595264) and Dr. (Ms.) Tamali Sengupta (DIN: 00358658) completed their second term as Non-Executive Independent Directors on August 26, 2024 and December 23, 2024 respectively, and consequently ceased to be directors of the Company w.e.f. August 27, 2024 and December 24, 2024 respectively, in terms of the provisions of Section 149(11) of the Companies Act, 2023.

The Company appointed Ms. Bela Banerjee (DIN: 07047271) as an Additional (Independent) Director on the Board of the Company for her first term of three years, commencing from December 17, 2024 to December 16, 2027, for which approval of the shareholders has also been obtained through the process of postal ballot during the Audit Period.

Adequate notices were given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes, the decision at the Board meetings were taken unanimously.

I FURTHER REPORT THAT there are adequate compliance systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I FURTHER REPORT THAT during the Audit Period, there were no other instances having a major bearing on the Company's affairs under the above referred laws, rules, regulations, guidelines and standards etc. except as mentioned below:

Allotment of Equity Shares to persons belonging to Promoter & Non-Promoter category on a preferential basis

The Board of Directors and the Shareholders of the Company at their meetings held on September 02, 2022 and September 30, 2022 respectively, had approved raising of funds by way of preferential issue of securities (Warrants) to persons belonging to Promoter and Non-Promoter category in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**") and the Companies Act, 2013 and the rules made thereunder.

Pursuant to the aforesaid authorisations, the Private Placement Offer Cum Application Letter (PAS-4) dated October 10, 2022 and pursuant to the applications received from persons belonging to Promoter and Non-Promoter category in the preferential issue under Chapter V of the SEBI ICDR Regulations ("**Issue**"), and Section 42 and Section 62 of the Companies Act, 2013, as amended, read with the rules issued thereunder, the Allotment Committee (Warrants) of the Board of Directors, vide its resolution dated October 15, 2022, had approved the allotment of 1,41,00,000 (One Crores Forty-One Lakh) Warrants convertible into 1,41,00,000 equity shares at a price of ₹80/- per Equity Share (Warrant Exercise Price).

Further, the Allotment Committee (Warrants) of the Board of Directors, vide its resolutions dated February 07, 2024, March 22, 2024 and April 11, 2024 had approved the allotment of 1,00,00,000 (One Crores), 22,00,000 (Twenty-Two Lakhs) and 17,00,000 (Seventeen Lakhs) equity shares respectively, having face value of ₹1/- (Rupee One only) each, at a premium of ₹79/- per equity share, fully paid-up, upon conversion of warrants.

The warrants allotted to one of the warrant holders holding 2,00,000 warrants, who sought early retirement from the Company, and since retired, did not exercise the conversion

option within 18 months from the date of the allotment, i.e., on or before April 14, 2024. Therefore, the 25% of Warrant Exercise Price, i.e., ₹40,00,000 received by the Company stands forfeited as per provisions of Regulation 169(3) of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Name : **CS BALDEV SINGH KASHTWAL**
FCS No. : **3616**
C P No. : **3169**
ICSI –UDIN : **F003616G000403972**
Peer Review Certificate Number : **1205/2021**
ICSI – Unique Code : **I1999DE144000**

Date: May 22, 2025

Place: Delhi

Note: This Report is to be read with my letter of even date which is annexed as an “**Annexure-1**” and forms an integral part of this Report.

"Annexure-1"

To,

The Members

HFCL Limited

CIN: L64200HP1987PLC007466

8, Electronics Complex

Chambaghat

Solan - 173 213 (H. P.)

My Secretarial Audit Report for the financial year ended on 31st March, 2025 of even date is to be read along with this letter.

I report that:-

Maintenance of secretarial records is the responsibility of the management of the Company and to ensure that the systems are adequate and operate effectively. My responsibility is to express an opinion on these secretarial records based on my audit.

I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification of the scanned copies was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that audit evidence and information obtained from the Company's management and the processes and practices, I followed, provide a reasonable basis for my opinion.

I have not verified the correctness and appropriateness of the financial statements of the Company.

I have obtained the management representation about the compliance of laws, rules and regulations, happening of events, etc. wherever required.

The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on a random test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Name : CS BALDEV SINGH KASHTWAL

FCS No. : 3616

C P No. : 3169

ICSI –UDIN : F003616G000403972

Peer Review Certificate Number : 1205/2021

ICSI – Unique Code : I1999DE144000

Date: May 22, 2025

Place: Delhi

ANNEXURE (C1) TO DIRECTORS REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2025

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
HTL Limited,
CIN: U93090TN1960PLC004355
G.S.T. Road, Guindy,
Chennai - 600032

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HTL Limited** (hereinafter called "the Company") for the year ended 31.03.2025. The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March 2025** ('Audit Period'), has complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March 2025** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable during the Audit period).**
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable during the Audit period).**
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable during the Audit period).**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable during the Audit period).**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable during the Audit period).**
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable during the Audit period).**
 - d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(Not applicable during the Audit period).**
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not applicable during the Audit period).**
 - f. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(Not applicable during the Audit period).**
 - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable during the Audit period).**
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable during the Audit period).**
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable during the Audit period).**
6. Labour Laws:
 - a. The Factories Act, 1948
 - b. Industrial Disputes Act, 1947
 - c. The Minimum Wages Act, 1948
 - d. The Payment of Wages Act, 1936
 - e. Employees' State Insurance Act, 1948
 - f. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952

- g. The Payment of Bonus Act, 1965
 - h. The Payment of Gratuity Act, 1972
 - i. The Contract Labour (Regulation and Abolition) Act, 1970
 - j. The Maternity Benefit Act, 1961
 - k. The Child Labour (Prohibition and Regulation) Act, 1986
 - l. The Industrial Employment (Standing Orders) Act, 1946
 - m. The Employees' Compensation Act, 1923
 - n. Equal Remuneration Act, 1976
 - o. The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013
7. Environmental Laws:
- a. The Environment (Protection) Act, 1986
 - b. The Water (Prevention & Control of Pollution) Act, 1974
 - c. The Air (Prevention & Control of Pollution) Act, 1981

Based on the representation given by the Management of the Company, it is observed that there are no other laws which are specifically applicable to the business of the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company. **(Not applicable during the Audit period).**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Further, the Company is required to appoint 2 (Independent Directors) pursuant to Section 149(4) of the Companies Act, 2013, of which, the Company has already appointed 1 (One) Independent Director and further in the process of identification and appointment of another Independent Director.

I FURTHER REPORT THAT the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

I FURTHER REPORT THAT:

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors, Independent Director and Woman Independent Director except as mentioned above. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I FURTHER REPORT THAT there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I FURTHER REPORT THAT during the audit period, the Company had the following event which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc:

In pursuant to Section 180(1)(c) of the Companies Act, the Shareholders of the Company had empowered the Board earlier to borrow money(ies) for an aggregate amount of ₹500 crores with a validity period of 3 years i.e. FY 2023-24 to 2025-26 as stipulated by DoT, GOI (holder of 26% of shares of the Company).

On representation from the Company, the DoT, GOI had consented for removal of the restriction of 3 years.

Accordingly, the Shareholders of the Company vide resolution dated 15th April, 2024 have accorded their approval for borrowing limits of the Company as prescribed u/s 180(1)(c) of the Act upto ₹ 500 Crores, without any restriction on the period of validity.

R. Balasubramanian

Practising Company Secretary
FCS No. 10011, CP No. 11979
UDIN: F010011G000076462
PR No. 2641/2022

Place: Chennai
Date: April 10, 2025

This report is to be read with my letter of even date which is annexed as "**Annexure A**" and forms an integral part of this report.

"Annexure A"

To,
The Members,
HTL Limited,
CIN: U93090TN1960PLC004355
G.S.T. Road, Guindy,
Chennai - 600032

I report that:

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

R. Balasubramanian
Practising Company Secretary
FCS No. 10011, CP No. 11979
UDIN: F010011G000076462
PR No. 2641/2022

Place: Chennai
Date: April 10, 2025

ANNEXURE (D) TO DIRECTORS' REPORT

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

- 1. Details of contracts or arrangements or transactions not at arm's length basis:** There were no contracts/arrangements entered into by the Company during the financial year ended March 31, 2025 which were not at arm's length basis.
- 2. Details of material contracts or arrangement or transactions at arm's length basis:** The transactions as mentioned herein below, were entered into at arm's length and in the ordinary course of business, but material in terms of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company's Policy on Related Party Transactions:

Sr. No.	Corporate identity number (CIN) and Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	HTL Limited (Material Subsidiary) CIN: U93090TN1960PLC004355	- Purchase/ Sale of goods & materials on a continuous basis; - Availing/ Rendering of services on a continuous basis; - Interest on outstanding ICDs/ Business Advances - Providing of security/Giving of Corporate Guarantees	Financial Year 2024-25	All the transactions were made in the ordinary course of business and on arms' length basis, pursuant to the necessary approvals granted by the Audit Committee, Board of Directors and members of the Company, amounting to ₹315.58 Crore in aggregate. In addition, Corporate Guarantees to the extent of ₹491.02 Crore has been given for the term loans and working capital facilities of HTL Limited as at March 31, 2025, pursuant to requisite approvals.	September 01, 2023	N.A.

For and on behalf of the Board

Place: New Delhi
Date: July 25, 2025

Mahendra Nahata
Managing Director
DIN: 00052898

Arvind Kharabanda
Non-Executive Director
DIN: 00052270

ANNEXURE (E) TO DIRECTORS' REPORT

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER SECTION 134(3)(M) OF THE ACT READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

(A) CONSERVATION OF ENERGY:

(i) **The steps taken or impact on conservation of energy:** The Company's operation involves low energy consumption. Nevertheless, energy conservation measures have been taken wherever possible. Efforts to conserve and optimise the use of energy through improved operational methods and other means will continue. In addition, some of the measures at grass root level are:

- a. Optimisation in use of electricity.
- b. Optimisation in use of paper, unnecessary printing being curbed, restricted access to printers, most of the communication is on mail/phone.

(ii) **The steps taken by the company for utilising alternative sources of energy:** HFCL is actively investing in renewable energy to enhance sustainability across its facilities. At the Hyderabad plant, a 1 MWp rooftop solar power system is set to be installed, with an expected annual generation of 1.5 million units in FY26. For the Goa plant, HFCL has outlined a plan to transition to 40% renewable energy by FY27. By FY26, the Goa plant aims to fulfill 7% of its energy needs through a 0.5 MWp rooftop solar installation, with the remainder supplied via green power purchase agreements.

(iii) **The capital investment on energy conservation equipment:** ₹14.02 crore

(B) TECHNOLOGY ABSORPTION:

(i) **The efforts made towards technology absorption:**

1. **The Company has taken R&D initiatives in the following areas:**

- i. Developing new-generation wireless point-to-point and point-to-multipoint connectivity solutions with improved energy efficiency while delivering higher capacity.
- ii. **Wi-Fi Access Points and Unlicensed Band Radios** - These devices use Wi-Fi 6 radios which are more spectrally efficient compared to older generations of Wi-Fi; the same amount of data can be transmitted in lesser time, thus reducing the total transmission duration while meeting the capacity requirements. This results in reducing the energy consumed per bit. The Target Wake Time (TWT) feature on Wi-Fi APs helps in reducing energy consumption at end user devices.

In general, the amount of power consumed by these devices depends on which hardware and software components are active. Based on operational needs, customers can fine-tune the operational parameters of the device to reduce the overall power consumption:

- a) Turn SSIDs on/off using SSID scheduling feature (Wi-Fi AP)
- b) Turn off 2.4GHz radio when the network doesn't need to support legacy devices (Wi-Fi AP)
- c) Automatically control transmit power based on coverage requirements
- d) Disable software features deemed non-essential for network operation

iii. Surveillance Solutions

iv. Electro Optics solutions.

v. Military armament and ammunition related solutions.

vi. Electronic Warfare (EW) and Tactical Communication System.

vii. Developing new generation 5G wireless radio products with energy efficiency features. These products include indoor and outdoor FWA CPE products covering both Sub 6 GHz and mm Wave. In addition, the portfolio includes Access Routers/ Cell Site Routers, Pre-Aggregation Routers, and Aggregation Routers for backhauling of 5G traffic.

The main areas of focus are:

- i. New generation higher efficiency and higher capacity point-to-point and point-to-multipoint connectivity solutions in unlicensed bands;
- ii. Wi-Fi 7 Enterprise Access Points for optimising energy consumption especially in battery powered client devices;
- iii. Unified Cloud management platform integrating AI-based analytics and advanced parental control features;
- iv. Switches for distribution and access part of the next generation networks with indigenous network OS; These switches improve energy savings and comply to Energy Efficient Ethernet (IEEE 802.3az) standard. With the Energy Efficient Ethernet (EEE) standard, the network will automatically decrease

its power usage when traffic is low with no setup required. The switches can also detect the length of connected cables to automatically reduce power usage on shorter cable connections. The switches provide option to turn-off the LEDs to enable significant power savings;

- v. Surveillance products for Video and RF surveillance consisting of short range and medium range ground and coastal surveillance Radar solutions in addition to VMS solutions with a range of analytics;
- vi. Electro Optical solutions for various weapon sights;
- vii. Electronic fuze solutions for artillery ammunition of various calibres and artillery shells;
- viii. Compact Trans-horizon Communication System (CTCS) for beyond the horizon and LOS communication;
- ix. Multi-Mode Hand Grenades (MMHG) ToT from DRDO;
- x. Improvement in BMP 2 Armament to improve fighting capability of Indian Defence Forces;
- xi. Our indoor and outdoor FWA CPE products supports SA and NSA mode of operations and offer energy saving features like discontinuous transmission and reception (DRX);
- xii. The research focus is to develop technologies in 6G timeframe with more advanced energy efficiency features;
- xiii. Some of the key features under 5G product development include energy efficiency optimisation at a per service basis, network wide energy optimisation without compromising the SLA.

2. The details of the products developed/being developed owing to above R&D efforts are summarised as under:

a) Electro-Optics:

We expanded our Electro-Optics portfolio with advanced products such as Thermal Weapon Sights for Assault Rifles (AK-203) and Light Machine Guns (LMGs), as well as tactical systems including Rocket Launcher (84mm RL) sights, helmet-mounted monocular, Thermal Core WHHTI, and CAMOP (Compact Airborne Multi-Sensor Optronical Payload) to address diverse operational mission profiles.

Thermal weapon sights use maximum indigenous components using local ecosystem of vendors. These indigenised thermal weapon sights are now being fielded for various tenders of the Indian Defence Forces.

Efforts include product improvement and cost reduction.

b) Military Armament and Ammunition:

Our ammunition capabilities include Artillery Electronic Fuzes and Multi-Mode Hand Grenades (MMHG), with ongoing development initiatives for 155mm artillery shells to support future artillery modernisation programmes.

The range of fuzes have been designed and developed in-house, in collaboration with foreign engineers, with ownership of the IPR and the products complying with various guidelines of the Government of India. The products designed are based on state of the art technology, to provide optimum effect as required by the Defence Forces at the most competitive price. The products are suitable for various Artillery ammunition in use by the Indian Army. The products can also be customised to meet various kinds of customer requirement and deployment scenarios.

All the products have been designed to compete in global market against existing technology players. Some of the specific examples of Technology Absorption are:

Phase-I assembly and trial firing of indigenised fuzes is completed and Phase-II assembly and trial firing of fuzes is in progress. We are also gearing up for mass production of Fuzes.

c) Electronic Warfare (EW) and Tactical Communication System:

We continue to strengthen our position in battlefield surveillance and communication systems through offerings such as Ground and Coastal Surveillance Radars (GSRs), Unmanned Aerial Vehicle (UAV) solutions, Compact Trans-horizon Communication System (CTCS), and High Capacity Radio Relays (HCRR), ensuring comprehensive situational awareness and secure battlefield connectivity.

d) Transfer of Technology (ToT):

We are closely working with Defence Research and Development Organisation, identifying upcoming technologies critical to industry needs and acquiring Transfer of Technology (ToT) in areas such as Tactical Communications, Multi-Mode Hand Grenades (MMHG) and Missile Systems, thereby enhancing indigenous capability and technology readiness.

The Company has been aggressively implementing Go-To-Market strategies in the Electro-Optics segment, establishing a distinct competitive position within the Indian Army. We are proud to share that HFCL is now a qualified vendor for the Indian Army. Intensive user trials were conducted by the Infantry Test & Development Unit (ITDU), Mhow, for our Thermal Weapon Sights (TWS) for AK-203 rifles and Rocket Launchers. Our systems successfully cleared these rigorous field evaluations, demonstrating compliance with the stringent operational and technical standards of the Indian Army.

High Capacity Radio Relay

We partnered Indian technology companies for design and development of Frequency Hopping High Capacity Radio Relay (HCRR). It involved adaptation of a various subsystem/devices. The system operates in Frequency band 4,400–5,000 MHz to provide back haul connectivity to troops deployed in inhospitable terrain on the borders of the Country. It can operate in temperature ranging from -20 to +55 degrees Celsius. The built-in Frequency Hopping feature provides anti-jamming facility essentially required in present day battlefield scenario. The device is designed to meet the Indian environmental conditions as per JSS 55555 and Mil. Std. 461E EMI/EMC compliance.

The Company designed and developed following subsystems through its Indian technology partners to build a HCRR suitable for Indian Armed Forces:

- a) **Indoor Unit (IDU):** The FPGA based Indoor Unit of HCRR provides electrical and optical user data interfaces to connect various end user data devices. It multiplexes user data at the input interfaces to a common baseband and feeds the aggregated data to the ODU located up to 2km away supporting remote installation. User manageable and configurable device has built in feature for fault diagnostics and self-test. The device also provides selective calling for operators to support link engineering during field deployment. It supports an EoW to engineer radio link with built-in AES 128bit encryption and selective calling facility.
- b) **Out Door Unit (ODU):** Out Door Unit of HCRR is rugged and light weight. It's operating frequency is 4000 MHz to 5000 MHz. It operates with 24V DC and consume very low power of less than 100w. Power output of ODU is around 1w. This is able to provide communication range of 20km in LOS conditions. It supports robust modulation schemes with error correction methods for more reliable and stable link. ECCM feature of radio unit features to operate in a hostile battle field environment. The radio is easy to configure, monitor and fault diagnostic through a user friendly GUI. It support SNMP V3 based management.
- c) **Power Supply Unit (PSU):** The Power supply operates on 230v AC and 48v DC with automatic changeover for fail-safe operation. It is designed to provide power supply to ODU, Rotator and motorised Mast system. It also has built in feature for fault diagnostics and self-test.
- d) **Mast System:** 18 meter motorised Mast, capable of 50 kg head load, can be erected both manually and automatically. It can be used in both ground and vehicular role. It can withstand the wind

velocity up to 80 kmph operational and 120 kmph for sustainability.

- e) **Rotator and Tilter Unit (RATU):** The electronically controlled rotator unit supports antenna rotation of $\pm 180^\circ$ on horizontal plane and $\pm 10^\circ$ on vertical plane. The unit encompasses GPS and DMC for true north alignment. The unit is manageable via NMS.
- f) **Network Management System (NMS):** The SNMP V3 based ruggedised NMS manages, configures and conducts fault diagnostics of all the subsystem from a central location.
- g) **Antenna system:** High gain Point to point (PtP) and Point to Multi Point (PtMP) antenna system is designed to provide more than 20 km Line of Sight (LOS) communication range with high reliability. PtMP antenna has a coverage of 120 degrees.

As part of adaptation, the complete system has been successfully integrated to meet the HCRR qualitative requirements of the Indian Armed Forces. An indoor Laboratory has been set up by the Company to test the functions of the integrated equipment with the NMS.

Ground and Coastal Surveillance Radar

HFCL, through its subsidiary, Raddef Private Limited, has been at the forefront of designing and developing a range of cutting-edge surveillance radars to meet diverse operational needs. Raddef specialises in development of advanced radars and RF solutions. It has developed ground and coastal surveillance radars using Frequency Modulated Continuous Wave technology. This technology offers numerous advantages, including high accuracy, low power consumption, and resistance to interference, making our radars highly reliable and efficient.

Radars are designed to achieve high reliability under severe weather conditions with no mechanical wear and tear. These radars are all-in-one fully integrated units comprising power supply, passive electronically scanned array (PESA) antenna, RF front end, radar signal processing, radar data processor with plot extractor and multi-target tracking and user-friendly display and GUI.

These radars are lightweight, hand portable, compact, easy/fast deployable and operates 24/7 with Power-over-Ethernet (PoE) and battery backup. These radars can detect humans (crawling/walking/running), small/large ground vehicles, low altitude drones /aerial vehicles, boats. These are cost-effective solutions for perimeter surveillance of international borders, coasts, airports, large buildings, prisons, and industries to check and monitor intrusions.

The Company designed and developed following type of radar as per the requirements:

- a) **Very Short Range Radar (VSR):** It is based on state of-the-art FMCW technology with latest generation e-scan antennas, which works in Ku band, with detection range of 2 km and can track up to 100 targets. It is light weight, man portable and easy to deploy in the field. The radar is capable to detect and track human, animal, vehicle and low flying objects.
- b) **Short Range Radar (SR):** It is based on state of-the-art FMCW technology with latest generation e-scan antennas, which works in Ku band with detection range of 11 km and can track up to 300 targets. It is light weight, man portable and easy to deploy in the field. The radar is capable to detect and track human, animal, vehicle and low flying objects.
- c) **Medium Range Radar (MR):** It is based on state of-the-art FMCW technology with latest generation e-scan antennas, which works in Ku band with detection range of 30 km and can track up to 700 targets. It is light weight, man portable and easy to deploy in the field. The radar is capable to detect and track human, animal, vehicle and low flying objects.
- d) **Coastal Surveillance Radar (CSR):** It is based on state of-the-art FMCW technology with latest generation e-scan antennas, which works in Ku band with detection range of 50 km and can track up to 500 targets. It is light weight, man portable and easy to deploy in the field. The radar is capable to detect and track wooden boat, coaster, cargo ship and container ship.

Our Anti Drone System (Drone Detection Radar, RF Detector and Drone Jammer) is also in advanced stage of development.

Wireless access and backhaul solutions

The Company has successfully developed the complete Wi-Fi and backhaul network solution that is based on latest and upcoming international standards. While the entire portfolio of products is designed to be world-class and ready to compete with global brands, yet these have been fully designed, developed and manufactured in India with full IPR ownership residing with the Company in India. All these products are extremely power efficient and fully compliant to PMA guidelines of Government of India.

A brief introduction to the overall portfolio is given below: -

- a) **Access Point Portfolio** – The Access Point portfolio consists of a mix of Indoor and Outdoor products working on the latest Wi-Fi technology (Wi-Fi 6 and Wi-Fi 7). All Outdoor Access Points are rugged and IP67 rated, making them ideal for harsh and challenging end user deployments.

The Access Points are capable of delivering very high throughput and efficiency and are ideally suited for all customer deployments, like In-home, Enterprises and Telecom Service Providers networks. The Access Point Portfolio is also integrated with Telecom Infra Project OpenWiFi that enables HFCL to be part of open-source community. The new generation Home Mesh Routers provide enhanced coverage and provide advanced parental controls for managed wi-fi services offered by operations in homes.

- b) **Unlicensed Band Radio Portfolio** – The Unlicensed Band Radios (UBR) are feature-rich, top-of-the-line, high capacity products for all backhaul requirements of Enterprises and Telecom Service Providers. Entire portfolio has improved efficiency to support point-to-point (P2P) and point-to-multi-point (P2mP) applications, high throughput, zero-touch provisioning and redundancy support, making them the best in terms of spectral efficiency in the unlicensed band. Some special features developed by HFCL in their UBRs make them ideal for backhauling 5G and OLT traffic as well making these radios as one of the most power efficient wireless backhaul systems.
- c) **Cloud Network Management System** – The Company's Unified Cloud Network Management System (UcNMS) combines offers a massively scalable and service-rich, management platform for enterprise and service provider deployments for a single window management of entire network. The platform is highly flexible and can be ported onto any x86 server, public, private or hybrid cloud deployment.
- d) 5G Portfolio of products include Indoor and Outdoor FWA CPE supporting LTE, 5G NR and mmWave frequency bands with support for Power Class 3 (23 dBm), Power Class 2 (26 dBm) and Power Class 1.5 (29 dBm).
- e) 5G Portfolio of products include Access Routers/ Cell Site Routers, Pre-Aggregation Routers, and Aggregation Routers that can be used for backhauling of 5G traffic. These routers have unique features like hot swappable fans and hot swappable power supply units for ease of operation and maintenance.

The research team is working on developing energy efficient waveforms that could potentially be part of 6G technology standards. Several patent applications have been filed with the Indian patent office including those related to per service based energy efficiency at base stations, per service based energy efficiency user equipment and energy measurement and control at a network level through user equipment handover management.

(ii) **the benefits derived like product improvement, cost reduction, product development or import substitution:**

The entire portfolio of wireless access and backhaul radio is fully PMA compliant and low cost, suitable for providing coverage and connectivity to rural and uncovered parts of India. The devices being low power, can run on Solar power as well. Since the entire portfolio is fully designed, developed and manufactured in India with full IPR ownership residing with the Company in India, we have been able to bring down the cost of the entire solution to very optimum levels.

After successful deployment of Company's products in many customer networks, these areas for new development give customers a leverage to adopt next generation products and solutions without having to worry about migration and all the current and next generation products are fully interoperable and managed by a single cloud platform that has been upgraded already to cater to all the next generation products as well.

The R&D initiatives have strengthened HFCL's position in the Telecom industry as a formidable product OEM. These efforts have also broadened Company's scope and reach to newer markets in Defence, Surveillance, Networks and Software domains establishing HFCL as a reckonable contributor of high technology based cost competitive products.

The new R&D efforts also focus to developing an entire ecosystem within India with an aim to minimise the dependency on imported raw material to the extent possible. This will not only improve the control on supply chain but will also save logistics costs, delivery lead times and improve overall efficiency in supply chain and will enable us to have higher output.

The new products are designed to meet international standards and certifications, yet are most cost optimised to enable the Company to compete with global brands in global markets in terms of both feature set and cost. The products and solutions are architected to be modular and very flexible and can be customised to meet all kinds of customer requirement and deployment scenarios.

Important derivative of the R&D efforts is to completely indigenise the critical and controlled technologies that were not available in the Country

till now. This will result in sizeable forex saving for the Country by way of making available high technology Make in India products and would also open up good avenues of exports with significant advantages of cost competitiveness.

(iii) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

(a) The details of technology imported:	Technology for manufacture of electronic fuzes in India
(b) The year of import:	FY21-22, FY22-23 and FY23-24
(c) Whether the technology been fully absorbed?	Fully Absorbed.
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:	The technology has been fully absorbed and validated. Some minor aspects such as changes in fuze after the trials need to be validated.

(iv) **The expenditure incurred on Research and Development (R&D):**

	(₹ in crore)
a) Capital	171.33
b) Recurring	6.11
c) Total	177.44
d) Total R & D expenditure as a percentage of total Turnover	4.68%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(₹ in crore)	
Particulars	Financial Year ended March 31, 2025	Financial Year ended March 31, 2024
Foreign exchange earned in terms of actual inflows	424.47	450.27
Foreign exchange outgo in terms of actual outflows	757.64	673.44

ANNEXURE (F) TO DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company

The Board of Directors of the Company at its meeting held on March 18, 2015 approved the Corporate Social Responsibility (CSR) Policy of your Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 which was further amended by the Board of Directors of the Company at its meeting held on September 02, 2022 on the recommendation of the CSR Committee.

The Board has broadly identified the following CSR activities, around which your Company shall be focusing:

- (i) Promoting health care including preventive health care.
- (ii) Promoting education, including education for special need and employment enhancing vocational skills especially among children, youth, women, elderly and the differently abled and livelihood enhancement projects.
- (iii) To establish sponsor, administer and provide funds, stipends, scholarships and study grants to enable poor deserving and/or meritorious students and teachers to pursue their studies, research and training in any fields in India.
- (iv) To arrange establish, run, manage, control, look after and supervise the widows homes, old age homes, orphanages, child welfare centre and to provide medical relief and/or aid to the suffering human body.
- (v) Eradicating hunger, poverty and malnutrition.
- (vi) Sanitation and making available safe drinking water
- (vii) Rural Development Projects.

2. The composition of the CSR Committee:

The composition of the CSR Committee during the financial year ended March 31, 2025, is as under:

Sr. No.	Name of the Director	Designation	Position	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Mahendra Nahata	Managing Director	Chairman	01	Nil
2.	Mr. Surendra Singh Sirohi (Up to 26.08.2024)	Independent Director	Member	N.A.	N.A.
3.	Mr. Ajai Kumar	Independent Director	Member	01	01
4.	Mr. Bharat Pal Singh (w.e.f. 27.08.2024)	Independent Director	Member	01	01

Mr. Manoj Baid, President & Company Secretary acts as the Secretary to the Committee.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

Composition of CSR committee: <https://www.hfcl.com/wp-content/uploads/2024/12/HFCL-Composition-of-Board-Committees.pdf>

CSR Policy: https://www.hfcl.com/wp-content/uploads/2022/09/CSR_Policy_2022.pdf

CSR projects approved by the Board: https://www.hfcl.com/wp-content/uploads/2025/03/HFCL_CSR_AAP_FY24-25_website.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

Not applicable.

5. (a) Average Net Profit of the Company as per Section 135(5) : ₹3,95,38,21,787
- (b) Two percent of average net profit of the Company as per Section 135(5) : ₹7,90,76,436
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
- (d) Amount required to be set off for the financial year, if any : N.A.
- (e) Total CSR obligation for the financial year (b+c-d) : ₹7,90,76,436
6. (a) CSR amount spent for the financial year (both Ongoing Project and other than Ongoing Project) : ₹1,20,00,000
- (b) Spent in Administrative overheads : ₹40,00,000
- (c) Amount spent on Impact Assessment, if applicable. : Nil
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹1,60,00,000
- (e) CSR amount spent or unspent for the Financial Year:

Total Amount spent for the Financial year (in ₹)	Amount unspent (in ₹)				
	Total Amount transferred to unspent CSR Account as per sub Section 6 of section 135		Amount transferred to any fund specified under schedule VII as per second proviso to sub-section 5 of section 135		
	Amount (in ₹)	Date of transfer	Name of the fund	Amount (in ₹)	Date of Transfer
1,60,00,000	6,35,00,000	April 30, 2025	N/A	N/A	N/A

(f) Excess amount for set-off, if any:

Sr. No.	Particulars	Amount (in ₹)
i.	Two percent of average net profit of the Company as per sub-section (5) of section 135	7,90,76,436
ii.	Total amount spent for the Financial Year	1,60,00,000
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	N.A
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any.	N.A
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	N.A.

The total amount allocated towards CSR obligation for FY25 was ₹7,95,00,000, against the actual CSR obligation of ₹7,90,76,436. During the FY25, the Company incurred CSR expenditure of ₹1,60,00,000. Accordingly, an unspent amount of ₹6,35,00,000 has been transferred to Unspent CSR Account on April 30, 2025, representing the difference between the amount allocated and the actual CSR expenditure made. Out of this, ₹4,23,564 pertains to the excess allocation over the actual CSR obligation.

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2023-24	4,87,80,699	4,87,80,699 [^]	1,70,70,888	N.A.		3,17,09,811	N.A.
2	2022-23	3,23,82,184	1,67,49,868*	1,67,49,868	N.A.		N.A.	N.A.
3	2021-22	3,95,780	Nil	Nil	N.A.		N.A.	N.A.

[^] Unspent balance as on April 30, 2024

* Unspent balance as on April 01, 2024

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

Details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
NA							

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

The Company has allocated its CSR funds towards ongoing projects and the unspent amount pertains to these projects. The funds will be spent in accordance with the approved timelines for each respective project year, as permitted under the provisions of Section 135(6) of the Companies Act, 2013.

Place: New Delhi
Date: July 25, 2025

Mahendra Nahata
Managing Director &
Chairman – CSR Committee

Corporate Governance Report

The Corporate Governance report for the financial year 2024-25 ("FY25"), which forms part of the Directors' Report, is prepared in accordance with Regulation 34, read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

This Report is in compliance with the Listing Regulations.

Corporate Governance is a set of standards which aims to improve the Company's image, efficiency and effectiveness.

It is the road map, which guides and directs the Board of Directors of the Company to govern the affairs of the Company in a manner most beneficial to all the Shareholders, the Creditors, the Government and the Society at large.

Your Company is committed to highest standards of Corporate Governance and disclosure practices to ensure that its affairs are managed in the best interest of all stakeholders.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of the Listing Regulations, as applicable, with regard to Corporate Governance.

A report on compliance with the implementation of Regulation 34(3) read with Chapter IV and Schedule V to the Listing Regulations is given below:

1. HFCL PHILOSOPHY ON CORPORATE GOVERNANCE

The cardinal principles of the Corporate Philosophy of HFCL on Corporate Governance can be summarised in the following words:

"Transparency, Professionalism and Accountability with an ultimate aim of value creation"

HFCL Corporate Philosophy envisages complete transparency and adequate disclosures with an ultimate aim of value creation for all players i.e., the Stakeholders, the Creditors, the Government and the Employees.

2. BOARD OF DIRECTORS

The composition of the Board is in conformity with Regulation 17 and 17A of the Listing Regulations as well as the Companies Act, 2013 (the "Act").

As on March 31, 2025, the Company had 06 (six) Directors on the Board with an optimum mix of Executive, Non-Executive and Independent Directors.

As on March 31, 2025, more than 50% (fifty) of the Board comprised of Non-Executive Directors. Out of 06 (Six)

Directors, 03 (three) are Non-Executive Independent Directors including 01 (one) Independent Woman Director, 02 (two) are Non-Executive Directors and 01 (one) is Promoter & Managing Director.

The Directors take active part in the deliberations at the Board and committee meetings by providing valuable guidance and expert advice to the Management on various aspects of business, policy direction, governance, compliance, etc. and play a critical role on strategic issues and add value in the decision-making process of the Board of Directors.

All the Independent Directors of the Company have confirmed that they satisfy the criteria of Independence as indicated in the Act and the Listing Regulations including any statutory modification/enactments thereof. They have also confirmed their registration with the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs in compliance with the requirements of Section 150 of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014.

Detailed profile of each Director is available on the website of the Company at www.hfcl.com.

The members on the Board possess adequate experience, expertise and skills necessary to manage the affairs of the Company in the most efficient manner.

The Board periodically evaluates the need for change in its size and composition.

A Certificate as required under Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of the Company, is enclosed and forms part of this Report.

Board/Committees Procedures and flow of information

The Board meets at least once in a quarter to, *inter-alia*, review quarterly standalone and consolidated financial results/statements, compliance report(s) of all laws applicable to the Company, regulatory developments, Minutes of the Board meetings of subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, any other proposal from the Management etc.

The maximum gap between any two Board/committee meetings is within the stipulated period under the provisions of the Act and the Listing Regulations. Additional meetings are held whenever necessary.

In case of matters requiring urgent approval of the Board, resolutions are passed through circulation.

The Company also provides video conferencing facility to its directors to enable them to participate in the discussions held at the meetings, when it may not be possible for them to be physically present for the meeting.

The agenda for the meetings is circulated well in advance to the directors to ensure that sufficient time is provided to directors to prepare for the meeting.

Information placed before the Board

The Board has complete access to all information of the Company, including *inter-alia*, the minimum information required to be made available to the Board as prescribed under Part A of Schedule II to the Listing Regulations.

The Managing Director, SBUs (Strategic Business Unit)/ Functional Heads of the Company make presentations to the Board/Committees on matters including but not limited to the Company's performance, strategic plans, quarterly and annual financial results, internal audit reports, compliance reports, etc.

The important decisions taken at the Board/committee meetings are communicated to the concerned Departments/ Divisions.

The Company adheres to the provisions of the Act read with the rules issued thereunder, Secretarial Standards and Listing Regulations with respect to convening and holding the meetings of the Board of Directors,

its Committees and the General Meetings of the shareholders of the Company.

2.1 Board Meetings

During the financial year ended March 31, 2025, 05 (five) Board meetings were held on May 03, 2024, July 24, 2024, September 02, 2024, October 21, 2024, and February 03, 2025.

The requisite quorum was present for all the meetings held during the year review. The last Annual General Meeting (**AGM**) was held on September 30, 2024.

Mr. Arvind Kharabanda, Non-Executive Director, member of the Audit Committee, Risk Management Committee, Nomination, Remuneration & Compensation Committee ("**NRCC**") and the Chairman of the Stakeholders' Relationship Committee, Dr. (Mr.) Ranjeet Mal Kastia, Non-Executive Director and member of the Stakeholders' Relationship Committee and Dr. (Ms.) Tamali Sengupta, Independent Director, member of the Audit Committee and the Stakeholders' Relationship Committee were present at the last AGM of the Company.

Mr. Mahendra Nahata, Managing Director of the Company, Chairman of the CSR Committee and Risk Management Committee, Mr. Bharat Pal Singh, Independent Director, Chairman of the Audit Committee, member of NRCC, CSR Committee and Risk Management Committee, and Mr. Ajai Kumar, Independent Director, and Chairman of NRCC and member of the Audit Committee and CSR Committee, also attended the last AGM of the Company through video conferencing.

The attendance of each Director at the meetings of the Board of Directors held during the financial year under review as well as in the last AGM and the number of directorships held by them, as at March 31, 2025, are as under:

Name of the Director	DIN	Category	Total No. of Directorships ^{\$}	No. of Board Meetings		Attended last AGM (September 30, 2024)	Shareholding in the Company
				Entitled to Attend	Attended		
Mr. Mahendra Nahata	00052898	PD (MD)	07	05	04	Yes	13,35,091 (0.09%)
Mr. Arvind Kharabanda	00052270	NED	07	05	05	Yes	Nil
Dr. (Mr.) Ranjeet Mal Kastia	00053059	NED	08	05	05	Yes	Nil
Mr. Ajai Kumar	02446976	NEID	10	05	05	Yes	Nil
Mr. Bharat Pal Singh	00739712	NEID	01	05	05	Yes	Nil
Mrs. Bela Banerjee*	07047271	NEID	02	01	01	N.A.	Nil
Mr. Surendra Singh Sirohi**	07595264	NEID	0	02	02	N.A.	Nil
Dr. (Ms.) Tamali Sengupta**	00358658	NEID	02	04	04	Yes	Nil

^{\$} The number of directorships held by the Directors as mentioned above does not include directorship of foreign companies, Section 8 companies, if any. (NEID – Non-Executive Independent Director, PD – Promoter Director, MD – Managing Director, NED – Non-Executive Director)

* During the FY25, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mrs. Bela Banerjee (DIN: 07047271) as an Additional Director in the category of Independent Director for a period of three consecutive years effective from December 17, 2024 to December 16, 2027, not liable to retire by rotation, who was further appointed as a Director (Independent) by the shareholders of the Company on March 08, 2025, through Postal Ballot by way of a special resolution.

**Further, Mr. Surendra Singh Sirohi (DIN:07595264) and Dr. (Ms.) Tamali Sengupta (DIN: 00358658) had completed their second term as Independent Directors on the close of business hours on August 26, 2024 and December 23, 2024, respectively.

2.2 Directorship in other listed companies/ committee position (including HFCL Limited) as at March 31, 2025:

S. No.	Name of Director & Category	Directorship in listed companies along with category	Committee Position(s) *		
			Name of Company	Name of Committee Position	
1	Mr. Mahendra Nahata Managing Director (Executive)	HFCL Limited – Executive	Nil	Nil	Nil
2	Mr. Arvind Kharabanda (Non-Executive)	HFCL Limited – Non-Executive	HFCL Limited	Audit	Member
				Stakeholders' Relationship	Chairman
3	Dr. (Mr.) Ranjeet Mal Kastia (Non-Executive)	HFCL Limited – Non-Executive	Rajasthan Antibiotics Limited	Audit	Member
			HFCL Limited	Stakeholders' Relationship	Member
4	Mr. Bharat Pal Singh (Independent)	HFCL Limited – Independent	HTL Limited	Audit	Chairman
			HCP Plastene Bulk Pack Limited – Independent		
5	Mr. Ajai Kumar (Independent)	HFCL Limited – Independent	HFCL Limited	Audit	Member
			Can Fin Homes Limited – Independent	Audit	Member
			Sammaan Asset Management Ltd. (formerly known as Indiabulls Investment Management Limited)	Audit	Member
			Delphi World Money Limited – Independent		
			Authum Investment and Infrastructure Limited – Independent		
			Amar Ujala Limited	Audit	Chairman
			Nukleus Office Solutions Limited - Independent		
			Adani Petronet (Dahej) Port Limited	Audit	Chairman
6	Mrs. Bela Banerjee**	HFCL Limited – Independent Director	Nukleus office Solutions Limited	Audit	Chairman
			HFCL Limited	Audit	Member
				Stakeholders' Relationship	Member
			Adhunik Power & Natural Resources Limited	Audit	Member

* Audit Committee and Stakeholders' Relationship Committee positions only are considered.

**During the FY25, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mrs. Bela Banerjee (DIN: 07047271) as an Additional Director in the category of Independent Director for a period of three consecutive years effective from December 17, 2024 to December 16, 2027, not liable to retire by rotation who was further appointed as a Director (Independent) by the shareholders of the Company on March 08, 2025, through Postal Ballot by way of a special resolution.

None of the Directors on the Board holds directorships in more than ten public companies and memberships in more than ten committees and none of them acts as chairperson of more than five committees across all public limited companies in which he/she is director, in terms of the limits stipulated under the Act and the Listing Regulations.

None of the Directors serves as a director or independent director in more than seven listed entities.

Necessary disclosures have been made by all the Directors regarding their board/committee positions.

2.3 Disclosure of relationship between directors *inter-se*

None of the Directors of the Company is related to each other.

2.4 Number of shares and convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors holds any share or convertible instrument in the Company as on March 31, 2025.

2.5 Evaluation of Board

Listing Regulations mandate the board of listed companies to monitor and review the Board Evaluation framework. Section 134(3) of the Act read with the Rule 8 of the Companies (Accounts) Rules, 2014, issued thereunder further provides that formal annual evaluation needs to be made by the board of its own performance and that of its committees and individual directors.

Schedule IV to the Act and Regulation 17(10) of the Listing Regulations states that the performance evaluation of independent directors shall be done by the entire board of directors, excluding the director being evaluated.

After taking into consideration the Guidance Note on Performance Evaluation of Board issued through Master Circular dated November 11, 2024 questionnaires were prepared to evaluate the performance of the Board, various committees of the Board and individual performance of each director of the Company.

The Questionnaires for evaluation of performance of the Directors were prepared based on various aspects which amongst other parameters included the level of participation of the Directors, understanding of the roles and responsibilities of Directors, understanding of the business and competitive environment in which the Company operates, understanding of the strategic issues and challenges for the Company, protecting the legitimate interest of the Company, shareholders and employees, implementation of best corporate governance practice etc.

The parameters for performance evaluation of Board included composition of the Board, process of appointment to the Board of directors, common understanding that all the Board members have understanding of the roles and responsibilities of the Board, timeliness for circulating the board papers, content and the quality of information provided to the Board, attention to the Company's long term strategic issues, evaluating strategic risks, overseeing and guiding major plans of action, acquisitions, divestment etc.

Some of the performance indicators for the Committees include understanding of the terms of reference, effectiveness of the discussions at the Committee meetings, information provided to the Committee to discharge its duties and performance of the Committee vis-à-vis its responsibilities, composition of the Committee with the appropriate mix of experience, knowledge and skills.

Pursuant to Regulation 17(10) of the Listing Regulations, the performance evaluation of independent directors was done by the entire Board of Directors excluding independent director being evaluated. Broad parameters for reviewing the performance of Independent Directors amongst other included participation at the Board/Committee meetings, understanding their roles and responsibilities and business of the Company, effectiveness of their contribution/ commitment, effective management of relationship with stakeholders, integrity and maintaining of confidentiality, exercise of independent Judgement in the best interest of the Company, ability to contribute and monitor corporate governance practice, adherence to the code of conduct for independent directors, bringing independent

judgement during board deliberations on strategy, performance, risk management, etc.

Basis the feedback received on questionnaire from all the Directors, the performance of the Board as a whole, committees of the Company and individual directors was found satisfactory by the Nomination, Remuneration and Compensation Committee. As the members are aware that there is no regular chairperson designated in the Company, accordingly, the performance of chairperson was not required to be evaluated. However, in the absence of the regular chairman, Mr. Mahendra Nahata was elected as Chairman for the Board meetings held on May 03, 2024, September 02, 2024, October 21, 2024 and February 03, 2025. For the board meeting held on July 24, 2024, Mr. Arvind Kharabanda, was elected as the Chairman. Their performance as chairperson of the various meetings was found to be excellent on all the parameters.

2.6 Independent Directors

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed and opined that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

The Company has issued the formal letters of appointment to the Independent Directors in the manner provided under the Act and the Listing Regulations.

No Independent Director has resigned from the Board of Directors of your Company during the year under review.

The Nomination, Remuneration and Compensation Committee and the Board of Directors, on the basis of performance evaluation of independent director and taking into account the external business environment, the business knowledge, acumen, experience and the substantial contribution made by Mr. Ajai Kumar (DIN: 02446976) during his tenure, had recommended to the Board and the shareholders that continued association of Mr. Ajai Kumar as an Independent Director would be beneficial to the Company. Based on the above, the shareholders, in their AGM held on September 30, 2024, approved re-appointment of Mr. Ajai Kumar for a second term of consecutive three years, commencing

from November 25, 2024 to November 24, 2027 to hold office as Independent Director of the Company, not liable to retire by rotation on the Board of the Company.

During the FY25, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mrs. Bela Banerjee (DIN: 07047271) as an Additional Director in the category of Independent Director for a period of three consecutive years effective from December 17, 2024 to December 16, 2027, not liable to retire by rotation who was further appointed as a Director (Independent) by the shareholders of the Company on March 08, 2025, through Postal Ballot by way of a special resolution.

Further, Mr. Surendra Singh Sirohi (DIN:07595264) and Dr. (Ms.) Tamali Sengupta (DIN:00358658) have completed their second term as Independent Directors on the close of business hours on August 26, 2024 and December 23, 2024, respectively. The Board of Directors places on record its sincere appreciation for the support and valuable guidance given by Mr. Sirohi and Ms. Sengupta during their tenure as Independent Directors of the Company.

2.7 Meeting of Independent Directors

Schedule IV to the Act mandates that the Independent Directors of the Company hold at least one meeting in a financial year, without the attendance of non-independent directors or management personnel. All Independent Directors strive to be present at such meetings.

During the financial year ended March 31, 2025, 01 (one) meeting of the Independent Directors was held on March 22, 2025.

The meeting of the Independent Directors was attended by all the three independent directors, namely, Mr. Ajai Kumar, Mr. Bharat Pal Singh, and Mrs. Bela Banerjee.

Independent Directors at their meeting interact and discuss matters including review of the performance of the non-independent directors and the Board as a

whole, taking into account views of executive/non-executive directors and assessing the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2.8 Familiarisation Programme for Independent Directors

Regulation 25(7) of the Listing Regulations mandates the Company to familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. through various programmes.

The Company through its Managing Director/ Senior Managerial Personnel conduct programmes/ presentations periodically to familiarise the Independent Directors with the strategy, business and operations of the Company.

Such programmes/presentations provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, services and product offerings, organisation structure, finances, sales and marketing, human resources, technology, quality of products, facilities and risk management and such other areas as may arise from time to time.

The above programmes also include the familiarisation on statutory compliances as a Board member including their roles, rights and responsibilities. The Company also circulates news and articles related to the industry from time to time and provide specific regulatory updates.

The Familiarisation Programme for Independent Directors in terms of Regulation 25(7) of the Listing Regulations is uploaded on the website of the Company and can be accessed through the following link: https://www.hfcl.com/wp-content/uploads/2025/04/HFCL-Familiarisation-Prog.-ID_2025.pdf

2.9 List of core skills/expertise/competencies as required in the context of business and sector(s) of the company

The Board has identified the names of the Directors possessing the skills/expertise/competencies fundamental for the effective functioning for its various business units viz. OF (Optical Fiber) & OFC (Optical Fiber Cable), Telecom Equipment Manufacturing, Telecom Network & Turnkey Solutions and Defence Equipment Manufacturing:

Sr. No.	Skills/Expertise/Competence identified by the Board of Directors	Actually available with the Board of Directors	Name of Director with relevant Skill/Expertise/Competency
1	Industry knowledge/experience		Mr. Mahendra Nahata Mrs. Bela Banerjee Mr. Arvind Kharabanda Dr. (Mr.) Ranjeet Mal Kastia Mr. Ajai Kumar
	Knowledge and experience	Yes	

Sr. No.	Skills/Expertise/Competence identified by the Board of Directors	Actually available with the Board of Directors	Name of Director with relevant Skill/Expertise/Competency
2	Technical skills/experience		
	Information Technology	Yes	Mr. Mahendra Nahata
	Marketing	Yes	Mr. Mahendra Nahata Mr. Arvind Kharabanda Mr. Ajai Kumar
	Accounting and Finance	Yes	Mr. Bharat Pal Singh Mr. Ajai Kumar Mr. Arvind Kharabanda Mrs. Bela Banerjee
	Compliance and Risk	Yes	Mrs. Bela Banerjee Mr. Bharat Pal Singh Mr. Ajai Kumar
3	Behavioural Competencies		
	Integrity and ethical standards	Yes	Mr. Mahendra Nahata Mrs. Bela Banerjee
	Mentoring abilities	Yes	Mr. Mahendra Nahata Mr. Ajai Kumar Mrs. Bela Banerjee
	Interpersonal relations	Yes	Mr. Mahendra Nahata Mr. Arvind Kharabanda Dr. (Mr.) Ranjeet Mal Kastia Mr. Bharat Pal Singh

3. COMMITTEES OF THE BOARD

In terms of the Listing Regulations, the Board of your Company has constituted the following committees as mandatorily required under the provisions of the Act and the Listing Regulations:

1. Audit Committee
2. Nomination, Remuneration and Compensation Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee

The composition of various Committees of the Board of Directors is also available on the website of the Company and web link for the same is appended below:

<https://www.hfcl.com/wp-content/uploads/2024/12/HFCL-Composition-of-Board-Committees.pdf>

3.1 Audit Committee

The terms of reference of the Audit Committee covers the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations.

The brief description of terms of references of Audit Committee is as under:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommendation of the appointment/re-appointment of external and internal auditors, tax auditors, cost auditors, fixation of statutory audit fees, internal audit fees and tax audit fees and also approval for payment of any other services.
- Review with management, the annual financial statements before submission to the Board.
- Review quarterly un-audited/audited financial results/quarterly review reports.
- Review the financial statements in particular the investments made by the unlisted subsidiary companies.
- Review with management, performance of external and internal auditors and adequacy of internal control system.
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discuss with statutory auditors before the audit commence about nature and scope of audit as well as have post audit discussions to ascertain any area of concern.
- Approval to the appointment of Chief Financial Officer.

- Look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders and creditors, if any.
- Review of the use/application of money raised through Public/Rights/Preferential Issue, if any.
- Approve or any subsequent modification(s) of transactions of the Company with related parties, if any.
- Review and monitor auditors' independence and performance and effectiveness of audit process.
- Scrutiny of inter corporate loans and investments.
- Review the Company's financial and Risk Management Policy.
- Discuss with internal auditors of any significant findings and follow up thereon.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Valuation of Undertakings or assets of the Company where it is necessary.
- Review of the functioning of the Whistle Blower/Vigil Mechanism.
- Evaluate Internal Financial Control and risk management system.
- Review the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders, if any, from time to time.
- Any other matter as may be prescribed, from time to time, to be referred to the Audit Committee in terms of the Act/Listing Regulations and the applicable rules, regulations thereto.

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have requisite experience in financial management.

Mr. Bharat Pal Singh, Non-Executive Independent Director is the Chairman of the Audit Committee. The Company Secretary acts as Secretary to the Committee. Upon invitation, the CFO and the Statutory Auditors of the Company attend the meetings of the Audit Committee.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the financial year ended March 31, 2025, the Audit Committee met 07 (seven) times on May 03, 2024, July 24, 2024, August 30, 2024, October 21, 2024,

November 26, 2024, February 03, 2025 and March 21, 2025.

The composition of the Audit Committee and details of meetings attended by its members during the financial year ended March 31, 2025, are given below:

Name of Director	Position	No. of Meetings	
		Entitled to Attend	Attended
Mr. Bharat Pal Singh	Chairman	7	7
Mr. Arvind Kharabanda	Member	7	7
Mr. Surendra Singh Sirohi (up to August 26, 2024)	Member	2	2
Mr. Ajai Kumar (w.e.f. August 27, 2024)	Member	5	5
Mrs. Bela Banerjee (w.e.f. December 17, 2024)	Member	2	2
Dr. (Ms.) Tamali Sengupta (up to December 16, 2024)	Member	5	5

Reporting of Internal Auditor

The Internal Auditor of the Company attends meetings of the Audit Committee and findings of Internal Audits, if any, are reported directly to the Audit Committee.

3.2 Nomination, Remuneration and Compensation Committee

The Nomination, Remuneration and Compensation (NRC) Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

NRC Committee, amongst others, is responsible for determining the Company's policy on recruitment and remuneration of Directors/KMPs, Senior Management Personnel and other employees of the Company.

The terms of reference of the NRC Committee covers the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the Listing Regulations.

The brief description of term of reference of NRC Committee, amongst others, includes the following:-

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management Personnel in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal including their remuneration.
- To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, key managerial personnel and other employees.

- To devise a policy on diversity of Board of Directors.
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors.
- To carry out evaluation of every Directors' performance.
- To administer, implement and superintend the Employees' Long Term Incentive Plan.
- To recommend to the board, all remuneration, in whatever form, payable to senior management personnel.
- To evaluate the balance of skills, knowledge and experience on the Board in relation to every appointment of an Independent Director and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may use the services of an external agencies, if required, consider candidates from a wide range of backgrounds, having due regard to diversity and consider the time commitments of the candidates.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification(s), amendment(s) or modification(s) as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Mr. Surendra Singh Sirohi, Non-Executive Independent Director, served as the Chairman of the NRC Committee until August 26, 2024. Since Mr. Sirohi completed his second term as an Independent Director of the Company at the close of business hours on August 26, 2024, the Board of Directors has appointed Mr. Ajai Kumar, Independent Director as the Chairman of the Committee, effective August 27, 2024. The Company Secretary serves as the Secretary to the Committee.

During the financial year ended March 31, 2025, the NRC Committee met 02 (two) times on May 02, 2024, and September 02, 2024.

The composition of the NRC Committee and details of meetings attended by its members during the financial year ended March 31, 2025 are given below:

Name of Director	Position	No. of Meetings	
		Entitled to Attend	Attended
Mr. Ajai Kumar (w.e.f August 27, 2024)	Chairman	1	1
Mr. Surendra Singh Sirohi (up to August 26, 2024)	Chairman	1	1
Mr. Arvind Kharabanda	Member	2	2
Mr. Bharat Pal Singh	Member	2	2

Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria for independent directors is determined by the NRC Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director in meetings, commitment, understanding their roles and responsibilities and business of the Company, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality, ability to contribute and monitor corporate governance practice, and independence of behaviour and judgement.

Performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

The Directors expressed their satisfaction with the evaluation process.

Remuneration Policy

The Policy of the Company is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The Policy emphasise on promoting talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The Policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

The Remuneration Policy applies to Directors, Senior Management Personnel including its Key Managerial Personnel (KMPs) and other employees of the Company. When considering the appointment and remuneration of Whole-time Directors, the NRC Committee *inter-alia* considers pay and employment conditions in the industry, merit and seniority of person and the paying capacity of the Company.

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel. While designing remuneration packages, industry practices and cost of living are also taken into consideration.

The NRC Committee also administers, implements and superintend the HFCL Employees' Long Term Incentive Plan-2017 implemented through HFCL Employees' Trust.

Remuneration of Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and also remuneration based on net profit (variable component) to its Managing Director.

Annual increments, if any, are recommended by the NRC Committee within the salary scale approved by the Board and the shareholders of the Company.

The Board of Directors, on the recommendation of the NRC Committee, decides the variable component payable to the Managing Director out of the net profits for the financial years and within the ceilings prescribed under the Act, considering the criteria such as the market standards, financial performance, liquidity etc. of the Company.

During FY25, no net profit-based remuneration was recommended by the NRC Committee for the Managing Director.

Remuneration to Executive Director:

(Amount in ₹)					
Name of Director	Salary	Perquisites & Allowances	Contribution to PF	Net Profit based Commission	Total
Mr. Mahendra Nahata Managing Director	5,50,00,000	1,64,25,602	66,00,000	Nil	7,80,25,602

Service contracts, notice period, severance fees

The appointment of the Managing Director is governed by resolutions passed by the shareholders of the Company, which covers the terms and conditions of such appointment read with the service rules of the Company.

A separate service contract is not entered into by the Company with the Managing Director.

The office of the Managing Director may be terminated by the Company or by the Managing Director by giving the 06 (six) months' prior notice in writing.

No severance fee is payable to any Director.

Remuneration of Non-Executive Directors

During the year under review, the Company paid sitting fees @₹75,000/- per meeting to its Non-Executive Directors, including Independent Directors, for attending meetings of the Board and/or the committees thereof.

Considering that there was no revision in the sitting fees in the last five years and also taking into account the experience, qualifications, time spent, services rendered, and role played by the non-executive and independent directors for the business of the Company, as well as their responsibilities and duties, and prevailing practices in the industry, the Board, on the recommendation of the NRC Committee at its meeting held on May 02, 2024, decided to increase remuneration by way of sitting fee from the existing ₹50,000 to ₹75,000 for each meeting of the Board of Directors and various committees of the Board of Directors, held from time to time, effective May 03, 2024.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

Details of fixed components and performance linked incentives along with the performance criteria

The details of fixed components are mentioned above and there is no performance linked incentive along with the performance criteria for Managing Director as on March 31, 2025. However, the net profit-based remuneration is determined on the basis of financial performance of the Company and is approved by the NRC Committee and the Board of Directors, within the limits approved by the shareholders and permitted under the Act.

No payment of remuneration by way of commission has been paid to any of the Non-Executive Directors including Independent Directors for the FY25.

Details of pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company

Except for the sitting fees payable to Non-Executive Directors for attending meetings of the Board and/or its Committees, as may be determined by the Nomination, Remuneration and Compensation Committee or the Board of Directors from time to time, there is no other pecuniary relationship or transaction between the Non-Executive Directors and the Company.

Criteria of making payments to Non-Executive Directors

The Non-Executive Directors are entitled to sitting fees for attending meetings of the Board and/or its committees. The details of remuneration paid to the Executive and Non-Executive Directors during the FY25 are given below:

Remuneration to Non-Executive/Independent Directors:

Name of Director	Sitting Fee (₹)
Non-Executive Directors	
Mr. Arvind Kharabanda	19,50,000
Dr. (Mr.) Ranjeet Mal Kastia	11,00,000
Independent Directors	
Mr. Ajai Kumar	9,75,000
Mr. Bharat Pal Singh	13,75,000
Mr. Surendra Singh Sirohi*	3,50,000
Dr. (Ms.) Tamali Sengupta**	7,50,000
Mrs. Bela Banerjee***	3,75,000
Total	68,75,000

*Ceased to be a director w.e.f. August 27, 2024

**Ceased to be a director w.e.f. December 24, 2024

***Appointed w.e.f. December 17, 2024

Remuneration of KMPs/ Senior Management Personnel

Remuneration of KMPs and Senior Management Personnel is recommended by the NRC Committee and approved by the Board of Directors. The remuneration of other employees is fixed as per principles outlined above and prevailing HR Policies of the Company.

The Remuneration policy is available on https://www.hfcl.com/wp-content/uploads/2025/05/Remuneration-Policy_22052025.pdf

Stock option details, if any and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:

The necessary disclosures have been given in **Annexure – A** to the Directors' Report and for the sake of brevity, the same have not been repeated here.

No stock options have been issued to any of the Directors of the Company.

3.3 Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted by the Board in compliance with the requirements of Section 178(5) of the Act and Regulation 20 of the Listing Regulations.

The terms of reference of the Stakeholders' Relationship Committee (**SRC**), covers the areas mentioned in Section 178(5) of the Act and Regulation 20 read with Part D (B) of Schedule II to the Listing Regulations, which, *inter-alia* includes:

- Resolution of the grievances of the security holders of the Company including matter related to the transmission of shares/debentures/bonds etc., issue of new/ duplicate share certificates, issue of share certificates on rematerialisation, consolidation and sub-division of shares, non-receipt of annual report, non-receipt of declared dividends etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

This Committee particularly looks into the investors grievances and to ensure prompt and efficient investors' services.

During the financial year ended March 31, 2025, the Stakeholders' Relationship Committee met 02 (two) times on May 07, 2024 and February 10, 2025.

The composition of the Stakeholders' Relationship Committee is in compliance with the provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations.

The Company Secretary acts as Secretary to the Committee.

The composition of the SRC and details of meetings attended by its members during the financial year ended March 31, 2025, are given below:

Name of Director	Position	No. of Meetings	
		Entitled to Attend	Attended
Mr. Arvind Kharabanda	Chairman	2	2
Dr. (Mr.) Ranjeet Mal Kastia	Member	2	2
Mrs. Bela Banerjee (w.e.f. December 17, 2024)	Member	1	1
Dr. (Ms.) Tamali Sengupta (up to December 16, 2024)	Member	1	1

Nature of Complaints and Redressal Status

During the FY25, the complaints and queries received by the Company were general in nature, which include issues relating to non-receipt of dividend warrants, annual reports, shares, transmission of shares, loss of shares etc. and were resolved to the satisfaction of the shareholders.

Details of complaints received and attended to during the FY25 are given below:

Number of Shareholders' complaints received during the FY25	58
Number of complaints not resolved to the satisfaction of shareholders as at March 31, 2025	NIL
No. of pending complaints as at March 31, 2025	NIL

The Company has attended the investor's grievances/ correspondence within a period of 15 days from the date of receipt of the same during the FY25 except in cases which are constrained by disputes and legal impediments.

There were no investor grievances remaining unattended/pending as at March 31, 2025.

The Board, in its meeting held on October 31, 2006, has designated Mr. Manoj Baid, President & Company Secretary, as the Compliance Officer of the Company.

The Board has delegated powers of share transfer/ transmission and dematerialisation to Mr. Manoj Baid,

President & Company Secretary to expedite the process of share transfer/transmission/dematerialisation work.

3.4 Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Act. The broad terms of reference of the CSR Committee, *inter-alia*, are as follows:

- Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act.
- Recommending the amount of expenditure to be incurred on CSR activities of the Company.
- Monitoring the CSR project of the Company from time to time.

The Board has adopted a Corporate Social Responsibility (CSR) Policy as formulated and recommended by the CSR Committee. The CSR Policy is available on the website of the Company at https://www.hfcl.com/wp-content/uploads/2022/09/CSR_Policy_2022.pdf

The details of the CSR initiatives of the Company and expenditure incurred on it during financial year ended March 31, 2025, have been given in the "Annual Report on CSR Activities" annexed as **Annexure – F** to the Directors' Report.

The composition of the CSR Committee is in alignment with the provisions of Section 135 of the Act.

One meeting of CSR Committee was held on March 22, 2025 during the financial year ended March 31, 2025.

The Company Secretary acts as Secretary to the Committee.

The composition of the CSR Committee and details of meetings attended by its members during the financial year ended March 31, 2025, are given below:

Name of Director	Position	No. of Meetings	
		Entitled to Attend	Attended
Mr. Mahendra Nahata	Chairman	1	0
Mr. Surendra Singh Sirohi (up to August 26, 2024)	Member	NA	NA
Mr. Ajai Kumar	Member	1	1
Mr. Bharat Pal Singh (w.e.f. August 27, 2024)	Member	1	1

3.5 Risk Management Committee (RMC)

The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of the Listing Regulations. The Board of the Company has constituted a Risk Management Committee to frame, implement and monitor the Risk Management Plan for the Company.

The Committee is responsible for reviewing the Risk Management Plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Roles and Responsibilities of the Risk Management Committee include the followings:

- 1) To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan;
- 2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- 3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- 4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- 5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- 6) To appoint, remove and decide terms of remuneration of the Chief Risk Officer (if any);
- 7) Any other role/function as may be specified under the provisions of the Listing Regulations, from time to time.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

During the financial year ended March 31, 2025, 02 (two) meetings of the Risk Management Committee were held on September 26, 2024 and March 21, 2025, with intervening gap between two consecutive meetings not exceeding 210 days.

The composition of the Risk Management Committee and details of meetings attended by its members

during the financial year ended March 31, 2025, are given below:

Name of Director	Position	No. of Meetings	
		Entitled to Attend	Attended
Mr. Mahendra Nahata	Chairman	2	1
Mr. Arvind Kharabanda	Member	2	2
Mr. Bharat Pal Singh	Member	2	2

The Company Secretary acts as Secretary to the Committee.

The Board has adopted a Risk Management Policy as formulated and recommended by the RMC. The Risk Management Policy articulates the Company's approach to address uncertainties in its endeavors to achieve its stated and implicit objectives.

The Policy provides a framework to define, measure, report, control, and mitigate identified risks. It outlines the structure for managing risks inherent in the Company's business operations and addresses key strategic, business, and operational risks.

4. GENERAL BODY MEETINGS

4.1 Location and time where Annual General Meetings held in the last 3 (three) years are given below:

Financial Year	Date	Location	Time
2023-24	September 30, 2024	Plot No. 38 Sector 32, Gurugram*	11:00 A.M.
2022-23	September 30, 2023	Plot No. 38 Sector 32, Gurugram*	11:00 A.M.
2021-22	September 30, 2022	Plot No. 32 Sector 32, Gurugram*	11:00 A.M.

* In view of the COVID-19 pandemic, the 37th, 36th and 35th AGM were conducted through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") without the presence of the members at a common venue in due compliance with applicable provisions of the Companies Act, 2013, the rules made thereunder read with MCA General Circular nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 8, 2021, 21/2021 dated December 14, 2021, 2/2022 dated May 5, 2022, 10/2022 dated December 28, 2022, 09/2023 dated September 25, 2023 and the Securities and Exchange Board of India ("SEBI") Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 SEBI/HO/CFD/PoD-2/PCIR/2023/4 dated January 05, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023.

4.2 The following resolutions were passed as Special Resolutions in previous three AGMs:

Financial Year	Date	Special Resolutions
2023-24	September 30, 2024	To appoint a director in place of Mr. Arvind Kharabanda (DIN: 00052270), Director (Non-Executive), aged 77 years, who retires by rotation at the 37th Annual General Meeting and being eligible offers himself for re-appointment. To re-appoint Mr. Ajai Kumar (DIN: 02446976) as an Independent Director for second term. To approve the re-appointment and remuneration of Mr. Mahendra Nahata (DIN: 00052898) as a Managing Director and a Key Managerial Personnel of the Company, who is also a Promoter of the Company, for a period of three years. To borrow funds in excess of the limits as prescribed under Section 180(1)(c) of the Companies Act, 2013. To create charge on the assets of the Company as prescribed under Section 180(1) (a) of the Companies Act, 2013.
2022-23	September 30, 2023	To appoint a director in place of Dr. (Mr.) Ranjeet Mal Kastia (DIN: 00053059), Director (Non-Executive), aged 81 years, who retires by rotation at the 36th Annual General Meeting and being eligible offers himself for re-appointment
2021-22	September 30, 2022	To appoint a director in place of Mr. Arvind Kharabanda (DIN: 00052270), Director (Non-Executive), aged 75 years, who retires by rotation at the 35th Annual General Meeting and being eligible offers himself for re-appointment. To re-appoint Mr. Bharat Pal Singh (DIN: 00739712) as an Independent Director for a second term of three consecutive years. To Issue Securities on a preferential basis. To raise funds.

4.3 Postal Ballot

During the FY25, the Board of Directors on the recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mrs. Bela Banerjee (DIN: 07047271) as an Additional Director in the category of Independent Director for a period of three consecutive years effective from December 17, 2024 to December 16, 2027, not liable to retire by rotation who was further appointed as a Director-(Independent) by the shareholders of the Company on March 08, 2025, through Postal Ballot by way of a special resolution.

Except as above no other special resolution was put through Postal Ballot during the FY25.

4.5 Details of voting pattern

Special Resolution	Total No. of Valid Votes (no. & %)	Votes cast in favour of the resolution (no. & %)	Votes cast against the resolution (no. & %)
Appointment of Mrs. Bela Banerjee (DIN: 07047271), as an Independent Director of the Company for first term.	83,43,99,846 (100%)	83,21,06,600 (99.73%)	22,93,246 (0.27%)

4.6 Procedure for Postal Ballot

The aforesaid Postal Ballot was conducted by the Company as per the provisions of Sections 108 and 110 and all other applicable provisions of the Companies Act, 2013 ("Act") read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs, *inter-alia*, for conducting Postal Ballot through remote e-Voting vide its General Circulars Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 08, 2021, 03/ 2022 dated May 05, 2022, 11/2022 dated December 28, 2022, 09/2023 dated September 25, 2023 and 09/2024 dated September 19, 2024, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standard - 2 on General Meetings, issued by the Institute of Company Secretaries of India and other applicable laws and regulations, if any.

4.7 Any Special Resolution proposed to be conducted through Postal Ballot

No special resolution is proposed to be passed through postal ballot.

5. MEANS OF COMMUNICATIONS

5.1 Quarterly results

The quarterly/half-yearly/annual financial results are regularly submitted to the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE), the Stock Exchanges where the securities of the Company are listed pursuant to the Listing Regulations

4.4 Person who conducted the Postal Ballot Exercise

Mr. Manoj Baid, President & Company Secretary of the Company, was authorised to oversee the entire postal ballot and e-voting process. Additionally, Mr. Baldev Singh Kashtwal, Practicing Company Secretary (FCS 3616, C.P. No. 3169), holding Peer Review Certificate No. 1205/2021, was appointed as the Scrutiniser to conduct the postal ballot and e-voting process in a fair and transparent manner.

Further, the voting period for remote e-Voting commenced on Friday, February 07, 2025 at 09.00 A.M. (IST) and ended on Saturday, March 08, 2025 at 05.00 P.M. (IST) (inclusive of both days).

requirements and are published in the Newspapers (Hindi and English). The Company regularly hosts audio earnings conference calls to discuss the financial results of the Company.

The financial results are displayed on the Company's website www.hfcl.com

5.2 Newspapers wherein results normally published

The quarterly/half-yearly/annual financial results are generally published in Financial Express (English), Jansatta and Divya Himachal (Hindi).

5.3 Website, where displayed

The financial results and the official news releases are also placed on the Company's website www.hfcl.com in the 'Investors' section.

5.4 Whether website also displays official news releases

The Company has maintained a functional website www.hfcl.com containing basic information about the Company, e.g., details of its business, financial information, shareholding patterns, press releases, codes, compliance with corporate governance, contact information of the designated official of the Company who is responsible for assisting and handling investor grievance, etc.

The information required to be disclosed under Regulation 46 of the Listing Regulations, is disseminated at the website of the Company.

5.5 Presentations made to institutional investors or to the analysts

Information which are already in public domain are shared with the institutional investors/financial analyst

from time to time. No unpublished price sensitive information is discussed in meeting/presentation with the institutional investors/financial analyst. The Presentations are also uploaded on the Company's website at www.hfcl.com and filed with the Stock Exchanges – BSE and NSE, from time to time.

6. GENERAL SHAREHOLDERS' INFORMATION

6.1 Date and time of Annual General Meeting

Monday, September 15, 2025 at 11:00 A.M.

Mode: Video Conference and Other Audio-Visual Means (VC/OAVM)

Participation through video-conferencing:

<https://www.evoting.nsdl.com>

6.2 Financial Year

April 01, 2024 to March 31, 2025.

6.3 Dividend Payment Date

The Board of Directors of your Company has recommended a dividend @10% i.e., ₹0.10/- (Ten Paise) per equity share for the FY25. Dividend, if declared, in the ensuing AGM, will be paid within the statutory time limits i.e., 30 days from the date of AGM.

6.4 Important Dates:

Event	Dates
Cut-off date / Record date:	Monday, September 08, 2025 (AGM voting / Dividend)
Book Closure Dates:	Tuesday, September 09, 2025 to Monday, September 15, 2025 (both days inclusive)
Remote e-voting Period:	09:00 A.M. Friday, September 12, 2025 to 05:00 P.M. Sunday, September 14, 2025
Speaker Registration and Submission of questions /queries before AGM:	Wednesday, September 10, 2025 to Thursday September 11, 2025

6.5 Registered Office

8, Electronics Complex
Chambaghat
Solan – 173 213
Himachal Pradesh
Tel: +91-1792-230644
Fax: +91-1792-231902

6.6 Corporate Office

8, Commercial Complex
Masjid Moth, Greater Kailash – II
New Delhi – 110 048
Tel: +91-11-3520 9400/9500
Fax: +91-11-3520 9525

6.7 Corporate Identity Number (CIN)

L64200HP1987PLC007466

6.8 Website/ Email

www.hfcl.com

secretarial@hfcl.com/investor@hfcl.com

6.9 Depositories

National Securities Depository Limited

4th Floor, 'A' Wing, Trade World
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013
Tel: +91-22-24994200
Fax: +91-22-24972993

Central Depository Services (India) Limited

Marathon Futurex, A' Wing, 25th Floor
N.M. Joshi Marg, Lower Parel
Mumbai – 400 013
Tel: +91-22-22723333
Fax: +91-22-22723199

6.10 International Securities Identification Number (ISIN)

INE548A01028

6.11 Name and address of Stock Exchanges at which the Company's securities are listed

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400001
Tel: +91-22-22721233
Fax: +91-22-22723121

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
Tel: +91-22-26598235
Fax: +91-22-26598237

The Company has paid the listing fees to the above Stock Exchange(s) for the FY26.

6.12 In case, the securities are suspended from trading, reason thereof

Not applicable, since the securities of the Company have not been suspended from trading.

6.13 Registrar and Share Transfer Agents (RTA)

MCS Share Transfer Agent Limited
179-180, 3rd Floor DSIDC Shed
Okhla Industrial Area, Phase – 1
New Delhi-110020
Tel: +91-11-41406149 / 41406150 / 41406151
Fax: +91-11-41709881
Email: admin@mcsregistrars.com

6.14 Share Transmission, Dividend etc.

Share transmission, dividend payments and all other investor related activities are attended to and processed at the Office of the Company's Registrar and Share Transfer Agent, namely, MCS Share Transfer Agent Limited (RTA).

For lodgement of transmission and transposition and any other documents or for any grievances/complaints, kindly contact any of the office of RTA or of the Company.

Share Transfer – Physical System

As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialised form.

Effective April 01, 2019, transfer of shares in physical form has ceased. Request for transmission of shares etc. pursuant to SEBI Master Circular: https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-registrars-to-an-issue-and-share-transfer-agents_83226.html dated May 07, 2024 will continue to be accepted.

However, only letter of confirmation shall be issued and shareholder has to get the shares dematerialised basis this letter.

Further SEBI vide its circular number SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/97 dated July 02, 2025, to facilitate ease of investing for investors and to secure the rights of investors in the securities which were purchased by them, it has been decided to open a special window only for re-lodgement of transfer deeds, which were lodged prior to the deadline of April 01, 2019 and rejected/returned/not attended to due to deficiency in the documents/process/or otherwise, for a period of six months from July 07, 2025 till January 06, 2026. During this period, the securities that are re-lodged for transfer (including those requests that are pending with the Company / RTA, as on date) shall be issued only in demat mode. Due process shall be followed for such transfer-cum-demat requests.

The total number of equity shares transmitted in physical forms during FY25:

Number of Request	03
Number of Shares	760

6.15 Distribution of Equity Shareholdings as on March 31, 2025:

Range of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto 500	7,11,225	84.65	7,82,46,494	5.42
501 to 1,000	61,151	7.28	4,90,94,446	3.40
1,001 to 2,000	32,464	3.86	4,92,13,260	3.41
2,001 to 3,000	11,585	1.38	2,97,45,427	2.06
3,001 to 4,000	5,462	0.65	1,97,12,149	1.37
4,001 to 5,000	4,785	0.57	2,26,65,581	1.57
5,001 to 10,000	7,322	0.87	5,43,27,151	3.77
10,001 to 50,000	5,175	0.62	10,52,70,583	7.30
50,001 to 1,00,000	554	0.06	3,97,73,887	2.76
Above 1,00,000	496	0.06	99,46,23,834	68.94
Total	8,40,219	100.00	1,44,26,72,812	100.00

6.16 Categories of Equity Shareholding as on March 31, 2025:

Category	No. of Shares	% Shareholding
A Promoters Holding		
1 Indian Promoters	49,58,31,892	34.37
2 Foreign Promoters	-	-
Sub Total (A)	49,58,31,892	34.37
B Public Shareholding		
1 Institutional Investors		
(a) Mutual Funds/UTI	16,68,62,106	11.57
(b) Venture Capital Funds	-	-
(c) Alternate Investment Funds	3,85,569	0.03
(d) Foreign Venture Capital Investors	-	-
(e) Foreign Portfolio Investors	10,05,45,987	6.97
(f) Financial Institutions and Banks	2,450	0.00

Category	No. of Shares	% Shareholding
(g) Insurance Companies	3,28,155	0.02
(h) NBFCs registered with RBI	2,37,10,008	1.64
(i) Any Others (specify)	5,305	0.00
Sub Total (B1)	29,18,39,580	20.23
2 Central Government/State Government(s)/President of India	11,702	0.00
Sub Total (B2)	11,702	0.00
3 Non-Institutional Investors		
(a) Indian Public	47,48,57,624	32.91
(b) Employee Trusts	-	-
(c) Overseas Depositories (holding DRs)	-	-
(d) Any Other		
(i) Bodies Corporates	13,61,37,471	9.44
(ii) OCBs	38,250	0.00
(iii) NRIs	1,12,97,654	0.78
(iv) Trusts	1,50,417	0.01
(v) Directors and their Relatives	6,000	0.00
(vi) Key Managerial Personnel	18,39,000	0.13
(vii) Relatives of promoters	12,240	0.00
(viii) HUF	2,70,93,526	1.88
(ix) Clearing Member	29,59,956	0.21
Sub Total (B3)	65,43,92,138	45.36
Total Public Shareholding (B = B1+B2+B3)	94,62,43,420	65.59
C Non-Promoter – Non-Public Shareholders		
1 Custodian/DR Holder – Name of DR Holders	-	-
2 Employee Benefit Trustee – Under SEBI (Share based Employee Benefits and Sweat Equity) Regulations, 2021	5,97,500	0.04
Total Non-Promoter – Non-Public Shareholders (C=C1+C2)	5,97,500	0.04
Grand Total (A+B+C)	1,44,26,72,812	100.00

6.17 Dematerialisation of shares and liquidity

The process of conversion of shares from physical form to electronic form is known as Dematerialisation.

For dematerialising the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the demat request, both physically and electronically and after verification, the Shares are dematerialised and an electronic credit of shares is given in the account of the Shareholder.

The Company's shares are compulsorily traded in dematerialised form as per SEBI Guidelines.

As on March 31, 2025, 99.97% of the equity shares have been dematerialised. The equity shares of the Company are frequently traded on BSE and NSE, having nationwide trading terminals, and hence provide liquidity to the investors.

Shares in Physical and Demat form as on March 31, 2025	No. of Shares	Percentage
In Physical Form	4,68,310	0.03
In Dematerialised Form	1,44,22,04,502	99.97
Total	1,44,26,72,812	100.00

No. of shareholders whose shares as on March 31, 2025 are in Physical and Demat form:	No. of Shareholders	Percentage
In Physical Form	3,341	0.38
In Dematerialised Form	8,36,878	99.62
Total	8,40,219	100.00

6.18 Outstanding GDRs/ADRs or warrants or any Convertible Instruments, conversion date and any likely impact on equity

The Board of Directors and the Shareholders of the Company at their meetings held on September 02, 2022 and September 30, 2022 respectively, had approved raising of funds by way of preferential issue of securities (Warrants) to persons belonging to Promoter and Non-Promoter category in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**") and the Companies Act, 2013 and the rules made thereunder.

Pursuant to the aforesaid resolutions of the Board of Directors of the Company and the special resolution passed by the shareholders of the Company in their 35th Annual General Meeting, the Private Placement Offer Cum Application Letter (PAS-4) dated October 10, 2022 and pursuant to the applications received from persons belonging to Promoter and Non-Promoter category in the preferential issue under Chapter V of the SEBI ICDR Regulations ("**Issue**"), and Section 42 and Section 62 of the Companies Act, 2013, as amended, read with the rules issued thereunder, the Allotment Committee (Warrants) of the Board of Directors, vide its resolution dated October 15, 2022, had approved the allotment of 1,41,00,000 (One crore Forty One Lakh) Warrants convertible into 1,41,00,000 equity shares at a price of ₹80/- per Equity Share (Warrant Exercise Price).

The Company had received an upfront amount of ₹20/- (Rupees Twenty Only), per warrant which is equivalent to 25% of Warrant Exercise Price, being the warrants subscription price aggregating to ₹28,20,00,000/-. The Warrant Holders were required to make payments of balance 75% of the Warrants Exercise Price, at the time of exercise of the right attached to Warrant(s) to subscribe to equity share(s). The tenure of Warrants was not to have exceeded 18 (eighteen) months from the date of allotment. If the entitlement against the Warrants to apply for the equity shares of the Company was not exercised by the Warrant Holders within the aforesaid period of 18 (eighteen) months, the entitlement of the Warrant holder to apply for equity shares of the Company along with the rights attached thereto was to expire and any amount paid by the Warrant Holders on such Warrants was to be forfeited by the Company.

Furthermore, on receipt of balance 75% of the Warrant Exercise Price from the Warrant holders, the Allotment Committee (Warrants) of the Board of the Company at its meetings held on February 07, 2024, March 22, 2024, and April 11, 2024 had approved the allotment of 1,00,00,000, 22,00,000 and 17,00,000 equity shares respectively, to certain persons belonging to promoter and non-promoter category who have exercised all their warrants.

It is also informed that one of the warrant holders, belonging to the non-promoter category and being

a part of the senior leadership team, who sought early retirement from the Company, holding 2,00,000 warrants, and since retired, did not exercise the conversion option within 18 months from the date of the allotment, i.e. on or before April 14, 2024. Therefore, the 25% of Warrant Exercise Price i.e. ₹40,00,000/- received by the Company stands forfeited as per provisions of Regulation 169(3) of Chapter V of SEBI ICDR Regulations.

Further, the entire proceeds amounting to ₹111.20 crore were utilised as per the objects and purpose of the Issue.

The Company has not issued any Global Depository Receipts or American Depository Receipts or any other convertible instruments except as disclosed above, during the year under review.

6.19 Commodity price risk or foreign risk and hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Master Circular dated November 11, 2024 is not required to be given.

During the FY25, the Company had managed the foreign exchange risk and hedged to the extent considered necessary.

The Company entered into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in **Note No. 59** to the Standalone Financial Statements.

6.20 Plant Locations

Optical Fiber Cable Plant

L 35-37, Industrial Area, Phase – II
Verna Electronic City
Salcete Goa – 403 722

Optical Fiber Cable and FTTH Plant

Plot No. S9, E-City
Raviryal, Rangareddy
Hyderabad – 501 359 Telangana
Tel: +91-832-6697000
Fax: +91-832-2783444

Optical Fiber Plant

Plot No. S9, E-City
Raviryal, Rangareddy
Hyderabad – 501 359
Telangana

Defence Equipment Plant

113 116, SIPCOT Industrial Complex
Phase – 1, Hosur 635126, Tamilnadu

Telecom Equipment Plant

1st Floor Plot No. 441, Sector – 8
IMT Manesar, Gurgaon 122 050 Haryana

6.21 Addresses for Correspondence

Communication regarding share certificates, dividends, change of address etc. and any other grievance of investors, may be sent to:

MCS Share Transfer Agent Limited

179-180, 3rd Floor DSIDC Shed
Okhla Industrial Area, Phase – 1
New Delhi-110020
Tel: +91-11-41406149 / 41406150 / 41406151
Fax: +91-11-41709881
Email: admin@mcsregistrars.com

Secretarial Department and Investor Relations/ Nodal Officer

Mr. Manoj Baid

President & Company Secretary
8, Commercial Complex, Masjid Moth
Greater Kailash- II, New Delhi – 110048
Tel: +91-11-35209400
Fax: +91-11-29226015
Email: investor@hfcl.com

6.22 SEBI Complaints Redress System (SCORES)

The investors' complaints received by SEBI are being processed through its centralised web base complaint redressal system. The salient features of SCORES are, availability of centralised database of the complaints and uploading online action taken reports by the Company. Through SCORES, the investors can view online, the action taken and current status of their complaints.

SEBI vide its Circular dated September 20, 2023, have streamlined the process of filing investor grievances in the SCORES and also linking it to Online Dispute Resolution (ODR) Platform in order to ensure speedy and effective resolution of complaints filed therein. The said Circular can be accessed on the website of SEBI at: <https://www.sebi.gov.in/legal/circulars/sep-2023/redressal-of-investor-grievances-through-the-sebi-complaint-redressal-scores-platform-and-linking-it-to-online-dispute-resolution-platform-77159.html>.

6.23 List of all Credit Ratings obtained along with any revisions thereto

CARE Ratings Limited (a SEBI Registered Credit Rating Agency) ("**CARE**") vide its letter dated August 21, 2024, has reaffirmed the credit ratings for the long term and short-term bank Company, details of which are as follows:

Instrument/ Facility	Ratings	Rating Action
Long term Bank Facilities	Care A; Stable (Single A; Outlook: Stable)	Reaffirmed
Short term Bank Facilities	CARE A1; (A One)	Reaffirmed

Infomercials Valuation and Rating Pvt. Ltd. (RBI & SEBI Registered Credit Rating Agency) ("**Infomercials**") vide its letter dated March 31, 2025, has reaffirmed the credit ratings for the long term and short-term Bank facilities of the Company, the details of which are given below:

Instrument/Facility	Ratings	Rating Action
Long Term Fund Based Bank Facilities	IVRA /Stable & withdrawn	*Reaffirmed & withdrawn
Short Term Non-Fund Based Bank Facilities	IVR A1 & withdrawn	*Reaffirmed & withdrawn

* Based on the Company's request, Infomercials vide its letter dated March 31, 2025 has withdrawn the aforesaid credit ratings after receiving a no-objection certificate from all the lenders of the Company.

Further, SES ESG Research Private Limited (SES) has assigned an adjusted Environmental, Social, and Governance (ESG) Score of 70.9 to the Company.

Further, NSE Sustainability Ratings & Analytics Ltd. (NSRAL), a subsidiary of NSE Indices Limited and a group company of National Stock Exchange of India Ltd, has also assigned an overall ESG Rating of 63 to the Company for FY24.

The Company have not engaged SES and NSRAL for ESG Ratings. SES & NSRAL has independently prepared their reports based on data pertaining to FY 2023-24 of the Company, available in public domain.

7. OTHER DISCLOSURES

7.1 Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large

There is no material significant transaction entered into with any of the related parties that may have conflict with the interest of the Company.

Attention of the members is drawn to the disclosures of transactions with related parties set out in **Note No. 51** of the Standalone Financial Statements forming part of the Annual Report.

7.2 Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authorities, on any matter related to capital markets, during the last three years

The Company has complied with the requirements of the stock exchange(s)/SEBI and statutory authorities on all matters related to the capital market during the last three years. There were no material penalties or strictures imposed on the Company by stock exchange(s) or SEBI or any statutory authorities relating to the above except as disclosed below.

Date	Regulation/ Observation of Stock Exchanges	Reason for Non-Compliance	Period	Penalty
November 22, 2021	Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:	Falling short of one independent director w.e.f May 04, 2021 till November 24, 2021, on	Quarter ended September 30, 2021	₹2,90,000/- (excluding applicable GST) levied by NSE & BSE, each.
February 21, 2022	There is no Chairperson on the Board of HFCL Limited, but the number of independent directors is 3 which is less than half of the BoDs strength	account of unfortunate demise of Mr. M. P. Shukla, Non-Executive Chairman on May 04, 2021.	Quarter ended December 31, 2021 (till November 24, 2021)	₹2,75,000/- (excluding applicable GST) levied by NSE & BSE, each.
March 26, 2024	SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/94 dated August 19, 2019: Delay in submission of Trading Application with BSE Limited (BSE) by 4 (four) days.	Due to technical issues on the Listing Portal of BSE, the Company could not file the Trading Application on BSE on the same day as it was filed with the National Stock Exchange of India Limited (NSE).	For the FY ended March 31, 2024.	BSE vide its email dated March 26, 2024, levied a fine of ₹80,000/- (excluding applicable GST).

The Company had already appointed an Independent Director, namely, Mr. Ajai Kumar, w.e.f. November 25, 2021, pursuant to resolution dated November 25, 2021, passed through circulation by the Nomination, Remuneration & Compensation Committee and the Board of Directors of the Company and subsequently by the Shareholders of the Company at their Extra-Ordinary General Meeting held on March 07, 2022.

The Company has submitted the Trading Application with NSE on March 22, 2024, well within the stipulated period of seven working days from the latest listing approval granted by the stock exchanges and made simultaneous attempts to file the Trading Application with BSE as well. However, due to technical issues on the Listing Portal of BSE, the Company could not file the Trading Application on BSE on the same day as it was filed with the NSE.

Further, despite of numerous attempts to contact BSE's officials at the provided contact numbers for preferential issues on their website, communication remained unestablished.

Furthermore, the challenges were compounded by the weekly-off on March 23, 2024, March 24, 2024, due to Saturday and Sunday, and on March 25, 2024, due to the festival of Holi, making it more difficult for the Company to co-ordinate with BSE officials.

Following communication with BSE officials on March 26, 2024, the Trading Application was duly submitted with BSE.

The Company, vide its email dated March 27, 2024, had suitably replied to BSE and requested to reconsider the imposition of fine. Further, as informed by BSE, pre-payment of fine is mandatory for granting trading approval, therefore, the Company had paid the aforesaid fine on April 02, 2024.

Accordingly, there was no non-compliance of any of the provisions of the Listing Regulations, as on March 31, 2022, March 31, 2023 and March 31, 2024 except as stated above.

Further, during the period under review, there were no instances of non-compliance of any requirement of Corporate Governance Report as mentioned in sub-paras (2) to (10) of Para (C) of Schedule V of Listing Regulations.

7.3 Details of establishment of Vigil Mechanism and Whistle-Blower Policy of the Company

The Board of Directors of the Company has adopted Whistle Blower Policy and has established the necessary vigil mechanism as stipulated under Section 177(9) of the Act and Regulation 22 of the Listing Regulations.

The management of the Company, through this Policy envisages to encourage the employees of the Company to report to the higher authorities any unethical, improper, illegal or questionable acts, deeds and things which the management or any superior may indulge in.

The Policy on Vigil Mechanism/ Whistle blower policy may be accessed on the Company's website at the link: <https://www.hfcl.com/wp-content/uploads/2020/01/HFCL-Whistle-Blower-Policy-Revised1.pdf>

Details of material subsidiaries of the Company, including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries are as under:

Name of Material Subsidiary	Name of statutory auditors	Date of appointment of statutory auditors	Date of Incorporation	Place of Incorporation
HTL Limited	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	August 07, 2020	December 14, 1960	Chennai, Tamil Nadu, India

Subsidiary companies

The Company has 13 (thirteen) subsidiaries as on March 31, 2025, out of which 1 (one) is a material subsidiary i.e., HTL Limited, in terms of Regulation 16 of the Listing Regulations. The Company has also appointed one independent director of the Company, namely, Mrs. Bela Banerjee (DIN: 07047271), on the Board of HTL Limited as an Independent Women Director.

The Audit Committee reviews the financial statements including investments made by the unlisted subsidiaries of the Company.

The Management of the unlisted subsidiary periodically brings to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by unlisted subsidiary, if any.

The Minutes of the Board meetings of the subsidiary companies are placed at the Board meeting of the Company periodically.

7.5 Web-link where policy on dealing with related party transactions is disclosed

The Company has adopted a Policy for Dealing with and Materiality of Related Party Transactions, which has been uploaded on the Company's website and can be accessed at the following link: https://www.hfcl.com/wp-content/uploads/2025/05/HFCL-Policy-on-RPTs_22052025.pdf

7.6 Dividend Distribution Policy

The Board of Directors has adopted Dividend Distribution Policy under Regulation 43A of the Listing Regulations. The Policy has been uploaded on the Company's website and can be accessed through the following link: https://www.hfcl.com/wp-content/uploads/2025/05/Dividend Distribution Policy_22052025.pdf

No employee of the Company is denied access to the Audit Committee.

7.4 Web link where policy for determining 'material' subsidiaries is disclosed

The Company has adopted a 'Policy for determining Material Subsidiaries', which has been uploaded on the Company's website and can be accessed at the following link: https://www.hfcl.com/wp-content/uploads/2025/05/HFCL-Policy-on-Determining-Material-Subsidiaries_22052025.pdf

7.7 Code of conduct for Board Members and Senior Management Personnel

Pursuant to Regulation 17(5) read with Schedule V to the Listing Regulations, the Company has adopted a Code of Conduct for Directors and a Code of Conduct for Senior Management Personnel and the same have been posted on the Company's website at: www.hfcl.com

Pursuant to Regulation 26(3) of the Listing Regulations, the Directors and the Senior Management Personnel affirm the Compliance of the Code annually.

All members of the Board and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct for the FY25.

A Certificate to this effect issued by the Managing Director is enclosed and forms part of the Annual Report.

7.8 Code of Conduct to Regulate, Monitor and Report Trading in Securities by Designated Persons

Your Company has adopted a "Code of Internal Procedure and Conduct for Regulating, Monitoring and Reporting of Trading in Securities by Designated Persons" ("**Insider Trading Code**") as required under Regulation 9(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("**SEBI PIT Regulations**").

The Company formulated the Insider Trading Code with the objective to deter the Insider trading in the securities of the Company based on the unpublished price sensitive information.

The Insider Trading Code envisages procedures to be followed and disclosures to be made while dealing in the securities of the Company.

During the year under review, there were some instances of breach/ violation of the Insider Trading

Code by some of the Designated Persons, which have already been reviewed by the Audit Committee in its meetings held on July 24, 2024, November 26, 2024, February 03, 2025 & March 21, 2025 and the Committee had imposed penalty on all the defaulters, which was deposited into the Investor Protection and Education Fund (IPEF) administered by SEBI.

Save as aforesaid breaches/violations, there has been due compliance with the SEBI PIT Regulations during the year under review.

7.9 Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part

Details of Fee Paid to Statutory Auditors for FY25 are given below:

S. No.	Name of Entity	Relationship with HFCL	Name of Auditors' Firm	Details of Services	Amount (in ₹)
1.	HFCL Limited (HFCL)	-	M/s S. Bhandari & Co. LLP, Chartered Accountants (FRN:000560C/C400334)	Statutory Audit Fees Limited Review Fees	65,00,000 9,00,000
			M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees Limited Review Fees Certification Fees Tax Audit ITR Filing Fee	65,00,000 9,00,000 5,66,000 10,00,000 1,25,000
2.	HTL Limited	Subsidiary	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees Limited Review Fees Tax Audit Fees Certifications Fees	18,00,000 4,50,000 5,00,000 19,996
3.	Polixel Security System Private Limited	Subsidiary	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees Limited Review Fees ITR Filing Fees	5,00,000 1,50,000 5,000
4.	HFCL Advance Systems Private Limited	Subsidiary	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees Certification Fees	23,600 5,900
5.	Raddef Private Limited	Subsidiary	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees Certification Fees	1,00,000 10,000
6.	HFCL Technologies Private Limited	Subsidiary	M/s Oswal Sunil & Company, Chartered Accountants (FRN: 016520N)	Statutory Audit Fees Certification Fees ITR Filing Fees	40,000 5,000 5,000
Total					2,01,05,496

7.10 Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act read with relevant rules framed thereunder, Mr. Baldev Singh Kashtwal, Practicing Company Secretary, holding Membership No. FCS 3616 and C. P. No. 3169 was appointed as the Secretarial Auditor of the Company to carry out the secretarial audit for the FY25.

A Secretarial Audit Report given by the Secretarial Auditor in Form No. MR-3 is annexed as **Annexure – C** to the Directors' Report which forms the part of this Annual Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark for the FY25.

Further, in terms of Regulation 24A of the Listing Regulations, with effect from April 01, 2025, the Company is required to appoint a practicing company secretary for not more than one term of five consecutive

years or a firm of practicing company secretaries for not more than two terms of five consecutive years, as a secretarial auditor, with the approval of the members at its AGM and such secretarial auditor must be a peer reviewed company secretary and should not have incurred any of the disqualifications as specified under the Listing Regulations.

Further, as per the said Regulation, any association of the individual or the firm as the secretarial auditors of the Company before March 31, 2025 shall not be considered for the purpose of calculating the tenure of the secretarial auditors.

Taking into account the above requirements, the Board, on the recommendation of the Audit Committee, has approved the appointment of Mr. Baldev Singh Kashtwal, Company Secretary in whole-time practice, having COP No. 3169, Membership No. F-3616 and Peer Review certificate No. 1205/2021, as the Secretarial Auditor of the Company for a term of 05 (five)

consecutive financial years, commencing from the financial year 2025-26 to the financial year 2029-30, subject to the approval of the members at the ensuing AGM of the Company.

The Company has received a written consent from the secretarial auditor that the appointment, if approved, will be in accordance with the applicable provisions of the Listing Regulations, Act and rules framed thereunder. Further, the Secretarial Auditor has confirmed that he is not disqualified to be appointed as the secretarial auditor of the Company.

Secretarial Compliance Report

SEBI vide its Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 November 11, 2024 read with Regulation 24A of the Listing Regulations, directed listed entities to conduct annual secretarial compliance audit from a practicing company secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder.

The Secretarial Compliance Report is in addition to the Secretarial Audit Report (Form No. MR-3) issued by practicing company secretaries and is required to be submitted to Stock Exchanges within 60 days of the end of every financial year.

Mr. Baldev Singh Kashtwal, Practicing Company Secretary, holding COP No. 3169, Membership No. F-3616 and Peer Review certificate No. 1205/2021 the Secretarial Auditor, has issued the Secretarial Compliance Report for the financial year ended March 31, 2025 and the same has already been filed with BSE and NSE, stock exchanges, where the shares of the Company are listed and also published on the website of the Company at https://www.hfcl.com/wp-content/uploads/2025/05/HFCL_STX_ASCR_31032025.pdf

7.11 Secretarial Certificates

A Company Secretary in-Practice carries out a reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited ("Depositories") and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and total number of shares in dematerialised form held with Depositories.

7.12 Compliance of the provisions of Regulation 26(6) of the Listing Regulations:

None of the Key Managerial Personnel, Director(s) and Promoter(s) of the Company has entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

7.13 Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act)

The Company has in place a policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Internal Complaints Committee(s) ("ICCs") have been set up at each workplace to implement fair and impartial procedures for resolution settlement or prosecution of acts of sexual harassment. All employees are covered under this Policy.

ICC of each workplace of the Company has also filed Annual Return for the calendar year 2024 at their respective jurisdictional office, as required under Section 21(1) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.

The following is the summary of the complaints received and disposed-off during FY24:

- a) **No. of complaints filed during the financial year:** Nil
- b) **No. of complaints disposed-off during the financial year:** Nil
- c) **No. of Complaints pending for more than ninety days:** Nil
- d) **No. of complaints pending as on end of the financial year:** Nil

Further, the Company also organises and conducts various training programmes, from time to time, for awareness on the provisions of POSH Act.

7.14 Financial Calendar 2025-26 (tentative and subject to change):

- Financial Reporting for the first quarter ending June 30, 2025: Already approved by the Board of Directors at its meeting held on July 25, 2025.
- Financial Reporting for the second quarter ending September 30, 2025: On or before second week of November, 2025.
- Financial Reporting for the third quarter ending December 31, 2025: On or before second week of February, 2026.
- Audited Accounts for the year ending March 31, 2026: On or before last week of May 30, 2026.
- Annual General Meeting for the year ending March 31, 2026: On or before September 30, 2026.

7.15 Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof

During the year under review, the Board has accepted all the recommendations made by various committees of the board, which is mandatorily required.

7.16 Disclosure of Compliance of Regulations 17 to 27 and Clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

The status of adoption of the Discretionary Requirements as specified in sub-regulation 1 of Regulation 27 of the Listing Regulations are as follows:

A. The Board

- (i) **A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his/her duties:**

There is no regular chairperson designated in the Company. However, in the absence of the regular chairman, Mr. Mahendra Nahata, Promoter and Managing Director was elected as Chairman for the Board meetings held on May 03, 2024, September 02, 2024, October 21, 2024 and February 03, 2025 during the year under review. For the board meeting held on July 24, 2024, Mr. Arvind Kharabanda, was elected as the Chairman.

- (ii) **The listed entities ranked from 1001 to 2000 as per the list prepared by recognized stock exchanges in terms of sub-regulation (2) of regulation 3 shall endeavour to have at least one-woman independent director on its board of directors:**

Since, the Company falls in top 500 listed entities as per market capitalisation as at December 31, 2024, the Company is mandatorily required to appoint one-woman independent director, which is already complied with by the Company.

B. Shareholder Rights:

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders:

Financial Performance are published in newspapers, uploaded on the Company's website www.hfcl.com and submitted to the Stock Exchanges (BSE &

NSE), instead of sending to each household of the shareholders. Further, all significant events are also disclosed to the Stock Exchanges and published on the website of the Company, instead of sending to each household of the shareholders.

C. Modified opinion(s) in Audit Report:

The listed entity may move towards a regime of financial statements with unmodified audit opinion.

The Company already has a regime of financial statements with Unmodified Audit Opinions. Auditors have raised no qualification on the Financial Statements.

D. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer:

The listed entity may appoint separate persons to the post of the Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson shall –

- (a) be a non-executive director; and**
- (b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013:**

There are no separate persons to the post of the Chairperson and the Managing Director of the Company. Further, there is no regular chairperson of the Company and the Promoter cum Managing Director was elected as Chairperson in most of the Board meetings of the Company held during the FY25.

E. Reporting of Internal Auditor: The internal auditor may report directly to the audit committee.

The Internal Auditor of the Company directly reports to the Audit Committee.

F. Independent Directors:

The independent directors of top 2000 listed entities as per market capitalization shall endeavour to hold at least two meetings in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall endeavour to be present at such meetings.

The independent directors of the Company have held one meeting in the financial year 2024-25, without the presence of non-independent directors and members of the management and all the independent directors were present at such meeting.

G. Risk Management

Listed entities ranked from 1001 to 2000 in the list prepared by recognized stock exchanges in terms of sub-regulation (2) of regulation 3 may

constitute a risk management committee with the composition, roles and responsibilities specified in regulation 21:

Since, the Company falls in top 500 listed entities as per Market Capitalisation as at December 31, 2024, the Company has mandatorily constituted a risk management committee with the composition, roles and responsibilities specified in regulation 21.

7.17 Compliance Certificate

In terms of Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have given Compliance Certificate to the Board on financial reporting and internal controls, as mentioned under Part B of Schedule II to the Listing Regulations.

7.18 Compliance Certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance

A certificate from the Secretarial Auditors, being Practicing Company Secretary, regarding compliance of conditions of corporate governance is annexed with the Corporate Governance Report and forms an integral part of the Annual Report.

7.19 Norms for furnishing of PAN, KYC, Bank details and Nomination

Pursuant to the SEBI master circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 07, 2024, read with SEBI circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/81 dated June 10, 2024, the shareholders holding shares in physical form whose folio(s) do not have Permanent Account Number ("PAN"), Contact Details, Mobile Number, Bank Account Details, Specimen Signature updated, shall be eligible for payment of dividend, in respect of such folio(s), only through electronic mode upon their furnishing all the aforesaid details in entirety to MCS Share Transfer Agent Limited, Registrar and Share Transfer Agent of the Company.

Further, SEBI, vide its Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/81 dated June 10, 2024, has encouraged all existing investors, in their own interest, to provide a 'choice of nomination' to ensure smooth transmission of securities and to help prevent the accumulation of unclaimed assets in the securities market.

The forms for updation of PAN, KYC Bank details and Nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 are available on our website www.hfcl.com. In view of the above, we urge members holding shares in physical form to submit the required forms along with the supporting documents at the earliest.

The Company has sent various letters to the members holding shares in physical form in relation to the aforesaid on June 25, 2018, September 01, 2018, October 15, 2018, November 15, 2018, January 31, 2022, May 25, 2023 and August 27, 2024.

In respect of members who hold shares in dematerialised form and wish to update their PAN, KYC, Bank details and Nomination are requested to contact their respective Depository Participants.

7.20 Details of utilisation of funds raised through Qualified Institutional Placement and Preferential Issue

During FY24, the Company had allotted 5,10,14,491 equity shares through Qualified Institutional Placement ("QIP") at a price of ₹69.00/- per Equity Share (the "Issue Price") (including premium of ₹68.00/- per Equity Share) against receipt of full payment of application monies in Escrow Account of the Company, aggregating to ~₹352 crore (Rupees Three Hundred Fifty-Two crore only). The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and Sections 42 and 62 of the Act as amended, including the rules made thereunder.

The proceeds of funds raised under QIP of the Company were utilised as per Objects of the Issue during the FY 24 & FY25 as mentioned hereunder:

Particulars	Amount (₹ in crore)
Gross Proceeds received under QIP	352.00
Less: Issue Expenses	9.31
Net Proceeds received under QIP	342.69
Amount utilized for: (a) Capital Expenditure, (b) Research and Development Expenditure, (c) Repayment/prepayment of short term borrowings, (d) Funding working capital requirements and (e) General corporate purposes	280.81
Unutilized Amount as at March 31, 2025	61.88

Further, the balance unutilized amount of ₹58.20 crore as on June 30, 2025, originally earmarked for capital expenditure in accordance with the Placement Document dated August 31, 2023, was to be utilized by July 31, 2025. The Board, at its meeting held on July 25, 2025, has approved an extension of the timeline for utilization of the said amount up to March 31, 2026.

Further, the Board of Directors and the Shareholders of the Company at their meetings held on September 02, 2022 and September 30, 2022 respectively, had approved raising of funds by way of preferential issue of securities (Warrants) to persons belonging to Promoter and Non-Promoter category in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and the Companies Act, 2013 and the rules made thereunder.

Pursuant to the aforesaid resolutions of the Board of Directors of the Company and the special resolution passed by the shareholders of the Company in their

35th Annual General Meeting, the Private Placement Offer Cum Application Letter (PAS-4) dated October 10, 2022 and pursuant to the applications received from persons belonging to Promoter and Non-Promoter category in the preferential issue under Chapter V of the SEBI ICDR Regulations ("Issue"), and Section 42 and Section 62 of the Companies Act, 2013, as amended, read with the rules issued thereunder, the Allotment Committee (Warrants) of the Board of Directors, vide its resolution dated October 15, 2022, had approved the allotment of 1,41,00,000 (One crore Forty One Lakh) Warrants convertible into 1,41,00,000 equity shares at a price of ₹80/- per Equity Share (Warrant Exercise Price).

The Company had received an amount of ₹20/- (Rupees Twenty Only), per warrant which is equivalent to 25% of Warrant Exercise Price, being the warrants subscription price aggregating to ₹28,20,00,000/-.

Furthermore, on receipt of balance 75% of the Warrant Exercise Price from the Warrant holders, the Allotment Committee (Warrants) of the Board of the Company at its meetings held on February 07, 2024, March 22, 2024, and April 11, 2024 had approved the allotment of 1,00,00,000, 22,00,000 and 17,00,000 equity shares respectively, to certain persons belonging to promoter and non-promoter category who have exercised all their warrants.

It is also informed that one of the warrant holders, belonging to the non-promoter category and being a part of the senior leadership team, who sought early retirement from the Company, holding 2,00,000 warrants, and since retired, did not exercise the conversion option within 18 months from the date of the allotment, i.e. on or before April 14, 2024. Therefore, the 25% of Warrant Exercise Price i.e. ₹40,00,000/- received by the Company stands forfeited as per provisions of Regulation 169(3) of Chapter V of SEBI ICDR Regulations.

The proceeds of funds raised under preferential issue of the Company during FY24 & FY25 were utilised as per objects of the Issue as mentioned hereunder:

Utilization of funds during the FY24:

Particulars	Amount (₹ in crore)
Gross Proceeds received under Preferential Issue	73.20
Less: Issue Expenses	Nil
Net Proceeds received under Preferential Issue	73.20
Amount utilized for funding working capital requirements	73.20
Unutilized Amount as at March 31, 2024	Nil

Utilization of Fund during FY25:

Particulars	Amount (₹ in crore)
Gross Proceeds received under Preferential Issue	10.20
Less: Issue Expenses	Nil
Net Proceeds received under Preferential Issue	10.20
Amount utilized for funding working capital requirements	10.20
Unutilized Amount as at March 31, 2025	Nil

The entire proceeds amounting to ₹111.20 crore were utilised as per the objects and purpose of the Issue.

7.21 Disclosure by Company and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount

During the FY25, there are no loans or advances provided by the Company and its subsidiaries to firms/ companies in which directors were interested.

7.22 Particulars of senior management including the changes therein since the close of the previous financial year

Details of senior management as on March 31, 2025 are mentioned hereunder:

S. No.	Name of Senior Management Personnel	Designation
1.	Mr. Alok Chander	Associate Vice President – Marketing
2.	Mr. Baburaj Eradath	Vice President – Administration & MDs Office
3.	Mr. Devender Kumar	Executive President – Project Delivery
4.	Mr. Harshwardhan Pagay	Executive President – OFC
5.	Mr. Jayanta Dey	Executive President – 5G
6.	Mr. Jitendra Singh Chaudhary	Executive President – Communications
7.	Mr. Manish Gangey	Executive President – Head of Product Management for Communication products
8.	Mr. Manoj Baid	President & Company Secretary

S. No.	Name of Senior Management Personnel	Designation
9.	Mr. Nand Lal Garg	President – Supply Chain
10.	Mrs. Neelu Chandra	Vice President – CSR & Spark Programme
11.	Mr. Prakash Chand Gulgulia	Vice President – Finance & Accounts
12.	Mr. Rajesh Jain	Executive President – Telecom EPC Projects
13.	Mr. Sampathkumaran S.T.	Executive President – Defence
14.	Mr. Sanjay Vithalrao Jorapur	Executive President – Human Resource
15.	Mr. Sunil Kumar Pandey	Chief Information Officer
16.	Mr. Sunil Kumar Kulshrestha	Executive President – Turnkey Projects
17.	Mr. Sushil K Wadhwa	President – Commercial
18.	Mr. Sunil Seth	Vice President – Strategy
19.	Mr. V R Jain	Chief Financial Officer

Changes in the senior management during the year ended as on March 31, 2025, are mentioned hereunder:

S. No.	Name of Senior Management Personnel	Designation	Date of Joining	Date of Leaving
1.	Mr. S. K. Garg*	Executive Director – Growth Strategy	-	01/01/2025

* Mr. S. K. Garg continues to discharge his role and functions in the capacity of a strategic advisor of the Company.

7.23 Disclosure of certain types of agreements binding listed entities

During the FY25, there were no agreements which required disclosure under clause 5A of paragraph A of Part A of Schedule III of Listing Regulations.

7.24 Disclosures with respect to demat suspense account/ unclaimed suspense account

Particulars	Number of shares/ shareholders
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	N.A.
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year.	N.A.
Number of shareholders to whom shares were transferred from suspense account during the year.	N.A.
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	N.A.
Number of shares, voting rights which shall remain frozen till the rightful owner of such shares claims the shares.	N.A.

7.25 Green Initiative

Pursuant to Section 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and the Companies (Accounts) Rules, 2014, the Company can send Notice of Annual General Meeting, Financial Statements and other communication in electronic forms.

Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Directors' Report along with their annexures etc. in the electronic mode to the shareholders who have registered their E-mail IDs with the Company, RTA and/or their respective Depository Participants (DPs).

Shareholders who have not yet registered their e-mail addresses are requested to do so, enabling all future communication to be conducted electronically and contributing to environmental conservation.

Those holding shares in demat form can register their e-mail addresses with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Company/RTA, by sending a letter, duly signed by the first/sole holder quoting details of Folio Number.

DECLARATION OF COMPLIANCE OF THE CODE OF CONDUCT

[In terms of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Board of Directors of HFCL Limited, in compliance of Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has laid down the Codes of Conduct for all the Board Members and the Senior Managerial Personnel of the Company, which have also been posted on the website of the Company viz. www.hfcl.com. Pursuant to the above, the Company has received 'Affirmation of Compliance' from the Board Members and the Senior Managerial Personnel of the Company and accordingly, I make the following declaration:

I, **Mahendra Nahata**, Managing Director of HFCL Limited, hereby declare that all Board Members and the Senior Management Personnel of the Company, have affirmed compliance of the respective Codes of Conduct during the Financial Year 2024-25.

Mahendra Nahata

Managing Director

Date: May 22, 2025

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
HFCL Limited

CIN: L64200HP1987PLC007466
8, Electronics Complex, Chambaghat
Solan – 173 213 (Himachal Pradesh)

I have examined the compliance of conditions of Corporate Governance by HFCL Limited ("**the Company**"), for the year ended on March 31, 2025, as stipulated under Regulation 17 to 27 and clause (b) to (i) and (t) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**").

The compliance of conditions of corporate governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulation 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Name : **CS BALDEV SINGH KASHTWAL**
FCS No. : **3616**
C. P. No. : **3169**
ICSI – UDIN : **F003616G000857942**
ICSI Peer Review Certificate No. : **1205/2021**
ICSI – Unique Identification No. : **I1999DE144000**

Date: July 25, 2025

Place: New Delhi

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C sub-clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members

HFCL Limited

8, Electronics Complex, Chambaghat
Solan – 173 213 (Himachal Pradesh)

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HFCL Limited, having CIN: L64200HP1987PLC007466 and having registered office at 8, Electronics Complex, Chambaghat, Solan – 173 213 (Himachal Pradesh) (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2025, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:-

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1.	Mr. Mahendra Nahata	00052898	11/05/1987
2.	Mr. Arvind Kharabanda	00052270	31/10/2004
3.	Dr. (Mr.) Ranjeet Mal Kastia	00053059	07/02/1996
4.	Mr. Surendra Singh Sirohi*	07595264	27/08/2018
5.	Dr. (Ms.) Tamali Sengupta*	00358658	24/12/2018
6.	Mr. Bharat Pal Singh	00739712	21/01/2020
7.	Mr. Ajai Kumar	02446976	25/11/2021
8.	Ms. Bela Banerjee	07047271	17/12/2024

* Mr. Surendra Singh Sirohi and Dr. (Ms.) Tamali Sengupta, Non-Executive Independent Directors, completed their second term as an Independent Directors and ceased to be directors of the Company w.e.f. 27.08.2024 and 24.12.2024, respectively.

Ensuring the eligibility for the appointment/continuity of every Director on the Board, is the responsibility of the management of the Company. Our responsibility is to express an opinion on these, based on our verification.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Name : CS BALDEV SINGH KASHTWAL

FCS No. : 3616

C. P. No. : 3169

ICSI – UDIN : F003616G000857953

ICSI Peer Review Certificate No. : 1205/2021

ICSI – Unique Identification No. : I1999DE144000

Date: July 25, 2025

Place: New Delhi

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity:

S. No.	Question	Response
1.	Corporate Identity Number (CIN) of the Listed Entity	L64200HP1987PLC007466
2.	Name of the Listed Entity	HFCL Limited
3.	Year of Incorporation	11/05/1987
4.	Registered Office Address	8, Electronics Complex, Chambaghat, Solan - 173213, Himachal Pradesh
5.	Corporate Address	8, Commercial Complex, Masjid Moth, Greater Kailash- II, New Delhi-110 048
6.	E-mail	secretarial@hfcl.com
7.	Telephone	+91-11-35209400
8.	Website	www.hfcl.com
9.	Financial Year for which reporting is being done	April 1, 2024- March 31, 2025
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited (NSE) and BSE Limited (BSE)
11.	Paid-up Capital	₹144.27 crore
12.	Name and contact details (telephone & email) of the person who may be contacted in case of queries on the BRSR report	Name: Mr. Manoj Baid Email: secretarial@hfcl.com Telephone: +91-11-35209400
13.	Reporting Boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	Standalone
14.	Whether the company has undertaken assessment or assurance of the BRSR Core?	Not Applicable
15.	Name of assurance provider	Not Applicable
16.	Type of assurance obtained	Not Applicable

II. Products/ Services:

17. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% Turnover of the entity
1.	Telecom Products	Manufacturing of optical fiber, optical fiber cables and telecom and networking products	57
2.	Turnkey Contract and Services	Engineering, Procurement and Construction Services	43

18. Product/ Services sold by the entity (accounting for 90% of the entity's turnover):

S. No.	Product/ Service	NIC Code	% of total Turnover contributed
1.	Turnkey Contracts & Services	42202	43
2.	Telecom Products / Equipment	26104	31
3.	Optical Fiber Cables	27310	18
Total			92

III. Operations:

19. Number of locations where plants and/or operations/ offices of the entity are situated:

Location	Number of Plants	Number of Offices	Total
National	6	72	78
International	0	11*	11

*Including offices of subsidiaries.

20. Markets Served by the Entity:

a. Number of Locations:

Location	Number
National (No. of States)	Pan India
International (No. of Countries)	HFCL exports its products to over 45 countries, including Germany, France, Denmark, Ireland, Austria, Finland, Italy, United Kingdom (UK), Portugal, Spain, United States of America (USA), Canada, Mexico, Argentina, South Africa, Turkey, United Arab Emirates (UAE), and more.

b. What is the contribution of exports as a percentage of the total turnover of the entity?

During FY 2024-25, exports contributed 10% to the total turnover of the Company.

c. A Brief on types of customers

HFCL is a leading technology enterprise with operations in high end Telecom and Defence Equipment, Optical Fiber and Optical Fiber Cables and also creating digital networks for telcos, enterprises and governments. Over the years, HFCL has emerged as a trusted partner offering sustainable high-tech solutions with a commitment to provide the latest technology products to its customers. Our strong R&D expertise coupled with our global system integration services and decades of experience in fiber optics enable us to deliver innovative digital network solutions required for the most advanced networks.

HFCL's customers are broadly categorized into three key segments:

1. Business-to-Business (B2B):

This segment encompasses engagements with major telecom operators, Original Equipment Manufacturers (OEMs), and turnkey project companies. HFCL supplies critical components such as optical fiber cables, telecom and networking equipment essential for the deployment of 4G, 5G, and broadband networks. Additionally, the Company offers network implementation solutions to turnkey project partners. These clients rely on HFCL's reliable manufacturing infrastructure and technological capabilities to deliver scalable, high-quality connectivity solutions.

2. Business-to-Emerging Corporate Accounts (B2ECA):

This segment comprises Internet Service Providers (ISPs) and system integrators, who are central to India's ongoing digital transformation. HFCL supports these customers with advanced fiber-optic solutions, telecom hardware, and integrated network services designed to enable enterprise-grade connectivity and infrastructure expansion across diverse geographies.

3. Business-to-Government (B2G):

HFCL plays a crucial role in serving government entities, including, defence organizations, public sector undertakings (PSUs) and Indian Railways. HFCL has a strong track record in executing large-scale telecom infrastructure projects, including transport networks, FTTH rollouts, and advanced Wi-Fi deployments. The Company supports critical defence communication infrastructure with secure, end-to-end network deployments contributing directly to India's digital and security imperatives.

Manufacturing Capabilities:

HFCL's state-of-the-art manufacturing facilities located in Hyderabad, Goa, Manesar, Hosur, and Solan are central to its ability to serve the diverse clientele. These units specialize in the production of optical fiber cables, optical fiber, telecom networking products, and defence-grade equipment. This manufacturing backbone enables HFCL to deliver high-performance, customized solutions across both domestic and international markets.

IV. Employees:

21. Details as at the end of Financial Year 2024-25:

a. Employees and Workers (including differently abled)

Employees (including differently abled)						
S. No.	Particulars	Total (A)	Male		Female	
			Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)
1.	Permanent Employees	1,748	1,634	93	114	7
2.	Other than Permanent Employees	543	533	98	10	2
3.	Total Employees (1+2)	2,291	2,167	95	124	5

Workers (including differently abled)						
S. No.	Particulars	Total (A)	Male		Female	
			Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)
4.	Permanent Workers	162	142	88	20	12
5.	Other than Permanent Workers	778	727	93	51	7
6.	Total Workers (4+5)	940	869	92	71	8

Note:

- Permanent Employees- L5 and above on-roll employees
- Other than Permanent Employees – Trainee (BE & Graduate) engineers under various government scheme such as NAPS, NATS and off-roll employees on third-party rolls.
- Permanent Workers – L6 and L7, on-roll employees
- Other than Permanent Workers- Trainee (Diploma & ITI) engineers under various government schemes such as NAPS, NATS and off-roll employees on third-party rolls.

b. Differently abled Employees and Workers

Differently Abled Employees						
S. No.	Particulars	Total (A)	Male		Female	
			Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)
1.	Permanent Employees	1	1	100	0	0
2.	Other than Permanent Employees	0	0	0	0	0
3.	Total Employees (1+2)	1	1	100	0	0

Differently Abled Workers						
S. No.	Particulars	Total (A)	Male		Female	
			Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)
4.	Permanent Workers	0	0	0	0	0
5.	Other than Permanent Workers	0	0	0	0	0
6.	Total Workers (4+5)	0	0	0	0	0

22. Participation/ Inclusion/ Representation of Women

	Total (A)	Number of Female (B)	Percentage (B/A)
Board of Directors	6	1	17
Key Management Personnel (KMP)*	2	0	0

*Excluding Managing Director who has been included in Board of Directors category.

Note: Mr. Surendra Singh Sirohi (DIN:07595264) and Dr. (Ms.) Tamali Sengupta (DIN: 00358658) have completed their second term as Independent Directors on the close of business hours on August 26, 2024, and December 23, 2024, respectively.

During the FY25, the Board of Directors on recommendation of the Nomination, Remuneration and Compensation Committee, appointed Mrs. Bela Banerjee (DIN: 07047271) as an Additional Director in the category of Independent Director for a period of three consecutive years effective from December 17, 2024 to December 16, 2027, not liable to retire by rotation, who was further appointed as a Director (Independent) by the shareholders of the Company on March 08, 2025, through Postal Ballot by way of a special resolution.

23. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years):

	FY 2024- 25			FY 2023- 24*			FY 2022- 23*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	24.0%	20.0%	24.0%	11.0%	17.0%	11.0%	15.0%	18.0%	15.0%
Permanent Workers	8.0%	13.0%	9.0%	7.0%	17.0%	9.0%	7.0%	15.0%	8.0%

* The turnover rate for FY 23-24 and 22-23 has been restated, owing to change in the approach for calculations.

V. Holding, Subsidiary and Associate Companies (including joint ventures):

24. Names of holding/ subsidiary/ associate companies/ joint ventures

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ subsidiary/ associate/ joint venture	% of shares held by listed entity	Does the entity indicated at Column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/ No)
1.	HTL Limited	Subsidiary	74	No
2.	Raddef Private Limited	Subsidiary	90	No
3.	Moneta Finance Private Limited	Subsidiary	100	No
4.	HFCL Advance Systems Private Limited*	Subsidiary	100	No
5.	Polixel Security Systems Private Limited	Subsidiary	100	No
6.	DragonWave HFCL India Private Limited	Subsidiary	100	No
7.	HFCL Technologies Private Limited	Subsidiary	100	No
8.	HFCL B.V. Netherlands	Subsidiary	100	No
9.	HFCL Inc. USA	Subsidiary	100	No
10.	HFCL Canada Inc.	Step-down subsidiary	100	No
11.	HFCL Poland Sp. z.o.o.** (formerly known as Blue Diwali Sp. z.o.o.) (w.e.f. May 17, 2024)	Step-down subsidiary	100	No
12.	HFCL UK Limited*** (w.e.f. July 05, 2024)	Step-down subsidiary	100	No
13.	HFCL Pty Limited (w.e.f. from October 28, 2024)****	Step-down subsidiary	100	No
14.	Nimpaa Telecommunications Private Limited	Associate	50	No
15.	BigCat Wireless Private Limited	Associate	50 [§]	No

Note: *HFCL Limited holds 90% shareholding directly and balance 10% held through Polixel Security Systems Private Limited, a wholly owned subsidiary of HFCL Limited.

**HFCL B.V., a wholly owned subsidiary of HFCL Limited in Netherlands, has acquired 100% stake in HFCL Poland Sp. z.o.o (formerly known as Blue Diwali Sp. z.o.o.), a company registered in state of Warsaw, Poland. Consequently, HFCL Poland Sp. z.o.o., has become a wholly owned subsidiary of HFCL B.V., and also a step-down wholly owned subsidiary of the Company w.e.f. May 17, 2024.

***HFCL B.V., a wholly owned subsidiary of HFCL Limited in Netherlands, has established a wholly owned subsidiary company namely HFCL UK Limited in the United Kingdom (UK). Consequently, HFCL UK Limited has also become a step down wholly owned subsidiary of the Company w.e.f. July 05, 2024.

****HFCL B.V., a wholly owned subsidiary of HFCL Limited in Netherlands, has acquired 100% stake in HFCL Pty Limited, a company registered in Australia. Consequently, HFCL Pty Limited, has become a wholly owned subsidiary of HFCL B.V., and also a step-down wholly owned subsidiary of the Company w.e.f. October 28, 2024.

§ 50% voting rights.

VI. CSR Details:

25. (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013 (Yes/No): Yes

(ii) Turnover (in ₹): 3,795.22 crore

(iii) Net Worth (in ₹): 3,962.60 crore

VII. Transparency and Disclosures Compliances:

26. Complaints/ Grievances on any of the Principles (1-9) under the National Guidelines on Responsible Business Conduct:

Stakeholder Group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/NO) (If yes, then provide web-link for grievance redress policy)	Current Financial Year 2024- 25			Previous Financial Year 2023- 24		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes. Responsibility for handling community grievances is assigned to the CSR project partners through the Memorandum of Understanding (MoU). These partners address any complaints in a collaborative manner, following the established protocols and guidelines to ensure timely and effective resolution.	0	0	No complaints filed.	0	0	No complaints filed.
Investors and Shareholders	Yes. The Company has a Whistleblower Policy in place, which can be accessed at: https://www.hfcl.com/wp-content/uploads/2020/01/HFCL-Whistle-Blower-Policy-Revised1.pdf Mechanism for Grievance Redressal: HFCL has an established grievance redressal procedure to address complaints from stakeholders, including investors and shareholders. During the reporting year, the Company responded to investor queries and grievances within 15 days of receipt, except in cases where resolution was delayed due to disputes or legal constraints, if any.	58	0	All complaints resolved.	60	0	All complaints resolved.
Employees and Workers	Yes. Employee and extended workforce grievances are addressed in a timely and effective manner through our grievance redressal mechanism, available at all our plants/offices.	0	0	No complaints filed.	0	0	No complaints filed.
Contract Labourers		0	0	No complaints filed.	0	0	No complaints filed.

Stakeholder Group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/NO) (If yes, then provide web-link for grievance redress policy)	Current Financial Year 2024- 25			Previous Financial Year 2023- 24		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of year	Remarks
Customers	Yes. At HFCL, we have a structured system for handling customer complaints, which allows customers to provide feedback or complaints via email to their assigned account manager or the designated plant complaint management representative. Resolutions are completed within defined time frames that correspond to the nature and urgency of each complaint. The policy related to the customer grievances is available on Company's website- https://www.hfcl.com/wp-content/uploads/2021/12/HFCL-F08-06-14-Customer-Complaint-Form_Rev-01.pdf	6	0	All complaints resolved.	0	0	No complaints filed.
Value Chain partners	Yes. Complaints are submitted to the respective account managers within the Optical Fiber Cable (OFC) Business Unit and are typically resolved within 24 hours. In the Communication Business Unit, issues are addressed within a defined response time of 12 hours. To ensure timely resolution, an escalation matrix is in place with up to three levels of intervention. If a complaint remains unresolved at the initial stages, it is escalated to the third level, where it is mandatorily resolved within 48 hours. Dedicated email (iosupport@hfcl.com) and a Toll-Free Number (+91 8792701100) is provided for registering complaints. The email of SPOC has been also provided. (naresh.gupta@hfcl.com)	0	0	No Complaints filed.	4	0	All complaints resolved.

Stakeholder Group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/NO) (If yes, then provide web-link for grievance redress policy)	Current Financial Year 2024- 25			Previous Financial Year 2023- 24		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Implementation Partner (NGOs)	Yes. The process for raising, addressing, and resolving grievances or issues with CSR project partners is clearly outlined in each Memorandum of Understanding (MoU), ensuring clarity of roles, accountability, and timely redressal.	0	0	No complaints filed.	0	0	No complaints filed.

27. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/ Positive)
1.	Innovation Management	Opportunity	The Company focuses on fostering a culture of innovation and strengthening its investment in Research & Development (R&D) to drive the development of cutting-edge products, services, and solutions. Effective innovation management presents a strategic opportunity by enabling product differentiation, unlocking new revenue streams, enhancing operational efficiency, and supporting business expansion. This proactive approach positions the Company for sustained growth, resilience, and long-term competitiveness in an evolving market landscape.	-	Positive

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/Positive)
2.	Data Privacy and Cyber Security	Risk and Opportunity	As a technology-driven Company, safeguarding sensitive and confidential information is critical to maintaining stakeholder trust and business integrity. Ensuring robust data security and upholding individuals' rights to privacy in the collection, use, and sharing of personal data are essential to compliance, reputation, and risk mitigation. With increasing digitalisation and evolving regulatory frameworks, any lapse in data privacy or cybersecurity could expose the Company to legal, financial, and reputational risks. Therefore, managing data privacy and cybersecurity effectively is a top priority to ensure business continuity and long-term stakeholder confidence.	HFCL prioritises the implementation of robust measures and structured processes to protect sensitive information at every level of the organisation. We collect only the data necessary for business operations, ensuring it is handled securely and in compliance with applicable regulations. Our IT management system is certified under ISO/IEC 27001:2013 and ISO/IEC 27701:2019, reflecting our commitment to the highest standards of information and privacy security. Comprehensive policies and governance frameworks are in place to oversee data protection practices. In addition, we conduct regular compliance audits, update policies proactively in line with evolving regulations, and organise periodic risk awareness and training sessions to reinforce our cybersecurity posture and minimise vulnerabilities.	Negative
3.	Employee Growth, Training, and Learning & Development	Opportunity	HFCL views employee growth, training, and continuous learning as strategic opportunities to enhance workforce capabilities and foster a culture of excellence. The Company is committed to empowering its employees by providing access to structured training programs, skill-building initiatives, and professional development opportunities. By investing in learning and development, HFCL aims at strengthening individual performance and drive innovation, engagement, and long-term organisational growth. This commitment reflects our broader approach to social responsibility and underscores the value we place on nurturing talent and advancing the well-being of our workforce.	-	Positive

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/Positive)
4.	Climate Change	Risk	Climate change presents a risk to HFCL's operations, supply chains, and long-term value creation. Physical risks such as extreme weather events can disrupt operations, damage assets, and impact supply chain continuity, leading to increased costs and operational delays. In parallel, transition risks, arising from evolving regulations, stakeholder expectations, and shifts toward energy-efficient technologies, low-carbon technologies, can affect market competitiveness, reduce asset value, and impact investor confidence. ESG disclosures help bring transparency to the Company's climate risk exposure and outline the mitigation and adaptation strategies in place. Addressing climate risks is critical not only for regulatory compliance but also for safeguarding business resilience and long-term sustainability.	HFCL places strong emphasis on implementing strategies and actions aimed at mitigating climate-related risks while aligning its operations with principles of sustainable development. The Company integrates climate resilience into its decision-making processes and actively works to reduce its environmental impact through energy-efficient technologies, responsible resource management, and sustainable business practices.	Negative
5.	Sustainable Supply Chain	Risk and Opportunity	HFCL recognises the sustainable supply chain as a strategic risk and opportunity to build resilience, enhance operational efficiency, and strengthen stakeholder trust. As a technology-driven manufacturing Company, aligning supply chain practices with ESG principles enables HFCL to reduce environmental impact, promote ethical sourcing, and ensure regulatory compliance. By collaborating with responsible suppliers and promoting transparency across the value chain, the Company can drive long-term value creation, mitigate potential disruptions, and unlock cost efficiencies through resource optimisation. A sustainable supply chain also supports HFCL's commitment to circularity, innovation, and responsible growth, reinforcing its competitive position in a dynamic global market.	The Company's integrated business model, both vertically and horizontally, supports a streamlined and efficient supply chain, helping to improve performance and lower costs. To strengthen resilience, the Company is adopting sustainable practices to address climate change, broadening its supplier base to mitigate geopolitical risks, and securing alternative sources to manage potential raw material shortages.	Positive

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/ Positive)
6.	Occupational Health and Safety	Risk and Opportunity	Effective occupational health and safety management presents both a critical risk and a strategic opportunity for HFCL. Given the manufacturing and field-intensive nature of its operations, inadequate safety measures can lead to workplace incidents, regulatory violations, reputational harm, and disruptions in business continuity. Conversely, maintaining a strong OHS framework enhances workforce well-being, ensures compliance, improves productivity, and strengthens stakeholder confidence in the Company's responsible business practices.	HFCL adopts a comprehensive and proactive approach to managing occupational health and safety risks across all its operations. The Company maintains safe, healthy, and hygienic working conditions for all employees, contractors, and temporary staff by aligning its Occupational Health and Safety Management System (OHSMS) with ISO 45001 standards. A Zero Tolerance (ZETO) approach is followed to eliminate unsafe practices and promote a risk-aware culture. Regular risk assessments, medical check-ups, safety drills, and visual inspections are conducted to prevent work-related injuries and illnesses. Employees are actively engaged in safety matters through consultation and capacity-building initiatives. Compliance with all applicable OHS laws and international best practices is strictly ensured, and continuous improvements are driven through audits, incident investigations, and corrective actions.	Negative

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/Positive)
7.	Waste Management	Risk and Opportunity	Ineffective waste management can result in environmental degradation, legal non-compliance, and reputational risks. As a manufacturing company, HFCL generates various types of waste including hazardous, non-hazardous, and e-waste, which require proper handling and disposal. Poor waste management practices can lead to pollution, community concerns, and increased operational costs. Therefore, ensuring responsible waste disposal and minimisation is essential to maintaining environmental stewardship, regulatory compliance, and stakeholder trust.	HFCL has implemented a comprehensive waste management system across all its operations. Waste is categorised and segregated at source, with hazardous waste managed by Central Pollution Control Boards' (CPCB) authorised vendors. Non-hazardous waste is either recycled, reused within operations (where feasible), or sent to authorised recyclers. All raw materials used in the manufacturing of Optical Fiber waste and Optical Fiber Cables are RoHS and REACH compliant. HFCL also proactively reduces hazardous materials through design innovations, such as shifting to dry-core cables to reduce petroleum based jelly, and promotes circular practices by recycling packaging materials and sending used spools and containers back to suppliers. Regular audits, training, and compliance monitoring are conducted to ensure continuous improvement and alignment with regulatory and sustainability goals.	Positive
8.	Diversity and Inclusion	Opportunity	HFCL recognises diversity and inclusion as a strategic opportunity to foster innovation, enhance employee engagement, and build a resilient workforce. Embracing diverse perspectives and creating an inclusive work environment strengthens decision-making, drives creativity, and improves overall organisational performance. A diverse talent pool also enables the Company to better understand and serve a broad range of stakeholders. By promoting equal opportunities and inclusive practices, HFCL positions itself as an employer of choice, contributing to long-term growth, social equity, and business sustainability.	-	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes out in place towards adopting the NGRBC Principles and Core Elements.

Principles of National Guidelines on Responsible Business Conduct

- P1** - Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
- P2** - Businesses should provide goods and services in a manner that is sustainable and safe.
- P3** - Businesses should respect and promote the well-being of all employees, including those in their value chains.
- P4** - Businesses should respect the interests of and be responsive to all its stakeholders.
- P5** - Businesses should respect and promote human rights.
- P6** - Businesses should respect and make efforts to protect and restore the environment.
- P7** - Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- P8** - Businesses should promote inclusive growth and equitable development.
- P9** - Businesses should engage with and provide value to their consumers in a responsible manner.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Ethics and Transparency	Sustainable Business	Employee Well-being	Stakeholder Inclusiveness	Human Rights	Environment Stewardship	Public Advocacy	Social Development (CSR)	Customer Welfare
Policy and Management Processes									
1. (a). Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(b). Has the policy been approved by the Board? (Yes/No)¹	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(c). Web Link of the policies, if available	https://www.hfcl.com/company-facts								
2. Whether the entity has translated the policy into procedures? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	At HFCL, the appropriate policies are triggered down value chain partners as deemed to enhance resource efficiency and drive community development and engagement initiatives.								
4. Name of the national and international codes/ certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	- ISO 9001:2015 – Quality Management System at Corporate Office at Delhi, Goa Plant, Hyderabad Plant and Solan Plant. - TL9000 R6.3/R5.7(H) – Quality Management System (Telecom Industry specific) at Goa Plant and Hyderabad Plant. - TL9000:2016 – Quality Management System at Hyderabad Plant. - ISO 10002:2018 – Complaint Management System at Goa Plant and Quality management - Customer Satisfaction -Guideline for complaints handling in organization at Hyderabad Plant. - ISO 14001:2015 – Environmental Management System at Goa Plant, Hyderabad Plant and Solan Plant. - ISO 45001:2018 – Occupational Health and Safety Management System at Goa Plant, Hyderabad Plant, and Corporate Office at Delhi. - ISO/IEC 27001:2013 – Information Technology — Security Techniques — Information Security Management systems at Gurugram Office.								

¹ The policies are reviewed and approved by Board of Directors of the Company or Company's Head of Departments and signed off by MD/SBU Head/ Functional Head, as deemed appropriate.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	- ISO/IEC 27001:2022 – Information Technology – Security Techniques -Information Security Management systems – Requirements at Hyderabad Plant, Corporate office Delhi and Goa Plant. - ISO/IEC 27701:2019 – Privacy Information Management System (PIMS) at Goa Plant, Hyderabad Plant, Corporate Office at Delhi, and Gurugram Office. - ISO/IEC 20000-1:2018 – Information Technology – Service Management System at Goa Plant, Hyderabad Plant, Corporate Office at Delhi and Gurugram Office. - ISO/IEC 17025:2017 – General Requirements for the Competence of Testing & Calibration Laboratories at Goa Plant and Hyderabad Plant. - ISO 22301:2019 – Business Continuity Management System at Goa Plant. - CMMI Maturity Level 5 – CMMI L5 for Software Development at Gurugram Office. - Certificate of Designation (OFC Testing Lab) – Certificate of Conformity Assessment Body (CAB) Designation at Goa and Hyderabad Plant. - ESD Certificate - Electrostatic discharge (ESD) at Manesar Plant. - ZWL - Zero Waste to Landfill at Hyderabad Plant.								
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	HFCL is committed to sustainable business practices and social development initiatives. We have business specific goals and commitments as illustrated below: At Hyderabad Plants: Renewable Energy Implementation: HFCL plans to install a 1 MWp rooftop solar power system at its Hyderabad facility during the FY 2025-26. This initiative is expected to generate approximately 1.5 million units of clean energy annually, resulting in a reduction of carbon emissions up to 1,215 metric tons per year and achieving cost savings of approximately ₹10.5 million. Zero Liquid Discharge Certification: The facility aims to obtain Zero Liquid Discharge (ZLD) certification by FY 2025-26, reinforcing its commitment to sustainable water management and environmental stewardship. Sustainability Certification Goals: Targeting achievement of Zero Waste to Landfill by the FY 2025–26. Adoption of LED Technology: The Plant has implemented horizontal deployment of LED lighting systems in the new phase of its optical fiber facility. This transition from conventional microwave-based systems is projected to reduce carbon emissions by an estimated 5,022 metric tons annually. Green Corridor Development: Continued efforts to preserve local biodiversity through the maintenance of a 10,200 square meter green corridor within the TSIC Industrial Area, contributing to ecological balance and enhancing the industrial ecosystem. At Goa Plant: Renewable Energy Transition: As part of our sustainability roadmap, Goa Plant has set a target to achieve a cumulative 40% transition to renewable energy by the FY 2026-27. Renewable Energy Utilisation: The Plant aims to meet 7% of their total energy requirements through renewable energy sources by FY 2026. Energy Efficiency: Through the upgrading of machinery and adoption of advanced technologies, Goa Plant has successfully reduced power consumption, resulting in an estimated savings of 7,00,000 units of electricity.								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.	The Company has institutionalised strategies, processes, commitments, and initiatives aimed at promoting resource efficiency, human capital development, and community engagement. Our performance across key environmental, social, and governance (ESG) parameters is detailed in this BRSR Report.								
Governance, leadership, and oversight									
7. Statement by the director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)	At HFCL, we view sustainability not merely as a responsibility but as a strategic imperative that drives long-term value creation. This Business Responsibility and Sustainability Report reflects our continued commitment to embedding ESG principles across our operations, value chain, and stakeholder engagements. Throughout FY 2024–25, we have taken significant steps to deepen our environmental stewardship. Our facilities are increasingly being modernised with advanced, energy-efficient technologies that promote resource optimisation and reduce environmental impact. We are proud to have achieved Zero Liquid Discharge (ZLD) and Zero Waste to Landfill at several of our manufacturing units and are on track to scale these practices further. For instance, our Hyderabad Optical Fiber Plant is set to install a 1 MWp rooftop solar system in FY 2025–26, estimated to generate 1.5 million units of clean energy annually and reduce carbon emissions by over 1,200 metric tons. The plant has also adopted LED lighting and is working toward ZLD certification and green corridor development. Similarly, our Goa facility is targeting a 40% transition to renewable energy by FY 2026–27, and our Hyderabad Optical Fiber Cable Plant is working towards Zero Waste to Landfill certifications. Social impact remains at the core of our sustainability journey. Internally, we prioritize employee well-being by implementing initiatives that support mental health and foster a safe, inclusive workplace environment. Externally, through the HFCL Social Services Society (HSSS) and other CSR partners, we harness technology to enhance access to healthcare and education in underserved communities, benefiting individuals via mobile medical clinics and e-learning platforms. These efforts embody our commitment to leveraging technology as a catalyst for inclusive development and social equity. Strong governance remains the foundation of our ESG strategy. We have embedded sustainability considerations into our business planning, risk management, and decision-making processes. Oversight at the leadership level ensures that our ESG priorities are aligned with stakeholder expectations, guided by transparency, ethical conduct, and continuous improvement. As we look ahead, we remain focused on advancing our sustainability roadmap with clear, measurable goals and deep accountability ensuring HFCL continues to deliver positive impact for people, the planet, and our broader ecosystem.								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies)	The Company's Board of Directors are entrusted with the responsibility to oversee the implementation of the business responsibility policies.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If “Yes”, provide details	Yes. The Board of Directors of the Company has constituted an ESG Committee to provide strategic direction and oversight on the Company's environmental, social, and governance initiatives and their implementation across the organisation. The ESG Committee comprises the following members: 1. Mr. Surendra Singh Sirohi (Independent Director) – Chairman (up to 26.08.2024) 2. Mr. Bharat Pal Singh (Independent Director) – Chairman (w.e.f. 27.08.2024) 3. Mr. Mahendra Nahata (Managing Director) – Member 4. Mr. Arvind Kharabanda (Non-Executive Director) – Member 5. Mr. Vijay Raj Jain (Chief Financial Officer) – Member 6. Mr. Sanjay Vithalrao Jorapur (Executive President – HR) – Member 7. Mr. Subhas Mondal (Senior Vice President) – Member 8. Mr. Rajesh Tatia (Vice President – Goa Plant) – Member 9. Mr. Vivek Agrawal (Vice President – Hyderabad Plant) – Member Mr. Manoj Baid, President and Company Secretary, act as the Secretary to the Committee.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any Other- please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The Company's policies are periodically reviewed or on a need basis by the business/ department heads, and/or the Board of Directors and signed off by Managing Director/SBU Head/Functional Head, as deemed appropriate by the Company.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company strictly adheres to all applicable laws and regulations to ensure compliances, which are reviewed on a quarterly basis by the Board of Directors.																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If "Yes", provide name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
Ethics and Transparency	Sustainable Business	Employee Well-being	Stakeholder Inclusiveness	Human Rights	Environment Stewardship	Public Advocacy	Social Development (CSR)	Customer Welfare
The working of the policies of the Company are reviewed periodically or on a need basis by business/ department heads, and/or the Board of Directors. Periodic assessment of policies for sustainability alignment is also conducted by an independent third party.								

12. If Answer to Question (1) Above is "NO", i.e., not all Principles are covered by a Policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Ethics and Transparency	Sustainable Business	Employee Well-being	Stakeholder Relationship	Human Rights	Environment Stewardship	Public Advocacy	Social Development (CSR)	Customer Welfare
The entity does not consider the Principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any Other Reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

Entity demonstrates their performance in integrating the Principles and Core Elements with key processes and decisions.

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent, and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year 2024-25:

Segment	Total number of training and awareness programs held	Topics/ Principles covered under training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	7	The Board of Directors of the Company is periodically briefed on various updates pertaining to the business, government regulations and its impact on Company's operations.	100
Key Managerial Personnel	3	Session on Anti-Bribery & Anti-Corruption. User Awareness Session on Company forms and Webinar on GST: A Key Enabler for Viksit Bharat organised by ICSI.	50
Employees other than BoD and KMPs	186	Radio Network Planning and Design, Digital Marketing, Joint Preform Loading Procedure, Fire Fighting Safety, ISMS and PIMS Awareness, Advance MS Excel, SAP Nomenclature, Hazardous Waste Management, Ergonomics and Injury Prevention, and many more.	66
Workers	145	Awareness of 8D, Chemical Handling and Emergency Preparedness, ECCS Tape Joint Process, Fault Finding and Trouble Shooting, Bearing Basic, SOP and Work Instructions, Basic Safety Awareness, and many more.	56

2. Details of fines/ penalties/ punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors/ KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as discussed on the entity's website)

Monetary					
	NGRBC Principle	Name of the Regulatory/ enforcement agencies/ judicial institutions	Amount (in INR.)	Brief of Case	Has an appeal been preferred? (yes/ No)
Penalty/ Fine					
Settlement			Nil		
Compounding Fee					
Non-Monetary					
	NGRBC Principle	Name of the Regulatory/ enforcement agencies/ judicial institutions		Brief of Case	Has an appeal been preferred? (yes/ No)
Imprisonment					
Punishment			Nil		

3. Of the instances disclosed in Question 2, above detail of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide web-link to the policy.

Yes.

HFCL maintains a '**zero-tolerance approach**' towards bribery and all forms of corruption, upholding the highest standards of integrity, transparency, and ethical conduct in all its operations. The Company has implemented its **Anti-Bribery and Anti-Corruption Policy** across all its operational locations, including subsidiaries and affiliates, ensuring consistent application of these principles globally. This policy applies to all individuals associated with HFCL, including directors, senior executives, officers, employees (*permanent, fixed-term, or temporary*), consultants, contractors, trainees, secondees, casual staff, volunteers, interns, agents, and any other third parties representing or acting on behalf of the Company. HFCL actively encourages all covered individuals to promptly report any concerns related to bribery, corruption, or unethical conduct through the appropriate channels, fostering a culture of accountability and ethical vigilance.

The Anti-Bribery and Anti-Corruption Policy is available at: https://www.hfcl.com/wp-content/uploads/2023/06/HFCL-Anti-Bribery_and_Anti-Corruption_Policy.pdf

5. Number of Directors/ KMPs/ employees/ workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	Current Financial Year 2024-25	Previous Financial Year 2023-24
Directors	Nil	Nil
Key Managerial Personnel (KMPs)	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	Current Financial Year 2024-25		Previous Financial Year 2023-24	
	Number	Remark	Number	Remark
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

7. Provide details of any corrective action taken or underway on issues related to fines/ penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

The Company remains committed to adhering to all applicable regulations, standards, and legal requirements. During the reporting period, no instances of non-compliance concerning corruption, conflicts of interest or any applicable regulatory requirements were detected; consequently, no corrective measures were necessary.

8. Number of days of accounts payables [(Accounts payable*365)/ Cost of goods/services procured] in the following format:

	Current Financial Year 2024-25	Previous Financial Year 2023-24
Number of days of accounts payables	147	100*

Note: The increase in trade payables during the reporting period is primarily attributed to higher procurement of goods and services towards the end of the financial year, coupled with extended credit terms negotiated with suppliers.

*The number of days of accounts payables have been restated, owing to change in the approach for calculations.

9. Openness of Business:

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	Current Financial Year 2024-25	Previous Financial Year 2023-24
Concentration of Purchases	a. Purchases from trading houses as % of the total purchases	Not Applicable	Not Applicable
	b. Number of trading houses where purchases are made from		
	c. Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a. Sales to dealers/ distributors as % of total sales	Not Applicable	Not Applicable
	b. Number of dealers/ distributors to whom sales are made		
	c. Sales to top 10 dealers/ distributors as % of total sales to dealers/ distributors		
Share of RPTs in	a. Purchases (Purchases with related parties/ Total Purchases)	9%	11%*
	b. Sales (Sales to related parties/ Total Sales)	3%	4%
	c. Loans & advances (Loans & advances given to related parties/ Total loans & advances)	67%	91%**
	d. Investments (Investments in related parties/ Total Investments made)	51%	25%

*The percentage contribution of purchases with RPTs to the total purchases has been revised from 10% to 11% due to a rounding error. This correction reflects the accurate proportion of RPT within the overall purchases.

**The ratio of Loans & Advances given to related parties to total Loans & Advances has been restated from 13% to 91%. This adjustment was made because the amount recorded previously reflected transactions during the year instead of the closing balance, which has now been corrected.

Leadership Indicators

1. Awareness programmes conducted for the value chain partners on any of the Principles during the financial year 2024-25:

Total number of awareness programmes held	Topics/ Principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	9 Principles of BRSR	5

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No). If "Yes", provide details of the same.

Yes.

As a part of its Code of Business Conduct and Ethics for the Members of the Board of Directors ("**Code**"), the Company has instituted detailed provisions to address conflicts of interest. In addition to this, the Company has formulated internal policies and mechanisms that outline various safeguards and measures to manage conflicts of interests.

The Code is publicly available on the Company's website, through the following link:

https://www.hfcl.com/wp-content/uploads/2025/05/Code-of-Business-Conduct-and-Ethics-Board-of-Directors_22052025.pdf

To uphold transparency, integrity, and the prevention of conflicts of interest within the Company and its Board of Directors, following key provisions are in place:

- **Employment & Outside Engagements:** Whole-time Directors are prohibited from engaging in activities that may compromise their responsibilities to the Company or conflict with its interests. This includes refraining from simultaneous employment with suppliers, customers, or competitors, and from any activity that may support a competitor's position. Any potential conflict must be disclosed to the Audit Committee.
- **Outside Directorships:** Directors are not permitted to accept assignments with companies or agencies that compete with HFCL without obtaining prior approval from the Company's Audit Committee.

- **Business Interests:** Directors must seek approval from the Audit Committee before entering into any business relationship with a customer, supplier or competitor of the Company, ensuring such involvement does not compromise their responsibilities to HFCL.
- **Related Party Transactions:** Directors are expected to avoid conducting Company business with relatives or with entities in which relatives hold a significant role. If such transactions are unavoidable, they must seek the approval of the Audit Committee, in accordance with applicable laws.
- **Gifts and Hospitality:** Directors must not accept payments, costly gifts or anything of significant value from customers, vendors or consultants that could be perceived as intended to improperly influence decisions. Modest, infrequent gifts, business meals or entertainment that do not create a perception of impropriety are permissible.
- **Corporate Opportunities:** Directors are prohibited from personally exploiting opportunities that arise through access to Company property, information or position. Any such opportunity must be fully disclosed in writing to the Board and may only be pursued with its explicit approval.

These measures uphold transparency, integrity, and the prevention of conflicts of interest within the Company and its Board of Directors.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Particulars	Current Financial Year 2024-25	Previous Financial Year 2023-24	Details of improvements in environmental and social impacts
R&D	100%	100%	The design and development of our telecom and networking products focus on creating positive environmental and social impacts. These innovations support sustainable and efficient agriculture, facilitate remote working, and advance Smart Cities initiatives. The Company also contribute to improving healthcare services and infrastructure, enabling medical support and online consultations in remote areas.
Capex	100%	100%	During the reporting year, HFCL invested in modernising its manufacturing facilities by allocating regular capital expenditure towards upgrading equipment, adopting advanced technologies, and optimising production processes to enhance operational efficiency and promote sustainable manufacturing practices across all the plants.

2. **a. Does the entity have procedures in place for sustainable sourcing? (Yes/No).**

- b. If "Yes", what percentage of inputs were sourced sustainability?**

Yes.

100%

HFCL has established a sustainable procurement process that integrates Environmental, Social, and Governance (ESG) compliance as a mandatory requirement during vendor onboarding and registration. The Company's procurement decisions are guided by the principle of total cost of ownership, evaluating not just price, but also environmental, social, and lifecycle impacts to ensure long-term value and sustainability. All vendors and suppliers undergo a structured assessment designed to mitigate sustainability-related risks at the outset. HFCL Plants follow a comprehensive sourcing checklist as a fundamental criterion for supplier selection during raw material procurement. This checklist covers critical parameters including Quality, Environment, Health and Safety, Social responsibility, Sustainability, and Business Continuity. As part of this process, vendors are required to submit relevant compliance documentation and provide a formal undertaking affirming their commitment to ethical and sustainable business practices. This includes adherence to human rights principles, as well as applicable environmental and social standards and certifications, such as ISO quality management systems, OHSAS, or equivalent frameworks. Suppliers found to be non-compliant with HFCL's sustainability requirements may face contract suspension or termination, unless appropriate corrective actions are taken within a reasonable timeframe.

Furthermore, HFCL sources solder paste containing lead only from suppliers certified under ISO 14001:2015, underscoring its commitment to responsible and environmentally sound sourcing practices.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life for:
- Plastics (including packaging)
 - E-waste
 - Hazardous waste
 - Other waste

Details of improvements in environmental and social impacts	
Plastics (including packaging)	The plastic packaging material used for supplying Optical Fiber is reclaimed from HFCL's customers, reused until the end of its useful life, and then responsibly recycled through authorised recyclers.
E-waste	HFCL has established a standardised e-waste management system in line with the E-Waste Management Rules, 2022. As part of its recycling process, all e-waste is safely disposed of through authorised e-waste vendors to ensure responsible and compliant handling.
Hazardous waste	HFCL has implemented a standardised hazardous waste management system in compliance with the Government of India's Hazardous Waste Management Rules. Hazardous waste generated during operations is safely disposed of through authorised vendors for effective utilisation as an Alternate Fuel Resource Facility (AFRF).
Other waste	The paper packaging material (corrugated boxes) used for supplying Optical Fiber is reclaimed from HFCL's customers, reused until the end of its usable life, and then responsibly disposed of through authorised recyclers or scrap vendors.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If Yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Board? If Not, provide steps taken to address the same.

Yes, Telecom Plant at Manesar has obtained EPR Registration under the "Importer Category" for the electronic waste, as per the E-waste (Management) Rules, 2022. In addition to this, the other HFCL plants are in the process of registering under EPR for plastic waste, in accordance with the Plastic Waste Management Rules.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/ Assessment (LCA) for any of its products (for manufacturing industries) or for its services (for service industry)? If Yes, provide details in the following format:

NIC Code	Name of product/ service*	% of Total Turnover contributed	Boundary for which the Life cycle perspective/ assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If "Yes", provide web-link
23102	ITU-T G.652.D (+250 µm Coating Diameter) OF	5.76	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalent/ km of fiber	Yes	No
23102	ITU-T G.657.A1 (+200 µm Coating Diameter) OF	0.62	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalent/ km of fiber	Yes	No
23102	ITU-T G.657.A2 (+200 µm Coating Diameter) OF	0.01	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalent/ km of fiber	Yes	No
23102	ITU-T G.657.A2 (+250 µm Coating Diameter) OF	0.51	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalent/ km of fiber	Yes	No

NIC Code	Name of product/ service*	% of Total Turnover contributed	Boundary for which the Life cycle perspective/ assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If "Yes", provide web-link
27310	48F Armoured G.652.D OFC	1.28	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalent/ km of fiber cable	Yes	No
27310	96F ULW G.657.A1 OFC	0.10	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalent/ km of fiber cable	Yes	No
27310	144F Multitube Micro G.652.D OFC	0.06	CCradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalent/ km of fiber cable	Yes	No
26303	ion4x14 - 1 Gbps UBR with 27 dBi integrated antenna	1.05	Cradle-to-gate Greenhouse gas emissions in kg CO ₂ equivalent/ unit product	Yes	No

*The Life Cycle Assessment of the above-mentioned products were carried out using the data for FY 2023-24. Therefore, the percentage contribution to the turnover value for each product has been provided for FY 2023-24.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/ services, as identified in the Life Cycle Perspective/ Assessments (LCA) or through any other means, briefly describe the same along with action-taken to mitigate the same.

Name of Product/ Service	Description of the risk/ concern	Action Taken
There are neither significant social nor environmental concerns and/ or risks arising from production and disposal of the products manufactured by HFCL.		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	Current Financial Year 2024-25	Previous Financial Year 2023-24
Bobbins	5.31%	0.97%
Polypropylene Box	-	0.03%
Paper Corrugated Box	0.25%	0.06%
Overall (Total of above three items)	5.56%	1.06%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	Current Financial Year 2024-25			Previous Financial Year 2023-24		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	388	14	0	165	80	0
E-Waste	0	0	0	0	0	0
Hazardous Waste	0	0	0	0	0	0
Other Waste	107	105	0	73	98	0

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Indicate Product Category	Reclaimed products and their packaging materials as % total products sold in respective category
Not Applicable	

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential Indicators

1. a. Details of measures for the well-being of Employees:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
	Permanent Employees										
Male	1,634	1,634	100	1,634	100	0	0	1,634	100	157	10
Female	114	114	100	114	100	114	100	0	0	10	9
Total	1,748	1,748	100	1,748	100	114	7	1,634	93	167	10
	Other than Permanent Employees										
Male	533	533	100	533	100	0	0	533	100	58	11
Female	10	10	100	10	100	10	100	0	0	2	20
Total	543	543	100	543	100	10	2	533	98	60	11

b. Details of measures for the well-being of Workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
	Permanent Workers										
Male	142	142	100	142	100	0	0	142	100	12	8
Female	20	20	100	20	100	20	100	0	0	0	0
Total	162	162	100	162	100	20	12	142	88	12	7
	Other than Permanent Workers										
Male	727	727	100	727	100	0	0	727	100	347	48
Female	51	51	100	51	100	51	100	0	0	31	61
Total	778	778	100	778	100	51	7	727	93	378	49

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

	Current Financial Year 2024-25	Previous Financial Year 2023-24
Cost incurred on well-being measures as a % of total revenue of the Company	0.24%	0.17%

2. Details of retirement benefits, for Current FY and Previous FY

Benefits	Current Financial Year 2024-25			Previous Financial Year 2023-24		
	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and Deposited with the authority (Yes/ No/ NA)	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and Deposited with the authority (Yes/ No/ NA)
PF	100	100	Yes	100	100	Yes
Gratuity	100	100	Yes	100	100	Yes
ESI	0.30	2	Yes	0.30	2	Yes

3. Accessibility of Workplaces

Are the premises/ offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If "Not", then whether any steps are being taken by the entity in this regard.

HFCL is committed to ensuring accessibility for individuals with disabilities i.e., wheelchairs and ramps are available at several office locations and plant sites of HFCL. The Company is actively working towards making all remaining premises fully accessible for differently abled employees, workers, and visitors by progressively introducing appropriate facilities. Braille signage has been installed at entry and exit points as well as in elevators, and all facilities are equipped with specially designated restrooms featuring guardrails to support ease of use for differently abled individuals.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, please provide the web-link of the policy.

HFCL is committed to fostering a workplace that upholds equality, respect, and fairness for all, without discrimination on the basis of gender, age, disability, ethnicity, sexual orientation, family status, religious beliefs, or abilities. The Company has adopted a comprehensive Diversity, Equity, and Inclusion (DE&I) Policy that promotes equal opportunities for all employees. This policy supports a positive and inclusive work environment by recognising, respecting, and valuing diversity while actively preventing any form of discrimination. It also aims to integrate equity into all employment processes, from recruitment and hiring to training, career development, performance evaluation and promotions, ensuring fair treatment and equal access to opportunities for all individuals.

The Policy is available on the website at https://www.hfcl.com/wp-content/uploads/2025/07/HFCL_EEO_Policy_R2_F_15.03.24.pdf

5. Return to work and Retention rates of permanent employees and workers that took parental leave for FY 2024-25.

Gender	Permanent Employees		Permanent Workers	
	Return to Work Rate	Retention Rate	Return to Work Rate	Retention Rate
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
Total	100%	100%	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief:

Permanent Workers	Yes, HFCL fosters a culture of transparency and open communication between employees and management across all levels. The Company has put in place various measures to ensure a safe, inclusive, and supportive work environment for all employees and workers.
Other than Permanent Workers	Employees and workers are encouraged to raise grievances in writing with their immediate supervisor, department head, or HR business partner. These concerns are addressed through a personal hearing, with efforts made to resolve them at the earliest stage. If unresolved, the grievance may be escalated to higher management, such as the Plant Head, Function or Business Head, or the Managing Director.
Permanent Employees	
Other than Permanent Employees	In addition, HFCL has appointed a Vigilance Officer under its Whistle Blower Policy, through whom employees and workers can confidentially report concerns. The Vigilance Officer reviews and investigates the complaints and submits findings to the Audit Committee for appropriate action. To address incidents of sexual harassment, the Company has constituted Internal Complaints Committees (ICCs) at every workplace, in line with its Policy on Prevention of Sexual Harassment (POSH), ensuring timely and sensitive resolution of complaints.

7. Membership of employees and workers in association(s) or Unions recognised by the listed entity:

Category	Current Financial Year 2024-25			Previous Financial Year 2023-24		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of Association(s) or Unions (B)	Percentage (%) (B/A)	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of Association(s) or Unions (B)	Percentage (%) (B/A)
Total Permanent Employees	1,748	1	0.10	1,929	1	0.10
Male	1,634	1	0.10	1,803	1	0.10
Female	114	0	0	126	0	0
Total Permanent Workers	162	35	22	185	36	19.50
Male	142	16	11	160	16	10
Female	20	19	95	25	20	80

8. Details of training given to employees and workers on “Health and Safety Measures”

Category	Current Financial Year 2024-25					Previous Financial Year 2023-24				
	Total (A)	On Health and safety measures		On Skill Upgradation		Total (D)	On Health and safety measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	2,167	665	31	1,008	47	2,128	381	18	1,002	47
Female	124	55	44	100	81	133	57	43	111	83
Total	2,291	720	31	1,108	48	2,261	438	19	1,113	49
Workers										
Male	869	248	29	172	20	1,195	218	18	286	24
Female	71	21	30	7	10	91	8	9	12	13
Total	940	269	29	179	19	1,286	226	18	298	23

9. Details of Performance and Career Development reviews of employees and workers:

Category	Current Financial Year 2024-25			Previous Financial Year 2023-24		
	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)
Employees						
Male	2,167	1,959	90	2,128	1,947	91
Female	124	115	93	133	120	90
Total	2,291	2,074	91	2,261	2,067	91
Workers						
Male	869	691	80	1,195	935	78
Female	71	63	89	91	78	86
Total	940	754	80	1,286	1,013	79

10. Health and Safety Management System:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, then coverage of the system.

Yes. HFCL is strongly committed to safeguarding the health, safety, and well-being of the employees and workers. The Company strive to maintain a safe and healthy work environment by actively preventing work-related injuries and illnesses, enhancing safety performance, and strictly enforcing our Zero Tolerance (ZETO) policy towards safety hazards.

To uphold this commitment, HFCL has implemented an Environmental and Occupational Health & Safety Management System, aligned with ISO 14001:2015 and ISO 45001:2018 standards. This system is fully integrated into Company's core business operations, ensuring that health and safety considerations are embedded across all functions and processes.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis of the entity?

HFCL has established a collaborative framework involving employees, associates, and contract workers to proactively identify and manage work-related hazards and risks. The Company has implemented the following procedures to strengthen its occupational health and safety practices:

- **Safety Audits:** Both internal and external audits are conducted regularly at all plant locations to identify potential hazards and ensure compliance with safety standards.
- **Hazard Identification and Risk Assessment (HIRA):** A structured process is followed to identify, evaluate, and manage potential hazards and associated risks across all operations and locations.
- **Daily Site Inspections:** Routine visual inspections are carried out to check the use of personal protective equipment, emergency equipment readiness, machine safety, and overall compliance with safety procedures. These inspections help maintain a safe work environment and prevent accidents.
- **Work Permit System:** High-risk tasks are managed through a work permit system that includes hazard assessment, permit issuance, and compliance monitoring to ensure safe execution.
- **Safety Committee Meetings:** Periodic meetings are held to review workplace safety concerns and formulate mitigation strategies.
- **Employee Engagement and Recognition:** The Company promotes active employee participation in OHS through customised reward and recognition programs. Employees are encouraged to report unsafe acts, unsafe conditions, and near-miss incidents via email, phone calls, or suggestion boxes to facilitate regular and ad-hoc hazard identification and risk assessment.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks? (Yes/No)

Yes. HFCL has established a user-friendly reporting system that enables employees and workers to report workplace hazards with ease. They are encouraged to promptly report any safety-related incidents to their respective managers or supervisors.

Incident reports are regularly reviewed during safety committee meetings to identify trends and develop targeted initiatives aimed at improving employee well-being. HFCL has also implemented a structured Incident Investigation and Reporting System to ensure that every incident is thoroughly documented, investigated, and addressed in a fair and unbiased manner.

To further promote workplace safety, the Company conducts regular employee engagement and awareness programs that educate workers on best practices for identifying and reducing potential risks.

Employees can report unsafe acts, unsafe conditions, and near-miss incidents through email, phone calls, or suggestion boxes, facilitating hazard identification and risk assessment for both routine and non-routine activities.

- d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes. At HFCL, all employees and workers have access to both occupational and non-occupational healthcare services. The Company has partnered with nearby nursing homes and hospitals to provide medical services at discounted rates. In addition, HFCL regularly organises free health check-up camps to support the well-being of its workforce.

11. Details of safety related incidents, in the following format:

Safety Incidents/ Number	Category	Current Financial Year 2024-25	Previous Financial Year 2023-24
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	Nil	Nil
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	Nil	Nil
Number of fatalities	Employees	1*	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

*An unfortunate incident occurred at the Hyderabad Plant, in an area that had been cordoned off for expansion activities.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

HFCL committed to maintaining Environment, Health, and Safety (EHS) standards that go beyond regulatory compliance, national legislation, and international benchmarks. By adopting global best practices, the Company continuously improve its safety systems and embed a strong safety culture across all operations. Our efforts to ensure a safe and supportive workplace include the following key initiatives:

- **Occupational Health and Safety Management System:** A robust system and policy framework is in place, including mandatory safety inductions and continuous training for all employees and workers.
- **Safety Committee Meetings:** Regular meetings are conducted to review safety concerns, track progress, and design proactive safety initiatives.
- **Emergency Preparedness:** Periodic mock drills are carried out to assess and enhance emergency response capabilities.
- **Daily Safety Walks:** Routine inspections are undertaken to identify risks and reinforce workplace safety standards.
- **Recognition and Rewards:** Employees and workers are recognised and rewarded for actively identifying and reporting safety hazards.
- **Safety Audits:** Internal and external audits are conducted regularly to identify gaps and implement necessary improvements.
- **Fire Safety Systems:** Firefighting and fire protection equipment is installed and maintained at all sites.
- **Personal Protective Equipment (PPE):** Employees and workers are provided with appropriate PPE based on their roles and risk exposure.
- **Work Permit System:** High-risk tasks are controlled through a formal permit-to-work system to ensure safe execution.
- **Incident and Accident Investigations:** All incidents are thoroughly investigated, and corrective actions are implemented to prevent recurrence.
- **Workforce Engagement:** Workforce is encouraged to actively participate and engage in safety-related discussions and initiatives.
- **Periodic Medical Check-ups:** Regular health screenings are conducted to monitor and promote employee well-being.
- **Daily Safety Communications:** Safety messages and updates are shared daily to reinforce awareness and build a strong safety culture.
- **Regular HSE Training:** Ongoing training sessions are held on health, safety, and environmental topics to ensure the workforce is well-informed and equipped to handle both routine and emergency situations safely.

13. Number of complaints on the following made by employees and workers:

	Current Financial Year 2024-25			Previous Financial Year 2023-24		
	Filed during the year	Pending Resolution at end of year	Remarks	Filed during the year	Pending Resolution at end of year	Remarks
Working Conditions	Nil	Nil	The Company has not received any complaints.	Nil	Nil	The Company has not received any complaints.
Health and Safety	Nil	Nil		Nil	Nil	

14. Assessment for the Year (2024-25):

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and Safety Practices	100% HFCL ensures comprehensive assessment of health and safety practices across its manufacturing facilities through a combination of internal audits, external certifications, and statutory inspections.
Working Conditions	At the Goa facility, the health and safety management system are assessed by a third-party auditor in accordance with ISO 45001 standards, ensuring compliance with global occupational health and safety benchmarks. The Hyderabad Optical Fiber (OF) plant undergoes regular annual assessments by statutory authorities, including the Factories Inspector, Electrical Inspector, and the District Fire Officer. These inspections are conducted to evaluate and ensure adherence to all health and safety regulations. The facility achieves 100% compliance, with all required reports duly compiled and submitted. At the Hyderabad Optical Fiber Cable (OFC) plant, both internal and external audits are carried out to monitor and strengthen the plant's health and safety measures.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risk/ concerns arising from assessment of health and safety practices and working conditions.

The safety evaluations across the sites have not identified any major concerns. However, any Opportunities for Improvement (OFIs) discovered during audits are promptly addressed. Moreover, HFCL takes near-miss incidents seriously. All gaps identified are managed through a structured Corrective and Preventive Actions (CAPA) process, followed by periodic reviews to ensure the sustained effectiveness of the corrective measures.

Leadership Indicators**1. Does the entity extend any life insurance or compensatory package in the event of death of (A). Employees; and (B). Workers (Yes/No). Provide detail.**

Yes. HFCL offers life insurance coverage to all employees and workers through a Group Term Life Insurance (GTLI) policy, which includes benefits such as coverage for accidental death, disability, critical illness, and support for the employee's family.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company prioritises ethical business practices and regulatory compliance among its service providers. To ensure this, HFCL review their financial and compliance histories by examining financial statements, conducting background checks, and seeking references prior to engagement.

The Company also verifies adherence to essential requirements such as Workmen Compensation policies and insurance, as specified in the terms and conditions of purchase or work orders. In addition to this, all service providers operating at HFCL's plant locations across India are required to submit monthly compliance reports covering statutory employee dues, including income tax, provident fund, professional tax, and ESIC.

3. Provide the number of employees/ workers having suffered high consequence work-related injury/ ill-health/ fatalities (as reported in Qs. 11 of Essential Indicators above), who have been/ are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total Number of affected employees/ workers		No. of employees/ workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2024-25	FY 2023-24	FY 2024-25	FY 2023-24
Employees	1	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes. The Company is committed to supporting employees throughout their employment journey by providing relevant skills training and opportunities for knowledge development. At HFCL, in deserving cases, to retain and leverage the specialised skills acquired by employees during their tenure, the Company considers rehiring employees who have reached the age of superannuation. These individuals are engaged in consultant, advisory, or part-time roles. This practice not only extends their employability but also ensures they continue to receive financial benefits while contributing to the achievement of business objectives.

5. Details on assessment of value chain partners (FY 2024-25):

	% of value chain partners (by value of business done with such partners) that were assessed
Health and Safety Practices	HFCL has not conducted any formal audits of value chain partners during FY 2024-25. However, all value chain partners are required to adhere to strict safety protocols as part of the standard operating procedures. This includes mandatory use of safety gear and compliance with established safety guidelines.
Working Conditions	Partners are not permitted to perform any work on site if any discrepancies or non-compliance issues are identified. Furthermore, all work activities conducted by partners take place within customer premises under stringent standard protocols to ensure safety and quality. HFCL also enforces operational restrictions to prevent work during adverse conditions such as poor lighting or hostile weather, thereby minimising risks and ensuring a safe working environment.

6. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No significant concerns or risks have been identified in relation to the health and safety practices and working conditions of our value chain partners, therefore, no major corrective actions were necessary during this period.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. Describe the process for identifying key stakeholder groups of the entity.

At HFCL, stakeholders play a critical role in shaping the sustainability vision and long-term business strategy. The Company recognise that understanding and addressing stakeholder expectations is key to building trust, enhancing resilience, and driving shared value.

The Company identifies key internal and external stakeholder groups through a structured stakeholder mapping process, based on the degree of influence they have on HFCL and the extent to which they are impacted by our operations. These groups include employees, workers, suppliers, customers, investors, shareholders, NGOs, CSR partners, and local communities among others.

HFCL adopts a continuous stakeholder engagement approach to assess evolving concerns, expectations, and opportunities for collaboration. Regular engagement, through formal and informal channels, enables the Company to strengthen relationships, build transparency, and integrate stakeholder perspectives into our decision-making.

During FY 2023-2024, HFCL conducted a comprehensive Materiality Assessment involving a wide range of stakeholders, including the leadership team, employees, workers, suppliers, customers, NGO partners, and community representatives. This process helped HFCL prioritise the most material ESG topics and align our initiatives with stakeholder needs and global sustainability standards.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Identified as Vulnerable or Marginalised Group (Yes/No)	Channels of Communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during each engagement
Employees	No	Website, Emails, In-person meetings, Newsletters, Town halls, Employee surveys	Regular	- Employee perspectives, suggestions, and outlook on business expectations - Initiatives for employee engagement and open communication - Human resource development and capacity-building programs - Targeted skill enhancement and upskilling opportunities - Career advancement and professional growth pathways - Health, safety, and well-being initiatives, including safety trainings - Mental health awareness and support programs - Active employee participation in CSR and community initiatives
Workers	No	Website, Emails, In-person meetings, Newsletters, Town halls, Workforce surveys, Meetings with worker representatives	Regular	- Worker feedback and views on workplace conditions and operational expectations - Engagement on day-to-day concerns and welfare initiatives - Training programs focused on skill development and job-specific capabilities. - Opportunities for role-based growth and long-term employability - Health and safety awareness - Access to healthcare services and periodic medical check-ups - Mental health sensitisation and support mechanisms - Involvement in site-level CSR and community outreach activities
Suppliers	No	Website, Emails, In-person meetings, Newsletters, Supplier survey	Regular	- Supplier feedback on procurement practices, expectations, and timelines - Compliance with applicable laws, regulations, and published standards - Adherence to environmental practices and sustainability requirements - Product-related quality, safety, and performance expectations - Alignment with HFCL's ethical sourcing and responsible procurement standards - Engagement on new initiatives undertaken for suppliers

Stakeholder Group	Identified as Vulnerable or Marginalised Group (Yes/No)	Channels of Communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during each engagement
Customers (Distributors, Wholesalers, & Retailers)	No	Website, Newsletters, Partner Portal, Customer Service Portal, Emails, SMS	Regular	- Product-related concerns, including quality, packaging, and delivery - Educational engagement and product training sessions - Updates on new product offerings
Communities	Yes	We engage with our CSR project partners and maintain close collaboration with local stakeholders and community leaders in areas where our CSR initiatives are implemented. Feedback, covering expectations, needs, aspirations, complaints, and suggestions, is regularly collected through site visits, phone interactions, and awareness sessions to ensure our efforts remain responsive and impactful.	Regular	- Understanding community needs, expectations, and aspirations related to CSR initiatives - Feedback on gaps in project design, accessibility, and service delivery - Concerns regarding the adequacy of time and resources allocated to address all beneficiaries - Discussions regarding requests for additional services or expansion of project scope as well as issues related to the location and accessibility of service sites - Collection and review of complaints, suggestions, and feedback for continuous improvement
NGOs	No	The specific communication channels and methods are clearly outlined in the respective MoUs signed with each project partner. These typically include email correspondence, telephone conversations, video conferences, and periodic review meetings, as required.	Regular	- Addressing project-related issues, concerns, and implementation challenges - Evaluating the effectiveness and impact of ongoing project operations - Feedback and suggestions to improve resource utilisation and reach more beneficiaries
Investors and Shareholders	No	Investor meetings, conference calls, emails, press releases, newsletters, stock exchange announcements, websites, annual reports and annual general meetings	Regular	- Updates on business and financial performance - Communication on the Company's strategy, growth levers, and potential opportunities and risks - Disclosure of material events that may impact Company performance - Information on ESG goals, initiatives, and progress

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

At HFCL, stakeholder consultation is a cornerstone of informed decision-making, policy development, and strategic planning. The Company proactively engages with its key stakeholders through designated representatives to gather insights, perspectives, and feedback on critical business initiatives and sustainability priorities. This input is systematically channelled through departmental and unit leadership to the relevant Board Committees, ensuring that stakeholder voices are reflected in high-level deliberations. These Committees evaluate the feedback and, where appropriate, escalate key recommendations to the Board for consideration and strategic action.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topic? (Yes/No) If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. At HFCL, stakeholder consultation plays a critical role in guiding the identification and management of critical environmental and social topics. As part of the Company's materiality assessment, a structured stakeholder engagement process was carried out to consult all key stakeholder groups, including employees, workers, suppliers, customers, and NGO/CSR project partners. Through this process, HFCL identified and prioritised material environmental and social topics relevant to its business and value chain. The insights gathered were thoroughly reviewed and formed the basis for HFCL's ESG material topics and strategic priorities. These inputs have since been embedded into HFCL's sustainability strategy and continue to shape the development of relevant policies, targets, and initiatives.

3. Provide detail of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

Through its CSR initiatives, HFCL is committed to fostering inclusive growth by addressing the critical needs of marginalized and vulnerable communities, with a strategic focus on healthcare and education.

In the area of healthcare, HFCL partnered with St. Stephen's Patient Welfare Society to facilitate corrective orthopedic surgeries for 92 underprivileged individuals, primarily children, affected by polio-related deformities, clubfoot, and congenital musculoskeletal abnormalities. This initiative restored their mobility and independence, enabling beneficiaries to reintegrate into education and livelihood opportunities.

HFCL also collaborated with the National Heart Institute to support life-saving cardiac surgeries for 40 economically disadvantaged patients suffering from severe cardiovascular conditions. The goal of this initiative was to remove financial barriers to treatment and significantly improved survival outcomes.

To strengthen access to primary and preventive healthcare, HFCL deployed Mobile Medical Units (MMUs) across five geographies: Solan, Goa, Sardarshahar, Ghazipur, and Hyderabad. These units delivered free doorstep healthcare services including general checkups, essential medicines, diagnostic tests, maternal and child health support, and awareness programs. During FY 2024–25, the MMUs reached over 1.32 lakh individuals in underserved communities.

In the field of education, HFCL supported 50 children with intellectual and developmental disabilities at Balwantrai Vidya Bhavan, Delhi by funding academic expenses.

In addition to this, in collaboration with Hari Prem Society, HFCL established five digital learning centres in rural Ghazipur, Uttar Pradesh. These centres provided computer training to youth from economically backward communities, equipping them with essential digital skills to improve employability and support participation in the digital economy.

These initiatives reflect HFCL's continued commitment to creating meaningful, long-term impact by promoting equity, dignity, and opportunity for the most underserved sections of society.

PRINCIPLE 5: Businesses should respect and promote human rights.

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	Current Financial Year 2024-25			Previous Financial Year 2023-24		
	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)
Employees						
Permanent	1,748	1,640	94	1,929	1,320	68
Other than permanent	543	218	40	332	101	30
Total Employees	2,291	1,858	81	2,261	1,421	63
Workers						
Permanent	162	131	81	185	107	58
Other than permanent	778	455	58	1,101	284	26
Total Workers	940	586	62	1,286	391	30

2. Details of minimum wages paid to employees and workers, in the following format:

Category	Current Financial Year 2024-25					Previous Financial Year 2023-24				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
	Employees									
Permanent	1,748	13	1	1,735	99	1,929	23	1	1,906	99
Male	1,634	11	1	1,623	99	1,803	19	1	1,784	99
Female	114	2	2	112	98	126	4	3	122	97
Other than Permanent	543	178	33	365	67	332	42	13	290	87
Male	533	171	32	362	68	325	38	12	287	88
Female	10	7	70	3	30	7	4	57	3	43
	Workers									
Permanent	162	12	7	150	93	185	21	11	164	89
Male	142	8	6	134	94	160	16	10	144	90
Female	20	4	20	16	80	25	5	20	20	80
Other than Permanent	778	454	58	324	42	1,101	673	61	428	39
Male	727	405	56	322	44	1,035	611	59	424	41
Female	51	49	96	2	4	66	62	94	4	6

3. Details of remuneration/ salary/ wages, in the following format for FY 2024-25:

a. Median remuneration/ wages:

	Male		Female	
	Number	Median salary/ wage of respective category (in ₹)	Number	Median salary/ wage of respective category (in ₹)
Board of Directors (BoD)*	4	12,37,500**	1	3,75,000
Key Managerial Personnel (KMP)***	3	3,36,35,439	0	-
Employees other than BoD and KMP	2,164	7,69,111	124	9,00,015
Workers	869	3,15,289	71	2,71,956

*Excluding Managing Director who has been included in Key Managerial Personnel category.

**The payment of sitting fees only made to non-executive directors of the Company including independent directors for attending the meetings of the Board and its various Committees, during the year under review, have been considered.

*** Key Managerial personnel comprise of Mr. Mahendra Nahata, Managing Director, Mr. Vijay Raj Jain, Chief Financial Officer and Mr. Manoj Baid, President & Company Secretary.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	Current Financial Year 2024-25	Previous Financial Year 2023-24
Gross wages paid to females as % of total wages	4.60%	4.90%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

The Board of Directors at HFCL has adopted a Whistle-Blower Policy to promote a culture of integrity and accountability. This policy encourages directors and employees to report any unethical conduct, illegal activities, questionable practices, or suspected violations of the Company's Codes of Conduct for Directors and Senior Management Personnel.

Serving as a formal Vigil Mechanism, the policy provides a secure channel for stakeholders, including employees and their representatives, to raise concerns about misconduct or unethical behaviour, including any human rights-related concerns, without fear of retaliation.

In addition, HFCL has constituted Internal Complaints Committees (ICCs) at every workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to ensure timely and effective resolution of complaints related to sexual harassment.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

HFCL has implemented key policies such as the Code of Conduct, Whistle Blower Policy, Grievance Redressal Policy, and the Prevention of Sexual Harassment (POSH) Policy to uphold human rights and comply with labour regulations.

Grievances raised by employees and workers are addressed in accordance with the Company's Whistleblower Policy. These are directed to the designated Vigilance Officer, who is responsible for conducting a fair and impartial investigation, should the need arise. Any findings are to be reported to the Audit Committee for review and appropriate action. The entire process is governed by principles of confidentiality, transparency, and fairness, ensuring the integrity of the mechanism and reinforcing trust in the system.

6. Number of complaints on the following made by employees and workers:

	Current Financial Year 2024-25			Previous Financial Year 2023-24		
	Filed during the year	Pending resolution at end of year	Remarks	Filed during the year	Pending resolution at end of year	Remarks
Sexual Harassment	Nil	Nil	NA	Nil	Nil	NA
Discrimination at workplace	Nil	Nil	NA	Nil	Nil	NA
Child Labour	Nil	Nil	NA	Nil	Nil	NA
Forced Labour/ Involuntary Labour	Nil	Nil	NA	Nil	Nil	NA
Wages	Nil	Nil	NA	Nil	Nil	NA
Other human rights related issues	Nil	Nil	NA	Nil	Nil	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in the following format:

	Current Financial Year 2024-25	Previous Financial Year 2023-24
Total complaints reported under Sexual Harassment on Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees/ workers		
Complaints on POSH upheld		

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

HFCL ensures that all complaints related to discrimination and harassment are handled with fairness, sensitivity, and strict adherence to due process. Members of the Internal Complaints Committee (ICC) are equipped with the necessary expertise and experience to manage such cases effectively, in accordance with the POSH Policy, Whistle Blower Policy, and the Company's grievance redressal mechanism.

Upholding the *Principle of Natural Justice* is fundamental to the functioning of the ICC, ensuring that every complainant is treated with respect and impartiality. Under the Whistle Blower Policy, the Company provides enhanced protection to complainants to safeguard them from any form of retaliation or adverse impact on their employment. These measures reflect HFCL's commitment to creating a safe and equitable work environment where individuals can raise concerns without fear of victimisation.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. HFCL ensures that all agreements and contracts include specific clauses mandating compliance with applicable labour laws. Service contracts with vendors also require them to submit relevant certifications and demonstrate adherence to statutory labour regulations as a condition of engagement.

10. Assessments for the year FY 2024-25:

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	
Forced/ Involuntary Labour	
Sexual harassment	
Discrimination at workplace	Nil
Wages	
Others - please specify	

11. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Qs. 9, above.

Not applicable since no assessment was conducted.

Leadership Indicators

1. Details of a business process being modified/ introduced as a result of addressing human rights grievances/complaints.

No Complaints have been received for human rights violation in the FY 2024-25.

Further, the Company ensures all procedures related to Equal Employment Opportunity (EEO), Prevention of Sexual Harassment (POSH), and grievance redressal strictly adhere to the following principles:

- Strict confidentiality of all proceedings is maintained
- Assurance against any form of retaliation provided
- Fairness is upheld consistently throughout the entire process

2. Details of the scope and coverage of any Human Rights due diligence conducted.

HFCL has not conducted a formal Human Rights Due Diligence assessment during the reporting period. However, the Company maintains a comprehensive Human Rights Policy that all employees and workers are required to follow and uphold.

3. Is the premise/ office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

HFCL is committed to ensuring accessibility for individuals with disabilities. Wheelchairs and ramps are available at several office locations and plant sites. The Company is actively working towards making all remaining premises fully accessible for differently abled visitors by progressively introducing appropriate facilities. Braille signage has been installed at entry and exit points as well as in elevators. Further, most of the facilities are equipped with specially designated restrooms featuring guardrails to support ease of use for differently abled individuals.

4. Details on assessment of Value Chain Partners:

	% of value chain partners (by value of business done with such partners) that were assessed:
Child Labour	Nil
Forced/ Involuntary Labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others- please specify	

5. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessment at Qs. 4 above.

Not Applicable since no assessment was conducted.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. Details of total energy consumption (in GJ) and energy intensity, in the following format:

Parameter	Current Financial Year 2024-25	Previous Financial Year 2023-24 ⁵
From 'Renewable Sources'		
Total Electricity Consumption (A)	0	0
Total Fuel Consumption (B)	0	0
Energy consumption through Other Sources (C)	0	0
Total Energy Consumption from renewable sources (A+B+C)	0	0
From 'Non-Renewable Sources'		
Total Electricity Consumption (D)	98,255	111,295
Total Fuel Consumption (E)	3,503*	6,218
Energy consumption through Other Sources (F)	0	0
Total Energy Consumption from non-renewable sources (D+E+F)	101,758	117,513
Total Energy Consumed (A+B+C+D+E+F)	101,758	117,513

Parameter	Current Financial Year 2024-25	Previous Financial Year 2023-24 [§]
Energy intensity per rupee of turnover (GJ / ₹) (Total energy consumption/ Revenue from operations)	0.0000027	0.000028
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (GJ/\$) (Total energy consumed/ Revenue from operations adjusted for PPP)	0.000055	0.000058**
Energy intensity in terms of physical output (Energy consumed GJ per km of the OFC Production)	0.3362	0.3211***

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency: No

[§] The values for FY 2023-24 have been restated to incorporate energy consumption at the Solan Plant.

* For FY 2024-25, energy consumption from diesel used in DG sets at HFCL's Haryana Offices: Building 28, Sector 32, Gurugram; Building No. 38, Sector 38, Gurugram; Building 32, Sector 32 and Karnataka Office (Bangalore) has been estimated based on the electricity output generated by the DG sets during the year. Fuel consumption declined in FY 2024-25 due to lower production at the Goa plant and reduced forklift usage. In addition to this, a significant reduction in power interruptions at the Hyderabad Optical Fiber plant in FY 2023-24 led to over a 50% decrease in DG operating hours, thereby reducing diesel consumption.

**The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by IMF for India which is 20.66. The intensity adjusted for PPP has been restated following the guidelines set forth in SEBI Circular No. SEBI/HO/CFD/CFD-POD-1/P/CIR/2024/177 dated December 20, 2024, titled "Industry Standards on Reporting of BRSR Core". The same PPP conversion rate (20.66) is used in intensity ratio calculations across Principle 6 for financial year 2024-25 and is also updated for previous year (2023-24).

***For the FY 2023-24, the energy intensity in terms of physical output has been restated to align with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024, titled "Industry Standards on Reporting of BRSR Core".

2. **Does the entity have any sites/ facilities identified as designated consumers (DCs) under the Performance, Achieve, and Trade (PAT) Scheme of the Government of India? (Yes/No) If yes, disclose whether targets set under the PAT Scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable as none of our sites come under PAT Scheme as Designated Consumers (DCs).

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	Current Financial Year 2024-25	Previous Financial Year 2023-24 [§]
Water withdrawal by source (in kilolitres- kl)		
(i) Surface Water	0	0
(ii) Groundwater	1,06,921*	6,016
(iii) Third Party Water	58,559	82,753
(iv) Seawater/ Desalinated water	0	0
(v) Others (Please specify)	322	19,651
Total Volume of water withdrawal (in kl) (i + ii + iii + iv + v)	165,802**	108,420
Total volume of water consumption (in kl)	165,802	108,420
Water intensity per rupee of turnover (kL/₹) (water consumed/ Revenue from operations)	0.0000044	0.0000026
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (kL/\$) (Total water consumption/ Revenue from operations adjusted for PPP)	0.000090	0.000054***
Water intensity in terms of physical output (Water consumed in kl per km of the OFC Production)	0.55	0.30****

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency: No

[§] The values for FY 2023-24 have been restated to incorporate water withdrawal at the Solan Plant.

* The increase in overall groundwater consumption is attributable to the authorization granted for expanded groundwater abstraction at the Hyderabad plant by the concerned authority.

**For the FY 2024-25, water withdrawal at administrative offices has been estimated using the apportionment method, based on per capita water withdrawal figures from four office locations: Building 28, Sector 32, Gurugram; Building No. 38, Sector 38, Gurugram; Plot No. 229, Udyog Vihar Phase 1, Sector 20, Gurugram; and 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi.

*** The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by IMF for India which is 20.66. The intensity adjusted for PPP has been restated following the guidelines set forth in SEBI Circular No. SEBI/HO/CFD/CFD-POD-1/P/CIR/2024/177 dated December 20, 2024, titled "Industry Standards on Reporting of BRSR Core". The same PPP conversion rate (20.66) is used in intensity ratio calculations across Principle 6 for financial year 2024-25 and is also updated for previous year (2023-24).

****For the FY 2023-24, the water intensity in terms of physical output has been restated to align with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024, titled "Industry Standards on Reporting of BRSR Core".

4. Provide the following details related to water discharge:

Parameter	Current Financial Year 2024-25	Previous Financial Year 2023-24
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface Water		
- No treatment	HFCL manufacturing facilities have implemented Zero Liquid Discharge (ZLD) through the installation of Sewage Treatment Plants (STPs) and Effluent Treatment Plants (ETPs), utilizing preliminary, primary, secondary, and tertiary treatment processes to effectively remove contaminants. Treated wastewater is reused on-site for gardening and washroom purposes, where applicable. In addition to this, the sludge generated is treated to meet microbial standards and disposed of in a scientifically responsible and regulatory-compliant manner.	
- With treatment- please specify level of treatment		
(ii) To Ground Water		
- No treatment	Wastewater discharge from administrative offices was not monitored during the reporting year, however, the Company is committed to initiating wastewater discharge monitoring at these locations in the future, subject to feasibility assessments.	
- With treatment- please specify level of treatment		
(iii) To Sea water		
- No treatment		
- With treatment- please specify level of treatment		
(iv) Sent to Third Parties		
- No treatment		
- With treatment- please specify level of treatment		
(v) Others		
- No treatment		
- With treatment- please specify level of treatment		
Total water discharged (in kiloliters)		

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency: No

5. Has the entity implemented a mechanism for Zero Liquid Discharge (ZLD)? If yes, provide details of its coverage and implementation.

Yes. HFCL has implemented Zero Liquid Discharge (ZLD) systems across all its manufacturing facilities. Through Effluent Treatment Plants (ETPs) and Sewage Treatment Plants (STPs), comprehensive wastewater treatment systems are in place to ensure that no untreated water is discharged from any site. All treated water is effectively recycled and reused for non-potable purposes such as gardening and sanitation. This approach is aligned with HFCL's commitment to environmental sustainability and responsible water management objective.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	Current Financial Year 2024-25	Previous Financial Year 2023-24 *
NOx	Tons/year	0.06	0.25
SOx	Tons/year	0.56	1.49
Particulate Matter (PM)	Tons/year	0.02	0.08
Persistent organic pollutant (POP)		Not applicable	
Volatile organic compounds (VOC)			
Hazardous air pollutant (HAP)			
Others- ODS			

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency: No

*The air emissions from previous year have been restated owing to the change in the calculation methodology.

7. Please provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

Parameter	Please specify unit	Current Financial Year 2024-25	Previous Financial Year 2023-24 [§]
Total Scope 1 Emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	3,572*	1,327
Total Scope 2 Emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	19,842	22,135
Total Scope 1 and Scope 2 emissions per revenue from operations	MTCO ₂ e/₹	0.00000062	0.00000056
Total Scope 1 and Scope 2 emissions per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 & 2 emissions/ Revenue from operations adjusted for PPP)	MTCO ₂ e/\$	0.000013	0.000012**
Total Scope 1 and Scope 2 emission intensity in terms of physical output	(MTCO ₂ e/ per km of the OFC Production)	0.08	0.06***

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency. No

[§] The values for FY 2023-24 have been restated to incorporate Scope 1 and 2 emissions from Solan Plant.

*Scope 1 emissions increased due to a rise in necessary refrigerant gas refills associated with routine maintenance and unplanned equipment breakdown.

** The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by IMF for India which is 20.66. The intensity adjusted for PPP has been restated following the guidelines set forth in SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024, titled "Industry Standards on Reporting of BRSR Core". The same PPP conversion rate (20.66) is used in intensity ratio calculations across Principle 6 for financial year 2024-25 and is also updated for previous year (2023-24).

*** For the FY 2023-24, the Scope 1 and 2 emission intensity in terms of physical output has been restated to align with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024, titled "Industry Standards on Reporting of BRSR Core".

8. Does the entity have any project related to reducing Greenhouse gas emissions? If Yes, then provide details.

HFCL is committed to environmental protection and actively works to reduce the carbon footprint of its operations through a range of energy efficiency initiatives and sustainable technologies. The Company has implemented various measures aimed at lowering its Greenhouse Gas (GHG) emissions across product manufacturing, packaging/storage, and transportation. Some of the key initiatives include:

- **Energy-efficient lighting:** All HFCL plants are equipped with LED luminaires to reduce energy consumption. The office building for the Optical Fiber Plant is designed with a double-layer glass facade to minimise light and cooling requirements. At Goa Plant, the transition from UV to LED resulted in saving 7 lakh units of electricity.
- **High-efficiency UPS systems:** Installed with 96% efficiency to optimise power usage.
- **Natural ventilation:** The Cable Plant features provisions for natural air and light, reducing the need for artificial cooling and illumination. Cross air ventilation and turbo ventilators, along with 2-inch rockwool insulation, further enhance energy efficiency.
- **Renewable energy integration:** The Company has planned to source electricity from renewable sources, such as solar power.
- **Optimised cooling systems:** Humidifiers are designed with high-efficiency Humifog systems, and cooling tower fans and pumps are controlled by temperature controllers to conserve energy.
- **Energy-efficient air systems:** All air handling units are equipped with high-efficiency DIDW fans with VFD drives to optimise energy consumption.
- **Energy-efficient utilities:** The entire utility system is monitored and controlled through a Smart BMS (Building Management System) for real-time monitoring of critical parameters and optimal energy use.
- **Material and transportation optimisation:** HFCL has reduced the cable diameter and thickness in product development to lower material consumption and saved transportation fuel by accommodating more lengths of optical fiber cables in the same vehicle/container.
- **Energy-efficient products:** HFCL is developing next-generation energy-efficient solutions, including wireless point-to-point connectivity solutions and 5G wireless radio products, such as indoor and outdoor FWA CPE products covering both Sub 6 GHz and mmWave. In addition, the portfolio includes Access Routers/Cell Site Routers, Pre-Aggregation Routers, and Aggregation Routers for backhauling of 5G traffic.

9. Provide details related to waste management by the entity, in the following format:

Parameter	Current Financial Year 2024-25	Previous Financial Year 2023-24
Total Waste Generated (in metric Tonnes)		
Plastic Waste (A)	521	615
E-Waste (B)	0.10	0.61
Bio-medical Waste (C)	0	0
Construction and Demolition (C&D) Waste (D)	253	167
Battery Waste (E)	0.14	14
Radioactive Waste (F)	0	0
Other Hazardous Waste generated (G) (Please specify, if any)	70	61
Other Non-Hazardous Waste generated (H) (Please specify, if any)	533*	649
Total Waste Generated (A+B+C+D+E+F+G+H)	1,377	1,507
Waste intensity per revenue from operations (MT/₹) (Total waste generated/ Revenue from operations)	0.00000004	0.00000004
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (MT/\$) (Total waste generated/ Revenue from operations adjusted for PPP)	0.00000075	0.00000075**
Waste intensity in terms of physical output (Waste generated in MT per km of the OFC Production)	0.005	0.004***
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category Waste		
(i) Recycled	1008	1,268
(ii) Re-used	0	7
(iii) Other recovery operations	78	62
Total	1086	1,337
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category Waste		
(i) Incineration	2	2
(ii) Landfilling	293	110
(iii) Other disposal operations	0	58
Total	295	170

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency. No

* For the FY 2024-25, waste generation at administrative offices has been estimated using the apportionment method, based on per capita waste generation figures from four office locations: Building 28, Sector 32, Gurugram; Building No. 38, Sector 38, Gurugram; Plot No. 229, Udyog Vihar Phase 1, Sector 20, Gurugram; and 8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi.

** The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2025 by IMF for India which is 20.66. The intensity adjusted for PPP has been restated following the guidelines set forth in SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024, titled "Industry Standards on Reporting of BRSR Core". The same PPP conversion rate (20.66) is used in intensity ratio calculations across Principle 6 for financial year 2024-25 and is also updated for previous year (2023-24).

***For the FY 2023-24, the waste intensity in terms of physical output has been restated to align with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024, titled "Industry Standards on Reporting of BRSR Core".

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

HFCL has implemented a comprehensive waste management plan across all its operational locations, reflecting its commitment to environmental responsibility and circularity. Waste is systematically categorised and segregated at the source to ensure efficient handling and processing. Hazardous waste is collected, transported, and disposed of through Central Pollution Control Board (CPCB)-authorised vendors in strict compliance with regulatory norms. Non-hazardous waste is either recycled, reused within operations where feasible, or processed through authorised external agencies using environmentally appropriate mechanisms.

HFCL also prioritises the reduction of hazardous and toxic substances in its products and processes. All raw materials used in the manufacturing of Optical Fiber and Optical Fiber Cables are fully compliant with Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations. The Company has proactively upgraded its RoHS compliance in alignment with Directive 2015/863 (EU), which includes four additional restricted substances. Furthermore, HFCL ensures that none of its materials contain substances listed in the Candidate List of Substances of Very High Concern (SVHC), as published by ECHA on 07, January, 2023.

To further reduce environmental impact, HFCL has shifted towards sustainable product design by significantly minimising the use of petroleum-based jelly compounds. Approximately 90% of its cable designs now incorporate dry core construction and dry water-blocking materials, promoting cleaner manufacturing and safer handling. Through these integrated waste management and chemical reduction strategies, HFCL continues to advance its sustainability agenda while ensuring compliance with evolving global environmental standards.

- 11. If the entity has operations/ offices in & around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones, etc.) where environmental approvals/ clearances are required, please specify details in the following format:**

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval/ clearance are being complied with? (Yes/No) If "No", the reasons thereof and corrective action taken, if any.
Not Applicable as none of our sites are in ecologically sensitive areas.			

- 12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year 2024-25:**

Name and brief of the project	EIA Notification No.	Date	Whether conducted by independent agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web-link
Not Applicable					

- 13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Yes/ No). If "Not", provide details of all such non-compliances, in the following format:**

S. No.	Specify the law/ regulation/ guidelines which is not compliant	Provide details of the non-compliance	Any fines/ penalties/ action taken by regulatory agencies such as pollution control board or by courts	Corrective action taken, if any
The Company's operations and offices are fully compliant with all applicable environmental regulations in the Country. Activities are conducted in strict adherence to the conditions specified in the Consent to Operate (CTO) granted by the Central and State Pollution Control Boards. There have been no reported instances of non-compliance from any regulatory authority.				

Leadership Indicators

- 1. Water withdrawal, consumption, and discharge in areas of 'Water Stress' (in kilo litres):**

For each facility/ plant located in areas of water stress, provide the following information:

- Name of area** – HFCL Telecom Plant at Manesar, HFCL Haryana Offices: (Building 28, Sector 32, Gurugram; Building No. 38, Sector 38, Gurugram; Plot No. 229, Udyog Vihar Phase 1, Sector 20, Gurugram), HFCL Corporate Office Delhi (8, Commercial Complex, Masjid Moth, Greater Kailash – II, New Delhi), Jharkhand Office - Ranchi, Punjab Office - Ferozepur, Ludhiana, UP Office - Lucknow, Rajasthan Office- Jaipur, Karnataka Office - Bangalore
- Nature of operations** – Office/Plant Locations

iii. Water withdrawal, consumption, and discharge in the following format:

Parameter	Current Financial Year 2024-25	Previous Financial Year 2023-24
Water withdrawal by source (in kilo litres)		
(i) Surface Water	0	0
(ii) Ground Water	0	0
(iii) Third Party Water	39,168	42,181*
(iv) Seawater/ Desalinated Water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kl)	39,168	42,181
Total volume of water consumption (in kl)	39,168	42,181
Water intensity per rupee of turnover (kl/ ₹) (Water consumed/ Turnover)	0.00000103	0.00000101
Water discharge by destination and level of treatment (in Kilo litres)		
(i) To Surface Water		
- No treatment		
- With treatment- please specify level of treatment		
(ii) To Ground Water		
- No treatment		
- With treatment- please specify level of treatment		
(iii) Sent to Third Party Water		
- No treatment		
- With treatment- please specify level of treatment		
(iv) Into Seawater		
- No treatment		
- With treatment- please specify level of treatment		
(v) Others		
- No treatment		
- With treatment- please specify level of treatment		
Total water discharged. (kl)		

Water discharge from administrative offices/Manesar telecom equipment facility was not monitored during the reporting year, however, the Company is committed to initiating water discharge monitoring at these locations in the future, subject to feasibility assessments.

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency. No

*For the FY 23-24, the water withdrawal of the following location in water stress area has not been reported due to the unavailability of data: HFCL Jharkhand Office-Ranchi, HFCL Punjab Office- Ferozepur, HFCL Punjab Office- Ludhiana, HFCL UP Office- Lucknow, HFCL Rajasthan Office- Jaipur.

2. Please provide details of total Scope 3 emissions and its intensity, in the following format:

Parameter	Please specify unit	Current Financial Year 2024-25	Previous Financial Year 2023-24
Total Scope 3 Emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	73,611	79,586
Total Scope 3 emissions per rupee of turnover	MTCO ₂ e/INR	0.0000019	0.0000019
Total Scope 3 emission intensity in terms of physical output	MTCO ₂ e/km of the OFC Production	0.243	0.217

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency. No

3. With respect to the ecologically sensitive areas reported in Qs. 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/ effluent discharge/ waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken in FY 2024-25	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the Initiative
1.	Interlocking of auxiliary equipment at Goa Plant	Pumps and blowers are interlocked with the extruder used in the sheathing process.	When the extruder remains idle for a certain period, the pumps and blowers automatically shut down to conserve energy.
2.	Energy Optimization in Nitrogen Plant at Goa	Transitioned from desiccant air dryers to refrigerant-based dryers in the nitrogen plant.	Achieved a 10% reduction in purge air loss without compromising nitrogen purity.
3.	Pressure Regulating Valve installed at Goa Plant	Installed to control and maintain the desired pressure level within the system.	Reduced the overall plant air pressure from 7 kg/cm ² to 6 kg/cm ² , resulting in a 7% power saving.
4.	Removal of Non-Critical Loads from DG Sets at Goa Plant	Non-critical loads have been identified and disconnected from diesel generator sets.	During power outages, these non-essential loads no longer draw power from the DGs, enhancing efficiency.
5.	Nature Light Automation at Hyderabad Optical Fiber Cable Plant	Installed Lux sensors on all Hyderabad OFC plant and streetlights to automatically adjust light intensity based on ambient conditions.	
6.	Integration of Variable Frequency Drives (VFD) at Hyderabad Optical Fiber Cable Plant	Commissioned VFD pumps to optimize water circulation, improving energy efficiency.	Achieved a 12.04% reduction in power consumption in FY 2024-25 compared to FY 2023-24.
7.	Segregation of High and Low-Pressure Air Pipelines at Hyderabad Optical Fiber Cable Plant	Separated air pipelines to reduce the load on compressors, enhancing operational efficiency.	
8.	Elimination of Material Loader on Sheathing Lines at Hyderabad Optical Fiber Cable Plant	Removed one material loader by directly mounting the preheater onto the extruder hopper, streamlining the process.	
9.	FTTH Scrap Reduction at Hyderabad Optical Fiber Cable Plant	Implemented measures to reduce scrap generation for 1F ARP BK FTTH Cable caused by leftover cable on the mother spool.	• Baseline scrap rate: 1.12% • Current average scrap rate: 0.33%
10.	Reduction in Inkjet Printing Consumables	Optimized processes to decrease the consumption of inkjet printing ink and solvent per 10,000 characters printed.	• Baseline ink consumption: 0.19 ml • Current average ink consumption: 0.17 ml • Baseline solvent consumption: 0.57 ml • Current average solvent consumption: 0.39 ml

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web-link.

HFCL has a well-established Business Continuity and Disaster Management Plan to ensure operational resilience and preparedness for unforeseen disruptions. The Company is certified under ISO 22301:2019 for its Goa plant, reflecting its alignment with international best practices in business continuity management. Detailed Standard Operating Procedures have been developed covering business continuity, disaster recovery, and emergency response. These frameworks are designed to minimise downtime, safeguard critical operations, and ensure the safety of personnel and assets. To maintain the effectiveness of these plans, HFCL conducts periodic training sessions, drills, and awareness programs across relevant teams. Regular testing and mock exercises are carried out to evaluate the efficiency of the plans and identify areas for continuous improvement. Through this structured approach, HFCL ensures that it remains well-prepared to respond swiftly and effectively to potential disruptions while maintaining continuity in essential operations.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

HFCL is committed to building strategic partnerships across our value chain by engaging with vendors who demonstrate a shared commitment to environmental, social, and governance responsibility. We actively monitor potential risks within our value chain. During the FY 2024-25, no adverse impacts to the environment have been identified across the value chain.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Nil

8. How many "Green Credits" have been generated or procured:

a. By the listed entity.

b. By the top ten (in terms of the value of purchases and sales, respectively) value chain partners.

In the FY 2024-25, there have been no credits generated/ purchased by HFCL. In addition to this, information related to "Green Credits" generated or procured by the top ten value chain partners, based on purchase and sales value, is not available with HFCL at present. The Company is committed to establishing and maintaining comprehensive records of "Green Credits" for its value chain partners going forward.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1. (a). Number of affiliations with trade and industry chambers/ associations.

9

(b). List the top 10 trade and industry chambers/ associations (determined based on the total numbers of such body) the entity is member of/ affiliated to.

S. No.	Name the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/ National)
1.	The Associated Chambers of Commerce and Industry of India (ASSOCHAM)	National
2.	Federation of Indian Chamber of Commerce and Industry (FICCI)	National
3.	Confederation of Indian Industry (CII)	National
4.	Telecom Equipment Manufacturers Association of India	National
5.	Telecom Equipment and Services Export Promotion Council	National
6.	Voice of Indian Communication Technology New Delhi	National
7.	Telecom Standards Development Society, India (TSDSI)	National
8.	Bharat 6G Alliance	National
9.	Goa Chamber of Commerce and Industry and Verna Industrial Association	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the Case	Corrective action taken
During FY25, there were no reported cases of anti-competitive behaviour, therefore, no corrective measures have been required.		
HFCL holds the distinction of being the only Indian Company against which the European Commission has not imposed an anti-dumping duty on the export of Optical Fiber Cables (OFC) to European countries. Following a comprehensive investigation, the European Commission, in a landmark ruling dated October 11, 2024, concluded that HFCL and its subsidiary, HTL, were not involved in dumping OFC in the European market.		
This outcome positions HFCL as the sole Indian OFC manufacturer exempted from anti-dumping duties by the European Commission, underscoring the Company's steadfast commitment to fair trade, regulatory compliance, and ethical business practices.		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain (Yes/No)	Frequency of Review by Board	Web Link, if available
	HFCL actively engages in policy advocacy through participation in key industry associations and forums, driving positive change for both sectoral advancement and broader societal benefit. The Company collaborates with strategic communities such as the Telecom Standards Development Society, India (TSDSI), and the Bharat 6G Alliance. These platforms bring together mobile network operators, technology vendors, and research institutions to promote innovation and sustainability within the radio access network ecosystem. By contributing to the development of next-generation, energy-efficient technologies and standards, HFCL supports the creation of a more resilient, inclusive, and future-ready digital infrastructure. The Company's AI-enabled intelligent Macro RU use case was recognized by ITU's AI for Good platform and nominated for the prestigious SAIL award, showcasing our leadership in applying AI for next-generation networks.				

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.

Essential Indicators

1. Details of Social Impact Assessments (SIA) projects undertaken by the entity based on applicable laws, in the current financial year 2024-25:

Name and brief detail of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/No)	Relevant web-link
Not Applicable					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of the project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (in ₹)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

At HFCL, community grievance redressal is embedded within our CSR implementation framework. As per the provisions of the Memorandums of Understanding (MoUs), CSR project partners are responsible for addressing community concerns in line with their defined protocols. Each project is supported by designated Social Protection Officer & Project Coordinator to ensure effective implementation and timely resolution of issues.

At HFCL, we maintain continuous engagement with local communities through regular telephonic communication and on-site visits, enabling direct interaction with community leaders. Feedback, grievances, and suggestions received from beneficiaries are promptly escalated to the respective project partners. Upon resolution, partners submit detailed reports to HFCL outlining the actions taken, preventive measures implemented, and the overall redressal process. This approach ensures transparency, accountability, and alignment with community expectations.

4. Percentage of input material (input to total inputs by value) sourced from suppliers:

	Current Financial Year 2024-25	Previous Financial Year 2023-24
Directly sourced from MSMEs/ Small producers	16%	16%
Directly from within India	50%	45%

5. Job creation in smaller towns: Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/ on contract basis) in the following locations, as % of the total wage cost:

Location	Current Financial Year 2024-25	Previous Financial Year 2023-24
Rural	1%	5%
Semi-Urban	6%	6%
Urban	30%	20%
Metropolitan	63%	69%

Note: Place categorised as per RBI Classification System- rural/ semi-urban/ urban/ metropolitan

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference Qs. 1 of Essential Indicators, above).

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount Spent (in ₹)
HFCL does not currently have any projects running in Aspirational Districts.			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/ vulnerable groups? (Yes/No)
No, HFCL does not have a formal preferential procurement policy. However, the Company actively supports and encourages procurement from MSMEs and small-scale producers within India.
- (b) From which marginalised/ vulnerable groups do you procure?
Nil
- (c) What percentage of total procurement (by value) does it constitute?
Nil

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year 2024-25), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit Shared (Yes/ No)	Basis of calculating benefit share
No such benefits derived and shared in FY 24 -25 based on traditional knowledge.				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of Case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefited from CSR Projects	% Beneficiaries from vulnerable & marginalised groups
1	Advanced Healthcare – Corrective Surgeries for Polio-Related Deformities, Clubfoot, and Other Congenital Abnormalities In collaboration with St. Stephen's Patient Welfare Society , this initiative facilitated transformative orthopaedic surgeries for individuals mostly children suffering from debilitating polio-related deformities, clubfoot, and congenital musculoskeletal anomalies. The procedures were led by Dr. Mathew Varghese, a distinguished orthopaedic surgeon and global advocate for polio eradication, honoured by both WHO and the Government of India for his contributions to public health. Through expert surgical intervention and comprehensive rehabilitative care, 92 underprivileged individuals regained mobility and independence. All beneficiaries belonged to vulnerable and marginalized communities. This project not only restored physical functionality but also facilitated their reintegration into educational and economic opportunities, underscoring healthcare's role in promoting social equity.	92	100

S. No.	CSR Project	No. of persons benefited from CSR Projects	% Beneficiaries from vulnerable & marginalised groups
2	Advanced Healthcare – Heart Surgeries In partnership with the National Heart Institute, a leading cardiac care center in India, this initiative facilitated life-saving heart surgeries for 40 economically disadvantaged patients suffering from critical cardiovascular conditions, including congenital heart defects, valvular diseases, and ischemic heart ailments. These complex and costly procedures, often inaccessible to families below the poverty line, were fully funded, eliminating any expenses for the patients. The program played a vital role in preventing avoidable deaths, reducing long-term disabilities, and demonstrated a successful model of inclusive tertiary healthcare. All beneficiaries belonged to financially and socially marginalized communities, in alignment with HFCL's commitment to healthcare equity.	40	100
3	Education- Education for Special Needs Children In collaboration with Balwantrao Vidya Bhavan, Delhi HFCL fully funded the education of 50 children with developmental and intellectual disabilities, covering all academic expenses. This initiative aligns with the inclusive and equitable quality education goals outlined in the National Education Policy (NEP) 2020 and promotes long-term independence and social integration for special-needs students, all of whom hail from marginalized socio-economic backgrounds.	50	100
4	Education – Skill Development: Computer Skill Training for Rural Youth through Five Learning Centres in Ghazipur Aligned with Skill India and Digital India initiatives, HFCL in collaboration with Hari Prem Society established five digital learning centres across rural Ghazipur, Uttar Pradesh, a region with high youth unemployment and limited access to vocational training. These centers trained youth in foundational and advanced computer skills, including data entry, office automation, and internet applications, thereby enhancing their employability in both formal and gig economies. All trainees were selected from economically backward rural communities, ensuring that technology becomes a bridge—not a barrier—to upward mobility. This initiative supports SDG 4 (Quality Education), SDG 8 (Decent Work), and SDG 9 (Infrastructure and Innovation).	645	100
5.	Preventive Healthcare – Mobile Medical Units (MMUs) HFCL's flagship initiative in preventive and primary healthcare delivery involves the deployment of Mobile Medical Units (MMUs) across five geographies: Solan (Himachal Pradesh), Goa, Sardarshahar (Rajasthan), Ghazipur (Uttar Pradesh), and Hyderabad (Telangana). These fully equipped vans bring doorstep healthcare services to underprivileged and medically underserved communities, especially in remote, hilly, and urban slum areas. Each MMU includes an MBBS doctor, pharmacist, lab technician, and a dedicated Social Protection Officer & Project Co-ordinator responsible for community engagement, awareness, and grievance redressal. Services include general health checkups, maternal and child health, basic pathology tests, distribution of essential medicines, and preventive health awareness camps. Collectively, the MMUs served 131,396 individuals during FY 2024–25.		
5.1	Preventive Healthcare – Specialised Mobile Medical Unit (Solan)	32,901	100
5.2	Preventive Healthcare – Mobile Medical Unit (Goa)	26,884	100
5.3	Preventive Healthcare – Mobile Medical Unit (Sardarshahar)	23,804	100
5.4	Preventive Healthcare – Mobile Medical Unit (Ghazipur, Uttar Pradesh)	24,304	100
5.5	Preventive Healthcare – Mobile Medical Unit (Hyderabad)	23,503	100

PRINCIPLE 9: Business should engage with and provide value to their consumers in a responsible manner.**Essential Indicators****1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

At HFCL, a well-structured and responsive system is in place to manage customer complaints and feedback effectively. Customers can submit their concerns by emailing their assigned account manager or the designated complaint management representative at the respective plant. Each complaint is evaluated based on its nature and urgency, with resolutions provided within clearly defined timeframes to ensure timely and effective redressal.

HFCL is committed to maintaining high levels of customer satisfaction through transparent and accountable grievance handling processes. The Company's customer grievance policy, including the complaint submission procedure, is publicly accessible on its website at:

https://www.hfcl.com/wp-content/uploads/2021/12/HFCL-F08-06-14-Customer-Complaint-Form_Rev-01.pdf

2. Turnover of products and/services as a percentage of turnover from all products/services that carry information about:

Parameters	As percentage to total turnover
Environmental and social parameters relevant to the product	100
Safe and responsible usage	100
Recycling and/or safe disposal	100

Note: The Company shares information about the safe usage, management, and disposal of the product as part of the product information brochure, including the ROHS details, disseminating awareness to customers about environmental parameters and compliances.

3. Number of consumer complaints in respect of the following:

	Current Financial Year 2024-25			Remarks	Previous Financial Year 2023-24			Remarks
	Received	Pending at end of year			Received	Pending at end of year		
Data Privacy	Nil	Nil		NA	Nil	Nil		NA
Advertising	Nil	Nil		NA	Nil	Nil		NA
Cyber-security	Nil	Nil		NA	Nil	Nil		NA
Delivery of essential services	Nil	Nil		NA	Nil	Nil		NA
Restrictive Trade Practices	Nil	Nil		NA	Nil	Nil		NA
Unfair Trade Practices	Nil	Nil		NA	Nil	Nil		NA
Others (Customer Complaints)	6	Nil		All complaints resolved.	Nil	Nil		NA

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary Recalls	Nil	Not Applicable
Forced Recalls	Nil	Not Applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No). If available, provide a web-link of the policy.

Yes. HFCL is certified under the ISO 27701:2019 standard for Privacy Information Management Systems (PIMS), underscoring our commitment to data privacy and regulatory compliance. We have implemented comprehensive controls aligned with both ISO 27001:2022 (Information Security Management System) and ISO 27701:2019 standards. These practices are documented in our internal HFCL PIMS Manual, which guides our approach to privacy governance across the organisation.

To ensure transparency and accessibility, HFCL's Privacy Policy is publicly available at <https://www.hfcl.com/privacy-policy>. The policy is aligned with global and national data protection frameworks, including ISO/IEC 27001:2022, the Information Technology Act, 2000, IT (Amendment) Act, 2008, the Digital Personal Data Protection (DPDP) Act, and the National Cyber Security Policy, 2023. It outlines the management, operation, and safeguarding of personally identifiable information (PII) and associated assets throughout the lifecycle of our IT and telecom products and services, including design, development, supply, installation, system integration, and customer support.

The policy also governs data handling in all third-party contracts and clearly defines the procedures for collecting and processing customer information via the website. It informs users of their rights, the implications of withholding personal data, and provides channels to report concerns or discrepancies.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services, cyber security, and data privacy of customers; re-occurrence of instances of product recalls, penalty/ action taken by regulatory authorities on safety of products/ services.

During the FY 2024-25, no issues relating to advertising, and delivery of essential services, cyber security, and data privacy of customers occurred, therefore, no corrective actions were implemented. However, HFCL has implemented robust systems to strengthen the cybersecurity, and data privacy framework. The Company's IT infrastructure undergoes continuous monitoring and periodic reviews, complemented by timely system upgrades, data backups, vulnerability assessments, and security patch management to ensure seamless and secure operations.

To streamline identity and access management, Single Sign-On (SSO) has been deployed across sensitive Company applications, enhancing security and user convenience. Protecting customer data remains our priority, therefore, endpoint encryption, multi-layered threat protection, and stringent password policies enforced through Azure Active Directory are in place.

Further, we have instituted remote password synchronisation, secured critical user data backups, and conducted regular security audits. Employee training programs are actively conducted to maintain awareness and preparedness against evolving cyber threats. Our ongoing user awareness campaign circulates educational posters organisation-wide, highlighting emerging cyber risks and best practices for safeguarding data.

To facilitate incident reporting and swift resolution, a Unified Service Desk is accessible via <https://connectit.hfcl.com>. In addition to this, an Attack Surface Management Platform is deployed to proactively detect and prevent data exposure across surface, deep, and dark web channels. Security measures include securing open ports, timely renewal of certificates, and prompt takedown of impersonated domains and malicious applications.

7. Provide the following information relating to data breaches during FY 2024-25:

(a) Number of instances of data breaches:

There were no instances of data breaches during the FY 2024-25.

(b) Percentage of data breaches involving personally identifiable information of customers.

Not Applicable

(c) Impact, if any, of the data breaches.

Not Applicable

Leadership Indicators

1. Channels/ platforms where information on products and services of the entity can be accessed (provide web link, if possible)

Information on HFCL's products and services is available through a variety of channels and platforms to ensure accessibility and transparency for all stakeholders. These include the official website, social media platforms, product manuals, datasheets, brochures, Customer Service Portal, and call centre support. Key access points include:

- i. <https://www.hfcl.com/>
- ii. <https://www.linkedin.com/company/hfcl-limited/>
- iii. <https://instagram.com/hfcllimited>
- iv. <https://io.hfcl.com/>
- v. <https://www.linkedin.com/company/iobyhfcl/>
- vi. <https://x.com/iobyhfcl>
- vii. <https://www.instagram.com/iobyhfcl/>
- viii. <https://www.hfcl.com/ofc/en-gb/>
- ix. <https://www.hfcl.com/ofc/en-us/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/ or services.

HFCL has created comprehensive user manuals and guides that are written in clear, accessible language and designed to provide step-by-step instructions for the safe, efficient, and responsible use of its products. These resources are tailored to meet the needs of a diverse customer base, ensuring ease of understanding and usability.

To further support our customers, HFCL offers multiple service channels including a dedicated Customer Service Portal and helpline (+91 87927 01100) where users can seek assistance, clarify doubts regarding product usage, or report issues. For technically advanced or specialised products, HFCL also conducts product training sessions and demonstrations to ensure users are well-informed, confident, and capable of maximising the product's functionality.

3. Mechanism in place to inform consumers of any risk of disruption/ discontinuation of essential services.

HFCL has a structured communication mechanism in place to inform consumers of any potential risk of disruption or discontinuation of essential services. The Company leverages multiple channels such as social media platforms, public relations outlets, and direct customer communications to provide timely updates.

In the event of any anticipated disruption, customers are informed through email, phone calls, and WhatsApp to ensure they receive accurate and prompt information. This multi-channel approach enables HFCL to maintain transparency, minimise inconvenience, and uphold trust by ensuring effective and proactive communication with its consumers.

4. (a) Does the entity display product information on the product over and above what is mandated as per the local laws? (Yes/ No/ Not Applicable). If "Yes", provide details in brief.

(b) Did your entity carry out any survey about customer satisfaction relating to the major products/ services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/ No).

- (a) Yes. HFCL provides detailed product information in the form of a product datasheet. The data sheet includes technical specifications, usage guidelines, and performance parameters and is shared along with the quotation. Manufacturing is undertaken strictly as per the customer-approved datasheet, ensuring transparency, product assurance, and alignment with customer expectations.

(b) No.

HFCL primarily operates in the Business-to-Business (B2B) segment, where customer engagement and feedback mechanisms differ from conventional consumer-facing models. Instead of conducting formal surveys, HFCL gathers regular customer feedback through structured interactions such as business meetings, technical discussions, review calls, and follow-ups. These channels allow for real-time insights into customer expectations, satisfaction levels, and scope for improvement. This ongoing dialogue helps HFCL maintain high service standards, address specific client requirements promptly, and foster long-term partnerships.

Independent Auditors' Report

To The Members of HFCL Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **HFCL LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "standalone 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 the branch auditors, the aforesaid standalone 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 Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the branch auditors referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matters	Auditor's Response
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, 2025, revenue from customer contracts amounts to ₹ 3,795.22 Crore whereas as at March 31, 2025, contract assets amount to ₹ 652.52 Crore, the balance of work-in-progress (WIP) amounts to ₹ 131.32 Crore and retention amounts to ₹ 221.51 Crore.	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.

S. No. Key Audit Matters	Auditor's Response
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, 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. (Refer Notes 31 to the standalone financial statements) 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.	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. 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 The 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 Company's standalone financial statements amounting to ₹ 2,322.32 Crore and the provision for impairment of receivables amounted to ₹ 18.23 Crore as at March 31, 2025. The Company's trade receivables form a significant portion of its financial assets. Under Ind AS 109, the Company is required to recognize impairment on trade receivables using the Expected Credit Loss (ECL) model. The determination of ECL involves significant management judgement, including: • Segmentation of trade receivables by risk profiles, • Estimation of default rates and recovery rates based on historical credit loss experience, • Consideration of forward-looking information such as macroeconomic indicators, • Evaluation of the aging of receivables and specific overdue accounts. Given the subjectivity, complexity, and the potential material impact on the financial statements, this area was considered a key audit matter. Refer Note 15 to the standalone financial statements.	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 Company'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 also assessed and challenged management's assumptions and adherence to the Company's accounting policies with respect to provisions for impairment of receivables. The level of the provision made against accounts receivables including credit impaired receivables and accrued balances was deemed appropriate and corresponds to the risks identified.

S. No. Key Audit Matters	Auditor's Response
3. Assessment of the carrying value of Intangible Assets (including intangible assets under development) The Company incurs product development costs and capitalises such expenditure to the extent it qualifies for recognition as an Intangible Asset (product development). Such expenditure includes internal manpower costs, outsourced manpower costs and other related expenses incurred on such development projects. Up to the stage the products are ready to be put to use, the Company records the qualifying expenditure as 'intangible assets under development'. The Company tests Intangible Assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets under development are tested for impairment on an annual basis. The determination of the recoverable values of intangible assets (including intangible assets under development) for carrying out impairment assessment involves several key assumptions including discount rates and future cash flow projections for ascertaining future economic benefits expected to be generated by such assets. The Company has carried out an impairment assessment of intangible assets (including intangible assets under development) and concluded that the recoverable value is higher than the carrying amount of such assets. Accordingly, no adjustment to the carrying amount of intangible assets (including intangibles assets under development) is considered necessary as at March 31, 2025. Considering significant degree of judgement in estimating the carrying values of intangible assets (including intangible assets under development), we identified assessment of carrying value of intangible assets as a key audit matter. Refer Note 5 & 6 to the standalone financial statements.	Our audit procedures, which involved applying materiality and sampling techniques, included the following: • Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of the Company's processes for assessing the recoverable values of intangible assets (including intangible assets under development). • Testing a sample of projects to ensure appropriate capitalized on of qualifying costs. • Assessing whether sufficient economic benefits are likely to flow from the projects to support the values capitalized. • Analysing the reasonableness of key management assumptions and estimates used in the impairment analysis (e.g. forecasted revenue, margin percentages, etc.) • Reading the management's experts' views, as applicable. • Assessed the adequacy of disclosure in standalone financial statement Based on our procedures performed above, we noted the management's assessment of the carrying value of intangible assets (including intangible assets under development), to be reasonable.

Other Information

The Company's Board of Directors is responsible for the 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 and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditors' report thereon. The other information comprising the above documents is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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 Company 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 Company's ability 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 standalone 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the foreign branches of the Company. We are responsible for the direction, supervision and performance of the audit of the standalone financial statements of the Company of which we are the independent auditors. For the foreign branches included in the standalone financial statements, which have been audited by other auditors, such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 financial statements.

We communicate with those charged with governance 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 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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

The Standalone Financial Statements includes financial performance of three foreign branches which reflects total assets of ₹ 76.65 Crore as at March 31, 2025, total revenue of ₹ 69.60 Crore, Net Profit after tax of ₹ 0.58 Crore and total comprehensive income of ₹ 0.40 Crore and net cash outflow amounting to ₹ 0.42 Crore for the year ended on March 31, 2025, which were audited by respective independent branch auditors. The independent branch auditor's report on the financial statements of these branches have been furnished to us by the management and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of these branches is solely based on the report of such independent branch auditor's. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- B. As required by Section 143(3) of the Act, based on our audit, we report 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.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The reports on the accounts of foreign branch offices audited by independent branch auditors have been furnished to us by the management of the Company and have been properly dealt with by us in preparing this report.
- d) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Cash Flows and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- e) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules made thereunder.
- f) On the basis of the written representations received from the directors as on March 31, 2025, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2025 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.
- 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 Company 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 47 to the standalone financial statements;
 - ii. The Company 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 standalone financial statements;

- iii. There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Company
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. (a) The final dividend declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) As stated in Note 42 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.
- vi. Based on our examination which included test checks and as explained in Note 64 to the Standalone Financial Statements, the Company has used an accounting software including software operated by third party, for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software and during the course of our audit we did not come across any instance of audit trail feature being tampered with. Such audit trails are preserved as per the statutory requirement for record retention.

For **S Bhandari & Co LLP**

Chartered Accountants

Firm Registration

No. 000560C/C400334

(J.S.P. Bansal)

Partner

Membership No. 070980

UDIN: 25070980BMOMTZ1177

Place: New Delhi

Date: May 22, 2025

For **Oswal Sunil & Company**

Chartered Accountants

Firm Registration No.

016520N

(Nawin K Lahoty)

Partner

Membership No. 056931

UDIN: 25056931BMLDCU5910

Place: New Delhi

Date: May 22, 2025

Annexure 'A' to the Independent Auditors' Report

(Referred to in Paragraph A under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HFCL Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the Company except the following:

Description of property	Gross carrying value (₹ in Crore)	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, whether appropriate	Reason for not being held in name of the Company
Leasehold land at Solan	0.28	State Government of Himachal Pradesh	No	Since September 23, 1994	Property is under dispute for titleship
Freehold land at Jaipur	1.64	Erstwhile amalgamated Company	No	Since January 05, 2011	Subject to Mutation of properties
Freehold Land at Telangana	12.41	Telangana State Industrial Infrastructure Corporation Limited (TSIIC)	No	Since September 5, 2022	Subject to fulfilment of stipulated conditions

(d) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use assets) and intangible assets during the year. Hence reporting under clause 3 (i) (d) of the Order is not applicable.

(e) As informed by the management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended 2016) and rules made thereunder. Hence reporting under clause 3 (i) (e) is not applicable.

ii. (a) As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, having regard to the size, nature and location of inventory, the coverage and procedure of such verification by the management its appropriate and no discrepancies of 10% or more

(b) Property, Plant and Equipment of the Company are physically verified according to a phased program designed to cover all items over a period of three years, which, in our opinion, is reasonable having regard to size of the Company and the nature of its assets. Pursuant to the program, physical verification of the Property, Plant and Equipment was carried out during the year by the management and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

in aggregate for each class of inventory were noticed on such verification.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. As per the information and explanation given to us and as disclosed in the Note 25 of the standalone financial statement, the quarterly returns or statements filed by the Company with banks are in agreement with the books of account of the Company.

iii. The Company has made investments in, provided guarantee, security, granted loans and advances in the nature of loans, secured or unsecured, to companies and other parties

(a) The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans and guarantees to,

(A) Subsidiaries and jointly controlled entities:

Particulars	Guarantees (₹ in Crore)	Securities (In Numbers)	Loans (unsecured) (₹ in Crore)	Advances in nature of loans (₹ in Crore)
Aggregate amount granted/provided during the year	128.07	Nil	13.44	Nil
Balance outstanding as at balance sheet date	491.02	3,58,500 (Shares of HTL Limited Pledged against loan given to subsidiary)	31.65	Nil

(B) Other than subsidiaries and jointly controlled entities:

Particulars	Guarantees (₹ in Crore)	Loans (unsecured) (₹ in Crore)	Advances in nature of loans (₹ in Crore)
Aggregate amount granted/provided during the year	Nil	Nil	Nil
Balance outstanding as at balance sheet date	20.16	15.50	0.75

- (b) In our opinion, the investments made, guarantees provided, security given and the terms and conditions of grant of loans and guarantees provided are, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans and advances in nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.
- (d) In respect of loans granted by the Company, there is no overdue amount for more than 90 days remaining outstanding as at the balance sheet date.
- (e) In respect of loans or advance in nature of loans granted by the Company which has fallen due during the year and has been extended by entering mutual agreements.

Name of the parties	Aggregate amount of existing loans extended (₹ In Crore)	Percentage of the aggregate to the total loans granted during the year
HTL Limited	24.50	179.22%
HFCL Technologies Private Limited	4.40	32.19%
Nimpaa Telecommunications Pvt Ltd	0.75	5.49%
Raddef Private Limited	2.00	14.63%
Fair deal Enterprises	1.50	10.97%
ESHAN Financial Services Pvt Ltd	5.00	36.58%
Satvik Securities Pvt Ltd	5.00	36.58%
Kamna Industries Pvt Ltd	4.00	29.26%

- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Hence, reporting under clause 3 (iii) (f) is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, where applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits within the meaning of the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder. Hence, reporting under clause 3 (v) is not applicable.
- (vi) As per information and explanation given to us by the management, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the production of goods and services rendered by the Company. Hence reporting under clause 3(vi) of the order is not applicable.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues applicable to it with the appropriate authorities.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at March 31, 2025 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, details of statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Value added tax, Cess or other statutory dues which have not been deposited as on March 31, 2025 on account of disputes are as under:

Name of the statute	Nature of dues	Amount of Demand	Period to which the demand relate	Forum where dispute is pending	Amount Deposited under Protest
Value Added Tax Act	Sales Tax	2.37	1997-98 & 1998-99	Hon'ble High Court of Punjab & Haryana.	0.50
Delhi Value Added Tax Act, 2004	Sales Tax	2.11	2009-10 & 2010-11	Addl. Commissioner, Department of Trade & Taxes, New Delhi	0.16
Goods & Service Tax	GST	3.54	2018-19	Deputy Commissioner Uttarakhand	0.17
Goods & Service Tax	GST	6.57	2019-20	Deputy Commissioner Uttarakhand	0.33
Goods & Service Tax	GST	0.24	2018-19	Joint Commissioner of State Tax Patna, South Circle-1, Patna West Divison, Bihar	0.01
Goods & Service Tax	GST	0.18	2017-18	Joint Commissioner of State Tax Patna, South Circle-1, Patna West Divison, Bihar	0.02
Goods & Service Tax	GST	0.17	2017-18	Deputy Commissioner of State Tax Nagaon, Assam)	0.08
Goods & Service Tax	GST	0.07	2018-19	Deputy Commissioner of State Tax Raipur-4, Chhattisgarh)	0.00
Goods & Service Tax	GST	0.33	2019-20	Assistant Commissioner of Mohali, Punjab	0.03
Goods & Service Tax	GST	0.60	2018-19	Assistant Commissioner, Lalbazar, West Bengal, Kolkata	0.03
Central Excise Tariff Act, 1985	Excise Duty	0.82	2005-06	Central, Excise and Service Tax Appellate Tribunal, Mumbai	Provision already made amounting to ₹ 0.47 Cr.
Central Excise Tariff Act, 1985	Customs	6.57	2017-18	Central, Excise and Service Tax Appellate Tribunal, Mumbai	0.49
Finance Act, 1994	Service Tax	5.92	2003-2013	Service Tax (Delhi Commissionerate)	-

- (viii) According to the information and explanations given to us and records examined by us, there are no transactions that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence, reporting under clause 3 (viii) is not applicable.
- (ix) (a) According to the information and explanations given to us and records examined by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender as at the Balance Sheet date. The Company has not taken any loan/borrowing from Financial Institution or Government.
- (b) According to the information and explanations given to us and records examined by us, the Company has not been declared willful defaulter by any bank or financial institution or other lender. Hence, reporting under clause 3 (ix) (b) is not applicable.
- (c) Based on our examinations of the records and information and explanations given to us, the term loans have been applied for the purpose for which these are raised.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and jointly controlled entities.

- (f) Based on our examinations of the records and information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries and jointly controlled entities. Hence, reporting under clause 3 (ix) (f) is not applicable.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) is not applicable.
- (b) Based on our examinations of the records and information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures during the year.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
- (c) As represented and based on our examination of records made available to us by the management, there are no whistle blower complaints received by the Company during the year. hence reporting under clause 3(xi)(c) is not applicable.
- (xii) The Company is not a Nidhi company and hence reporting under clause 3(xii) is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an internal audit system which is generally commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports issued for the year under audit.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Hence, reporting under clause 3(xv) is not applicable.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi) (a), (b) and (c) is not applicable.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are two Core

Investment Companies (CIC) in the Group, which are as under:

S. No.	Name of the Company
1.	MN Ventures Private Limited
2.	Nextwave Communications Private Limited

- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. hence reporting under clause 3(xviii) is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- We however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) is not applicable for the year.
- (b) In respect of ongoing projects, the Company has transferred unspent amount for the financial year ending March 31, 2025 to a separate CSR special account within a period of thirty days from the end of the financial year in compliance with provisions of Section 135(6) of the said Act.

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Registration
No. 000560C/C400334

(J.S.P. Bansal)
Partner
Membership No. 070980
UDIN: 25070980BMOMTZ1177

Place: New Delhi
Date: May 22, 2025

For **Oswal Sunil & Company**
Chartered Accountants
Firm Registration
No. 016520N

(Nawin K Lahoty)
Partner
Membership No. 056931
UDIN: 25056931BMLDCU5910

Place: New Delhi
Date: May 22, 2025

Annexure - B to the Independent Auditors' Report

(Referred to in paragraph B(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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**

We have audited the internal financial controls over financial reporting of HFCL LIMITED ("the Company") as of March, 31, 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company 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 ("ICAI"). 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 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 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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") issued by ICAI and the Standards on Auditing as prescribed under Section 143 (10) of the Companies act, 2013, to the extent applicable to an audit of internal financial controls. 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, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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, the Company has, 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 March 31, 2025, based on the internal control over financial reporting criteria established by the Company

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.

For **S Bhandari & Co LLP**

Chartered Accountants

Firm Registration

No. 000560C/C400334

(J.S.P. Bansal)

Partner

Membership No. 070980

UDIN: 25070980BMOMTZ1177

Place: New Delhi

Date: May 22, 2025

For **Oswal Sunil & Company**

Chartered Accountants

Firm Registration

No. 016520N

(Nawin K Lahoty)

Partner

Membership No. 056931

UDIN: 25056931BMLDCU5910

Place: New Delhi

Date: May 22, 2025

Standalone Balance Sheet

as at March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Note No(s).	As at March 31, 2025	As at March 31, 2024
Assets			
Non-current Assets			
(a) Property, Plant and Equipment	3	469.26	331.49
(b) Capital work-in-progress	4	157.20	122.45
(c) Right-of-use-assets	43	16.66	11.72
(d) Intangible assets (other than Goodwill)	5	177.64	116.98
(e) Intangible assets under development	6	401.85	314.86
(f) Investment in subsidiaries and jointly controlled entities	7	135.06	58.34
(g) Financial Assets			
(i) Investments	8	130.80	167.27
(ii) Trade receivables	15	409.86	520.31
(iii) Loans	9	29.65	87.73
(iv) Others	10	70.58	120.44
(h) Other non-current assets	12	43.50	51.63
Total Non-Current Assets		2,042.06	1,903.22
Current Assets			
(a) Inventories	13	731.17	618.95
(b) Financial Assets			
(i) Investments	14	1.18	5.01
(ii) Trade receivables	15	1,894.23	2,127.03
(iii) Cash and cash equivalents	16	57.80	20.86
(iv) Bank balances other than (iii) above	17	401.84	297.41
(v) Loans	18	17.50	17.50
(vi) Others	19	602.39	166.96
(c) Current tax Assets (net)	20	8.16	47.44
(d) Other current assets	21	1,422.61	925.62
Total Current Assets		5,136.88	4,226.78
Total Assets		7,178.94	6,130.00
Equity and Liabilities			
Equity			
(a) Equity Share Capital	22	144.21	144.01
(b) Other Equity	22	3,818.34	3,677.68
Total Equity		3,962.55	3,821.69
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	328.54	135.16
(ii) Lease liabilities	43	9.73	9.07
(b) Provisions	24	49.76	44.11
(c) Deferred tax liabilities (Net)	11	88.61	74.75
Total Non-Current Liabilities		476.64	263.09
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	768.21	683.91
(ii) Lease Liabilities	43	8.97	4.89
(iii) Operational Buyers' Credit	46	162.20	-
(iv) Trade payables	26		
- total outstanding dues to Micro and Small Enterprises		61.70	61.56
- total outstanding dues to other than Micro and Small Enterprises		1,077.28	774.09
(v) Other financial liabilities	27	428.39	422.47
(b) Current tax liabilities (Net)	28	0.75	0.26
(c) Other current liabilities	29	217.09	86.18
(d) Provisions	30	15.16	11.86
Total Current Liabilities		2,739.75	2,045.22
Total Liabilities		3,216.39	2,308.31
Total Equity and Liabilities		7,178.94	6,130.00

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal

Partner
M.No. 070980

Place: New Delhi
Date: May 22, 2025

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty

Partner
M.No. 056931

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 22, 2025

Standalone Statement of Profit and Loss

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Note No(s)	For the year ended March 31, 2025	For the year ended March 31, 2024
I Income			
Revenue from operations	31	3,795.22	4,074.59
Other Income	32	60.90	100.13
Total Income (I)		3,856.12	4,174.72
II Expense			
Cost of Material Consumed	33	1,123.11	640.63
Other Direct Cost	34	669.50	1,121.28
Purchases of stock-in trade		1,117.02	1,384.33
Change in inventories of finished goods, work-in progress and stock-in trade	35	(80.65)	(101.58)
Employee benefits expense	36	272.68	264.79
Finance Costs	37	149.46	115.02
Depreciation & amortization expenses	3, 5, 43	84.90	58.48
Other Expenses	38	278.67	279.32
Total Expenses (II)		3,614.69	3,762.27
III Profit before exceptional items and income tax (I-II)		241.43	412.45
IV Exceptional item		-	-
V Profit before tax (III - IV)		241.43	412.45
VI Tax expenses			
- Current tax		33.11	53.49
- Deferred Tax		13.57	49.30
Total Tax Expense		46.68	102.79
VII Profit for the year (V-VI)		194.75	309.66
VIII Other comprehensive Income (OCI):			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of defined benefit plans		1.20	(0.38)
(ii) Income tax on above item		(0.30)	0.09
(iii) Gain on Equity Instruments designated through OCI		(36.72)	130.61
Items that will be reclassified to profit or loss			
(i) Loss on translation of foreign operation		(0.10)	0.15
Total Other comprehensive income for the year		(35.92)	130.47
IX Total comprehensive income for the year (VII + VIII)		158.83	440.13
X Earnings per share from continuing and total operations attributable to the equity holders of the Company	39		
- Basic		1.35	2.19
- Diluted		1.35	2.19

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M.No. 070980
Place: New Delhi
Date: May 22, 2025

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
Partner
M.No. 056931

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834
Place: New Delhi
Date: May 22, 2025

Standalone Statement of Cash Flow

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars		For the year ended March 31, 2025	For the year ended March 31, 2024
I. Cash flow from Operating Activities :			
Net Profit before taxes		241.43	412.45
Adjustments for :			
Depreciation and Amortization expenses	84.90		58.48
(Gain)/Loss on disposal of property, plant and equipment	0.76		0.25
Financial Guarantee Income	(7.03)		(4.78)
Bad Debts, advances and miscellaneous balances written (back)/ off	0.81		(10.94)
Liquidated Damages recovered on Sales	(5.94)		-
Unrealised Loss/(gain) on foreign exchange fluctuation	(9.62)		3.67
(Gain)/Loss on Sale and Revaluation of Investment - Net	(0.11)		(1.34)
Dividend and interest income classified as investing cash flows	(24.01)		(19.51)
Finance costs (net)	149.46		115.02
		189.22	140.85
Change in operating assets and liabilities :			
(Increase)/Decrease in Trade and other receivables	358.01		(432.61)
(Increase)/Decrease in Inventories	(112.23)		(34.48)
Increase/(Decrease) in Trade payables	303.32		(15.18)
(Increase)/Decrease in other financial assets	(438.37)		(1.75)
Increase/(Decrease) in other financial liabilities	162.20		(168.13)
(Increase)/Decrease in other non-current assets	73.33		(7.52)
(Increase)/Decrease in other current assets	(496.99)		(62.83)
Increase/(Decrease) in provisions	3.31		(0.07)
Increase/(Decrease) in other non-current liabilities	6.86		5.50
Increase/(Decrease) in other current liabilities	134.36		143.16
		(6.20)	(573.91)
Cash generated from operations		424.45	(20.61)
Income taxes paid/refund (net)		6.88	(90.30)
Net cash inflow from/(used in) operating activities		431.33	(110.91)
II Cash flow from Investing activities			
Payment for acquisition of investments		(0.36)	-
Payments for property, plant and equipment including CWIP		(209.29)	(138.16)
Payments for Intangible Assets including CWIP		(178.98)	(226.50)
(Payment)/Receipt for loan to/from body corporate (net)		(11.92)	(15.15)
Proceeds from sale of property, plant and equipment		0.06	0.38
Bank deposits (placed)/matured (net)		(122.38)	(59.74)
Proceeds from sale of Investment		4.24	8.95
Dividends received		-	0.01
Interest received		13.67	20.30
Net Cash flow from/(used in) investing activities		(504.96)	(409.91)

Standalone Statement of Cash Flow

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
III Cash flow from Financing Activities		
Proceeds from Issue of convertible Warrants	10.20	73.20
Proceeds from issue of Share Capital (including security premium)	0.66	352.96
Share issue expenses	-	(9.06)
Proceeds from borrowings	467.36	258.60
(Repayment) of borrowings	(189.69)	(42.51)
(Repayment) of lease liabilities	(10.09)	(6.86)
	278.44	626.33
Less:		
Finance Costs paid	(139.03)	(117.45)
Dividend paid	(28.84)	(28.55)
Net Cash flow from/(used in) financing activities	110.57	480.33
IV Net increase/(decrease) in cash & cash equivalents (I + II + III)	36.94	(40.49)
V Cash and cash equivalents at the beginning of the year	20.86	61.35
VI Cash and cash equivalents at end of the year	57.80	20.86

Notes:

- The Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Figures in bracket indicate cash outflow.
- Cash and cash equivalents (refer Note 16) comprise of the followings:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Cash on hand	0.06	0.05
Balances with Scheduled banks in		
Current accounts	32.74	9.81
Deposits with Banks having maturity upto 3 months	25.00	11.00
Balances per statement of cash flows	57.80	20.86

4. Analysis of movement in borrowings

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Borrowings at the beginning of the year	819.07	602.98
Movement due to cash transactions as per the Statement of Cash Flows	277.67	216.09
Borrowings at the end of the year	1,096.74	819.07

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M.No. 070980

Place: New Delhi
Date: May 22, 2025

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
Partner
M.No. 056931

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 22, 2025

Statement of Changes in Equity

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Equity Share Capital

Particulars	Amount
Balance as at April 1, 2023	137.64
Changes in equity share capital (refer note no. 22(A))	6.37
Balance as at March 31, 2024	144.01
Changes in equity share capital (refer note no. 22(A))	0.20
Balance as at March 31, 2025	144.21

Other equity

Particulars	Money received against Convertible Warrants	Share based payment reserve	Reserves and Surplus			Items of Other Comprehensive Income		Total
			Securities Premium	Capital Redemption Reserve	Retained Earnings	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve	
Balance as at April 1, 2023	28.20	1.69	1,056.78	80.50	1,674.75	14.82	(1.37)	2,855.38
Profit for the year	-	-	-	-	309.66	-	-	309.66
Other Comprehensive Income for the year	-	-	-	-	(0.28)	130.61	0.15	130.47
Warrant subscription price equivalent to 75% of the issue price (refer note 22(B)(2))	73.20	-	-	-	-	-	-	73.20
Dividend paid for the previous year	-	-	-	-	(28.58)	-	-	(28.58)
Issue of equity share capital (net of share issue expenses of ₹ 9.05 Crore)	-	-	340.56	-	-	-	-	340.56
Conversion of warrants into equity share	(97.60)	-	96.38	-	-	-	-	(1.22)
Transfer to retained earnings	-	-	-	-	3.55	(3.55)	-	-
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	(0.67)	-	-	0.67	-	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	0.02	-	-	0.02
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(1.81)	-	-	-	-	(1.81)
Balance as at March 31, 2024	3.80	1.02	1,491.91	80.50	1,959.79	141.88	(1.22)	3,677.68
Profit for the year	-	-	-	-	194.75	-	-	194.75
Other Comprehensive Income for the year	-	-	-	-	0.90	(36.72)	(0.10)	(35.92)
Warrant subscription price equivalent to 75% of the issue price (refer note 22(B)(2))	10.20	-	-	-	-	-	-	10.20
Dividend paid for the previous year	-	-	-	-	(28.85)	-	-	(28.85)
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	1.81	-	-	-	-	1.81
Conversion of warrants into equity share	(13.60)	-	13.43	-	-	-	-	(0.17)
Transfer to retained earnings	(0.40)	-	-	-	0.40	-	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	0.02	-	-	0.02
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(1.18)	-	-	-	-	(1.18)
Balance as at March 31, 2025	-	1.02	1,505.97	80.50	2,127.01	105.16	(1.32)	3,818.34

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M.No. 070980
Place: New Delhi
Date: May 22, 2025

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
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For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834
Place: New Delhi
Date: May 22, 2025

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

1. Corporate information

HFCL Ltd. ('HFCL' or 'the Company' CIN: L64200HP1987PLC007466) 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 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 interest spanning telecom infrastructure development, system integration, and manufacture and supply of high-end telecom equipment, Optic Fiber and Optic Fiber Cable (OFC).

The standalone financial statements have been approved by the Board of Directors of the Company at its meeting held on May 22, 2025.

2. Material accounting policies

A summary of the material accounting policies applied in the preparation of the Standalone Financial Statements are as given below. These accounting policies have been applied consistently to all periods presented in the Standalone Financial Statements.

2.1. Basis of preparation

2.1.1. Compliance with Ind AS

All the Indian Accounting Standards issued under Section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved have been considered in preparation of these Financial Statements.

2.1.2. Historical Cost Convention

The Standalone 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 Indian Rupees except where otherwise stated.

2.1.3. Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company 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 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. 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 Company 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 Company 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.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

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.

2.3. Current versus non-current classification

The Company 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.

2.4. Fair value measurement

The Company measures financial instruments, such as Investments 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 Company 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 Company 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 Company'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.

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2.5. Investments in subsidiaries and jointly controlled entities.

The Company records the investments in subsidiaries and jointly controlled entities at cost.

When the Company issues financial guarantees on behalf of subsidiaries associates and joint ventures, initially it measures the financial guarantees at their fair values and subsequently measures 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 Company 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, associates and joint ventures.

Deferred revenue is recognized in the Statement of Profit and Loss over the remaining period of financial guarantee issued.

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

The Company had elected to continue with the carrying value of all of its Property, Plant and Equipment (PPE) recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

Items of PPE acquired/constructed are initially recognized at actual cost. 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 fee and borrowing cost for qualifying assets.

Following initial recognition, freehold land is stated at actual cost. All other items of PPE are stated at actual cost less accumulated depreciation and impairment loss.

Amounts paid towards the acquisition of PPE outstanding as of each reporting date and the cost of

PPE not ready for intended use before such date are disclosed under capital advances and capital work-in-progress (CWIP) respectively.

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 Statement of Profit and Loss as incurred.

Depreciation of these PPE commences when the assets are ready for their intended use. PPE and intangible assets are not depreciated or amortized once classified as held for sale.

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 PPE 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 Company will obtain ownership at the end of the lease term.

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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 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. Product Development and Intangible Assets under Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company 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

Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Company 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. In which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized when the asset is ready for its intended use.

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 Statement of Profit and Loss.

During the period of development, the asset is tested for impairment annually

c. Other Intangible assets:

The Company had elected to continue with the carrying value of all of its Intangible Assets recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

Cost of other intangible assets or software comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxation authorities), and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure after its purchase is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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.

Licence Fee: Intangible assets consist of right under licensing agreement are measured at

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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.

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 (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. 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 Company 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 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 Company 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 Company 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

- (i) Investment in subsidiaries and jointly controlled entities are measured at cost less impairment loss, if any.
- (ii) All other equity investments are measured at fair value. For Equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such an

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election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company 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 Company 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 Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Debt Investments

- (i) Investment in subsidiaries and jointly controlled entities are measured at cost less impairment loss, if any.

De-recognition

A financial asset is de-recognized only when

- The Company 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 Company 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 Company 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 Company has not retained control of the financial asset. Where the Company 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 Company 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 Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets. ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. The Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. The Company uses Historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

ECL Impairment Loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss (P&L).

2.9.2. Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are recognised when the Company 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 Statement of Profit and Loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. Trade and

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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.

Credit/Suppliers' Credit and vendor financing

The Company enters into arrangements whereby banks make direct payments to suppliers for raw materials. The banks are subsequently repaid by the Company at a later date providing working capital timing benefits. These are normally settled between 90 days to 180 days. The economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/suppliers' credit and disclosed on the face of the balance sheet. Interest expense on these are recognised in the finance cost. Payments made by banks to the operating vendors are treated as an on cash item and settlement of due to operational buyer's credit/suppliers' credit by the Company is treated as an operating cash outflow reflecting the substance of the payment.

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

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.10. Impairment of non-financial assets

The Company 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 Company 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 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 Standard 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.

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(All amounts are in ₹ Crore)

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 the Company 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 Company presents revenues net of indirect taxes in its Statement of Profit and loss.
- D. The following is a description of the principal activities – separated by reportable segments – from which the Company generates its revenue.

i. Telecom Products segments

The Telecom Product segments of the Company principally generate revenue from sale of Optical Fibre Cable, Optical Fibre and Telecom Equipment's. 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 Company generates revenue from creating and delivering telecom infrastructure and communication network systems for Telecom Operators, Defence Services, Railways, Safe & Smart Cities, Projects of Jal Jeevan Mission etc. Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications.

Revenue from Turnkey Projects/Contracts is recognized over time as the performance obligation is satisfied. This is because the customer controls the asset as it is being constructed, and the Company has an enforceable right to payment for performance completed to date.

When the outcome of such contracts can be estimated reliably, revenue is recognized using the percentage of completion method, determined by reference to the stage of completion of the contract activity. The stage of completion is measured based on work certified,

which reflects the Company's efforts or inputs toward fulfilling the performance obligation

Contract revenue is recognised based on the progress of work performed. If the revenue recognised exceeds the amount billed to the customer through interim or progressive invoices, the difference is classified as a Contract Asset (Unbilled Revenue). This represents the Company's right to consideration for work completed but not yet billed.

On the other hand, if the amount billed to the customer exceeds the revenue recognised to date, the excess is recorded as a Contract Liability. This reflects the Company's obligation to perform further work under the contract or refund excess amounts received.

Customer prepayments—amounts received in advance before performance obligations are satisfied—are also presented as liabilities until the related work is completed.

Retention money, which is the portion of the contract amount withheld by the customer until satisfactory completion of the project, is classified as earnest money recoverable. It does not include a significant financing element, as it primarily serves as a security for the proper execution of the contract.

Revenue from turnkey projects/contracts executed under joint operations is recognised on the same basis as adopted in respect of contracts independently executed by the Company.

• Contracts with government

The Company 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 Company 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 Company reasonably estimates those. Revenue is recognized for each performance obligation

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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 Company 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 Company 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 on deposits with banks is recognised at effective interest rate applicable.

Interest income from other financial assets is recognised at the effective interest rate method on initial recognition.

- **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 Statement of Profit and Loss.

- **Insurance Claims**

Insurance claims are accounted for as and when admitted by the concerned authority.

- **Export Incentives**

The export incentives from the Government are recognized at their fair value where there is a reasonable assurance that the incentive will be received and the Company will comply with all attached conditions.

2.13. Leases

As a lessee

The Company 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 Company 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 Company 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:

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- 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 Company's incremental borrowing rate or the rate implicit in the lease contract.

As a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

2.14. Foreign currency transactions

The functional currency of the Company is Indian Rupees which represents the currency of the economic environment in which it operates.

Transactions in currencies other than the Company'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 are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of the 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 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 and performance incentives, 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.

Other long term employee benefits

The liability for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as per the actuarial valuation carried out at the end of each annual reporting period. Actuarial gains and losses are recognized in full in the standalone statement of profit and loss in the period in which they occur.

Post-employment obligations

i. Defined contribution plans

Provident Fund and employees' state insurance schemes:

All employees of the Company 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 Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

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The Company's contributions to both these schemes are recognized as an expense in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

ii. Defined benefit plans

Gratuity:

The Company 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 Company. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 (revised), "Employee Benefits". The Company makes periodic contributions to the HDFC Standard Life Insurance Company 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, 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.

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 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 Financial Statements represents the actual deficit or surplus in the Company'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 Company has adopted the policy to account for Employees Welfare Trust as a legal entity separate from the Company but consolidated in the Financial Statement. Any loan from the Company 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 Company is recognized as an employee benefits expense and those granted to employees of subsidiaries is considered as the Company'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.

2.17. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets 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.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

2.18. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company 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, considering 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 Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless the possibility of an outflow of resources embodying economic benefit is remote.

2.19. Government grants

Grants from the government are recognized where there is a reasonable assurance that the grant will be received and the Company 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 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 Company 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. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are also included in the calculation of basic earnings per share from the date the contract is entered into. 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 the amount 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 Standalone 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

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

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

Company 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.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

3 Property, Plant and Equipment

Particulars	Plant and Machinery	Building (Freehold)	Building (Leasehold)	Electrical Installations	Furniture and Fixtures	Office Equipment's	Computers	Vehicles	Land (Freehold)	Land (Leasehold)	Total
Gross Carrying Value											
Balance as at April 1, 2023	421.89	121.34	29.76	27.17	19.41	7.97	32.20	17.05	20.88	0.88	698.55
Additions	25.98	0.89	4.25	0.82	3.02	0.79	6.67	3.19	-	-	45.61
Disposals/Adjustments	2.39	-	0.05	-	0.21	0.25	5.66	1.92	-	-	10.48
Balance as at March 31, 2024	445.48	122.23	33.96	27.99	22.22	8.51	33.21	18.32	20.88	0.88	733.68
Additions	109.48	44.46	9.74	15.47	0.93	1.31	2.53	0.72	-	-	184.65
Disposals/Adjustments	0.08	0.50	-	0.28	0.75	0.57	7.34	0.52	-	-	10.03
Balance as at March 31, 2025	554.89	166.19	43.70	43.18	22.40	9.25	28.40	18.52	20.88	0.88	908.30
Accumulated depreciation											
Balance as at April 1, 2023	262.01	19.04	12.52	21.24	11.02	6.82	23.88	9.89	-	0.25	366.67
Depreciation for the year	28.32	3.43	1.46	1.48	2.59	0.60	4.86	2.62	-	0.01	45.37
Disposals/Adjustments	2.33	-	0.04	-	0.20	0.24	5.41	1.63	-	-	9.85
Balance as at March 31, 2024	288.00	22.47	13.94	22.72	13.41	7.18	23.33	10.88	-	0.26	402.19
Depreciation for the year	28.78	3.47	1.97	1.23	2.33	0.73	5.25	2.30	-	0.01	46.07
Disposals/Adjustments	0.08	0.09	-	0.26	0.72	0.55	7.02	0.49	-	-	9.21
Balance as at March 31, 2025	316.70	25.85	15.91	23.69	15.02	7.36	21.56	12.69	-	0.27	439.05
Net Carrying Value											
Balance as at April 1, 2023	159.88	102.30	17.25	5.92	8.39	1.16	8.31	7.17	20.88	0.63	331.88
Balance as at March 31, 2024	157.48	99.76	20.02	5.26	8.80	1.35	9.87	7.45	20.88	0.62	331.49
Balance as at March 31, 2025	238.19	140.34	27.79	19.48	7.39	1.90	6.84	5.84	20.88	0.61	469.26

Notes:

- The following properties are pending for title transfer in the name of the Company:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date
Property, plant and equipment	Land (Leasehold)	0.28	State Government of Himachal Pradesh	No	September 23, 1994
Property, plant and equipment*	Land (Freehold)	1.64	Erstwhile amalgamated Company	No	January 5, 2011
Property, plant and equipment**	Land (Freehold)	12.41	Telangana State Industrial Infrastructure Corporation Limited (TSIIC)	No	September 5, 2022

* By virtue of Scheme of Amalgamation sanctioned vide order passed by hon'ble High Court of Shimla on January 5, 2011, the above said land was transferred to the Company. Accordingly, the Company had filed an application before Jaipur Development Authority (JDA) for mutation of the aforesaid land in favour of the Company. The Collector (Stamps), Jaipur Circle-III raised a demand of ₹ 25 crore towards payment of stamp duty for carrying out such mutation. The Company filed a petition in the Jaipur High Court against the demand made by the Deputy Registrar, Collector (Stamps), Jaipur. On July 29, 2022, the division bench of the Jaipur High Court passed an order quashing the demand and directing fresh assessment of duty payable by the Company. Against the High Court order, Deputy Registrar, Collector (Stamps), Jaipur has filed an appeal before the Hon'ble Supreme Court and apex court dismissed the said appeal vide its order dated September 1, 2023 and ordered fresh assessment of the stamp duty to be carried out by the concerned authority. Deputy Registrar, Collector (Stamps), Jaipur have filed review petition before Honourable Supreme Court against its order dated September 1, 2023 against which Honourable Supreme Court passed an order dated July 18, 2024 dismissing the review petition. Company has further requested Jaipur Development Authority (JDA) to re-assess the stamp duty basis which mutation will be undertaken.

** The aforesaid land is allotted to the Company for setting up manufacturing facility in the state of Telangana. The agreement to sell has been executed with TSIIC and Company is currently having physical possession of the said land. TSIIC will execute sale deed in favour of the Company post fulfillment of all the conditions as stipulated in the agreement to sell.

- The Company has not revalued any property plant and equipment during the current and previous financial year
- Refer Note 23 and 25 for details of assets pledged.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

4 Capital work-in-progress

Particulars	Buildings	Plant & Machinery	Electrical Installation	Furniture & Fixture	Total
Balance as at April 1, 2023	21.56	21.24	0.36	2.60	45.76
Additions	48.29	55.43	0.20	0.51	104.43
Disposals/Adjustments	4.25	20.54	0.36	2.60	27.75
Balance as at March 31, 2024	65.60	56.14	0.20	0.51	122.45
Additions	30.79	157.39	16.45	0.55	205.18
Disposals/Adjustments	47.74	105.77	16.50	0.42	170.43
Balance as at March 31, 2025	48.65	107.76	0.15	0.64	157.20

4.1 Ageing of Capital work-in-progress

Particular	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	Total
Projects in progress*					
As at March 31, 2025	129.45	22.01	5.39	0.35	157.20
As at March 31, 2024	104.43	17.67	0.35	-	122.45

*Project execution plans are modulated annually on the basis of capacity requirement assessment and all projects are executed as per rolling annual plan.

*As on balance sheet date, there are no capital work-in-progress projects whose completion is over due or has exceeded the cost based on latest approved plan.

5 Intangible Assets (other than goodwill)

Particulars	Amount
Gross Carrying Value	
Balance as at April 1, 2023	44.01
Additions	109.29
Disposals/Adjustments	0.77
Balance as at March 31, 2024	152.53
Additions	92.00
Disposals/Adjustments	3.16
Balance as at March 31, 2025	241.37
Accumulated Amortisation	
Balance as at April 1, 2023	28.21
Amortisation for the year	8.12
Disposals/Adjustments	0.77
Balance as at March 31, 2024	35.56
Amortisation for the year	31.34
Disposals/Adjustments	3.16
Balance as at March 31, 2025	63.74
Net Carrying Value	
Balance as at April 1, 2023	15.81
Balance as at March 31, 2024	116.98
Balance as at March 31, 2025	177.64

The Company has not revalued any intangible assets during the current and previous financial year

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

6 Intangible assets under development

Particulars	Product Development
Balance as at April 1, 2023	197.65
Additions	166.87
Disposals/Adjustments	49.66
Balance as at March 31, 2024	314.86
Additions	169.04
Disposals/Adjustments	82.05
Balance as at March 31, 2025	401.85

Note : Includes Technology license fee paid in the nature of advance till the date of actual utilisation of technology.

6.1 Ageing of intangible assets under development

Particular	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	Total
Projects in progress					
As at March 31, 2025	139.69	141.14	89.22	31.80	401.85
As at March 31, 2024	166.87	102.83	26.59	18.57	314.86

6.2 Project wise completion schedule of overdue/over-run intangible assets under development as at March 31, 2025

Particular	to be completed in				Total
	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	
Projects in progress					
- Defence Communication Products	-	4.60	-	-	4.60
Total	-	4.60	-	-	4.60

Project wise completion schedule of overdue/over-run intangible assets under development as at March 31, 2024

Particular	to be completed in				Total
	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	
Projects in progress					
- Defence Communication Products	31.37	-	-	-	31.37
- 5G/4G Technological Products	9.91	-	-	-	9.91
Total	41.28	-	-	-	41.28

7 Investment in subsidiaries and jointly controlled entities

Particulars	As at March 31, 2025	As at March 31, 2024
Unquoted Investments (At Cost)		
Investment in Equity Instruments		
Subsidiaries	46.56	39.84
Jointly Controlled Entities	18.50	18.50
Investment in Debt Instruments		
Subsidiary	70.00	-
Total	135.06	58.34

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

7.1 Investment in subsidiaries and Jointly controlled entities

Particulars	Face value per share	As at March 31, 2025		As at March 31, 2024	
		No. of Shares	Amount	No. of Shares	Amount
Investment in Equity Instruments - Equity Shares					
Subsidiary					
HTL Limited* #	100	11,10,000	25.32	11,10,000	18.60
Polixel Security Systems Private Limited	10	1,80,856	12.05	1,80,856	12.05
Moneta Finance Private Limited	10	10,20,000	2.35	10,20,000	2.35
HFCL Advance Systems Private Limited	10	90,000	0.09	90,000	0.09
Raddef Private Limited	10	9,000	0.01	9,000	0.01
DragonWave HFCL India Private Limited	10	70,00,000	5.74	70,00,000	5.74
HFCL Technologies Private Limited	10	10,00,000	1.00	10,00,000	1.00
HFCL B.V.	1 €	1	-	1	-
HFCL Inc.	1 \$	1	-	1	-
Jointly Controlled Entity					
Nimpaa Telecommunication Private Limited	10	10,00,000	1.00	10,00,000	1.00
BigCat Wireless Private Limited	10	4,000	2.50	4,000	2.50
BigCat Wireless Private Limited - (Partly paid @ ₹ 6.50 per share (previous year : ₹ 6.50 per share) out of the face value of ₹ 10/- per share)	10	32,000	15.00	32,000	15.00
Investment in Debt Instruments - Debentures					
Subsidiary					
HFCL Technologies Private Limited##	1000	7,00,000	70.00	-	-
Total investments carrying value (at cost)			135.06	58.34	
Aggregate carrying value of unquoted investments			135.06	58.34	
Aggregate amount of impairment in value of investments			-	-	

* Includes share based payments to employees of subsidiary company and components of financial guarantee.

Out of total 358500 Shares (Previous year: 358500 shares) are pledged as security for the Working Capital/Term Loan facility sanctioned by Banks to HTL Ltd.

Refer Note 48

7.2 Additional details of subsidiaries and jointly controlled entities

Name of Entity	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights held by the Company	
			As at March 31, 2025	As at March 31, 2024
Subsidiaries				
HTL Limited	Manufacturing of Optical Fiber Cable	India	74.00%	74.00%
Polixel Security Systems Private Limited	EPC Business in Security and Surveillance	India	100.00%	100.00%
Moneta Finance Private Limited	Finance business	India	100.00%	100.00%
HFCL Advance Systems Private Limited	Manufacturing of Defence and Telecom Equipment	India	90.00%	90.00%
Raddef Private Limited	Radio Communication Systems	India	90.00%	90.00%

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Name of Entity	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights held by the Company	
			As at March 31, 2025	As at March 31, 2024
DragonWave HFCL India Private Limited	Radio Communication Systems	India	100.00%	100.00%
HFCL Technologies Private Limited	Manufacturing of Optical Fiber Cable, Fiber and Telecom equipment	India	100.00%	100.00%
HFCL B.V.	To cater the global demand of the products in the region	Netherlands	100.00%	100.00%
HFCL Inc.	To cater the global demand of the products in the region	USA	100.00%	100.00%
Jointly controlled entities				
NIMPAA Telecommunication Private Limited	Manufacturing of FRP and ARP	India	50.00%	50.00%
BigCat Wireless Private Limited (Jointly Controlled Entity with 50% voting right)	Development of software and hardware products for wireless networking	India	50.00%	50.00%

8 Non-Current Financial Assets - Investments

Particulars	As at March 31, 2025	As at March 31, 2024
Quoted Investments - Others		
Investments in Equity instruments	111.66	149.29
Unquoted Investments - Others		
Investments in Equity instruments	19.14	17.98
Total	130.80	167.27

8.1 Detail of Non-Current Financial Assets - Investments

Particulars	Face value per share	As at March 31, 2025		As at March 31, 2024	
		No. of Shares	Amount	No. of Shares	Amount
Financial assets measured at FVTOCI					
(i) Investment in equity instruments - Quoted Equity Shares					
Exicom Tele-Systems Limited*	10	75,62,676	111.66	75,62,676	149.29
			111.66		149.29
(ii) Investment in equity instruments - Un-Quoted Equity Shares					
Midas Communication Technologies Private Limited	10	2,642	-	2,642	-
The Greater Bombay Co-Op Bank Limited	25	4,000	0.05	4,000	0.05
HFCL Bezeq Telecom Limited	10	100	-	100	-
Nivetti Systems Private Limited	1	2,17,594	19.09	2,17,594	17.93
			19.14		17.98
Total Investment FVTOCI			130.80		167.27

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Face value per share	As at March 31, 2025		As at March 31, 2024	
		No. of Shares	Amount	No. of Shares	Amount
Aggregate carrying value of quoted investments			111.66		149.29
Aggregate carrying value of unquoted investments			19.14		17.98
Aggregate amount of impairment in value of investments			-		-

* Includes Bonus shares issued by Exicom Tele-Systems Limited in the ratio of eleven equity shares for every one equity share held by the shareholders as of the record date on September 15, 2023. Valuation of these shares is done at closing market price as at March 31, 2025 and March 31, 2024 respectively.

9 Non-Current Financial Assets - Loans

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, Considered Good		
Loans to related parties (refer note 51)	29.65	87.73
Total	29.65	87.73

10 Non-Current Financial Assets - Others

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed Deposits with Bank (maturity more than 12 months)*	56.31	32.83
Unsecured, Considered Good		
Advances to related parties (refer note 51)	-	72.00
Security Deposit	14.27	15.61
Total	70.58	120.44

* Out of above, fixed deposits of ₹ 51.31 Crore (Previous year ₹ 32.83 Crore) are held as margin money/securities with banks and fixed deposits of ₹ 5 Crore (Previous year ₹ Nil) is made out of QIP fund and is pending to be utilized as per objects stated in the offer document.

11 Deferred tax assets/(liabilities)

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 Company's net deferred income tax are as follows:-

Particulars	Defined benefit obligation	Property, plant and equipment	Provisions & others	Total
As at April 1, 2023	12.00	(43.45)	5.90	(25.55)
(Charged)/Credited:				
- to Statement of profit and loss	1.98	(48.47)	(2.81)	(49.30)
- to other comprehensive income	0.09	-	-	0.09
As at March 31, 2024	14.08	(91.92)	3.09	(74.75)
(Charged)/Credited:				
- to Statement of profit and loss	2.56	(39.01)	22.89	(13.56)
- to other comprehensive income	(0.30)	-	-	(0.30)
As at March 31, 2025	16.34	(130.94)	25.98	(88.61)

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

12 Other Non-Current Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, Considered Good		
Prepaid Expenses	23.94	18.43
Capital Advances		
- to related party (refer note 51)	-	1.09
- to others	19.56	32.11
Total	43.50	51.63

13 Inventories

Particulars	As at March 31, 2025	As at March 31, 2024
Inventories		
Raw Materials	129.36	89.82
Raw Materials in transit	28.43	37.12
	157.79	126.94
Work-in-progress	164.60	221.15
Finished goods	62.45	87.59
Stock-in-trade	330.94	168.60
Stock in trade in transit	0.59	-
Stores and Spares	11.95	10.57
Loose tools	1.98	2.76
Others (Packing Material)	0.87	1.34
Total	731.17	618.95

Notes:

- (i) Work-in-progress includes contract work-in-progress of ₹131.32 Crore (Previous year: ₹ 214.79 Crore)

14 Current Financial Assets - Investments

Particulars	As at March 31, 2025	As at March 31, 2024
Quoted Investments		
(i) Investments in Mutual Funds	0.72	4.60
(ii) Investments in Equity Instruments -other	0.46	0.41
Total	1.18	5.01

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

14.1 Detail of Current Financial Assets - Investments

Particulars	Face Value	As at March 31, 2025		As at March 31, 2024	
		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 Investment					
Axis Liquid Fund - Direct Growth #	1000	2,737	0.37	-	-
MCNL Capital Compounder Fund - I	100	-	-	3,00,000	4.25
Quant Large Cap Fund - Regular Plan Growth	10	2,49,988	0.35	2,49,988	0.35
			0.72		4.60
Total Investment FVTPL			0.72		4.60
Financial assets measured at fair value through Other Comprehensive Income (FVTOCI)					
(i) Investment in equity instruments - Quoted Equity Shares					
Adinath Bio Labs Limited	1	64,08,000	-	64,08,000	-
Mavens Biotech Limited	1	17,000	-	17,000	-
Sumedha Fiscal Services Limited	10	18,200	0.12	18,200	0.08
Valiant Communications Limited	10	8,700	0.34	8,700	0.32
Media Matrix Worldwide Limited	1	4,750	-	4,750	0.01
Sahara One Media and Entertainment Limited	10	2,50,950	-	2,50,950	-
			0.46		0.41
(ii) Investment in equity instruments - Un-Quoted Equity Shares					
Optimates Textile Industries Limited	2	13,02,500	-	13,02,500	-
Rashel Agrotech Limited	10	4,78,500	-	4,78,500	-
			-		-
Total Investment FVTOCI			0.46		0.41
Total Current Financial Investments			1.18		5.01
Aggregate carrying value of quoted investments			1.18		5.01
Aggregate carrying value of unquoted investments			-		-
Aggregate amount of impairment in value of investments			-		-

#Pledged as security for term loan facility sanctioned by NBFC

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

15 Financial Assets - Trade Receivables

Particulars	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Trade Receivables				
Unsecured, considered good	409.86	1,880.70	520.31	2,044.32
Which have significant increase in credit risk	-	26.98	-	87.16
Credit impaired	-	4.78	-	4.78
Less: expected credit loss allowance	-	(18.23)	-	(9.23)
Total	409.86	1,894.23	520.31	2,127.03
Movement in the expected credit loss allowance of trade receivables are as follows:				
Balance at the Beginning of the year	-	9.23	-	19.29
Add: Provided during the year	-	9.00	-	-
Less: Provision reversed	-	-	-	10.06
Balance at the end of the year	-	18.23	-	9.23

15.1 Aging analysis of Trade Receivables as at March 31, 2025

Particular	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- Considered good	1,459.57	557.10	84.45	72.30	39.92	67.45	2,280.79
- which have significant increase in credit risk	-	-	-	-	-	26.98	26.98
- credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	9.77	9.77
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	4.78	-	4.78
Total	1,459.57	557.10	84.45	72.30	44.70	104.20	2,322.32
Less : Amount disclosed under non-current financial assets	-	-	-	-	-	-	(409.86)
Less: Expected credit loss allowance of trade receivables	-	-	-	-	-	-	(18.23)
Total current trade receivables	-	-	-	-	-	-	1,894.23

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Aging analysis of Trade Receivables as at March 31, 2024

Particular	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- Considered good	1,387.29	716.07	219.82	169.72	71.73	-	2,564.63
- which have significant increase in credit risk	-	-	-	-	-	87.16	87.16
- credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	4.78	-	-	4.78
Total	1,387.29	716.07	219.82	174.50	71.73	87.16	2,656.57
Less : Amount disclosed under non-current financial assets	-	-	-	-	-	-	(520.31)
Less: Expected credit loss allowance of trade receivables	-	-	-	-	-	-	(9.23)
Total current trade receivables	-	-	-	-	-	-	2,127.03

15.2 The credit period towards trade receivables related to turnkey projects generally ranges between the achievement of specified milestones (execution based) and average project execution cycle which is around 9 to 36 months. General payment terms include processing time ranging between 60 to 180 days from the date of invoices/achievement of specified milestones with the respective customers.

15.3 Above balance of trade receivable include amount recoverable from related parties (refer note 51)

16 Current Financial Assets - Cash & cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Balance with Banks in current account	32.74	9.81
Cash on hand	0.06	0.05
Fixed Deposits with Banks having maturity upto 3 months	25.00	11.00
Total	57.80	20.86

17 Current Financial Assets - Other Bank Balances

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed Deposits with Banks (Maturity less than 12 months)*	393.69	294.79
Balance with Bank in Dividend account**	1.03	0.91
Balance with Bank in QIP monitoring account**	3.95	0.04
Balance with Bank - CSR unspent** (refer note 53)	3.17	1.67
Total	401.84	297.41

* Out of above, fixed deposits of ₹ 296.76 Crore (Previous year ₹ 222.29 Crore) are held as margin money/securities with banks and fixed deposits of ₹ 52.93 Crore (Previous year ₹ 72.50 Crore) is made out of QIP fund and is pending to be utilized as per objects stated in the offer document.

** Balances coming in above accounts has restricted use.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

18 Current Financial Assets - Loans

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Loans to related parties (refer note 51)	2.00	2.00
Other Loans	15.50	15.50
Total	17.50	17.50

19 Current Financial Assets -Other Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Security Deposits	417.14	1.44
Other Recoverable	77.24	59.10
Interest Receivables	51.61	50.02
Subsidy claim receivable from government	53.15	53.15
Receivables for sales of Investments	3.25	3.25
Total	602.39	166.96

20 Current Tax Assets (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Current Tax Assets		
Advance Income Tax/TDS (net of provisions)	8.16	47.44
Total	8.16	47.44

21 Other Current Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Indirect tax recoverable	249.01	156.96
Indirect Tax paid under protest	1.85	3.87
Prepaid Expenses	32.95	25.64
Export Incentive receivable	1.85	1.25
Project and other vendor advances	484.43	361.01
Contract Assets-Unbilled revenue (refer Note 31)	652.52	376.89
Total	1,422.61	925.62

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

22 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, 2023	5,10,00,00,000	510.00	2,50,00,000	250.00
Increase during the year	-	-	-	-
As at March 31, 2024	5,10,00,00,000	510.00	2,50,00,000	250.00
Increase during the year	-	-	-	-
As at March 31, 2025	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, 2023	1,37,63,76,121	137.64	-	-
Add: Equity shares held in Trust during previous year under ESOP scheme*	13,82,200	0.14	-	-
Add: shares issued during the year to Qualified Institutional Buyers **	5,10,14,491	5.10	-	-
Add: Shares issued during the year to warrant holders \$	1,22,00,000	1.22	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	9,18,800	0.09	-	-
As at March 31, 2024	1,44,00,54,012	144.01	-	-
Add: Equity shares held in Trust during previous year under ESOP scheme*	9,18,800	0.09	-	-
Add: Shares issued during the year to warrant holders \$	17,00,000	0.17	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	5,97,500	0.06	-	-
As at March 31, 2025	1,44,20,75,312	144.21	-	-

* The Board of Directors of the Company, through its resolutions passed by circulation on July 15, 2021, and June 08, 2022, approved the allotment of 49,34,300 equity shares and 11,74,100 equity shares respectively to HFCL Employees Trust. This allocation was made for exchange of employee's stock options granted to eligible employees of the Company and its subsidiaries under the HFCL Employees' Long Term Incentive Plan – 2017.

** During the previous year, the Company had issued 5,10,14,491, equity shares of face value of ₹ 1 each at an issue price of ₹ 69/- per equity share (including premium of ₹ 68/- per equity share), aggregating to ~ ₹ 352.00 Crore (including securities premium of ₹ 346.90 Crore). The issue was made through eligible Qualified Institutions Placement ("QIP") in terms of chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, Section 42 & 62 and other relevant provisions of the Companies Act, 2013. Funds received in the QIP of equity shares have been utilised for the purpose mentioned in the objects of the issue in the offer document.

\$ The Allotment Committee (Warrants) of the Board of Directors of the Company at its meeting held on February 7, 2024, March 22, 2024 and April 11, 2024 has made allotment of 1,00,00,000, 22,00,000 and 17,00,000 equity shares of the face value of ₹ 1/- each at a premium of ₹ 79 per equity share respectively to the warrant holders consequent upon exercise of their rights for conversion of warrants into equity shares.

(iii) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholder	As at March 31, 2025		As at March 31, 2024	
	No. of share held	% of Holding	No. of share held	% of Holding
MN Ventures Private Limited	27,38,65,000	18.98	29,58,65,000	20.53
Nextwave Communications Private Limited	19,48,65,000	13.51	21,98,65,000	15.26

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(iv) Shares held by promoters and change in their holdings

Name of promoters	As at March 31, 2025		As at March 31, 2024		% Change during the year
	No. of share held	% of Holding	No. of share held	% of Holding	
Anant Nahata	26,45,000	0.18	26,45,000	0.18	-
Mahendra Nahata	13,35,091	0.09	13,35,091	0.09	-
MN Ventures Private Limited	27,38,65,000	18.98	29,58,65,000	20.53	(1.55)
NextWave Communications Private Limited	19,48,65,000	13.51	21,98,65,000	15.26	(1.75)
Fitcore Tech-Solutions Private Limited	2,21,50,000	1.54	2,23,00,000	1.55	(0.01)
Vinsan Brothers Private Limited	6,71,600	0.05	6,71,600	0.05	-
Shankar Sales Promotion Private Limited	3,00,201	0.02	3,00,201	0.02	-
Total	49,58,31,892	34.37	54,29,81,892	37.68	(3.31)

(v) Terms/right attached to Equity/Preference Shares -

The Company has issued equity share of ₹ 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 Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount in proportion to their shareholdings.

(vi) Shares reserved for issue under options:

Information related to Employee Stock Option Plan, including details of options issued, exercised, expired and forfeited during the previous financial year and options outstanding at the end of the reporting period, is set out in note 56.

B. Other Equity

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Retained Earnings	2,127.01	1,959.79
(ii) Components of Other Comprehensive Income		
a. Changes in fair value of FVOCI equity instruments	105.16	141.88
b. Foreign currency translation reserve	(1.32)	(1.22)
(iii) Other Reserves*		
a. Securities Premium	1,505.97	1,491.91
b. Capital Redemption Reserve	80.50	80.50
c. Employee Share based payment reserve	1.02	1.02
(iv) Money received against Convertible Warrants**	-	3.80
Total	3,818.34	3,677.68

(1) *Brief description of Other Reserves:

- Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.
- Capital Redemption reserve is created to the extent of Preference Share Capital redeemed i.e. 80,50,000 (previous year 80,50,000) CRPSs of ₹ 100/- each
- Employee share based payment reserve is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Company for employees of the Group.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(2) **Brief description of Money received against Convertible Warrants:

The Board of Directors and Shareholders of the Company at their meetings held on September 02, 2022 and September 30, 2022 respectively, the Allotment Committee (Warrants) of the Board of Directors, vide its resolution passed on October 15, 2022, had approved the allotment of 1,41,00,000 (One Crore Forty-One Lakh) Warrants convertible into 1,41,00,000 equity shares at a price of ₹80/- per Equity Share (Warrant Exercise Price) to persons belonging to Promoter and Non-Promoter category in the preferential issue made under Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Section 42 and Section 62 of the Companies Act, 2013, as amended, read with the rules issued thereunder. Further, the Allotment Committee (Warrants) of the Board of Directors, vide its resolutions passed on February 07, 2024, March 22, 2024 and April 11, 2024 had approved the allotment of 1,00,00,000 (One Crore), 22,00,000 (Twenty-Two Lakhs) and 17,00,000 (Seventeen Lakhs) equity shares respectively, having face value of ₹1/- (Rupee One only) each, at a premium of ₹79/- per equity share, fully paid-up, upon conversion of warrants. Further, as per provisions of Regulation 169(3) of Chapter V of SEBI ICDR Regulations, the warrants allotted to one of the warrant holders holding 2,00,000 warrants, who sought early retirement from the Company, and since retired, did not exercise the conversion option within 18 months from the date of the allotment, i.e. on or before April 14, 2024, the 25% of Warrant Exercise Price i.e. ₹ 40,00,000 received by the Company stands forfeited and transferred to retained earnings.

(i) Retained Earnings

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the reporting period	1,959.79	1,674.75
Add: Net profit for the period	194.75	309.66
Add/Less: adjustments for-		
Other Comprehensive Income for the year	0.90	(0.28)
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	0.67
Dividend payable/paid on Equity shares for previous year	(28.85)	(28.58)
Adjustment of dividend paid to ESOP trust	0.02	0.02
Transfer to Retained Earnings	0.40	3.55
Closing Balance	2,127.01	1,959.79

(ii) Components of Other Comprehensive Income

Particulars	Foreign currency translation reserve	Changes in fair value of FVOCI equity instruments
As at April 1, 2023	(1.37)	14.82
Increase during the year	0.15	130.61
Decrease during the year	-	3.55
As at March 31, 2024	(1.22)	141.88
Increase during the year	-	-
Decrease during the year	0.10	36.72
As at March 31, 2025	(1.32)	105.16

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(iii) Other Reserves

Particulars	Securities Premium	Capital Redemption Reserve	Employee Share based payment reserve
As at April 1, 2023	1,056.78	80.50	1.69
Increase during the year	436.94	-	-
Decrease during the year	1.81	-	0.67
As at March 31, 2024	1,491.91	80.50	1.02
Increase during the year	15.24	-	-
Decrease during the year	1.18	-	-
As at March 31, 2025	1,505.97	80.50	1.02

(iv) Money received against convertible warrants

Particulars	Amount
As at April 1, 2023	28.20
Increase during the year	73.20
Decrease during the year	97.60
As at March 31, 2024	3.80
Increase during the year	10.20
Decrease during the year	14.00
As at March 31, 2025	-

23 Non-Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2025	As at March 31, 2024
Secured		
Borrowings		
Term Loans from Banks*	251.46	170.33
Term Loans from Others*	65.19	-
Vehicle Loans from Banks	4.19	5.25
	320.84	175.58
Un-Secured		
Borrowings		
Term Loans from Banks*	99.62	-
	99.62	-
Less : Current maturities of secured and un-secured borrowings	(91.92)	(40.42)
Total	328.54	135.16

* net off of ₹ 3.11 Crore (Previous year ₹ 3.43 Crore) as finance charge

Notes:

- a) Term Loan of ₹ 37.12 Crore (Previous year ₹ 59.20 Crore) and ₹ 178.00 Crore (Previous year ₹ 85.03 Crore) from the Banks are secured by pari-passu first charge on Land & Building of Unit- 1, 2 and 3 at Telangana and first charge on plant & machinery of entire Optical Fibre Project Assets of Unit -1 and Unit -3, both present and future respectively, by way of equitable mortgage. The loans are further secured by personal guarantee of Managing Director of the Company and Corporate Guarantee of MN Ventures Private Limited. Repayment of these term loans 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 and 23 structured quarterly instalments over a period of 5 years & 9 months commencing after moratorium period i.e. 3 months after date of commencement of the project respectively

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

- b) Term Loan of ₹ 9.13 Crore (Previous year ₹ 20.62 Crore) from the Banks is secured by pari-passu first charge on Land & Building of Unit- 1, 2 and 3 at Telangana and first charge on Plant & Machinery of entire Optical Fibre Cable Project Assets of Unit -2, 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 MN Ventures Private Limited. Repayment of this term loan would be made in 22 structured quarterly instalments over a period of 5 years & 6 months commencing after moratorium period.
- c) Term Loan of ₹ 22.07 Crore (Previous year ₹ 1.74 Crore) from the Bank is secured by exclusive charge on plant & machinery financed out of the said Term Loan and residual charge on the current assets of the Company, both present and future. The loan is further secured by personal guarantee of Managing Director of the Company and Corporate Guarantee of MN Ventures Private Limited. Repayment of this term loan would be made in 16 equated quarterly instalments over a period of 4 years after moratorium period of 3 months.
- d) Term Loans of ₹ 5.14 Crore (Previous Year 3.73 Crore) from bank are secured by way of hypothecation of residential properties situated at Gurugram which is yet to be registered in the name of the Company.
- e) Term Loans of ₹ 65.19 Crore (Previous Year NIL) from others (NBFC) are secured by way of first pari passu charge on entire fixed assets of the Company (both present and future) excluding fixed assets of manufacturing facility at Telangana and second pari passu charge on all current assets of the Company (both present and future) excluding project specific assets charged to the banks against which project specific limits have been availed. The loan is further secured by personal guarantee of Managing Director of the Company and corporate guarantee of MN Ventures Private Limited and secured by way of pledge of current investment as referred in note 14. Repayment of this term loan would be made in 24 equated quarterly instalments over a period of 6 years.
- f) Vehicle Loans of ₹ 4.19 Crore (Previous Year ₹ 5.25 Crore) from banks are secured by way of hypothecation of respective vehicle.
- g) Out of total un-secured term loan of ₹ 99.62 crore, term loan of ₹ 40 Crore (Previous Year NIL) is guaranteed by personal guarantee of Managing Director of the Company and corporate guarantee of MN Ventures Private Limited.
- h) Term and other Loans - Repayment schedule and rate of interest -

Particulars	Secured		Un-Secured
	Term Loan	Vehicle Loan	Term Loan
Rate of Interest	9.45% to 10.70%	7.50% to 9.70%	8.00% to 8.25%
Outstanding amount	316.65	4.19	99.62
Repayment Due			
FY 2025-26	80.68	1.24	10.00
FY 2026-27	64.64	1.23	40.00
FY 2027-28	67.59	1.09	40.00
FY 2028-29 and onwards	103.74	0.63	9.62

24 Non-Current Liabilities - Provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Provisions for Employee Benefits (refer note 44)		
Provision for Gratuity	25.20	21.59
Provision for Leave Encashment	24.56	22.52
Total	49.76	44.11

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

25 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2025	As at March 31, 2024
Borrowings - Loans repayable on demand		
Secured		
(i) from banks - Working Capital *	394.32	376.58
(ii) Current maturities of long-term borrowings; (refer note 23)	81.92	40.42
Unsecured		
(i) from banks - Vendors bills discounting	152.46	103.76
(ii) from other parties - Inter Corporate Deposit #	129.51	163.15
(iii) Current maturities of long-term borrowings; (refer note 23)	10.00	-
Total	768.21	683.91

Notes:

- * a) Working Capital Loans from banks aggregating to ₹ 340.51 Crore (Previous year: ₹ 341.50 Crore) are secured on pari passu basis by way of hypothecation of all current assets of the Company excluding assets of specific turnkey projects as well as by way of first pari passu charge on entire fixed assets of the Company (both present and future) excluding fixed assets of manufacturing facility at Telangana and are also personally guaranteed by Managing Director of the Company and further secured by way of corporate guarantee of MN Ventures Private Limited.
- b) Working Capital Loan from Bank aggregating to ₹ 53.82 Crore (Previous year: ₹ 35.07 Crore) are secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of specific turnkey projects. The loan is further secured by first pari passu charge on entire fixed assets of the Company (both present and future) excluding fixed assets of manufacturing facility at Telangana, personal guarantee by Managing Director of the Company, corporate guarantee of MN Ventures Private Limited, first pari passu charge of cash flows of the project for project specific lenders.
- c) Unsecured vendor bills discounting is repayable on due dates as agreed with the vendors.
- d) Quarterly returns/statements of current assets filed by the Company with banks are in agreement with the books of accounts.

Inter Corporate Deposits are having a maturity of less than one year and carry interest rate 9.5% to 15%.

26 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Payables - Undisputed		
Due to Micro and Small Enterprises (refer note no. 45)	61.70	61.56
Others	1,077.28	774.09
Total	1,138.98	835.65

Above balance of trade payable include amount payable to related parties (refer note 51)

Ageing of undisputed trade payables as at March 31, 2025

Description	Due to Micro and Small Enterprises	Others
Not due	54.49	715.77
Less than 1 year	7.21	297.45
1-2 years	-	15.06
2-3 years	-	48.38
More than 3 years	-	0.62
Total	61.70	1,077.28

Note: There are no disputed trade payables.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Ageing of undisputed trade payables as at March 31, 2024

Description	Due to Micro and Small Enterprises	Others
Not due	59.20	460.33
Less than 1 year	2.36	254.84
1-2 years	-	55.62
2-3 years	-	2.48
More than 3 years	-	0.82
Total	61.56	774.09

Note: There are no disputed trade payables.

27 Other Financial Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Retention Money*	221.51	270.25
Security deposit	4.21	4.53
Creditors for Capital Goods	4.66	2.68
Expenses Payables	178.34	126.45
Other Employees related liabilities	18.64	17.65
Unpaid Dividends	1.03	0.91
Total	428.39	422.47

* retention money are due on completion of erection/contracts/final acceptance by the Company.

28 Current Tax Liabilities (Net)

Particulars	As at March 31, 2025	As at March 31, 2024
Current Tax Liabilities		
Income Tax Provision (net of Advance Tax/TDS)	0.75	0.26
Total	0.75	0.26

29 Other Current Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory Liabilities payable	47.15	18.44
Advances from Customers	151.46	37.73
Contract Liability-Deferred revenue (refer Note 31)	18.48	30.01
Total	217.09	86.18

30 Current Liabilities - Provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Provisions for Employee Benefits (refer note 44)		
Provision for Gratuity	4.75	5.59
Provision for Leave Encashment	10.41	6.27
Total	15.16	11.86

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

31 Revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale and Services		
- Manufacturing and trading activities	2,175.26	1,410.89
- Turnkey project related activities	1,614.07	2,659.30
Other Operating Revenues		
- Scrap sale	1.73	2.61
- Export Incentives	4.16	1.79
Total	3,795.22	4,074.59

Notes:

- 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 recognize those revenues, the Company has applied the practical expedient in Ind AS 115.
- Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, partial achievement of the stipulated contractual milestones, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 23.67 Crore (Previous year ₹ 30.01 Crore) which is expected to be recognised as revenue in the next years.

iii) Contract balances:

- (a) Changes in Contract assets (Unbilled revenue) are as follows-

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	376.89	318.32
Revenue recognised during the year	433.70	339.26
Invoices raised during the year	158.07	280.69
Balance at the end of the year	652.52	376.89

- (b) Changes in contract liabilities (Unearned revenue) are as follows -

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	30.01	-
Increase due to invoicing during the year	-	30.01
Revenue recognised that was included in the unearned and deferred revenue*	11.53	-
Balance at the end of the year	18.48	30.01

* including performance obligation pertaining to projects suspended.

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.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

32 Other Income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Other non-operating income		
Interest Income	25.06	56.40
Financial Guarantee Income	7.03	4.99
Exchange Fluctuation Income (Net)	11.97	8.77
Insurance claim received	6.67	-
Subsidy under state incentives scheme	-	3.18
Excess Provision written back	0.68	11.06
Bad Debt Recovered	2.61	9.92
Liquidated Damages recovered	5.94	4.18
Others	0.94	1.63
Total	60.90	100.13

33 Cost of Material Consumed

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Balance	126.94	195.68
Add : Purchases during the year	1,153.95	571.89
	1,280.89	767.57
Less: Closing Stock	157.78	126.94
Total material consumed	1,123.11	640.63

34 Other Direct Cost

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Project and labour service charges	624.82	1,065.98
Consumption of Packing Material	29.11	37.26
Consumption of stores and spares parts	14.81	17.06
Loose Tools written off	0.76	0.98
Total	669.50	1,121.28

35 Change in inventories of finished goods, work-in progress and stock-in trade

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Closing Stock		
Finished Goods	62.45	87.59
Stock in Trade- Goods	330.94	168.60
Work-in-progress	164.60	221.15
	557.99	477.34
Opening Stock		
Finished Goods	87.59	59.90
Stock in Trade- Goods	168.60	118.43
Work-in-progress	221.15	197.43
	477.34	375.76
Total	(80.65)	(101.58)

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

36 Employee Benefits Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, bonus and allowances	245.31	237.93
Contribution to Provident and other funds	12.95	12.60
Staff welfare expenses	14.42	14.26
Total	272.68	264.79

37 Finance Costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Bank Loan Interest	49.20	46.23
Other Interest (net)	35.27	6.99
Bank Charges and loan processing fee	63.31	60.19
Interest on lease liabilities (refer note 43)	1.68	1.61
	149.46	115.02

38 Other Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Rent	8.81	4.65
Rates and Taxes	8.37	8.02
Auditors' Remuneration		
- Audit Fees	1.58	1.48
- In Other Capacity*	0.07	0.15
- Out of pocket expenses	0.24	0.28
Legal and Professional Charges	75.81	79.44
Communication Expenses	3.11	3.16
Travelling and Conveyance Expenses	42.93	48.47
Power and Fuel & Water Charges	22.71	25.56
Repairs and Maintenance	10.87	3.87
Insurance Expenses	13.07	12.53
Selling and Distribution Expenses	44.69	50.89
Bad debts, Advances, other balances written off (net)	0.56	-
Expected credit loss allowance (net) (refer note 15)	9.01	-
Sitting Fees to non-executive directors	0.69	0.68
Research & Product Development Expenses	6.10	9.77
Corporate Social Responsibility Expenses (refer note 53)	7.95	7.30
Miscellaneous Expenditure	22.10	23.07
Total	278.67	279.32

*Excluding Professional fee of Nil (PY : ₹ 0.45 Crore) paid to auditors towards QIP share issuance and being debited to share issue expenses during the previous year.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

39 Earning per Share (EPS) - In accordance with the Indian Accounting Standard (Ind AS-33)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Basic & Diluted Earnings per share :		
Profit for the year	194.76	309.66
Profit attributable to ordinary shareholders (A)	194.76	309.66
Weighted average number of ordinary shares (B) (used as denominator for calculating basic EPS)	1,44,26,30,894	1,41,50,93,024
Potential equity shares	-	-
Weighted average number of ordinary shares (C) (used as denominator for calculating diluted EPS)	1,44,26,30,894	1,41,50,93,024
Nominal value of ordinary share	₹ 1/-	₹ 1/-
Earnings per share - Basic (A/B)	1.35	2.19
Earnings per share - Diluted (A/C)	1.35	2.19

40 Critical accounting estimates and judgements

The preparation of 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 judgement 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 financial statements.

The following are the key assumptions concerning the future, and other key sources of estimated 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 Company. 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 Company'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 capital work-in-progress and intangible assets under development

The capitalization of Capital Work-in-Progress and intangible assets under development is based on management's judgement that technological and economic feasibility has been established and that the assets are expected to generate future economic benefits. Based on the evaluations performed, management has determined that there are no indicators of impairment for these assets.

3. Employee benefits

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. The significant assumptions used to account for Employee benefits are described in Note 45.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

4. Revenue Recognition

The Company assesses 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 Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits. Provisions for estimated losses, if any, on uncompleted 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 Company 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 Company 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. Ind AS 116 requires assessment of whether an underlying asset is of low value, if lessee opts for the option of not to apply the recognition and measurement requirements of Ind AS 116 to leases where the underlying asset is of low value. For the purpose of determining low value, the Company has considered nature of assets and concept of materiality as defined in Ind AS 1 and the conceptual framework of Ind AS which involve significant judgement.

6. Loss allowance for receivables and unbilled revenues

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future.

7. Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement 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, Company reviews pending cases, claims by third parties and other contingencies and obligations. Obligations relating to Project Executions is largely depends 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. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts 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 Company obtains independent valuations. The techniques used by the valuer is Asset approach - Net assets value method and Income approach- discounted cash flow method. The Company reviews its carrying value of investments carried at cost (net 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 statement of profit and loss.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

41 Research & Development

The Company has extensive research capabilities, continued innovation and unique capabilities as it is able to innovate and provide end to end solutions to its customers. R&D Centres of the Company are focused on developing telecom and networking products to be intensively deployed in 5G and other communication networks and are situated at Bengaluru, Karnataka and Gurugram, Haryana. Both the R&D centres are registered with Department of Scientific and Industrial Research (DSIR) under Ministry of Science and Technology. Detail of amount spent on Research and Development is as below:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(i) Recognized as expenses in statement of Profit & Loss	6.10	9.77
(ii) Capital Expenditure on:		
(a) Property Plant & Equipment	5.62	6.16
(b) Intangible Assets	26.27	55.54
(c) Intangible Assets under development being expenditure on new product development	139.44	161.58
Total	177.44	233.05

42 Dividend Distribution made and proposed

The amount of dividend recognized as distributions to equity shareholders during the year ended March 31, 2025 is @ 20 %, i.e. ₹ 0.20/- per equity share of face value of ₹ 1/- each (Previous Year ₹ 0.20/- per equity share). The Board of Directors at its meeting held on May 03, 2024 had recommended such dividend of 20% for the financial year ended March 31, 2024 which was approved by the shareholders at the Annual General Meeting held on September 30, 2024. The aforesaid dividend was paid during the year ended March 31, 2025.

The Board of Directors have recommended a dividend of 10% (i.e. ₹ 0.10/- per equity share of face value of ₹ 1/- each) for the financial year ended March 31, 2025 which is subject to the approval of shareholders at the ensuing Annual General Meeting.

43 Leases

The details of the right-of-use asset held by the Company is as follows:

Particulars	Additions/ (Deductions) for the year ended March 31, 2025	Net carrying amount as at March 31, 2025	Additions/ (Deductions) for the year ended March 31, 2024	Net carrying amount as at March 31, 2024
Land	-	0.08	-	0.09
Buildings	12.43	16.58	(0.60)	11.63
Total	12.43	16.66	(0.60)	11.72

Depreciation on right-of-use asset is as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Land	-	-
Buildings	7.49	5.00
Total	7.49	5.00

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

The details of the Lease Liabilities of the Company is as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current Liabilities	8.97	4.89
Non-Current Liabilities	9.73	9.07
Total	18.70	13.96

Interest on lease liabilities is ₹ 1.68 Crore and ₹ 1.61 Crore for the year ended March 31, 2025 and March 31, 2024 respectively.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract. The leases that the Company has entered with lessors towards properties used as ware houses/offices are long term in nature.

- 44** During the year, Company has recognised the following amounts in the financial statements as per Ind AS - 19 "Employees Benefits" as specified in the Companies (Indian Accounting Standards) Rules, 2015:

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged to Statement of Profit and Loss for the year as under :

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Employer's Contribution to Provident Fund	12.93	12.57

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 assumptions

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	6.93%	7.23%
Rate of increase in Compensation levels	6.80%	7.10%
Average remaining working lives of employees (Years)	17.22	18.58

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Table showing changes in present value of obligations :		
Present value of obligation as at the beginning of the year	30.52	24.98
Acquisition adjustment	Nil	Nil
Interest Cost	2.21	1.84
Past service cost (Vested Benefit)	-	-
Current Service Cost	4.72	4.65
Curtailment cost/(Credit)	Nil	Nil
Settlement cost/(Credit)	Nil	Nil
Benefits paid	(2.71)	(1.47)
Actuarial (gain)/loss on obligations	(1.18)	0.52
Present value of obligation as at the end of the period	33.56	30.52
Table showing changes in the fair value of plan assets :		
Fair value of plan assets at beginning of the year	3.35	2.98
Acquisition adjustments	Nil	Nil
Actual return of plan assets	0.24	0.22
Employer contribution	-	-
Benefits paid	-	-
Actuarial gain/(loss) on obligations	0.02	0.14
Charges deducted	-	-
Fair value of plan assets at year end	3.61	3.34
Other Comprehensive Income		
Actuarial (gain)/loss for the year - Obligation	(1.18)	0.52
Actuarial (gain)/loss for the year - Plan assets	(0.02)	(0.14)
Total (gain)/loss for the year	(1.20)	0.38
Actuarial (gain)/loss recognized in the year	(1.20)	0.38
Unrecognised actuarial (gains)/losses at the end of the year	Nil	Nil
The amounts to be recognized in Balance Sheet :		
Present value of obligation as at the end of the year	33.56	30.52
Fair value of plan assets as at the end of the year	3.61	3.34
Funded Status	(29.95)	(27.18)
Unrecognised actuarial (gains)/losses	Nil	Nil
Net asset/(liability) recognised in Balance Sheet	(29.95)	(27.18)
Expenses recognised in Statement of Profit and Loss :		
Current service cost	4.72	4.65
Past service cost (Vested Benefit)	-	-
Interest Cost	2.21	1.84
Actual return on plan assets	(0.26)	(0.36)
Curtailment and settlement cost/(credit)	Nil	Nil
Expenses recognised in the Statement of Profit and Loss	6.67	6.13
Table showing bifurcation of employee benefits obligations		
Current Liability	4.75	5.59
Non-Current Liability	25.20	21.59

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	33.56	30.52
Impact due to increase of 0.5%	(1.28)	(1.22)
Impact due to decrease of 0.5%	1.37	1.30
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	33.56	30.52
Impact due to increase of 0.5%	1.36	1.29
Impact due to decrease of 0.5%	(1.29)	(1.23)
Sensitivities due to mortality & withdrawals are insignificant & hence ignored.		
Maturity profile of defined benefit obligation:		
March 2025 to March 2026	4.75	4.67
March 2026 to March 2027	2.39	1.40
March 2027 to March 2028	2.67	1.73
March 2028 to March 2029	1.99	2.25
March 2029 to March 2030	1.70	1.73
March 2030 to March 2031	2.04	1.39
March 2031 onwards	18.02	17.36
Investment Details		
HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy	3.61	3.34

Note: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuarial Valuer.

c) Other Long Term Employee Benefits

Actuarial assumptions

Particulars	Leave Encashment	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	6.93%	7.23%
Rate of increase in Compensation levels	6.80%	7.10%
Average remaining working lives of employees (Years)	17.71	18.71
Table showing changes in present value of obligations :		
Present value of obligation as at the beginning of the year	28.78	25.71
Acquisition adjustment	Nil	Nil
Interest Cost	2.08	1.90
Past service cost (Vested Benefit)	-	-
Current Service Cost	6.06	6.28
Curtailment cost/(Credit)	Nil	Nil
Settlement cost/(Credit)	Nil	Nil
Benefits paid	(5.21)	(3.61)
Actuarial (gain)/loss on obligations	3.27	(1.49)
Present value of obligation as at the end of the period	34.98	28.79

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Leave Encashment	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Table showing bifurcation of employee benefits obligations		
Current Liability	10.42	6.27
Non-Current Liability	24.56	22.52
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	34.98	28.79
Impact due to increase of 0.5%	(1.28)	(1.56)
Impact due to decrease of 0.5%	1.39	1.55
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	34.98	28.79
Impact due to increase of 0.5%	1.38	1.61
Impact due to decrease of 0.5%	(1.29)	(1.57)

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

45 Disclosure as required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act):

Particulars	As at March 31, 2025	As at March 31, 2024
Principal amount due to micro and small enterprises*	61.70	61.56
Interest due on above	-	-
Interest paid during the period beyond the appointed day	-	-
Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the period	-	-
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 No. 26 'Trade Payables' regarding Micro and Small Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors. The Company has not received any claim for interest from any supplier as at the balance sheet date.

*includes amount of ₹ 54.49 Crore (Previous year ₹ 59.20 Crore) outstanding, but not overdue to micro and small enterprises as on March 31, 2025

46 Operational Buyers' Credit

Operational Buyers' Credit is availed in foreign currency from Indian banks through their offshore foreign branches at an interest rate ranging from 4.50%-8.50% per annum. These trade credits are generally repayable within 180 days from the date of draw down. Operational Buyers' credit availed in foreign currency is partly backed by Standby Letter of Credit issued under working capital facilities sanctioned by Indian banks.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

47 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of :

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Unexpired Letters of Credit (margin money paid ₹ 23.43 Crore; Previous year ₹ 35.07 Crore)	164.30	223.38
(ii) Guarantees given by banks on behalf of the Company (margin money kept by way of fixed deposits of ₹ 157.26 Crore; Previous year ₹ 161.96 Crore)	925.17	900.40
(iii) Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest ₹ 1.85 Crore ; (Previous year ₹ 3.87 Crore))	45.48	53.96

Notes:

- The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.
- The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.
- The Company has provided guarantees to third parties on behalf of subsidiary and associates. The Company does not expect any outflow of resources in respect of such guarantees.
- We have perused the judgement of Hon'ble Supreme Court vide its ruling given in February 2019 and it has been opined that if any allowance is not paid across the board, it shall not be treated as basic wages for the purpose of Employee Provident Fund contribution under Employees' Provident Funds and Miscellaneous Provisions Act, 1952, hence we understand that no further liability lies upon us.
- The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come in to effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.
- The Company has outstanding term derivative contracts as referred in Note 59.
- There has been no delay in transferring amounts, required to be transferred if any, to the Investor Education and Protection Fund by the Company.

(b) Capital and Other Commitments

Particulars	As at March 31, 2025	As at March 31, 2024
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	193.04	238.74
Benefit of custom duty availed under EPCG Scheme against which export obligations are pending	53.08	28.42
Uncalled capital commitment pertaining to investments	5.00	5.00

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(c) Detail of Financial Guarantees given

Issued in favour of	Issued to	As at March 31, 2025	As at March 31, 2024	Purpose
Microwave Communications Limited	Credit Lyonnais bank	9.60	9.60	Ad-hoc B/G
Microwave Communications Limited	The Vysya Bank Ltd	4.06	4.06	Working Capital
Exicom Tele-Systems Limited	Punjab National Bank led consortium	6.50	6.50	Working Capital
HTL Limited	State Bank of India led consortium	-	309.95	Term loan/ Working Capital
HTL Limited	SBICAP Trustee Company Limited (on behalf of SBI led consortium)	378.02	-	Term loan/ Working Capital
HTL Limited	Axis Finance Ltd	113.00	53.00	Term Loan

- 48** During the year, the Company has been allotted 7,00,000 unsecured, 0% Optionally Fully Convertible Debentures (OFCDs) of face value ₹ 1,000/- each, issued by its wholly owned subsidiary, against the conversion of loans amounting to INR 70 Crore previously extended by the Company to the said subsidiary. The said instruments are convertible at the option of the holder after expiry of 10 years.
- 49** In the opinion of the Board, all assets other than property, plant and equipment 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. Balances of various trade payables, trade receivables, loans and advances, security deposits and other parties are subject to confirmation/reconciliation and consequential adjustments, if any. In the opinion of the management, such adjustments, if any, will not have a material impact on the Financial Statements.
- 50** The Company's Solan manufacturing facility is experiencing limited operations due to rapid technological advancements and other changes in the industry landscape. Currently, Solan facility is primarily generating revenue through job work operations. In a proactive move to optimize costs, the Company's Board had decided to realign its manufacturing facilities and operations. This entails transferring certain plant and machinery, along with testing equipment, from the Solan facility to other manufacturing locations. Simultaneously, the management is actively exploring opportunities to revitalize operations at the Solan Facility by identifying potential alternative uses for the facility.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

51 "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) Subsidiaries:	HTL Limited Moneta Finance Private Limited HFCL Advance Systems Private Limited Polixel Security Systems Private Limited DragonWave HFCL India Private Limited Raddef Private Limited HFCL Technologies Private Limited HFCL Inc. - United States of America HFCL B.V. - Netherland
(b) Step down Subsidiary:	HFCL Canada Inc. HFCL Poland Sp.z.o.o. (Formerly Blue Diwali Sp. z.o.o.) (w.e.f. May 17, 2024) HFCL UK Limited (w.e.f. July 05, 2024) HFCL Pty Limited (w.e.f. October 28, 2024)
(c) Jointly controlled entities:	Nimpaa Telecommunications Private Limited BigCat Wireless Private Limited
(d) Key management personnel :	Mr. Mahendra Nahata (Managing Director) Mr. Vijay Raj Jain (Chief Financial Officer) Mr. Manoj Baid (President & Company Secretary)
(e) Post Employment Benefit Plans	HFCL Employees Group Gratuity Trust HFCL Employees Trust - ESOP
(f) Enterprises owned or Significantly influenced by key management personnel or their relatives.	MN Ventures Private Limited Nextwave Communications Private Limited. Exicom Tele-Systems Limited Exicom Energy System Private Limited Exicom Power Systems Private Limited Satellite Finance Private Limited Shankar Sales Promotion Private Limited Vinsan Brothers Private Limited Fitcore Tech-Solutions Private Limited Evanser Spaces LLP
(g) Relative of Key Managerial personnel	Mr. Anant Nahata

Note: Related party relationship is as identified by the Company and relied upon by the auditors

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

- (ii) Nature of transactions - The transactions entered into with the related parties during the year along with related balances as at March 31, 2025 are as under:

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Purchases/receiving of Goods & Services		
HTL Limited	218.94	288.19
Polixel Security Systems Private Limited	0.56	0.81
Raddef Private Limited	5.00	6.93
DragonWave HFCL India Private Limited	0.60	0.60
HFCL B.V.	15.42	14.69
HFCL Inc.	9.28	9.58
Exicom Tele-Systems Limited	11.24	0.66
HFCL Technologies Private Limited	0.19	-
Sales/rendering of Goods & Services		
HTL Limited	86.34	145.87
HFCL Technologies Private Limited	0.75	1.34
Exicom Tele-Systems Limited	0.20	2.19
HFCL B.V.	-	1.99
HFCL Inc.	44.03	6.38
Income - Rent/Other Income		
HTL Limited	6.25	4.80
Exicom Tele-Systems Limited	0.47	0.46
Exicom Energy System Private Limited	0.01	0.01
Exicom Power Systems Private Limited	0.01	0.01
HFCL Advance Systems Private Limited	0.01	0.01
Income - Interest on loan given		
HTL Limited	4.05	9.65
Nimpaa Telecommunications Private Limited	0.17	0.33
Raddef Private Limited	0.18	0.18
HFCL Technologies Private Limited	3.85	4.25
Expenses - Rent/Other expenses		
Exicom Tele-Systems Limited	0.92	0.87
Satellite Finance Private Limited	0.39	0.39
Shankar Sales Promotion Private Limited	0.20	0.78
Vinsan Brothers Private Limited	0.19	0.78
Evanser Spaces LLP	1.12	-
Investments in Debt Instruments (on conversion of Loan)		
HFCL Technologies Private Limited	70.00	-
Loans and Advances given/(received) during the year		
Nimpaa Telecommunications Private Limited	(1.75)	(0.50)
HTL Limited	(72.00)	-
Polixel Security Systems Private Limited	-	0.70
Raddef Private Limited	-	3.95
HFCL Technologies Private Limited	13.44	16.65

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Advances given to Key Management Personnel during the year		
Mr. Mahendra Nahata (Managing Director)	0.15	0.91
Mr. Vijay Raj Jain (Chief Financial Officer)	-	(0.60)
Mr. Manoj Baid (President & Company Secretary)	0.25	-
Dividend paid		
MN Ventures Private Limited	5.92	5.87
Nextwave Communications Private Limited.	4.00	4.40
Shankar Sales Promotion Private Limited	0.01	0.01
Vinsan Brothers Private Limited	0.01	0.01
Fitcore Tech-Solutions Private Limited	0.44	0.45
Mr. Mahendra Nahata	0.03	0.03
Mr. Anant Nahata, Relative of Key Managerial personnel	0.05	0.05
Mr. Vijay Raj Jain	0.04	0.01
Mr. Manoj Baid	0.01	-
HFCL Employees Trust	0.01	0.02
Warrants (Convertible into Equity Shares on preferential basis)		
MN Ventures Private Limited	-	60.00
Mr. Vijay Raj Jain (Chief Financial Officer)	-	9.00
Mr. Manoj Baid (President & Company Secretary)	-	1.20
Closing Balances of Receivables		
Exicom Tele-Systems Limited	-	0.29
Nimpaa Telecommunications Private Limited	0.02	0.07
Raddef Private Limited	0.08	0.82
HTL Limited	69.98	3.06
Polixel Security Systems Private Limited	-	0.12
HFCL Technologies Private Limited	0.88	1.58
HFCL B.V.	1.99	1.99
HFCL Inc.	46.66	6.38
Closing Balances of Loans		
HTL Limited	24.50	24.50
Raddef Private Limited	2.00	2.00
Nimpaa Telecommunications Private Limited	0.75	2.50
HFCL Technologies Private Limited	4.40	60.73
Closing Balances of Advances		
HTL Limited	-	72.00
Raddef Private Limited	-	1.09
Closing balances of Security deposit		
Vinsan Brothers Private Limited	-	0.40
Satellite Finance Private Limited	0.16	0.16
Evanser Spaces LLP	0.38	-
Exicom Tele-Systems Limited	0.42	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Closing Balances of Trade payables		
HTL Limited	143.47	129.29
Polixel Security Systems Private Limited	0.19	-
Shankar Sales Promotion Private Limited	-	0.14
Vinsan Brothers Private Limited	-	0.13
DragonWave HFCL India Private Limited	1.35	1.16
MN Ventures Private Limited	3.44	-
HFCL Technologies Private Limited	0.22	-
HFCL Inc.	0.89	-
Exicom Tele-Systems Limited	0.56	-
Contribution towards ESOP Trust		
Loan to HFCL Employees Trust (net)	1.33	1.84
Guarantees and collaterals given		
Exicom Tele-Systems Limited	6.50	6.50
HTL Limited	491.02	362.95
Closing balance of Advances to Key Management Personnel		
Mr. Mahendra Nahata (Managing Director)	5.36	5.21
Mr. Manoj Baid (President & Company Secretary)	0.25	-
Remuneration of Key Management Personnel*		
Mr. Mahendra Nahata (Managing Director)	7.50	9.80
Mr. Vijay Raj Jain (Chief Financial Officer)	3.20	4.55
Mr. Manoj Baid (President & Company Secretary)	0.76	1.42
Remuneration Payable		
Mr. Mahendra Nahata (Managing Director)	0.72	0.22
Mr. Vijay Raj Jain (Chief Financial Officer)	0.13	0.13
Mr. Manoj Baid (President & Company Secretary)	0.04	0.02

* The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Major Terms and Conditions of transactions with related parties:

- Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- The remuneration to Key Managerial Personnel are in line with the HR policies of the Company.
- Loans and advances given to Directors/KMPs have specified terms/period of repayment and are in line with HR policies of the Company.
- The Company makes advances to its associate companies to cater their short term business requirements. Such advances carry interest rates at the rate applicable to the term loans as per Company's policy.
- The interest and/or dividend paid to the Trusts and Key Managerial Personnel are on account of their investments in the equity shares of the Company and dividend paid on such securities is uniformly applicable to all the holders.
- Outstanding balances of group companies at the year-end are unsecured.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

52 Segment Reporting

The Company publishes the Standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

53 Corporate social responsibility expenses:

		Year Ended March 31, 2025	Year Ended March 31, 2024
Gross amount to be spent by the Company during the year		7.91	7.18
Amount approved by the Board to be spent during the year		7.95	7.30
Amount spent during the year:			
Contribution on acquisition of assets	-		
On other purposes	1.20		
5% of CSR obligation as spent on overhead expenses	0.40	1.60	2.42
Shortfall at the end of the year		6.35	4.88
Total Previous year shortfall		-	-
Reason for shortfall		Pertains to ongoing CSR project	Pertains to ongoing CSR project
Nature of CSR activities		Healthcare, Education, Care for the elderly etc.	Healthcare, Education, Care for the elderly etc.
Details of related party transactions, e.g. contribution to a trust controlled by the Company			
- HFCL Social Service Society		-	2.10
Provision made with respect to a liability incurred by entering into a contractual obligation			
Opening Balance		6.55	3.24
Add: Provision made during the year		6.35	4.88
Less: Payment made during the year		3.38	1.56
Closing Balance		9.52	6.55

54 Interest charges on loans is net of Interest income from loans and advances amounting to ₹ 9.91 Crore (Previous year ₹ 18.40 Crore).

55 The Company has transactions with certain companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956. The details are as following details:

Name of the Struck off Companies	Nature of transactions	Balance outstanding/Share Capital at the end of the year as at March 31, 2025	Relationship with the Struck off company, if any, to be disclosed
Aakansha Portfolio Pvt. Limited	Shareholder	0.00	Not Related
Acmechem Pvt Ltd	Shareholder	0.00	Not Related
Advait Finstock Private Limited	Shareholder	0.00	Not Related
Ankal Capital Limited	Shareholder	0.00	Not Related
Asha Latex & Allied Industries Pvt Ltd	Shareholder	0.00	Not Related

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/Share Capital at the end of the year as at March 31, 2025	Relationship with the Struck off company, if any, to be disclosed
B S Investment Co.(P) Ltd.	Shareholder	0.00	Not Related
B S Investment Company Private Limited	Shareholder	0.00	Not Related
Balia Consultancy Services (P) Ltd	Shareholder	0.00	Not Related
Bdja Securities Pvt Ltd	Shareholder	0.00	Not Related
Blue Mountain Holdings Private Limited	Shareholder	0.00	Not Related
Canny Securities Private Limited	Shareholder	0.00	Not Related
Chothani Fibres Pvt Ltd	Shareholder	0.00	Not Related
Citizen Securities Private Limited	Shareholder	0.00	Not Related
Classic Fin Services & Entp Ltd	Shareholder	0.00	Not Related
Dapki And Bavishi Securities Pvt. Ltd	Shareholder	0.00	Not Related
Emmel Financial Services	Shareholder	0.00	Not Related
Esskyennr Securities Limited	Shareholder	0.00	Not Related
Excel Capital Services P Ltd	Shareholder	0.00	Not Related
Exponential Financial Services Pvt Ltd	Shareholder	0.00	Not Related
Farhan Traders Pvt Ltd	Shareholder	0.00	Not Related
G- Mat Trading Pvt Ltd	Shareholder	0.00	Not Related
Highlands Garments Pvt Ltd	Shareholder	0.00	Not Related
Home Trade Limited	Shareholder	0.00	Not Related
Indiana International Private Limited	Shareholder	0.00	Not Related
Indigo Exim Pvt Ltd	Shareholder	0.00	Not Related
Jai Sri Securities	Shareholder	0.00	Not Related
Jalsagar Commercial Private Ltd	Shareholder	0.00	Not Related
Kanha Shares Pvt Ltd	Shareholder	0.00	Not Related
Krishna Hire Purchase Private Limited	Shareholder	0.00	Not Related
Lakshana Holdings (P) Ltd	Shareholder	0.00	Not Related
Lifetime Leasing & Holding Pvt Ltd	Shareholder	0.00	Not Related
Malnad Investors Association Ltd	Shareholder	0.00	Not Related
Murlidhar Securities Pvt. Ltd.	Shareholder	0.00	Not Related
N D Stocks Private Limited	Shareholder	0.00	Not Related
N.R.I Financial Services Ltd	Shareholder	0.00	Not Related
Nightingale Engg Inds Ltd	Shareholder	0.00	Not Related
Ramdayal Associates Ltd	Shareholder	0.00	Not Related
S J Capital Ltd	Shareholder	0.00	Not Related
Sai Shirdi Lea - Fin Private Limited	Shareholder	0.00	Not Related
Salasar Securities Pvt Ltd	Shareholder	0.00	Not Related
Shanker Stock & Capital Services Private Limited	Shareholder	0.00	Not Related
Spica Software Private Limited	Shareholder	0.00	Not Related
Steelman Investments Pvt. Ltd.	Shareholder	0.00	Not Related
Sun Shine Holdings Pvt Ltd	Shareholder	0.00	Not Related
Sunpack Industries Private Limited	Shareholder	0.00	Not Related
Surakshit Securities Pvt. Ltd	Shareholder	0.00	Not Related

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/Share Capital at the end of the year as at March 31, 2025	Relationship with the Struck off company, if any, to be disclosed
The Punjab Electric Power Co Ltd	Shareholder	0.00	Not Related
The Secured Savings And Investment Ltd	Shareholder	0.00	Not Related
Vinod Housing Pvt Ltd	Shareholder	0.00	Not Related
Vms Consultants Pvt. Ltd.	Shareholder	0.00	Not Related
Woodmen Products (P) Ltd	Shareholder	0.00	Not Related
Yash Stockbrokers Pvt Ltd	Shareholder	0.00	Not Related
Yash Vardhan Securities Ltd	Shareholder	0.00	Not Related
Zenith Logistics Private Limited	Shareholder	0.00	Not Related
Curinnov Services Private Limited	Vendor	0.02	Not Related
E Cell Infratel Pvt Ltd	Vendor	0.01	Not Related
Influx Enterprises Pvt Ltd	Vendor	1.49	Not Related
Om Ashiana Pvt Ltd	Vendor	0.00	Not Related
Omega Towers And Infrastructures	Vendor	0.24	Not Related
Megastar Power Engineers Pvt Ltd	Vendor	0.05	Not Related
Vas Infratel Pvt Ltd	Vendor	0.04	Not Related
Anushree Transtrade Pvt Ltd	Vendor	0.01	Not Related
Swastika Tele Solutions Pvt Ltd	Vendor	0.00	Not Related
Pragmatica Infraventures Pvt Ltd	Vendor	0.21	Not Related
Aitmad Infrastructure Pvt Ltd	Vendor	0.03	Not Related
Himalayan Infracom Pvt Ltd	Vendor	0.00	Not Related
City Drilling Projects Pvt Ltd	Vendor	0.06	Not Related
Pc Infradevelopers Pvt Ltd	Vendor	0.15	Not Related
Samay Infratech Private Ltd	Vendor	0.08	Not Related
Ht Infratech Services Pvt Ltd	Vendor	0.07	Not Related

Name of the Struck off Companies	Nature of transactions	Share Capital at the end of the year as at March 31, 2024	Relationship with the Struck off company, if any, to be disclosed
Aakansha Portfolio Pvt. Limited	Shareholder	0.00	Not Related
Abhay Carriers Private Limited	Shareholder	0.00	Not Related
Adinath Financial Service Private Limited	Shareholder	0.00	Not Related
Advait Finstock Private Limited	Shareholder	0.00	Not Related
Ankal Capital Limited	Shareholder	0.00	Not Related
Arpan Leasing Co Ltd	Shareholder	0.00	Not Related
Ashok Investors Trust Limited	Shareholder	0.00	Not Related
Astral Auto Parts Pvt Ltd	Shareholder	0.00	Not Related
Balia Consultancy Services (P) Ltd	Shareholder	0.00	Not Related
Bdja Securities Pvt Ltd	Shareholder	0.00	Not Related
Binary Solutions Pvt Ltd	Shareholder	0.00	Not Related
Bkg Securities Private Limited	Shareholder	0.00	Not Related
Blue Mountain Holdings Private Limited	Shareholder	0.00	Not Related
Canny Securities Private Limited	Shareholder	0.00	Not Related

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Share Capital at the end of the year as at March 31, 2024	Relationship with the Struck off company, if any, to be disclosed
Chothani Fibres Pvt Ltd	Shareholder	0.00	Not Related
Citizen Securities Private Limited	Shareholder	0.00	Not Related
Dauji Investments Pvt Ltd	Shareholder	0.00	Not Related
Esteem Capital Services (P) Ltd.	Shareholder	0.00	Not Related
Excel Capital Services P Ltd	Shareholder	0.00	Not Related
Farhan Traders Pvt Ltd	Shareholder	0.00	Not Related
Highlands Garments Pvt Ltd	Shareholder	0.00	Not Related
Home Trade Limited	Shareholder	0.00	Not Related
Indiana International Private Limited	Shareholder	0.00	Not Related
Indigo Exim Pvt Ltd	Shareholder	0.00	Not Related
Jalsagar Commercial Private Ltd	Shareholder	0.00	Not Related
Kanha Shares Pvt Ltd	Shareholder	0.00	Not Related
Kothari Intergroup Ltd.	Shareholder	0.00	Not Related
Lakshana Holdings (P) Ltd	Shareholder	0.00	Not Related
Lifetime Leasing & Holding Pvt Ltd	Shareholder	0.00	Not Related
Maa Biz Services Pvt Ltd	Shareholder	0.00	Not Related
Modern Gears Private Ltd.	Shareholder	0.00	Not Related
Modern Information & Systems Pvt Ltd	Shareholder	0.00	Not Related
Murlidhar Securities Pvt. Ltd.	Shareholder	0.00	Not Related
Pegasus Mercantile Pvt Ltd	Shareholder	0.00	Not Related
Positive Tracon Pvt Ltd	Shareholder	0.00	Not Related
Pragya Mercantile Pvt Ltd	Shareholder	0.00	Not Related
Ramdayal Associates Ltd	Shareholder	0.00	Not Related
Ronak Fabrics Pvt. Ltd	Shareholder	0.01	Not Related
Sai Shipping Company Pvt.Ltd.	Shareholder	0.00	Not Related
Sai Shirdi Lea - Fin Private Limited	Shareholder	0.00	Not Related
Salasar Securities Pvt Ltd	Shareholder	0.00	Not Related
Shyam Engineering Co Pvt Ltd	Shareholder	0.00	Not Related
Spectrum Stock Services Private Limited	Shareholder	0.00	Not Related
Spica Software Private Limited	Shareholder	0.00	Not Related
Steelman Investments Pvt. Ltd.	Shareholder	0.00	Not Related
Suraj Enterprise Pvt Ltd	Shareholder	0.00	Not Related
Surakshit Securities Pvt. Ltd	Shareholder	0.00	Not Related
Touchstone Stock Management P. Ltd	Shareholder	0.00	Not Related
Vaishak Shares Limited	Shareholder	0.00	Not Related
Victor Properties Private Limited	Shareholder	0.00	Not Related
Vidhan Marketing Pvt Ltd	Shareholder	0.00	Not Related
Vinod Housing Pvt Ltd	Shareholder	0.00	Not Related
Vms Consultants Pvt. Ltd.	Shareholder	0.00	Not Related
Woodmen Products (P) Ltd	Shareholder	0.00	Not Related
Yash Stockbrokers Pvt Ltd	Shareholder	0.00	Not Related
Yash Vardhan Securities Ltd	Shareholder	0.00	Not Related
Zen Securities Limited -Clients (Dormant)	Shareholder	0.00	Not Related
Zenith Logistics Private Limited	Shareholder	0.00	Not Related
Zion Financial Services Pvt Ltd	Shareholder	0.00	Not Related

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

- 56** On October 15, 2018, pursuant to the approval by the shareholders, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan ("HFCL Plan 2017"). The maximum number of shares under the HFCL Plan 2017 shall not exceed 1,40,98,000 equity shares. Out of this, 70,49,000 equity shares will be issued against RSUs at par value and 70,49,000 equity shares will be issued against stock options at fair market price immediately prior to date of the grant i.e. ₹ 20.65 per share. The Employee can exercise the vested options/units with in the maximum exercise period which shall be 5 years from the vesting date. The Stock options so granted shall vest over a period of 3 years and 70% RSUs granted will be vest at the end of 3rd year and remaining 30% RSUs shall vest at the end of 4th year from the date of grant.

The RSUs granted under the HFCL Plan 2017 were forfeited due to non-achievement of defined annual performance parameters as determined by the Nomination, Remuneration and Compensation Committee in its meeting held on April 23, 2022 and accordingly as on March 31, 2022 the share based payment reserve was adjusted. During FY 21-22, this cancellation/forfeiture of unvested options had resulted into a reversal of share based payment expense in the Standalone Statement of Profit and Loss.

The Nomination, Remuneration and Compensation Committee ('Committee') of the Board of Directors which comprises a majority of Independent Directors is responsible for administration and supervision of the Stock Option Plans.

The activity in the HFCL Plan 2017 for equity-settled, share-based payment transactions during the years ended March 31, 2025 and March 31, 2024 is as follows:

Particulars	Shares arising out of options*	
	Year ended March 31, 2025	Year ended March 31, 2024
Employee Stock Options (ESOPs)		
Outstanding at the beginning	10,65,800	15,29,200
Granted	-	-
Exercised	3,21,300	4,63,400
Forfeited and expired	2,58,400	-
Outstanding at the end	4,86,100	10,65,800
Exercisable at the end	4,86,100	10,65,800

* Includes options granted to employees of subsidiary company

The details of equity-settled ESOPs outstanding as at March 31, 2025 are 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
20-25 (ESOPs)	4,86,100	1	20.65

- 57** Particulars in respect of loans and advances in the nature of loans to related parties as required under Regulation 34(3) SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

Name of the Company	Outstanding as at		Maximum amount outstanding during the year	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
HTL Limited	24.50	96.50	96.50	96.50
HFCL Technologies Private Limited	4.40	60.73	70.94	60.73
Raddef Private Limited	2.00	2.00	2.00	2.00
Nimpaa Telecommunications Private Limited	0.75	2.50	2.50	3.00

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Disclosure pursuant to Section 186 of The Companies Act 2013:

Sr. No.	Nature of Transaction (Loans given/ Investment made/Guarantee given/Security provided)	Purpose for which the loan/guarantee/ security is proposed to be utilised by the recipient	2024-25	2023-24
(A) Loans and Advances				
	Subsidiary Companies:			
	(a) HTL Limited	Project funding and working capital	24.50	96.50
	(b) HFCL Technologies Private Limited	Project funding	4.40	60.73
	(c) Raddef Private Limited	Investment for product development	2.00	2.00
	Other Related Party:			
	Nimpaa Telecommunications Private Limited	Working capital	0.75	2.50
(B) Guarantees Given				
	Subsidiary Company:			
	HTL Limited	Corporate guarantee given for Debt	491.02	362.95
	Other Related Party:			
	Exicom Tele-Systems Limited	Corporate guarantee given for Debt	6.50	6.50
	Other Company:			
	Microwave Communications Limited	Corporate guarantee given for Debt	13.66	13.66

58 Financial Instruments and risk management

The 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 the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, cash and cash equivalents, trade and other receivables that derive directly from its operations.

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the 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 the Company's activities.

58.1 Financial Instruments by category

Particulars	As at March 31, 2025			As at March 31, 2024		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
1) Financial Assets						
I) Investments						
A) Equity Instruments						
i) Structured entity Equity Instrument	-	130.80	-	-	167.27	-
ii) Structured entity (current assets)						
a) Sumedha Fiscal Services Limited	-	0.12	-	-	0.08	-
b) Valiant Communications Limited	-	0.34	-	-	0.32	-
c) Media Matrix Worldwide Limited	-	-	-	-	0.01	-
B) Mutual funds	0.72	-	-	4.60	-	-
II) Trade receivables	-	-	2,304.07	-	-	2,647.33
III) Bank deposits	-	-	56.31	-	-	32.83
IV) Cash and Cash equivalents	-	-	57.80	-	-	20.86
V) Other Bank balances	-	-	401.84	-	-	297.41
VI) Security deposit for utilities and premises	-	-	417.14	-	-	1.44
VII) Other receivables	-	-	246.67	-	-	358.35
Total financial assets	0.72	131.26	3,483.83	4.60	167.68	3,358.22

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	As at March 31, 2025			As at March 31, 2024		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
2) Financial liabilities						
I) Borrowings						
A) From Banks	-	-	902.06	-	-	655.92
B) From Others	-	-	194.70	-	-	163.16
II) Obligations under Finance Lease	-	-	18.70	-	-	13.96
III) Operational Buyers' Credit	-	-	162.20	-	-	-
IV) Retention Money	-	-	221.51	-	-	270.25
V) Trade payables	-	-	1,138.98	-	-	835.66
VI) Other liabilities	-	-	206.88	-	-	152.20
Total Financial liabilities	-	-	2,845.03	-	-	2,091.15

Fair Value measurement

Fair Value Hierarchy and valuation technique used to determine fair value :

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and are categorized into Level 1, Level 2 and Level 3 inputs.

(a) Year Ending March 31, 2025

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2025	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	14	0.72	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.12	-	-
b) Valiant Communications Limited	14	0.34	-	-
c) Media Matrix Worldwide Limited	14	-	-	-
d) Exicom Tele-Systems Limited	8	111.66	-	-
e) The Greater Bombay Co-Op Bank Limited	8	-	-	0.05
f) Nivetti Systems Private Limited	8	-	-	19.09
Total Financial Assets		112.84	-	19.14

(b) Year Ending March 31, 2024

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2024	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	14	4.60	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.08	-	-
b) Valiant Communications Limited	14	0.32	-	-
c) Media Matrix Worldwide Limited	14	0.01	-	-
d) Exicom Tele-Systems Limited	8	149.29	-	-
e) The Greater Bombay Co-Op Bank Limited	8	-	-	0.05
f) Nivetti Systems Private Limited	8	-	-	17.93
Total Financial Assets		154.30	-	17.98

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

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 make assumptions that are mainly based on market conditions existing at the end of each reporting period.

58.2 Management of Financial Risk

Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its 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.

	Notes Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2025					
Trade payables	26	1,138.98	1,138.98	-	1,138.98
Retention Money	27	221.51	221.51	-	221.51
Other liabilities	23,25,27,43,47	1,484.53	1,146.26	338.27	1,484.53
As at March 31, 2024					
Trade payables	26	835.66	835.66	-	835.66
Retention Money	27	270.25	270.25	-	270.25
Other liabilities	23,25,27,43,47	985.23	841.00	144.23	985.23

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, FVTOCI & FVTPL investments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2025 and March 31, 2024.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
Price Risk		
Exposure in Equity The 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. Equity Price Risk is related to the change in market reference price of the investments in equity securities.	In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits as per the risk management policies. The use of any new investment must be approved by the Management.	The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period. If the equity prices had been 10% higher/lower: Total comprehensive income for the year ended March 31, 2025 would increase/decrease by ₹ 13.20 Crore (for the year ended March 31, 2024: increase/decrease by ₹ 17.23 Crore) as a result of the change in fair value of equity investment measured at FVTOCI & FVTPL.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
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 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.	In order to manage its interest rate risk, the 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, the 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 ₹ 2.74 Crore loss for year ended March 31, 2025 (₹ 2.05 Crore loss for year ended March 31 2024).

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 other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Company established policy, procedures and control relating to customer credit risk management. To manage trade receivable, the Company periodically assesses 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. The Company does not hold collateral as security. The Company 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 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 the 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 the 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 reporting period :

Particulars	As at March 31, 2025	As at March 31, 2024
Debt	1,096.75	819.07
Less : Cash and Cash equivalents (Note 16)	(57.80)	(20.86)
Net Debt	1,038.95	798.21
Total Equity	3,962.56	3,821.69
Net Debt to Equity Ratio	0.26	0.21

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

58.3 Analytical Ratios

Ratio Analysis	Numerator	Denominator	Current Year	Previous Year	% Variance	Reason for variance
Current ratio (in times)	Total Current assets	Total Current liability	1.87	2.08	-10.10%	Not Applicable as change is less than 25%
Debt- Equity ratio (in times)	Total Debt	Total Equity	0.28	0.21	33.33%	Due to debt raised for manufacturing capacity enhancement
Debt service coverage ratio (in times)	Net Profit after taxes + Depreciation and other amortizations + Interest + Loss on sale of Fixed assets	Interest and Lease Payments + Principle Payments	3.15	7.22	-56.37%	Due to reduction in profit
Return of equity ratio (in %)	Net Profit after Taxes	Average Total Equity	5.00	9.09	-44.99%	Due to reduction in profit
Inventory turnover ratio (in times)	Cost of Goods sold	Average Inventory	4.19	5.06	-17.19%	Not Applicable as change is less than 25%
Trade receivables turnover ratio (in times)	Revenue from operations	Average Trade receivables	1.53	1.68	-8.93%	
Trade payables turnover ratio (in times)	Total Purchases	Average Trade payables	2.95	3.65	-19.18%	
Net working Capital turnover ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	1.66	2.03	-18.23%	
Net profit ratio (in %)	Net profit for the year	Revenue from operations	5.13	7.60	-32.50%	Due to reduction in profit
Return on capital employed (in %)	Net Profit before Interest & Tax	Average Capital Employed (i.e. Networth plus total debt)	9.15	14.63	-37.46%	Due to reduction in profit
Return on investment (in %)	Income generated from invested funds	Average invested fund in Investments	(29.22)	149.19	-119.59%	Due to negative return on investments

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

59 Foreign Currency Exposure

- a) 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.

- b) 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 LCs

Particulars	As at March 31, 2025		As at March 31, 2024	
	Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
USD/INR	90,89,216	77.22	23,67,311	19.73

c) Foreign Currency exposure

Particulars		As at March 31, 2025		As at March 31, 2024	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
Trade payable	USD/INR	6,01,48,763	516.08	2,94,32,125	246.32
	EUR/INR	13,56,888	12.58	11,27,456	10.22
	GBP/INR	1,46,087	1.62	33,35,752	35.26
	MUR/INR	5,56,122	0.10	4,61,272	0.08
	BDT/INR	1,59,05,658	1.13	1,42,21,642	1.08
	SGD/INR	9,075	0.06	20,925	0.13
	CHF/INR	1,21,485	1.19	-	-
Trade receivable	USD/INR	1,74,41,449	148.64	1,30,20,212	108.26
	EUR/INR	53,97,077	49.44	38,38,853	34.36
	GBP/INR	41,45,342	45.67	21,70,882	22.74
	MUR/INR	-	-	4,83,949	0.09
	BDT/INR	3,61,00,372	2.53	3,73,28,772	2.84
	AUD/INR	9,288	0.05	-	-
	AED/INR	1,11,243	0.26	1,11,243	0.25
Cash and Bank Balances	GBP/INR	5,36,014	5.91	5,32,856	5.58
	MUR/INR	38,48,958	0.72	46,99,421	0.84
	BDT/INR	6,94,582	0.05	93,47,720	0.71
Other Assets	GBP/INR	32,97,839	36.33	35,14,486	36.82
	MUR/INR	9,37,364	0.17	4,53,03,551	8.11
	BDT/INR	3,97,59,736	2.78	4,64,30,506	3.53
Other Liabilities	GBP/INR	6,69,892	7.44	6,64,849	6.97
	MUR/INR	4,425	-	2,79,928	0.05
	BDT/INR	10,81,949	0.08	6,30,65,220	4.79

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

d) Foreign currency sensitivity analysis:

The following details are 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.

Impact on profit or loss f or the year	Year Ended March 31, 2025		Year Ended March 31, 2024	
	INR strengthens by 5%	INR weakening by 5%	INR strengthens by 5%	INR weakening by 5%
USD Impact	18.37	(18.37)	6.90	(6.90)
EURO Impact	(1.84)	1.84	(1.21)	1.21
GBP Impact	(3.94)	3.94	(1.15)	1.15
CHF Impact	0.06	(0.06)	-	-
AUD Impact	-	-	-	-
MUR Impact	(0.04)	0.04	(0.45)	0.45
BDT Impact	(0.21)	0.21	(0.06)	0.06
AED Impact	(0.01)	0.01	(0.01)	0.01
SGD Impact	-	-	0.01	(0.01)

60 Tax Reconciliation

Particulars	F.Y. 2024-25	F.Y. 2023-24
Net Profit as per Statement of Profit and Loss (before tax)	241.43	412.45
Current Tax rate @ 25.17%	60.77	103.81
Adjustment:		
Depreciation	(39.02)	(48.48)
The amount of eligible/ineligible expenditure	11.36	(1.84)
Tax Provision as per Books	33.11	53.49

The Company is also subject to tax on income attributable to its permanent establishments in foreign jurisdictions due to operation of its foreign branches.

61 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. April 1, 2025. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its standalone financial statements.

- 62** During the previous year, the Company was awarded an Arbitration claim dated 29-Sep-2023 amounting to ₹ 55.94 Crore. Accordingly, interest of ₹ 36.25 Crore, Bad debt recovery of ₹ 9.92 Crore and reversal of provision for doubtful debts of ₹ 9.77 Crore had been accounted for under Other Income.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

63 Other statutory information:

- i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- v) The Company does not have any such transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vi) The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Companies Act 2013 read with the Companies (restriction on number of layers) Rules, 2017.
- vii) The Company is not declared wilful defaulter by bank or financial institution or lender during the year.
- viii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- ix) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

- 64** The Company has used an accounting software including software operated by third party for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software. Such audit trails are preserved as per the statutory requirement for record retention.
- 65** Figures for the previous year has been regrouped/rearranged wherever necessary to align with current year classification/presentation.

As per our report of even date attached

For **S Bhandari & Co LLP**

Chartered Accountants

Firm Reg. No. 000560C/C400334

J. S. P. Bansal

Partner

M.No. 070980

Place: New Delhi

Date: May 22, 2025

For **Oswal Sunil & Company**

Chartered Accountants

Firm Reg. No. 016520N

Nawin K Lahoty

Partner

M.No. 056931

For and on behalf of the Board

Mahendra Nahata

Managing Director

DIN: 00052898

Vijay Raj Jain

Chief Financial Officer

PAN: AALPJ8603K

Arvind Kharabanda

Director

DIN: 00052270

Manoj Baid

President & Company Secretary

M.No.: FCS 5834

Place: New Delhi

Date: May 22, 2025

Independent Auditors' Report

To The Members of HFCL Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **HFCL 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 entities which comprise the Consolidated Balance Sheet as at March 31, 2025, 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 consolidated financial statements, including a summary of material 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, jointly controlled entities 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 its jointly controlled entities 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 entities 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 (e) of the other matter paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

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	Auditor's Response
With respect to Parent Company – HFCL Limited		
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, 2025, revenue from customer contracts amounts to ₹ 3,795.22 Crore whereas as at March 31, 2025, contract assets amount to ₹ 652.52 Crore, the balance of work in progress (WIP) amounts to ₹ 131.32 Crore and retention amounts to ₹ 221.51 Crore.	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.

S. No	Key Audit Matters	Auditor's Response
	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, 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. (Refer Notes 31 to the consolidated financial statements). 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.	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. 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 The 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 Company's financial statements amounting to ₹ 2,322.32 Crore and the provision for impairment of receivables amounted to ₹ 18.23 Crore as at March 31, 2025. The Parent Company's trade receivables form a significant portion of its financial assets. Under Ind AS 109, the Parent Company is required to recognize impairment on trade receivables using the Expected Credit Loss (ECL) model. The determination of ECL involves significant management judgment, including: • Segmentation of trade receivables by risk profiles, • Estimation of default rates and recovery rates based on historical credit loss experience,	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 Company'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 also assessed and challenged management's assumptions and adherence to the Parent Company's accounting policies with respect to provisions for impairment of receivables. The level of the provision made against accounts receivables including credit impaired receivables and accrued balances was deemed appropriate and corresponds to the risks identified.

S. No	Key Audit Matters	Auditor's Response
	- Consideration of forward-looking information such as macroeconomic indicators, - Evaluation of the aging of receivables and specific overdue accounts. Given the subjectivity, complexity, and the potential material impact on the financial statements, this area was considered a key audit matter. Refer Note 15 to the consolidated financial statements.	
3.	Assessment of the carrying value of Intangible Assets (including intangible assets under development) The Parent Company incurs product development costs and capitalises such expenditure to the extent it qualifies for recognition as an Intangible Asset (product development). Such expenditure includes internal manpower costs, outsourced manpower costs and other related expenses incurred on such development projects. Up to the stage the products are ready to be put to use, the Parent Company records the qualifying expenditure as 'intangible assets under development'. The Parent Company tests Intangible Assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets under development are tested for impairment on an annual basis. The determination of the recoverable values of intangible assets (including intangible assets under development) for carrying out impairment assessment involves several key assumptions including discount rates and future cash flow projections for ascertaining future economic benefits expected to be generated by such assets. The Parent Company has carried out an impairment assessment of intangible assets (including intangible assets under development) and concluded that the recoverable value is higher than the carrying amount of such assets. Accordingly, no adjustment to the carrying amount of intangible assets (including intangibles assets under development) is considered necessary as at March 31, 2025. Considering significant degree of judgement in estimating the carrying values of intangible assets (including intangible assets under development), we identified assessment of carrying value of intangible assets as a key audit matter. Refer Note 5 & 6 to the consolidated financial statements.	Our audit procedures, which involved applying materiality and sampling techniques, included the following: - Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of the Parent Company's processes for assessing the recoverable values of intangible assets (including intangible assets under development). - Testing a sample of projects to ensure appropriate capitalized on of qualifying costs. - Assessing whether sufficient economic benefits are likely to flow from the projects to support the values capitalized. - Analysing the reasonableness of key management assumptions and estimates used in the impairment analysis (e.g. forecasted revenue, margin percentages, etc.) - Reading the management's experts' views, as Applicable. - Assessed the adequacy of disclosure in consolidated financial statement Based on our procedures performed above, we noted the management's assessment of the carrying value of intangible assets (including intangible assets under development), to be reasonable.

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 and Sustainability 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 entities 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 entities 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 entities are responsible for assessing the ability of the Group and its jointly controlled entities 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 entities are responsible for overseeing the financial reporting process of the Group and its 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 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 Company and its subsidiary companies which are companies incorporated in India has adequate internal financial controls system with reference to consolidated financial statement 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 entities 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 entities 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 entities 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 ₹ 13.64 Crore as at March 31, 2025, total revenues of ₹ 0.60 Crore, Net profit after tax of ₹ 0.94 Crore, total comprehensive income of ₹ 0.90 Crore and net cash inflows of ₹ 0.00 Crore 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 report of other auditors.
- b) The Financial statements of five subsidiaries whose financial statements/financial information reflect total assets of ₹ 678.48 Crore as at March 31, 2025, total revenues of ₹ 582.01 Crore, Net profit/(loss) after tax of ₹ (19.41) Crore, total comprehensive income/(loss) of ₹ (19.00) Crore, and net cash inflows of ₹ 1.06 Crore 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 three foreign branches which reflects total assets of ₹ 76.65 Crore as at March 31, 2025, total revenue of ₹ 69.60 Crore, Net Profit after tax of ₹ 0.58 Crore and total comprehensive income of ₹ 0.40 Crore and net cash outflow amounting to ₹ 0.42 Crore for the year ended on that date, which were audited by respective independent branch auditors. The independent branch auditor's report on the financial statements of these branches have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these branches and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid foreign branches is solely based on the report of such independent branch auditor's.
- d) The Consolidated Financial Statements includes consolidated financial performance of one foreign subsidiary (incorporating results of its step down subsidiaries), which reflects total assets of ₹ 11.49 Crore as at March 31, 2025, total revenues of ₹ 19.90 Crore, total net profit/(loss) after tax of ₹ 1.36 Crore, total

comprehensive (loss)/profit of ₹ 1.41 Crore, for the year ended March 31, 2025, and net cash inflows of ₹ 0.79 Crore for the year ended March 31, 2025, audited by the independent auditors in accordance with the regulations of such foreign country.

The Consolidated Financial Statements includes financial performance of another foreign subsidiary, which reflects total assets of ₹ 70.33 Crore as at March 31, 2025, total revenues of ₹ 55.99 Crore, total net profit/(loss) after tax of ₹ 1.28 Crore, total comprehensive (loss)/profit of ₹ 0.89 Crore, for the year ended March 31, 2025 and net cash inflows of ₹ 8.46 Crore for the year ended March 31, 2025, audited by the independent auditor in accordance with the regulations of such foreign country.

Financial statements of both the foreign subsidiaries has been converted by the Holding Company's management and further audited by the Indian Auditors as per the accounting principles generally accepted in India and whose report has been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these foreign 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 foreign subsidiaries is solely based on the report of such independent auditor's.

- e) We did not audit the financial statements/financial information of two jointly controlled entities included in the consolidated financial statements, whose financial statements include total net profit after tax of ₹ 0.36 Crore, total comprehensive income of ₹ 0.36 Crore, for the year ended March 31, 2025 as considered in the Consolidated financial statements which have been audited by their respective independent auditors. The independent auditor's report on the financial statements of these entities have been furnished to us by the Management and our opinion on the Consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities and our report in terms of sub section (3) of section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entities is based solely on the reports of such auditors.

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 as stated in para (a) to (e) which respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the

Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. 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/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 auditors.
- (c) The reports on the accounts of the foreign branches 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, 2025 taken on record by the Board of Directors of the Parent Company and on the basis of written representations received by the management of its subsidiaries incorporated in India and its jointly controlled entities, none of the Directors of the Group companies incorporated in India and jointly controlled entities is disqualified as on 31st March, 2025 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 parent, its subsidiaries companies and joint controlled entities incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" 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 parent company and its one subsidiary incorporated in India to its Directors during the year is in accordance with the provisions of Section 197 of the Act. Further, we report that the provisions of section 197 (16) of the Act are not applicable to six subsidiaries, incorporated in India whose financial statements have been audited under this Act, since none of such companies is a Public company as defined under section 2(71) 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 and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and joint controlled entities, as mentioned in the "Other Matters" paragraph,:
- 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 has been no delay in transferring amount, required to be transferred to the Investor Education and Protection Fund by the parent company and its subsidiaries incorporated in India.
 - iv) (a) The management of the Holding Company, its subsidiary companies and its jointly controlled entities incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the parent company, its subsidiaries incorporated in India or its jointly controlled entities to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the parent company, its subsidiaries incorporated in India or its jointly controlled entities ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management of the Holding Company, its subsidiary companies and its jointly controlled entities incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the parent company, its subsidiaries incorporated in India or its jointly controlled entities from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the parent company, its subsidiaries incorporated in India or its jointly controlled entities shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v) (a) The final dividend declared and paid by the Parent Company during the year is in accordance with Section 123 of the Act, as applicable.
 - (b) As stated in Note 42 to the consolidated financial statements, the Board of Directors of the parent company have

proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting of the parent company. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

- vi) Based on our examination, which included test checks, and that performed by the respective auditors of the subsidiaries and joint controlled entities which are companies incorporated in India whose financial statements have been audited under the Act and as explained in note 63 to the consolidated financial statements, the parent company, subsidiaries and joint controlled entities have used an accounting software including software operated by third party, for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software.

Further, during the course of our audit, we and respective auditors of the above referred entities did not come across any instance of audit trail feature being tampered with. Such audit trails are preserved as per the statutory requirement for record retention.

For **S Bhandari & Co LLP**

Chartered Accountants

Firm Registration

No. 000560C/C400334

(J.S.P. Bansal)

Partner

Membership No: 070980

UDIN: 25070980BMOMUA6951

Place: New Delhi

Date: May 22, 2025

For **Oswal Sunil & Company**

Chartered Accountants

Firm Registration No.

016520N

(Nawin K Lahoty)

Partner

Membership No: 056931

UDIN: 25056931BMLDCV5453

Place: New Delhi

Date: May 22, 2025

Annexure 'A' to the Independent Auditors' Report on the Consolidated Financial Statement

(Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HFCL Limited of even date)

- xxi. Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) order (CARO) reports of the respective company's incorporated in India included in the consolidated financial statements are as under:

S. No.	Name	CIN	Parent Company/ Subsidiary/Jointly Controlled Entity	Clause number of the CARO report which is qualified or is adverse
1.	HFCL Limited	L64200HP1987PLC007466	Parent Company	Clause i(c), iii(e), vii(b)
2.	HTL Limited	U93090TN1960PLC004355	Subsidiary	Clause i(c), vii (b)
3.	Polixel Security System Private Limited	U93000DL2010PTC199073	Subsidiary	Clause vii(b)
4.	DragonWave HFCL India Private Limited	U64200DL2010PTC211117	Subsidiary	Clause iii(e)

For **S Bhandari & Co LLP**

Chartered Accountants

Firm Registration No. 000560C/C400334

(J.S.P. Bansal)

Partner

Membership No: 070980

UDIN: 25070980BMOMUA6951

Place: New Delhi

Date: May 22, 2025

For **Oswal Sunil & Company**

Chartered Accountants

Firm Registration No. 016520N

(Nawin K Lahoty)

Partner

Membership No: 056931

UDIN: 25056931BMLDCV5453

Place: New Delhi

Date: May 22, 2025

Annexure - B to the Independent Auditors' Report of even date on the Consolidated Financial Statements of HFCL Limited as on march 31, 2025

(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2025, we have audited the internal financial controls over financial reporting of HFCL LIMITED (herein after referred as the "Parent") and its subsidiary companies incorporated in India (herein after referred as the "Group") and its joint controlled entities incorporated in India, including those audited by other auditors as on that date.

Management's Responsibility for Internal Financial Controls

The respective Company's Management and Board of the directors 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 ("ICAI"). 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 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Internal Financial Controls over financial reporting of the Group and its joint controlled entities incorporated in India 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 prescribed 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 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 and its joint controlled entities incorporated in India 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 Internal Financial Controls system over financial reporting of the Group and its joint controlled entities incorporated in India.

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 consolidated 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 consolidated 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 and its joint controlled entities incorporated in India 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, 2025, based on the internal control over financial reporting criteria established by the respective companies of the Group and its joint controlled entities incorporated in India 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 seven subsidiary companies and two jointly controlled entities incorporated in India 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 LLP**

Chartered Accountants

Firm Registration

No. 000560C/C400334

(J.S.P. Bansal)

Partner

Membership No: 070980

UDIN: 25070980BMOMUA6951

Place: New Delhi

Date: May 22, 2025

For **Oswal Sunil & Company**

Chartered Accountants

Firm Registration No.

016520N

(Nawin K Lahoty)

Partner

Membership No: 056931

UDIN: 25056931BMLDCV5453

Place: New Delhi

Date: May 22, 2025

Consolidated Balance Sheet

as at March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Note No(s)	As at March 31, 2025	As at March 31, 2024
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	3	630.21	495.94
(b) Capital work-in-progress	4	200.03	154.09
(c) Right-of-use-assets	43	16.66	11.72
(d) Goodwill		26.17	26.17
(e) Intangible assets (other than Goodwill)	5	178.55	118.14
(f) Intangible assets under development	6	401.85	314.87
(g) Investments accounted for using equity method	7	19.86	19.50
(h) Financial Assets			
(i) Investments	8	136.80	169.22
(ii) Trade receivables	15	409.86	520.31
(iii) Loans	9	11.76	9.00
(iv) Others	10	72.28	54.26
(i) Other non-current assets	12	71.58	78.53
Total Non Current Assets		2,175.61	1,971.75
Current Assets			
(a) Inventories	13	898.84	774.42
(b) Financial Assets			
(i) Investments	14	1.30	5.19
(ii) Trade receivables	15	1,891.73	2,215.48
(iii) Cash & cash equivalents	16	70.52	23.33
(iv) Bank balances other than (iii) above	17	420.80	313.02
(v) Loans	18	15.50	20.01
(vi) Others	19	610.54	173.74
(c) Current Tax Assets (net)	20	16.42	52.50
(d) Other current assets	21	1,445.03	937.39
Total Current Assets		5,370.68	4,515.08
Total Assets		7,546.29	6,486.83
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	22	144.21	144.01
(b) Other Equity	22	3,934.94	3,811.53
Equity attributable to owners of Parent Company		4,079.15	3,955.54
Non-controlling interest		40.17	44.29
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	389.90	169.21
(ii) Lease liabilities	43	9.73	9.07
(b) Provisions	24	53.01	47.49
(c) Deferred tax liabilities (net)	11	86.46	77.28
Total Non Current Liabilities		539.10	303.05
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	25	951.16	808.05
(ii) Lease Liabilities	43	8.97	4.89
(iii) Operational Buyers' Credit	46	162.20	-
(iv) Trade Payables	26		
- total outstanding dues to Micro and Small Enterprises		74.44	65.13
- total outstanding dues to other than Micro and Small Enterprises		1,004.22	742.49
(v) Other financial liabilities	27	442.71	440.87
(b) Current tax liabilities (net)	28	1.54	4.88
(c) Other current liabilities	29	226.80	105.37
(d) Provisions	30	15.83	12.27
Total Current Liabilities		2,887.87	2,183.95
Total Liabilities		3,426.97	2,487.00
Total Equity and Liabilities		7,546.29	6,486.83

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M.No. 070980

Place: New Delhi
Date: May 22, 2025

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
Partner
M.No. 056931

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 22, 2025

Consolidated Statement of Profit and Loss

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Note No(s)	For the year ended March 31, 2025	For the year ended March 31, 2024
I Income			
Revenue from operations	31	4,064.52	4,465.05
Other Income	32	57.76	100.59
Total Income (I)		4,122.28	4,565.64
II Expenses			
Cost of Materials Consumed	33	1,232.13	799.57
Other Direct costs	34	676.42	1,132.56
Purchases of stock-in trade		1,117.76	1,391.20
Change in inventories of finished goods, work-in progress and stock-in trade	35	(82.47)	(102.89)
Employee benefits expense	36	363.55	350.53
Finance Costs	37	185.01	147.28
Depreciation, Impairment and Amortization expenses	3, 5, 43	105.51	81.76
Other Expenses	38	308.14	312.54
Total Expenses (II)		3,906.05	4,112.55
III Profit before Share of profit of joint venture, exceptional items and income tax (I-II)		216.23	453.09
IV Share of profit of jointly controlled entities		0.36	0.93
V Profit before exceptional items and income tax (III+IV)		216.59	454.02
VI Exceptional item		-	-
VII Profit before tax (V - VI)		216.59	454.02
VIII Tax expense			
- Current tax		34.50	67.91
- Deferred Tax		8.83	48.59
Total Tax Expense		43.33	116.50
IX Profit for the year (VII-VIII)		173.26	337.52
X Other Comprehensive Income (OCI):			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of defined benefit plans		1.64	(0.54)
(ii) Income tax on above item		(0.34)	0.13
(iii) (Loss)/Gain on Equity Instruments designated through OCI		(36.75)	130.62
Items that will be reclassified to profit or loss			
(i) Income/(Loss) on translation of foreign operation		(0.38)	(0.61)
Total Other Comprehensive (Loss)/Income for the year		(35.83)	129.60
XI Total comprehensive income for the year (IX+X)		137.43	467.12
XII Profit attributable to:			
Owners of the Parent		177.41	329.81
Non-controlling interest		(4.14)	7.72
XIII Total comprehensive income for the year attributable to:			
Owners of the Parent		141.55	459.44
Non-controlling interest		(4.11)	7.69
XIV Earnings per share from continuing and total operations attributable to the owners of the Parent Company during the year	39		
- Basic		1.23	2.33
- Diluted		1.23	2.33

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M.No. 070980

Place: New Delhi
Date: May 22, 2025

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
Partner
M.No. 056931

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Arvind Kharabanda
Director
DIN: 00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 22, 2025

Consolidated Statement of Cash Flow

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars		For the year ended March 31, 2025	For the year ended March 31, 2024
I. Cash Flow From Operating Activities			
Net Profit before Taxes		216.59	454.02
Adjustments for :			
Depreciation, Impairment & Amortization expenses	105.51		81.76
(Gain)/Loss on disposal of property, plant and equipment	(0.76)		0.28
Financial Gurantee Income	(0.30)		(0.14)
Bad Debts, advances and miscellaneous balances written (back)/off	0.94		(10.98)
Liquidated Damages recovered on Sales	5.94		-
Unrealised Loss/(gain) on foreign exchange fluctuation	(4.05)		3.54
(Gain)/Loss on Sale and Revaluation of Investment - Net	(0.11)		(1.34)
Share of (profit)/loss of an associate	(0.36)		(0.93)
Dividend and interest income classified as investing cash flows	(24.98)		(21.08)
Finance costs (net)	185.01		147.28
		266.84	198.39
Change in operating assets and liabilities			
(Increase)/Decrease in Trade and other receivables	431.37		(419.14)
(Increase)/Decrease in Inventories	(124.42)		(16.58)
Increase/(Decrease) in Trade payables	271.04		(70.39)
(Increase)/Decrease in other financial assets	(438.01)		(1.31)
Increase/(Decrease) in other financial liabilities	162.20		(168.12)
(Increase)/Decrease in other non-current assets	(8.73)		(7.52)
(Increase)/Decrease in other current assets	(507.61)		(58.07)
Increase/(Decrease) in provisions	3.56		(0.03)
Increase/(Decrease) in other non current liabilities	6.79		5.44
Increase/(Decrease) in other current liabilities	118.14		158.93
		(85.67)	(576.79)
Cash generated from/(used in) operations		397.76	75.62
Income taxes paid (net)		(1.76)	(120.49)
Net cash inflow from/(used in) operating activities		396.00	(44.87)
II Cash flows from investing activities			
Payment for acquisition of investments		(4.45)	-
Payments for property, plant and equipment including CWIP		(230.17)	(183.51)
Payments for Intangible Assets including CWIP		(179.03)	(226.52)
Proceeds from sale of property, plant and equipment		1.66	0.50
Bank deposits (placed)/matured (net)		(121.84)	(53.93)
(Payment)/Receipt for loan to/from body corporate (net)		6.26	1.98
Proceeds from sale of Investment		4.24	8.95
Dividends received		-	0.01
Interest received		4.94	3.80
Net cash inflow from/(used in) investing activities		(518.39)	(448.72)

Consolidated Statement of Cash Flow

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
III Cash flows from financing activities		
Proceeds from Issue of Convertible Warrants	10.20	73.20
Proceeds from issue of Share Capital (including security premium)	0.66	352.96
Share issue expenses	-	(9.06)
Proceeds from borrowings	590.19	320.19
(Repayment) of borrowings	(226.40)	(91.23)
(Repayment) of lease liabilities	(10.09)	(6.86)
	364.56	639.20
Less:		
Finance Costs paid	(166.13)	(156.64)
Dividend paid	(28.84)	(28.55)
Net cash inflow from/(used in) financing activities	169.59	454.01
IV Net increase/(decrease) in cash and cash equivalents (I+II+III)	47.19	(39.58)
V Cash and cash equivalents at the beginning of the financial year	23.33	62.91
VI Cash and cash equivalents at end of the year	70.52	23.33

Notes:

1 The Consolidated Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015

2 Figures in bracket indicate cash outflow.

3 Cash and cash equivalents (refer note 16) comprise of the followings:

Cash on hand	0.07	0.06
Balances with Banks		
Current accounts	45.34	12.27
Fixed Deposits with Banks having maturity upto 3 months	25.11	11.00
Balances per statement of cash flows	70.52	23.33

4 Analysis of movement in borrowings

Borrowings at the beginning of the year	977.26	748.31
Movement due to cash transactions per the Consolidated Statement of Cash Flows	363.79	228.95
Borrowings at the end of the year	1,341.05	977.26

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M.No. 070980

Place: New Delhi
Date: May 22, 2025

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
Partner
M.No. 056931

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Arvind Kharabanda
Director
DIN:00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 22, 2025

Consolidated Statement of Changes in Equity

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Equity Share Capital

Particulars	Amount
Balance as at April 1, 2023	137.64
Changes in equity share capital (refer note no. 22A)	6.37
Balance as at March 31, 2024	144.01
Changes in equity share capital (refer note no. 22A)	0.20
Balance as at March 31, 2025	144.21

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
			Securities Premium	Capital Redemption Reserve	Capital Reserve	Retained Earnings	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve			
Balance as at April 1, 2023	28.20	1.69	1,056.78	80.50	2.22	1,786.58	16.76	(2.83)	2,969.90	36.60	3,006.50
Profit for the year	-	-	-	-	-	329.82	-	-	329.82	7.72	337.54
Other Comprehensive Income for the year	-	-	-	-	-	(0.40)	130.65	(0.61)	129.64	(0.03)	129.61
Warrant subscription price equivalent to 75% of the issue price {refer note 22(B)(2)}	73.20	-	-	-	-	-	-	-	73.20	-	73.20
Dividend paid for the previous year	-	-	-	-	-	(28.58)	-	-	(28.58)	-	(28.58)
Issue of equity share capital (net of share issue expenses of ₹ 9.06 Crore)	-	-	340.56	-	-	-	-	-	340.56	-	340.56
Conversion of warrants into equity share {refer note no. 22(B)(2)}	(97.60)	-	96.38	-	-	-	-	-	(1.22)	-	(1.22)
Transfer to retained earnings	-	-	-	-	-	3.55	(3.55)	-	-	-	-
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	(0.67)	-	-	-	0.67	-	-	-	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	-	0.02	-	-	0.02	-	0.02
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(1.81)	-	-	-	-	-	(1.81)	-	(1.81)
Balance as at March 31, 2024	3.80	1.02	1,491.91	80.50	2.22	2,091.66	143.86	(3.44)	3,811.53	44.29	3,855.82
Profit for the year	-	-	-	-	-	177.41	-	-	177.41	(4.14)	173.27
Other Comprehensive Income for the year	-	-	-	-	-	1.31	(36.78)	(0.34)	(35.82)	0.02	(35.80)
Warrant subscription price equivalent to 75% of the issue price {refer note 22(B)(2)}	10.20	-	-	-	-	-	-	-	10.20	-	10.20
Dividend paid for the previous year	-	-	-	-	-	(28.85)	-	-	(28.85)	-	(28.85)
Conversion of warrants into equity share {refer note no. 22(B)(2)}	(13.60)	-	13.43	-	-	-	-	-	(0.17)	-	(0.17)
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	1.81	-	-	-	-	-	1.80	-	1.80
Transfer to retained earnings	(0.40)	-	-	-	-	0.40	-	-	-	-	-
Adjustment of dividend paid to HFCL Employees Trust	-	-	-	-	-	0.01	-	-	0.01	-	0.01
Adjustment of Premium on equity shares held by HFCL Employees Trust	-	-	(1.17)	-	-	-	-	-	(1.17)	-	(1.17)
Balance as at March 31, 2025	-	1.02	1,505.98	80.50	2.22	2,241.94	107.08	(3.78)	3,934.94	40.17	3,975.11

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For **S Bhandari & Co LLP**
Chartered Accountants
Firm Reg. No. 000560C/C400334

J. S. P. Bansal
Partner
M.No. 070980

Place: New Delhi
Date: May 22, 2025

For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No. 016520N

Nawin K Lahoty
Partner
M.No. 056931

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN: 00052898

Vijay Raj Jain
Chief Financial Officer
PAN: AALPJ8603K

Arvind Kharabanda
Director
DIN:00052270

Manoj Baid
President & Company Secretary
M.No.: FCS 5834

Place: New Delhi
Date: May 22, 2025

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

1. Corporate information

HFCL Ltd. ('HFCL' or 'the Holding Company' CIN: L64200HP1987PLC007466) 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 interest spanning telecom infrastructure development, system integration, and manufacture and supply of high-end telecom equipment, Optic Fiber 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 22, 2025.

2. Material accounting policies

A summary of the material accounting policies applied in the preparation of the Consolidated Financial Statements are as given below. These accounting policies have been applied consistently to all periods presented in the Consolidated Financial Statements.

2.1. Basis of preparation

2.1.1. Compliance with Ind AS

All the Indian Accounting Standards issued under section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved have been considered in preparation of these Financial Statements.

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 Indian Rupees except where otherwise stated.

2.1.3. Use of estimates and judgements

The preparation of these 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 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.

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

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

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 Holding 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.

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 Ind AS 12 - Income Taxes and Ind AS 19- Employee Benefits respectively.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

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.

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:

- Expected to be realised or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realised within twelve months after the reporting period other than for (a) above; or
- 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:

- It is expected to be settled in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is due to be settled within twelve months after the reporting period other than for (a) above; or
- 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 Investments 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:

- quoted prices for similar assets or liabilities in active markets.
- quoted prices for identical or similar assets or liabilities in markets that are not active.
- inputs other than quoted prices that are observable for the asset or liability.
- Market – corroborated inputs.

- Level 3

They are un-observable 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.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

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

The Group had elected to continue with the carrying value of all of its Property, Plant and Equipment (PPE) recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

Items of PPE acquired/constructed are initially recognized at actual cost. 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 fee and borrowing cost for qualifying assets.

Following initial recognition, freehold land is stated at actual cost. All other items of PPE are stated at actual cost less accumulated depreciation and impairment loss.

Amounts paid towards the acquisition of PPE outstanding as of each reporting date and the cost of PPE not ready for intended use before such date are disclosed under capital advances and capital work-in-progress (CWIP) respectively.

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 Statement of Profit and Loss as incurred.

Depreciation of these PPE commences when the assets are ready for their intended use. PPE and intangible assets are not depreciated or amortized once classified as held for sale.

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 PPE 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 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. Product Development and Intangible Assets under Development

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

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

- 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

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. In which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized when the asset is ready for its intended use.

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 Statement of Profit and Loss.

During the period of development, the asset is tested for impairment annually

c. Other Intangible assets

The Group had elected to continue with the carrying value of all of its Intangible Assets recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

Cost of other intangible assets or software comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxation authorities), and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure after its purchase is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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.

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.

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 (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. 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)

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

- 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:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- 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 Group 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 other equity investments are measured at fair value. For 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 an 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 Statement of Profit and Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the 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 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-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

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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 applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets. ECL is the difference between contractual cash flows that are due and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. The Group recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. The Group uses Historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

ECL Impairment Loss allowance (or reversal) recognized during the period is recognized as income/expense in the 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 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 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 the

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.

Credit/Suppliers' Credit and vendor financing

The Group enters into arrangements whereby banks make direct payments to suppliers for raw materials. The banks are subsequently repaid by the Group at a later date providing working capital timing benefits. These are normally settled between 90 days to 180 days. The economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/suppliers' credit and disclosed on the face of the balance sheet. Interest expense on these are recognised in the finance cost. Payments made by banks to the operating vendors are treated as a noncash item and settlement of due to operational buyer's credit/suppliers' credit by the Group is treated as an operating cash outflow reflecting the substance of the payment.

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

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.

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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 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 Standard 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 the 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 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, Optical Fibre and Telecom Equipment's. 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, Projects of Jal Jeevan Mission etc. Most of the turnkey contracts include a standard warranty clause to guarantee that telecom infrastructure and communication network systems comply with agreed specifications.

Revenue from Turnkey Projects/Contracts is recognized over time as the performance obligation is satisfied. This is because the customer controls the asset as it is being constructed, and the Group has an enforceable right to payment for performance completed to date.

When the outcome of such contracts can be estimated reliably, revenue is recognized using the percentage of completion method, determined by reference to the stage of completion of the contract activity. The stage of completion is

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measured based on work certified, which reflects the Group's efforts or inputs toward fulfilling the performance obligation

Contract revenue is recognised based on the progress of work performed. If the revenue recognised exceeds the amount billed to the customer through interim or progressive invoices, the difference is classified as a Contract Asset (Unbilled Revenue). This represents the Group's right to consideration for work completed but not yet billed.

On the other hand, if the amount billed to the customer exceeds the revenue recognised to date, the excess is recorded as a Contract Liability. This reflects the Group's obligation to perform further work under the contract or refund excess amounts received.

Customer prepayments - amounts received in advance before performance obligations are satisfied—are also presented as liabilities until the related work is completed.

Retention money, which is the portion of the contract amount withheld by the customer until satisfactory completion of the project, is classified as earnest money recoverable. It does not include a significant financing element, as it primarily serves as a security for the proper execution of the contract.

Revenue from turnkey projects/contracts executed under joint operations is recognised on the same basis as adopted in respect of contracts independently executed by the Group.

- **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 material financing component and considering practical expedient.

iii. Other Revenue :

- **Interest income**

Interest income on deposits with banks is recognised at effective interest rate applicable.

Interest income from other financial assets is recognised at the effective interest rate method on initial recognition.

- **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 Statement of Profit and Loss.

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ Crore)

- **Insurance Claims**

Insurance claims are accounted for as and when admitted by the concerned authority.

- **Export Incentives**

The export incentives from the Government are recognized at their fair value where there is a reasonable assurance that the incentive will be received and the Group will comply with all attached conditions.

- 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.

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 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;

As a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the 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 items denominated in foreign currency at the yearend are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of the 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 such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

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2.15. Employee Benefits

Short-term employee benefits:-

Liabilities for wages and salaries and performance incentives, 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.

Other long term employee benefits

The liability for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as per the actuarial valuation carried out at the end of each annual reporting period. Actuarial gains and losses are recognized in full in the consolidated statement of profit and loss in the period in which they occur.

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 recognized as an expense in the 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, 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.

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 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 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.

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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.

2.17. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets 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, considering 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 Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless the possibility of an outflow of resources embodying economic benefit is remote.

2.19. Government grants

Grants from the government are recognized 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 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. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are also included in the calculation of basic earnings per share from the date the contract is entered into. 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.

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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 the amount 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.

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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, 2023	601.09	176.83	29.76	34.68	20.90	10.66	36.15	17.49	20.94	0.88	949.38
Additions	36.69	7.18	4.25	1.95	3.09	1.14	7.37	3.25	12.62	-	77.54
Disposals/Adjustments	2.79	-	0.05	0.11	0.28	0.46	6.10	1.92	-	-	11.71
Balance As at March 31, 2024	634.99	184.01	33.96	36.52	23.71	11.34	37.42	18.82	33.56	0.88	1,015.21
Additions	115.93	51.83	9.74	15.51	1.14	1.53	2.80	0.72	2.50	-	201.70
Disposals/Adjustments	0.88	0.50	-	0.28	0.75	0.57	7.61	0.52	-	-	11.11
Balance As at March 31, 2025	750.04	235.34	43.70	51.75	24.10	12.30	32.61	19.02	36.06	0.88	1,205.80
Accumulated Depreciation and Impairment											
Balance As at April 1, 2023	336.33	31.37	12.52	24.30	11.76	8.75	26.72	10.29	-	0.25	462.29
Depreciation for the year	45.35	6.13	1.46	2.86	2.80	1.03	5.68	2.64	-	0.01	67.96
Disposals/Adjustments	2.65	-	0.04	0.09	0.26	0.45	5.85	1.64	-	-	10.98
Balance As at March 31, 2024	379.03	37.50	13.94	27.07	14.30	9.33	26.55	11.29	-	0.26	519.27
Depreciation for the year	40.76	6.40	1.97	2.33	2.51	1.08	5.90	2.32	-	0.01	63.28
Impairment during the year	3.13	-	-	-	-	-	-	-	-	-	3.13
Disposals/Adjustments	0.70	0.09	-	0.27	0.73	0.55	7.26	0.49	-	-	10.09
Balance As at March 31, 2025	422.22	43.81	15.91	29.13	16.08	9.86	25.19	13.12	-	0.27	575.59
Net Carrying Value											
Balance As at April 1, 2023	264.76	145.46	17.24	10.38	9.14	1.91	9.43	7.20	20.94	0.63	487.09
Balance As at March 31, 2024	255.96	146.51	20.02	9.45	9.41	2.01	10.87	7.53	33.56	0.62	495.94
Balance As at March 31, 2025	327.82	191.53	27.79	22.62	8.02	2.44	7.42	5.90	36.06	0.61	630.21

Notes:

- The following properties are pending for title transfer in the name of the Group:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date
Property, plant and equipment (HFCL Limited)	Land (Leasehold)	0.28	State Government of Himachal Pradesh	No	23 rd September, 1994
Property, plant and equipment (HFCL Limited)*	Land (Freehold)	1.64	Erstwhile amalgamated Company	No	5 th January, 2011
Property, plant and equipment (HFCL Limited)**	Land (Freehold)	12.41	Telangana State Industrial Infrastructure Corporation Limited (TSIIC)	No	5 th September, 2022
Property, plant and equipment (HTL Limited) (refer Note 56 (i) (a))	Land (Freehold)	-	State Government of Tamil Nadu	No	30 th September, 1970

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* By virtue of Scheme of Amalgamation sanctioned vide order passed by hon'ble High Court of Shimla on 5th January 2011, the above said land was transferred to the Holding Company. Accordingly, the holding Company had filed an application before Jaipur Development Authority (JDA) for mutation of the aforesaid land in favour of the Holding Company. The Collector (Stamps), Jaipur Circle-III raised a demand of ₹ 25 crore towards payment of stamp duty for carrying out such mutation. The Holding Company filed a petition in the Jaipur High Court against the demand made by the Deputy Registrar, Collector (Stamps), Jaipur. On 29th July 2022, the division bench of the Jaipur High Court passed an order quashing the demand and directing fresh assessment of duty payable by the Holding Company. Against the High Court order, Deputy Registrar, Collector (Stamps), Jaipur has filed an appeal before the Hon'ble Supreme Court and apex court dismissed the said appeal vide its order dated 1st September 2023 and ordered fresh assessment of the stamp duty to be carried out by the concerned authority. Deputy Registrar, Collector (Stamps), Jaipur have filed review petition before Honourable Supreme Court against its order dated 1st September 2023 against which Honourable Supreme Court passed an order dated 18th July 2024 dismissing the review petition. Holding Company has further requested Jaipur Development Authority (JDA) to re-assess the stamp duty basis which mutation will be undertaken.

** The aforesaid land is allotted to the Holding Company for setting up manufacturing facility in the state of Telangana. The agreement to sell has been executed with TSIC and Holding Company is currently having physical possession of the said land. TSIC will execute sale deed in favour of the Holding Company post fulfillment of all the conditions as stipulated in the agreement to sell.

2. The Group has not revalued any Property, Plant & Equipment during the current and previous financial year
3. Refer Note 23 and 25 for details of assets pledged.

4 Capital work-in-progress

Particulars	Buildings	Plant & Machinery	Electrical Installation	Furniture & Fixture	Total
Balance As at April 1, 2023	41.85	24.44	1.61	2.60	70.50
Additions	58.58	61.75	0.25	0.06	120.64
Disposals/Adjustments	6.87	26.46	1.57	2.15	37.05
Balance As at March 31, 2024	93.56	59.73	0.29	0.51	154.09
Additions	48.08	171.21	16.55	0.56	236.40
Disposals/Adjustments	57.46	115.94	16.64	0.42	190.46
Balance As at March 31, 2025	84.18	115.00	0.20	0.65	200.03

4.1 Ageing of Capital work in progress

Particular	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	Total
Projects in progress*					
As at March 31, 2025	147.75	29.66	21.88	0.74	200.03
As at March 31, 2024	120.64	32.71	0.74	-	154.09

*Project execution plans are modulated annually on the basis of capacity requirement assessment and all projects are executed as per rolling annual plan.

*As on balance sheet date, there are no capital work in progress projects whose completion is over due or has exceeded the cost based on latest approved plan

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

5 Intangible Assets (Other than Goodwill)

Particulars	Amount
Gross Carrying Value	
Balance As at April 1, 2023	49.10
Additions	109.31
Disposals/Adjustments	0.77
Balance As at March 31, 2024	157.64
Additions	92.05
Disposals/Adjustments	3.36
Balance As at March 31, 2025	246.33
Accumulated Amortisation	
Balance As at April 1, 2023	31.45
Amortisation for the year	8.82
Disposals/Adjustments	0.77
Balance As at March 31, 2024	39.50
Amortisation for the year	31.76
Disposals/Adjustments	3.48
Balance As at March 31, 2025	67.78
Net Carrying Value	
Balance As at April 1, 2023	17.65
Balance As at March 31, 2024	118.14
Balance As at March 31, 2025	178.55

The Group has not revalued any Intangible assets during the current and previous financial year

6 Intangible assets under development

Particulars	Product Development
Balance As at April 1, 2023	197.66
Additions	166.87
Disposals/Adjustments	49.66
Balance As at March 31, 2024	314.87
Additions	169.03
Disposals/Adjustments	82.05
Balance As at March 31, 2025	401.85

Note : Includes Technology license fee paid in the nature of advance till the date of actual utilisation of technology.

6.1 Ageing of Intangible assets under development

Particular	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	Total
Projects in progress					
As at March 31, 2025	139.69	141.14	89.22	31.80	401.85
As at March 31, 2024	166.87	102.83	26.59	18.58	314.87

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

6.2 Project wise completion schedule of overdue/over-run intangible assets under development as at March 31, 2025

Particular	To be completed in				Total
	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	
Projects in progress					
- Defence Communication Products	-	4.60	-	-	4.60
Total	-	4.60	-	-	4.60

Project wise completion schedule of overdue/over-run intangible assets under development as at March 31, 2024

Particular	To be completed in				Total
	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	
Projects in progress					
- Defence Communication Products	31.37	-	-	-	31.37
- 5G/4G Technological Products	9.91	-	-	-	9.91
Total	41.28	-	-	-	41.28

7 Investments accounted for using equity method

Particulars	As at March 31, 2025	As at March 31, 2024
Unquoted Investments (At Cost)		
Investment in Equity Instruments		
(i) Jointly Controlled Entities	18.50	18.50
Add/(Less) : Cumulative Share of profits/(Loss)	1.36	1.00
Total	19.86	19.50

7.1 Investments accounted for using equity method

Particulars	Face value per share	As at March 31, 2025		As at March 31, 2024	
		No. of Shares	Amount	No. of Shares	Amount
Unquoted Investments					
Investment in Equity Instruments - Equity Shares					
Nimpaa Telecommunications Private Limited (includes Goodwill of ₹ 1 Crore)	10	10,00,000	1.00	10,00,000	1.00
Add/(Less) : Cumulative Share of profits			2.14		2.14
Big Cat Wireless Private Limited (includes Goodwill of ₹ 5.36 Crore)	10	4,000	2.50	4,000	2.50
BigCat Wireless Private Limited - (Partly paid @ ₹ 6.50 per share (previous year : ₹ 6.50 per share) out of the face value of ₹ 10/- per share)	10	32,000	15.00	32,000	15.00
Add/(Less) : Cumulative Share of (Loss)			(0.78)		(1.14)
Total aggregate unquoted investments			19.86		19.50
Aggregate carrying value of unquoted investments			19.86		19.50
Aggregate amount of impairment in value of investments			-		-

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

7.2 Additional details of Jointly Controlled Entities

Name of Entity	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights held by the Group	
			As at March 31, 2025	As at March 31, 2024
Nimpaa Telecommunications Private Limited	Manufacturing of FRP and ARP	India	50.00%	50.00%
BigCat Wireless Private Limited (Jointly Controlled Entity with 50% voting right)	Development of software and hardware products for wireless networking	India	50.00%	50.00%

8 Non-Current Financial Assets - Investments

Particulars	As at March 31, 2025	As at March 31, 2024
Quoted Investments - Others		
(i) Investments in Equity instruments	111.66	149.29
Unquoted Investments - Others		
(i) Investments in Equity instruments	23.29	18.08
(ii) Investments in Debt instruments	1.85	1.85
Total	136.80	169.22

8.1 Detail of Non Current Financial Assets - Investments

Particulars	Face value per share/ Debenture	As at March 31, 2025		As at March 31, 2024	
		No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
Financial assets measured at FVTOCI					
(i) Investment in equity instruments - Quoted Equity Shares					
Exicom Tele-Systems Limited*	10	75,62,676	111.66	75,62,676	149.29
			111.66		149.29
(ii) Investment in equity instruments - Un-Quoted Equity Shares					
Midas Communication Technologies Private Limited	10	2,642	-	2,642	-
The Greater Bombay Co-Op Bank Limited	25	4,000	0.05	4,000	0.05
India Card Technologies Private Limited	10	19,900	-	19,900	-
Shankar Sales Promotion Private Limited	100	2,000	0.07	2,000	0.10
HFCL Bezeq Telecom Limited	10	100	-	100	-
Amplus Iru Private Limited	10	40,91,500	4.09	-	-
Nivetti Systems Private Limited	1	2,17,594	19.08	2,17,594	17.93
			23.29		18.08
Total Investment in Equity Instrument measured at FVTOCI			134.95		167.37

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Face value per share/ Debenture	As at March 31, 2025		As at March 31, 2024	
		No. of Shares/ Debentures	Amount	No. of Shares/ Debentures	Amount
(iii) Investment in Debt Instruments					
Atul Properties Private Limited (OFCDs) - Redeem at completion of 17 Years from date of allotment i.e. 04 th Feb 2028	100	1,85,000	1.85	1,85,000	1.85
Total Investment in Debt Instruments measured at FVTOCI			1.85		1.85
Total Investment measured at FVTOCI			136.80		169.22
Aggregate carrying value of quoted investments			111.66		149.29
Aggregate Carrying value of unquoted investments			25.14		19.93
Aggregate amount of impairment in value of investments			-		-

* Includes Bonus shares issued by Exicom Telesystems Limited in the ratio of eleven equity shares for every one equity share held by the shareholders as of the record date on September 15, 2023. Valuation of these shares is done at closing market price as at 31st March 2025 and 31st March 2024 respectively.

9 Non-Current Financial Assets - Loans

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Loans to other parties	11.01	6.50
Loans to related parties (refer note 55)	0.75	2.50
Unsecured, considered doubtful		
Which have significant increase in credit risk	0.21	0.21
Less: expected credit loss allowance	(0.21)	(0.21)
Total	11.76	9.00
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

10 Non-Current Financial Assets - Others

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed Deposits with Bank (maturity more than 12 months)*	57.98	38.66
Unsecured, Considered Good		
Security Deposit	14.30	15.60
Total	72.28	54.26

* Out of above, fixed deposits of ₹ 52.98 Crore (Previous year ₹ 38.65 Crore/-) are held as margin money/securities with banks and fixed deposits of ₹ 5.00 Crore (Previous year Nil) in Holding Company is made out of QIP fund and is pending to be utilized as per objects stated in offer document.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

11 Deferred tax assets / (liabilities)

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	Total
As at April 1, 2023	13.66	(48.37)	5.89	(28.82)
(Charged)/Credited:				
- to Statement of profit and loss	2.11	(48.08)	(2.62)	(48.59)
- to other comprehensive income	0.13	-	-	0.13
As at March 31, 2024	15.90	(96.45)	3.27	(77.28)
(Charged)/Credited:				
- to Statement of profit and loss	2.64	(38.88)	27.40	(8.84)
- to other comprehensive income	(0.34)	-	-	(0.34)
As at March 31, 2025	18.20	(135.33)	30.67	(86.46)

Note: In the absence of reasonable certainty of future taxable income, deferred tax assets have been created in the books of 2 subsidiaries

12 Other Non-Current Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, Considered Good		
Prepaid Expenses	23.94	18.42
Capital Advances		
others	47.64	60.11
Total	71.58	78.53

13 Inventories

Particulars	As at March 31, 2025	As at March 31, 2024
Inventories		
Raw Material	205.88	169.76
Raw Materials in transit	33.74	40.94
	239.62	210.70
Work-in-progress	177.09	240.33
Finished goods	106.22	126.38
Stock-in-trade	336.71	170.83
Stock-in-trade in transit	10.91	-
Stores and Spares	23.00	20.04
Loose tools	4.42	4.80
Others (Packing Material)	0.87	1.34
Total	898.84	774.42

Notes:

- (i) Work in progress includes contract work in progress of ₹ 131.32 Crore (Previous year: ₹ 214.79 Crore)

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

14 Current Financial Assets - Investments

Particulars	As at March 31, 2025	As at March 31, 2024
Quoted Investments		
(i) Investments in Mutual Funds	0.72	4.60
(ii) Investments in Equity Instruments -other	0.58	0.59
Total	1.30	5.19

14.1 Detail of Current Financial Assets - Investments

Particulars	Face Value	As at March 31, 2025		As at March 31, 2024	
		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 Investment					
Axis Liquid Fund - Direct Growth #	1000	2,737	0.37	-	-
MCNL Capital Compounder Fund - I	100	-	-	3,00,000	4.25
Quant Large Cap Fund - Regular Plan Growth	10	2,49,988	0.35	2,49,988	0.35
Total Investment FVTPL			0.72		4.60
Financial assets measured at fair value through Other Comprehensive Income (FVTOCI)					
(i) Investment in equity instruments - Quoted Equity Shares					
Adinath Bio Labs Limited	1	64,08,000	-	64,08,000	-
Manvens Biotech Limited	1	17,000	-	17,000	-
Sumedha Fiscal Services Limited	10	18,200	0.12	18,200	0.08
Valiant Communications Limited	10	8,700	0.34	8,700	0.32
Media Matrix Worldwide Limited	1	4,750	-	4,750	0.01
Sahara One Media and Entertainment Limited	10	2,50,950	-	2,50,950	-
			0.46		0.41
(iii) Investment in equity instruments - Unquoted Equity Shares					
Optimates Textile Industries Limited	2	13,02,500	-	13,02,500	-
Rashel Agrotech Limited	10	4,78,500	-	4,78,500	-
NSL Wind Power Company (Phoolwadi) Private Limited	10	1,13,000	0.11	1,85,995	0.18
			0.11		0.18
Total Investment FVTOCI			0.58		0.59
Total Current Financial Investments			1.30		5.19
Aggregate Carrying value of quoted investments			1.19		5.01
Aggregate Carrying value of unquoted investments			0.11		0.18
Aggregate amount of impairment in value of investments			-		-

Pledged as security for term loan facility sanctioned by NBFC

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

15 Current Financial Assets - Trade Receivables

Particulars	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Trade Receivables				
Unsecured, considered good	409.86	1,878.21	520.31	2,132.77
Which have significant increase in credit risk	-	26.98	-	87.16
Credit impaired	-	6.09	-	5.81
Less: expected credit loss allowance	-	(19.55)	-	(10.26)
Total	409.86	1,891.73	520.31	2,215.48
Movement in the expected credit loss allowance of trade receivables are as follows:				
Balance at the Beginning of the year	-	10.26	-	20.01
Add: Provided during the year	-	9.29	-	0.35
Less: Provision reversed	-	-	-	10.10
Balance at the end of the year	-	19.55	-	10.26

15.1 Ageing analysis of Trade Receivables as at March 31, 2025

Particular	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- Considered good	1,477.59	548.33	69.48	73.98	41.46	67.46	2,278.30
- which have significant increase in credit risk	-	-	-	-	-	26.98	26.98
- credit impaired	-	-	-	-	0.02	1.29	1.31
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	9.77	9.77
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	4.78	-	4.78
Total	1,477.59	548.33	69.48	73.98	46.26	105.50	2,321.14
Less : Amount disclosed under non-current financial assets	-	-	-	-	-	-	(409.86)
Less: Expected credit loss allowance of trade receivables	-	-	-	-	-	-	(19.55)
Total current trade receivables	-	-	-	-	-	-	1,891.73

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Ageing analysis of Trade Receivables as at March 31, 2024

Particular	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
- Considered good	1,443.01	744.54	221.86	171.08	72.01	0.48	2,652.98
- which have significant increase in credit risk	-	-	-	-	-	87.16	87.16
- credit impaired	-	-	-	-	-	1.03	1.03
Disputed Trade Receivables							
- Considered good	-	-	-	-	-	0.10	0.10
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	4.78	-	-	4.78
Total	1,443.01	744.54	221.86	175.86	72.01	88.77	2,746.05
Less : Amount disclosed under non-current financial assets	-	-	-	-	-	-	(520.31)
Less: Expected credit loss allowance of trade receivables	-	-	-	-	-	-	(10.26)
Total current trade receivable	-	-	-	-	-	-	2,215.48

15.2 The credit period towards trade receivables related to turnkey projects generally ranges between the achievement of specified milestones (execution based) and average project execution cycle which is around 9 to 36 months. General payment terms include processing time ranging between 60 to 180 days from the date of invoices/achievement of specified milestones with the respective customers.

16 Current Financial Assets - Cash & cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Balance with Banks in current account	45.34	12.27
Cash on hand	0.07	0.06
Fixed Deposits with Banks having maturity upto 3 months	25.11	11.00
Total	70.52	23.33

17 Current Financial Assets - Other Bank Balances

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed Deposits with Banks (Maturity less than 12 months)*	412.10	309.59
Balance with Bank in Dividend account**	1.03	0.91
Balance with Bank in QIP monitoring account**	3.95	0.04
Balance with Bank - CSR unspent**	3.72	2.48
Total	420.80	313.02

* Out of above, fixed deposits of ₹ 314.47 Crore (Previous year ₹ 243.01 Crore) are held as margin money/securities with banks by the Group and fixed deposits of ₹ 52.93 Crore (Previous year ₹ 72.50 Crore) of Holding Company is made out of QIP fund and is pending to be utilized as per objects stated in the offer document.

** Balances coming in above accounts has restricted use.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

18 Current Financial Assets - Loans

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Other Loans	15.50	20.01
Total	15.50	20.01

19 Current Financial Assets -Other Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Security Deposits	420.85	4.98
Other Recoverable	77.53	59.56
Interest Receivable	55.76	52.80
Subsidy claim receivable form government	53.15	53.15
Receivables for sales of Investments	3.25	3.25
Total	610.54	173.74

20 Current Tax Assets (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Current Tax Assets		
Advance Income Tax/TDS (net of provisions)	16.42	52.50
Total	16.42	52.50

21 Other Current Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Indirect tax recoverable	262.63	163.59
Indirect Tax paid under protest	1.85	1.98
Other Receivables	0.84	-
Prepaid Expenses	37.45	28.71
Export Incentive receivable	1.94	1.44
Project & other vendor advances	488.25	364.76
Contract Assets-Unbilled revenue (refer Note 31)	652.07	376.91
Total	1,445.03	937.39

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

22 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, 2023	5,10,00,00,000	510.00	2,50,00,000	250.00
Increase during the year	-	-	-	-
As at March 31, 2024	5,10,00,00,000	510.00	2,50,00,000	250.00
Increase during the year	-	-	-	-
As at March 31, 2025	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, 2023	1,37,63,76,121	137.64	-	-
Add: Equity shares held in Trust during previous year under ESOP scheme*	13,82,200	0.14	-	-
Add: shares issued during the year to Qualified Institutional Buyers **	5,10,14,491	5.10	-	-
Add: Shares issued during the year to warrant holders \$	1,22,00,000	1.22	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	9,18,800	0.09	-	-
As at March 31, 2024	1,44,00,54,012	144.01	-	-
Add: Equity shares held in Trust during previous year under ESOP scheme*	9,18,800	0.09	-	-
Add: Shares issued during the year to warrant holders \$	17,00,000	0.17	-	-
Less: Equity shares held in Trust for employees under ESOP Scheme	5,97,500	0.06	-	-
As at March 31, 2025	1,44,20,75,312	144.21	-	-

* The Board of Directors of the Holding Company, through its resolutions passed by circulation on July 15, 2021, and June 08, 2022, approved the allotment of 49,34,300 equity shares and 11,74,100 equity shares respectively to HFCL Employees Trust. This allocation was made for exchange of employee's stock options granted to eligible employees of the Holding Company and its subsidiaries under the HFCL Employees' Long Term Incentive Plan – 2017.

** During the previous year, the Holding Company had issued 5,10,14,491, equity shares of face value of Re. 1 each at an issue price of ₹ 69/- per equity share (including premium of ₹ 68/- per equity share), aggregating to ~₹ 352.00 Crore (including securities premium of ₹ 346.90 Crore). The issue was made through eligible Qualified Institutions Placement ("QIP") in terms of chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, Section 42 & 62 and other relevant provisions of the Companies Act, 2013. Funds received in the QIP of equity shares have been utilised for the purpose mentioned in the objects of the issue in the offer document.

\$ The Allotment Committee (Warrants) of the Board of Directors of the Holding Company at its meeting held on 7th February, 2024, 22nd March, 2024 and 11th April 2024 has made allotment of 1,00,00,000, 22,00,000 and 17,00,000 equity shares of the face value of Re.1/- each at a premium of ₹ 79 per equity share respectively to the warrant holders consequent upon exercise of their rights for conversion of warrants into equity shares.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(iii) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholder	As at March 31, 2025		As at March 31, 2024	
	No. of share	% of Holding	No. of share	% of Holding
MN Ventures Private Limited	27,38,65,000	18.98	29,58,65,000	20.53
Nextwave Communications Private Limited	19,48,65,000	13.51	21,98,65,000	15.26

As per the records of the Holding Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

(iv) Shares held by promoters and change in their holdings

Name of promoters	As at March 31, 2025		As at March 31, 2024		% Change during the year
	No. of share held	% of Holding	No. of share held	% of Holding	
Anant Nahata	26,45,000	0.18	26,45,000	0.18	-
Mahendra Nahata	13,35,091	0.09	13,35,091	0.09	-
MN Ventures Private Limited	27,38,65,000	18.98	29,58,65,000	20.53	(1.55)
NextWave Communications Private Limited	19,48,65,000	13.51	21,98,65,000	15.26	(1.75)
Fitcore Tech-Solutions Private Limited	2,21,50,000	1.54	2,23,00,000	1.55	(0.01)
Vinsan Brothers Private Limited	6,71,600	0.05	6,71,600	0.05	-
Shanker Sales Promotion Private Limited	3,00,201	0.02	3,00,201	0.02	-
Total	49,58,31,892	34.37	54,29,81,892	37.68	(3.31)

(v) 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 Holding 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.

(vi) Shares reserved for issue under options:

Information related to Employee Stock Option Plan, including details of options issued, exercised, expired and forfeited during the previous financial year and options outstanding at the end of the reporting period, is set out in note 54.

B. Other Equity

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Retained Earnings	2,241.94	2,091.66
(ii) Components of Other Comprehensive Income		
a. Changes in fair value of FVOCI equity instruments	107.08	143.86
b. Foreign currency translation reserve	(3.78)	(3.44)
(iii) Other Reserves*		
a. Securities Premium	1,505.98	1,491.91
b. Capital Redemption Reserve	80.50	80.50
c. Employee Share based payment reserve	1.01	1.02
d. Capital reserve (on bargain purchase)	2.22	2.22
(iv) Money received against Convertible Warrants**	-	3.80
Total	3,934.94	3,811.53

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(1) * Brief description of Other Reserves:

- Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.
- Capital Redemption reserve is created to the extent of Preference Share Capital redeemed i.e. 80,50,000 (previous year 80,50,000) CRPSs of ₹ 100/- each
- Employee share based payment reserve is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Holding Company for employees of the Group.

(2) **Brief description of Money received against Convertible Warrants:

The Board of Directors and Shareholders of the Holding Company at their meetings held on September 02, 2022 and September 30, 2022 respectively, the Allotment Committee (Warrants) of the Board of Directors of the Holding Company, vide its resolution passed on October 15, 2022, had approved the allotment of 1,41,00,000 (One Crore Forty-One Lakh) Warrants convertible into 1,41,00,000 equity shares at a price of ₹80/- per Equity Share (Warrant Exercise Price) to persons belonging to Promoter and Non-Promoter category in the preferential issue made under Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Section 42 and Section 62 of the Companies Act, 2013, as amended, read with the rules issued thereunder. Further, the Allotment Committee (Warrants) of the Board of Directors of the Holding Company, vide its resolutions passed on February 07, 2024, March 22, 2024 and April 11, 2024 had approved the allotment of 1,00,00,000 (One Crore), 22,00,000 (Twenty-Two Lakh) and 17,00,000 (Seventeen Lakh) equity shares respectively, having face value of ₹1/- (Rupee One only) each, at a premium of ₹79/- per equity share, fully paid-up, upon conversion of warrants.

Further, as per provisions of Regulation 169(3) of Chapter V of SEBI ICDR Regulations, the warrants allotted to one of the warrant holder holding 2,00,000 warrants, who sought early retirement from the Holding Company, and since retired, did not exercise the conversion option within 18 months from the date of the allotment, i.e. on or before April 14, 2024, the 25% of Warrant Exercise Price i.e. ₹ 40,00,000 received by the Holding Company stands forfeited and transferred to retained earning

(i) Retained Earnings

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	2,091.66	1,786.58
Add: Net profit for the year	173.27	337.54
Add/Less: adjustments for-		
Other Comprehensive Income for the year	1.31	(0.41)
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	0.67
Dividend payable/paid on Equity shares for previous year	(28.85)	(28.58)
Adjustment of dividend to ESOP trust	0.01	0.02
Share of Loss/(Profit) of Non-Controlling Interest during the year	4.14	(7.72)
Transfer to Retained Earnings	0.40	3.55
Closing Balance	2,241.94	2,091.66

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(ii) Components of Other Comprehensive Income

Particulars	Changes in fair value of FVOCI equity instruments	Foreign currency translation reserve
As at April 1, 2023	16.76	(2.83)
Increase during the year	130.65	-
Decrease during the year	3.55	0.61
As at March 31, 2024	143.86	(3.44)
Increase during the year	-	-
Decrease during the year	36.78	0.34
As at March 31, 2025	107.08	(3.78)

(iii) Other Reserves

Particulars	Securities Premium	Capital Redemption Reserve	Employee Share based payment reserve	Capital Reserve
As at April 1, 2023	1,056.78	80.50	1.69	2.22
Increase during the year	436.94	-	-	-
Decrease during the year	1.81	-	0.67	-
As at March 31, 2024	1,491.91	80.50	1.02	2.22
Increase during the year	15.24	-	-	-
Decrease during the year	1.17	-	-	-
As at March 31, 2025	1,505.98	80.50	1.02	2.22

(iv) Money received against convertible warrants

Particulars	Amount
As at April 1, 2023	28.20
Increase during the year	73.20
Decrease during the year	97.60
As at March 31, 2024	3.80
Increase during the year	10.20
Decrease during the year	14.00
As at March 31, 2025	-

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

23 Non-Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2025	As at March 31, 2024
Secured		
Borrowings		
Term Loans from Banks*	260.93	203.31
Term Loan from Others*	141.63	31.17
Vehicle Loans from Banks	4.19	5.25
	406.75	239.73
Unsecured		
Borrowings		
Term Loans from Banks*	99.62	-
	99.62	-
Less : Current maturities of secured and un-secured borrowings	(116.47)	(70.52)
Total	389.90	169.21

* net off of ₹ 3.70 Crore (Previous year ₹ 3.85 Crore) as finance charge

Regarding Holding Company:

- Term Loan of ₹ 37.11 Crore (Previous year ₹ 59.21 Crore) and ₹ 178.01 Crore (Previous year ₹ 85.03 Crore) from the Banks are secured by pari-passu first charge on Land & Building of Unit- 1, 2 and 3 at Telangana and first charge on plant & machinery of entire Optical Fibre Project Assets of Unit -1 and Unit -3, both present and future respectively, by way of equitable mortgage. The loans are further secured by personal guarantee of Managing Director of the Company and Corporate Guarantee of MN Ventures Private Limited. Repayment of these term loans 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 and 23 structured quarterly instalments over a period of 5 years & 9 months commencing after moratorium period i.e. 3 months after date of commencement of the project respectively.
- Term Loan of ₹ 9.13 Crore (Previous year ₹ 20.62 Crore) from the Banks is secured by pari-passu first charge on Land & Building of Unit- 1, 2 and 3 at Telangana and first charge on Plant & Machinery of entire Optical Fibre Cable Project Assets of Unit -2, 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 MN Ventures Private Limited. Repayment of this term loan would be made in 22 structured quarterly instalments over a period of 5 years & 6 months commencing after moratorium period.
- Term Loan of ₹ 22.07 Crore (Previous year ₹ 1.74 Crore) from the Bank is secured by exclusive charge on plant & machinery financed out of the said Term Loan and residual charge on the current assets of the company, both present and future. The loan is further secured by personal guarantee of Managing Director of the Company and Corporate Guarantee of MN Ventures Private Limited. Repayment of this term loan would be made in 16 equated quarterly instalments over a period of 4 years after moratorium period of 3 months.
- Term Loans of ₹ 5.14 Crore (Previous Year 3.73 Crore) from bank are secured by way of hypothecation of residential properties situated at Gurugram which is yet to be registered in the name of the Company.
- Term Loans of ₹ 65.19 Crore (Previous Year NIL) from others (NBFC) are secured by way of first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana and second pari passu charge on all current assets of the company (both present and future) excluding project specific assets charged to the banks against which project specific limits have been availed. The loan is further secured by personal guarantee of Managing Director of the Company and corporate guarantee of MN Ventures Private Limited and secured by way of pledge of current investment as referred in note 14. Repayment of this term loan would be made in 24 equated quarterly instalments over a period of 6 years.
- Vehicle Loans of ₹ 4.19 Crore (Previous Year ₹ 5.25 Crore) from banks are secured by way of hypothecation of respective vehicle.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

- g) Out of total un-secured term loan of ₹ 99.62 Crore, term loan of ₹ 40.00 Crore (Previous Year NIL) is guaranteed by personal guarantee of Managing Director of the Company and corporate guarantee of MN Ventures Private Limited.

Regarding Subsidiary Company:

- h) Term Loan of ₹ 9.47 Crore (Previous year ₹ 32.98 Crore) from bank and Term Loan of ₹ 76.44 Crore (Previous year 31.17 Crore) from NBFC are secured by way of pari passu charge on all fixed assets (both present and future), 2.5 acre Industrial Land parcel located in Guindy, Chennai by way of registered mortgage, current assets (both present and future) & on all Cash Flows of HTL limited and all immovable assets of plant at Hosur, all movable fixed assets of the company respectively. These loans are further secured by way of Corporate Guarantee of HFCL Limited (Holding Company), personal guarantee of Chairman of the Company, Corporate Guarantee of MN Ventures Private Limited and pledge of 23.90% shareholding of the Holding Company in HTL Ltd.

i) Term and other Loans - Repayment schedule and rate of interest :

Particulars	Secured		Un-Secured
	Term Loan	Vehicle Loan	Term Loan
Rate of Interest	9.45% to 13.05%	7.50% to 9.70%	8.00% to 8.25%
Outstanding amount	402.56	4.19	99.62
Repayment Due			
FY 2025-26	105.23	1.24	10.00
FY 2026-27	83.19	1.23	40.00
FY 2027-28	84.48	1.09	40.00
FY 2028-29 and onwards	129.66	0.63	9.62

24 Non-Current Liabilities - Provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Provisions for Employee Benefits (refer note no. 45)		
Provision for Gratuity	27.29	23.81
Provision for Leave Encashment	25.72	23.68
Total	53.01	47.49

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

25 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2025	As at March 31, 2024
Borrowings - Loans repayable on demand		
Secured		
(i) from banks - Working Capital *	475.16	429.23
(ii) Current maturities of long-term borrowings; (refer note 23)	106.47	70.51
Unsecured		
(i) from banks - Vendors bills discounting	223.95	140.15
(ii) from other parties - Inter Corporate Deposit #	135.58	168.16
(iii) Current maturities of long-term borrowings; (refer note 23)	10.00	-
Total	951.16	808.05

Notes:

A. Regarding Holding Company:

- * a) Working Capital Loans from banks aggregating to ₹ 340.51 Crore (Previous year: ₹ 341.50 Crore) are secured on pari passu basis by way of hypothecation of all current assets of the company excluding assets of specific turnkey projects as well as by way of first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana and are also personally guaranteed by Managing Director of the Company and further secured by way of corporate guarantee of MN Ventures Private Limited.
- b) Working Capital Loan from Bank aggregating to ₹ 53.82 Crore (Previous year: ₹ 35.07 Crore) are secured by way of first pari passu charge on all current assets, movable & immovable fixed assets (both present & future) of specific turnkey projects. The loan is further secured by first pari passu charge on entire fixed assets of the company (both present and future) excluding fixed assets of manufacturing facility at Telangana, personal guarantee by Managing Director of the Company, corporate guarantee of MN Ventures Private Limited, first pari passu charge of cash flows of the project for project specific lenders.

B. Regarding Subsidiary Companies:

- c) Working capital loan of ₹ 80.83 Crore (Previous year: ₹ 52.65 Crore) to HTL Limited from Banks is secured against pari passu charge on all fixed assets (both present and future), exclusive charge on 2.56 acre Industrial Land parcel located in Guindy, Chennai by way of registered mortgage, current assets (both present and future) and 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, Corporate Guarantee of MN Ventures Private Limited and pledge of 23.90% shareholding of the Holding Company in HTL Limited.

- C. Unsecured vendor bills discounting is repayable on due dates as agreed with the vendors.

- D. Quarterly returns/statements of current assets filed by the Group with banks are in agreement with the books of accounts.

Inter Corporate Deposits are having a maturity of less than one year and carry interest rate 9.5% to 15%.

26 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Payables - Undisputed		
Due to Micro and Small Enterprises	74.44	65.13
Others	1,004.22	742.49
Total	1,078.66	807.62

Ageing of undisputed trade payables as at 31st March, 2025

Particulars	Due to Micro and Small Enterprises	Others
Not due	64.98	702.50
Less than 1 year	9.09	235.83
1-2 years	0.25	16.57
2-3 years	0.12	48.59
More than 3 years	-	0.73
Total	74.44	1,004.22

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Ageing of undisputed trade payables as at 31st March, 2024

Particulars	Due to Micro and Small Enterprises	Others
Not due	62.58	475.03
Less than 1 year	2.55	222.74
1-2 years	-	41.05
2-3 years	-	2.54
More than 3 years	-	1.13
Total	65.13	742.49

Note: There are no disputed trade payables.

27 Other Financial Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Retention Money*	221.51	270.25
Interest accrued but not due	0.32	0.19
Security deposit	4.91	4.52
Creditors for Capital Goods	8.60	3.60
Expenses Payables	184.25	139.51
Other Employees related liabilities	22.09	21.89
Unpaid Dividends	1.03	0.91
Total	442.71	440.87

* retention money are due on completion of erection/contracts/final acceptance by the Group.

28 Current Tax Liabilities (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Current Tax Liabilities		
Income Tax Provision (net of Advance Tax/TDS)	1.54	4.88
Total	1.54	4.88

29 Other Current Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory Liabilities payable	49.86	20.95
Advance from Customers	158.46	54.41
Contract Liability- Deffered revenue (Refer note 31)	18.48	30.01
Total	226.80	105.37

30 Current Liabilities - Provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Provisions for Employee Benefits (refer note no. 45)		
Provision for Gratuity	5.06	5.72
Provision for Leave Encashment	10.77	6.55
Total	15.83	12.27

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

31 Revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale and Services		
- Manufacturing and trading activities	2,442.02	1,793.60
- Turnkey project related activities	1,614.63	2,664.02
Other Operating Revenues		
- Scrap sale	3.16	4.92
- Export Incentives	4.71	2.51
Total	4,064.52	4,465.05

Notes:

- 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 recognize those revenues, the Company has applied the practical expedient in Ind AS 115.
- Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, partial achievement of the stipulated contractual milestones, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 18.48 Crore (Previous year ₹ 30.01 Crore) which is expected to be recognised as revenue in the next years.

iii) Contract balances

- (a) Changes in Contract assets (Unbilled revenue) are as follows-

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	376.91	322.12
Revenue recognised during the year	433.24	339.27
Invoices raised during the year	158.08	284.48
Balance at the end of the year	652.07	376.91

- (b) Changes in contract liabilities (Unearned revenue) are as follows -

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	30.01	-
Increase due to invoicing during the year	-	30.01
Revenue recognised that was included in the unearned and deferred revenue *	11.53	-
Balance at the end of the year	18.48	30.01

* including performance obligation pertaining to projects suspended.

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 Group issues an invoice to the Customer.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

32 Other Income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Other non-operating income		
Interest Income	26.06	58.10
Financial guarantee Income	0.30	0.34
Exchange Fluctuation Income (net)	11.97	8.98
Insurance claim received	6.67	-
Subsidy under state incentives scheme	-	3.18
Excess Provision written back	0.76	11.10
Bad Debt Recovered	2.61	9.92
Liquidated Damages recovered	5.94	4.18
Others	3.45	4.79
Total	57.76	100.59

33 Cost of Material Consumed

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening Stock	210.70	291.03
Add : Purchases during the year	1,261.06	719.24
	1,471.76	1,010.27
Less: Closing Stock	239.63	210.70
Total	1,232.13	799.57

34 Other Direct Cost

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Project and labour service charges	624.12	1,064.73
Consumption of Packing Material	29.10	37.26
Consumption of stores and spares parts	21.09	28.66
Loose Tools written off	2.11	1.91
Total	676.42	1,132.56

35 Change in inventories of finished goods, work-in progress and stock-in trade

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Closing Stock		
Finished Goods	106.22	126.38
Stock in Trade- Goods	336.71	170.84
Work in progress	177.09	240.33
	620.02	537.55
Opening Stock		
Finished Goods	126.38	86.87
Stock in Trade- Goods	170.84	120.73
Work in progress	240.33	227.06
	537.55	434.66
Total	(82.47)	(102.89)

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

36 Employee Benefits Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, bonus and allowances	330.82	318.64
Contribution to Provident and other funds	17.25	16.76
Staff welfare expenses	15.48	15.13
Total	363.55	350.53

37 Finance Costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Bank Loan Interest	67.01	58.46
Other Interest (net)	47.47	17.13
Bank Charges and loan processing fee	68.85	70.08
Interest on lease liabilities (refer note no. 43)	1.68	1.61
Total	185.01	147.28

38 Other Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Rent	8.36	4.94
Rates and Taxes	10.24	9.15
Auditors' Remuneration		
- Audit Fees	2.31	2.06
- In Other Capacity*	0.17	0.23
- Out of pocket expenses	0.24	0.28
Legal and Professional Charges	50.47	54.01
Communication Expenses	3.26	3.78
Travelling and Conveyance Expenses	46.66	51.96
Power and Fuel & Water Charges	37.10	43.95
Repairs and Maintenance	13.67	5.54
Insurance Expenses	15.78	15.12
Selling & Distribution Expenses	64.01	67.61
Bad debts, Advances, other balances written off (net)	0.94	0.10
Expected credit loss allowance (net) (refer note 15)	9.29	0.35
Sitting Fees to non-executive directors	0.76	0.77
Research & Product Development Expenses	6.10	9.77
Corporate Social Responsibility Expenses	9.28	8.65
Miscellaneous Expenditure	29.50	34.27
Total	308.14	312.54

*Excluding Professional fee of Nil (Previous Year ₹ 0.45 Crore) paid to auditors toward QIP share issuance and being debited to share issue expenses during the previous year.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

39 Earning per Share (EPS)- In accordance with the Indian Accounting Standard (Ind AS-33)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Basic & Diluted Earnings per share		
Profit/Loss for the year	173.27	337.52
Profit attributable to ordinary shareholders (A)	177.41	329.81
Weighted average number of ordinary shares (B) (used as denominator for calculating basic EPS)	1,44,26,30,894	1,41,50,93,024
Potential equity shares	-	-
Weighted average number of ordinary shares (C) (used as denominator for calculating diluted EPS)	1,44,26,30,894	1,41,50,93,024
Nominal value of ordinary share	₹1/-	₹1/-
Earnings per share basic (A/B)	1.23	2.33
Earnings per share diluted (A/C)	1.23	2.33

40 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. 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 judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The following are the key assumptions concerning the future, and other key sources of estimated 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 capital work in progress and intangible assets under development

The capitalization of Capital Work-in-Progress and intangible assets under development is based on management's judgment that technological and economic feasibility has been established and that the assets are expected to generate future economic benefits. Based on the evaluations performed, management has determined that there are no indicators of impairment for these assets.

3. Employee benefits

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. The significant assumptions used to account for Employee benefits are described in Note 45.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

4. Revenue Recognition

The Group assesses 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 considerations to 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 estimated losses, if any, on uncompleted 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 judgment. 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. Ind AS 116 requires assessment of whether an underlying asset is of low value, if lessee opts for the option of not to apply the recognition and measurement requirements of Ind AS 116 to leases where the underlying asset is of low value. For the purpose of determining low value, the Group has considered nature of assets and concept of materiality as defined in Ind AS 1 and the conceptual framework of Ind AS which involve significant judgement.

6. Loss allowance for receivables and unbilled revenues

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 company deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future.

7. Taxes

Deferred tax assets are recognized for unused tax losses 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, claims by third parties and other contingencies and obligations. Obligations relating to Project Executions is largely depends 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. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable.

9. Fair Value of Unquoted equity investments:

In order to arrive at the fair value of unquoted investments (other than Jointly Controlled Entities), 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 (net 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 statement of profit and loss.

Notes forming part of Consolidated Financial Statements

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(All amounts are in ₹ Crore)

41 Research & Development

The Group has extensive research capabilities, continued innovation and unique capabilities as it is able to innovate and provide end to end solutions to its customers. R&D Centres of the Group are focused on developing telecom and networking products to be intensively deployed in 5G and other communication networks and are situated at Bengaluru, Karnataka and Gurugram, Haryana. Both the R&D centres are registered with Department of Scientific and Industrial Research (DSIR) under Ministry of Science and Technology. Detail of amount spent on Research and Development is as below:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(i) Recognized as expenses in statement of Profit & Loss	6.10	9.77
(ii) Capital Expenditure on:		
(a) Property Plant & Equipment	5.62	6.16
(b) Intangible Assets	26.27	55.54
(c) Intangible Assets under development being expenditure on new product development	139.44	161.58
Total	177.44	233.05

42 Dividend Distribution made and proposed

The amount of dividend recognized as distributions to equity shareholders during the year ended March 31, 2025 is @ 20 %, i.e. ₹ 0.20/- per equity share of face value of Re.1/- each (Previous Year ₹ 0.20/- per equity share). The Board of Directors of the Holding Company at its meeting held on May 3, 2024 had recommended such dividend of 20% for the financial year ended March 31, 2024 which was approved by the shareholders at the Annual General Meeting held on September 30, 2024. The aforesaid dividend was paid during the year ended March 31, 2025.

The Board of Directors of the Holding Company have recommended a dividend of 10% (i.e. ₹ 0.10/- per equity share of face value of Re.1/- each) for the financial year ended March 31, 2025 which is subject to the approval of shareholders at the ensuing Annual General Meeting.

43 Leases

The details of the right-of-use asset held by the Group is as follows:

Particulars	Additions/ (Deductions) for the year ended March 31, 2025	Net carrying amount as at March 31, 2025	Additions/ (Deductions) for the year ended March 31, 2024	Net carrying amount as at March 31, 2024
Land	-	0.08	-	0.09
Buildings	12.43	16.58	(0.60)	11.63
Total	12.43	16.66	(0.60)	11.72

Depreciation on right-of-use asset is as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Land	-	-
Buildings	7.49	5.00
Total	7.49	5.00

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

The details of the Lease Liabilities payable by the Group is as follows:

Particulars	For the year ended 31st Mar 25	For the year ended 31st Mar 24
Current Liabilities	8.97	4.89
Non-Current Liabilities	9.73	9.07
Total	18.70	13.96

Interest on lease liabilities is ₹ 1.68 Crore and ₹ 1.61 Crore for the year ended March 31, 2025 and March 31, 2024 respectively.

Lease contracts entered by the Group majorly pertains for 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 contract. The leases that the Group has entered with lessors towards properties used as warehouses/offices are long term in nature.

44 (a) Information of Subsidiary Companies & Jointly Controlled Entities:

The following is the list of all subsidiary companies & jointly controlled entities along with the proportion of voting power held:

Name of the Subsidiary Companies, step down subsidiaries & Jointly Controlled Entities	Percentage of Holding	Incorporated In
HTL Limited	74%	India
Polixel Security Systems Private Limited	100%	India
Moneta Finance Private Limited	100%	India
HFCL Advance Systems Private Limited	100%*	India
Raddef Private Limited	90%	India
DragonWave HFCL India Private Limited	100%	India
HFCL Technologies Private Limited	100%	India
HFCL Inc.	100%	USA
HFCL B.V.	100%	Netherlands
Step down subsidiaries of HFCL B.V.		
HFCL Canada Inc.	100%	Canada
HFCL Poland Sp. z.o.o. (Formerly Blue Diwali Sp. Z.o.o.)(w.e.f. May 17,2024)	100%	Poland
HFCL UK Limited (w.e.f. July 5,2024)	100%	UK
HFCL Pty Limited (w.e.f. October 28, 2024)	100%	Australia
Nimpaa Telecommunications Private Limited (Jointly Controlled Entity)	50%	India
BigCat Wireless Private Limited (Jointly Controlled Entity with 50% voting right)	50%	India

*jointly with subsidiary company

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(b) Additional Information, as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as Subsidiaries/Jointly Controlled Entities

Name of the Enterprises	Net assets i.e. total assets minus total liabilities		Share in Profit & Loss	
	As % of Consolidated net assets	Amount	As % of Consolidated Profit/Loss	Amount
Parent/Holding Company				
HFCL Limited	96.19	3,962.56	115.56	158.84
Subsidiaries - Indian				
HTL Limited	3.81	156.83	(8.08)	(11.11)
Polixel Security Systems Private Limited	0.16	6.43	(0.10)	(0.14)
Moneta Finance Private Limited	0.07	2.71	(0.01)	(0.02)
HFCL Advance Systems Private Limited	-	(0.01)	(0.01)	(0.01)
Raddef Private Limited	(0.11)	(4.46)	(1.38)	(1.90)
DragonWave HFCL India Private Limited	0.26	10.56	0.67	0.92
HFCL Technologies Private Limited	0.89	36.72	(1.26)	(1.74)
Subsidiaries - Foreign				
HFCL INC.	(0.02)	(0.71)	0.65	0.89
HFCL B.V.	0.12	4.81	1.03	1.41
Jointly Controlled Entities- Indian				
Nimpaa Telecommunications Private Limited	-	-	0.00	0.00
BigCat Wireless Private Limited	-	-	0.26	0.36
Inter Company Elimination & Adjustments	(2.35)	(96.31)	(4.34)	(5.97)
Non- Controlling interest in all subsidiaries				
HTL Limited	0.99	40.62	(2.84)	(3.90)
Raddef Private Limited	(0.01)	(0.45)	(0.15)	(0.21)

45 During the year, Group has recognised the following amounts in the consolidated financial statements as per Ind AS - 19 "Employee Benefits" as specified in the Companies (Indian Accounting Standards) Rules, 2015:

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged to Consolidated Statement of Profit and Loss for the year as under:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Employer's Contribution to Provident Fund	17.22	16.66

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.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Actuarial assumptions

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	6.93%	7.23%
Rate of increase in Compensation levels	6.80%	7.10%
Average remaining working lives of employees (Years)	17.22	18.58
Table showing changes in present value of obligations :		
Present value of obligation as at the beginning of the year	32.88	26.85
Acquisition adjustment	-	-
Interest Cost	2.37	1.98
Past service cost (Vested Benefit)	Nil	Nil
Current Service Cost	5.16	5.14
Curtailment cost/(Credit)	Nil	Nil
Settlement cost/(Credit)	Nil	Nil
Benefits paid	(3.04)	(1.77)
Actuarial (gain)/loss on obligations	(1.41)	0.68
Present value of obligation as at the end of the period	35.96	32.88
Table showing changes in the fair value of plan assets :		
Fair value of plan assets at beginning of the year	3.35	2.98
Acquisition adjustments	Nil	Nil
Expected return of plan assets	0.24	0.22
Employer contribution	-	-
Benefits paid	Nil	Nil
Actuarial gain/(loss) on obligations	0.02	0.14
Changes deducted	-	-
Fair value of plan assets at year end	3.61	3.35
Other Comprehensive Income		
Actuarial (gain)/loss for the period - Obligation	(1.41)	0.68
Actuarial (gain)/loss for the period - Plan assets	(0.02)	(0.14)
Total (gain)/loss for the period	(1.44)	0.54
Actuarial (gain)/loss recognized in the period	(1.44)	0.54
Unrecognised actuarial (gains)/losses at the end of the period	Nil	Nil
The amounts to be recognized in Consolidated Balance Sheet :		
Present value of obligation as at the end of the period	35.96	32.88
Fair value of plan assets as at the end of the period	3.61	3.35
Funded Status	(32.35)	(29.53)
Unrecognised actuarial (gains)/losses	Nil	Nil
Net asset/(liability) recognised in Balance Sheet	(32.35)	(29.53)
Expenses recognised in Consolidated Statement of Profit and Loss :		
Current service cost	5.16	5.14
Past service cost (Vested Benefit)	Nil	Nil
Interest Cost	2.37	1.98

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Gratuity (Funded)	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Expected return on plan assets	(0.26)	(0.36)
Curtailment and settlement cost/(credit)	Nil	Nil
Expenses recognised in the Consolidated Statement of Profit and Loss	7.27	6.76
Table showing bifurcation of employee benefit obligations		
Current Liability	5.06	5.72
Non Current Liability	27.29	23.81
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	35.96	32.88
Impact due to increase of 0.5%	(1.42)	(1.40)
Impact due to decrease of 0.5%	1.53	1.51
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	35.96	32.88
Impact due to increase of 0.5%	1.52	1.51
Impact due to decrease of 0.5%	(1.43)	(1.41)
Sensitivities due to mortality & withdrawals are insignificant & hence ignored.		
Maturity profile of defined benefit obligation:		
March 2025 to March 2026	5.05	4.80
March 2026 to March 2027	2.48	1.54
March 2027 to March 2028	2.86	1.78
March 2028 to March 2029	2.11	2.45
March 2029 to March 2030	1.93	1.83
March 2030 to March 2031	2.61	2.24
March 2031 onwards	18.92	18.24
Investment Details		
HDFC Standard Life Insurance Company Limited (Cash accumulation) Policy	3.61	3.35

Note: The estimates of rate of escalation in salary considered in actuarial valuation, takes 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.

c) Other Long Term Employee Benefits

Actuarial assumptions

Particulars	Leave Encashment	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Mortality Table (HDFC Standard Life Insurance Company Limited (Cash accumulation Policy)		
Discount rate (per annum)	6.93%	7.23%
Rate of increase in Compensation levels	6.80%	7.10%
Average remaining working lives of employees (Years)	17.71	18.71
Table showing bifurcations of Employee Benefits obligations :		
Present value of obligation as at the beginning of the year	30.23	26.78
Acquisition adjustment	-	-
Interest Cost	2.17	1.97

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Leave Encashment	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Past service cost (Vested Benefit)	Nil	Nil
Current Service Cost	6.74	6.83
Curtailment cost/(Credit)	Nil	Nil
Settlement cost/(Credit)	Nil	Nil
Benefits paid	(5.43)	(4.01)
Actuarial (gain)/loss on obligations	2.78	(1.34)
Present value of obligation as at the end of the period	36.49	30.23
Table showing bifurcation of employee benefit obligations		
Current Liability	10.77	6.55
Non Current Liability	25.72	23.68
Sensitivity analysis of the defined benefit obligation:		
Impact of the change in Discount Rate		
Present Value of Obligation at the end of the period	36.49	30.23
Impact due to increase of 0.5%	(1.37)	(1.67)
Impact due to decrease of 0.5%	1.49	1.68
Impact of the change in salary increase		
Present Value of Obligation at the end of the period	36.49	30.23
Impact due to increase of 0.5%	1.48	1.74
Impact due to decrease of 0.5%	(1.37)	(1.68)

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

46 Operational Buyers' Credit

Operational Buyers' Credit is availed in foreign currency from Indian banks through their offshore foreign branches at an interest rate ranging from 4.50%-8.50% per annum. These trade credits are generally repayable within 180 days from the date of draw down. Operational Buyers' credit availed in foreign currency is partly backed by Standby Letter of Credit issued under working capital facilities sanctioned by Indian banks.

47 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of :

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Unexpired Letters of Credit (margin money paid ₹ 25.93 Crore; Previous year ₹ 37.52 Crore)	180.98	239.72
(ii) Guarantees given by banks on behalf of the Group (margin money kept by way of fixed deposits of ₹ 165.21 Crore; Previous year ₹ 170.67 Crore)	954.57	927.01
(iii) Claims against the Group towards sales tax, income tax and others in dispute not acknowledged as debt (deposited under protest ₹ 2.04 Crore (previous year ₹ 4.30 Crore) shown as recoverable advance)	49.85	105.85

Notes:

- 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 financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its financial position.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

- ii) The Group periodically reviews all its long term contracts to assess 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 account 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) The Group have perused the judgement of Hon'ble Supreme Court vide its ruling given in February 2019 and it has been opined that if any allowance is not paid across the board, it shall not be treated as basic wages for the purpose of Employee Provident Fund contribution under Employees' Provident Funds and Miscellaneous Provisions Act, 1952, hence we understand that no further liability lies upon us.
- v) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come in to effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.
- vi) The Group has outstanding term derivative contracts as referred in note no. 58.
- vii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and jointly controlled entities incorporated in India.

(b) Capital and Other Commitments

Particulars	As at March 31, 2025	As at March 31, 2024
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	216.62	292.84
Benefit of custom duty availed under EPCG Scheme against which export obligations are pending	70.56	30.94
Uncalled capital Commitment pertaining to investments	5.00	5.00

(c) Detail of Financial Guarantees given

Issued in favour of	Issued to	As at March 31, 2025	As at March 31, 2024	Credit facilities Extended by Banks
Microwave Communications Limited	Credit Lyonnais Bank	9.60	9.60	Ad-hoc BG
Microwave Communications Limited	The Vysya Bank Ltd	4.06	4.06	Working Capital
Exicom Tele-Systems Limited	Punjab National Bank led consortium	6.50	6.50	Working Capital

48 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.

Balances of various trade payables, trade receivables, loans and advances, security deposits and other parties are subject to confirmation/reconciliation and consequential adjustments, if any. In the opinion of the management, such adjustments, if any, will not have a material impact on the Consolidated Financial Statements.

49 Holding Company's Solan manufacturing facility is experiencing limited operations due to rapid technological advancements and other changes in the industry landscape. Currently, Solan facility is primarily generating revenue through job work operations. In a proactive move to optimize costs, the Holding Company's Board had decided to realign its manufacturing facilities and operations. This entails transferring certain plant and machinery, along with testing equipment, from the Solan facility to other manufacturing locations. Simultaneously, the management of Holding Company is actively exploring opportunities to revitalize operations at the Solan Facility by identifying potential alternative uses for the facility.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

50 "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) Key management personnel :	Mr. Mahendra Nahata, Managing Director- HFCL Limited Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited Mr. Manoj Baid, President & Company Secretary- HFCL Limited Mr. G. S. Naidu, COO & Manager - HTL Limited Mr. C. D. Ponnappa, Chief Financial Officer - HTL Limited Mr. S Narayanan, Company Secretary- HTL Limited Mr. Kannaji Chandrasekhar, Chief Executive Officer- Raddef Private Limited Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Private Limited Mr. Piyush Kumar, Company Secretary-HFCL Technologies Private Limited (w.e.f 04.03.2024) Mr. Mahaveer Singh, Company Secretary-HFCL Technologies Private Limited (from 01.06.23 upto 22.12.23) Mr. Prashant Kishanani, Company Secretary-HFCL Technologies Private Limited(from 04.04.2022 upto 06.04.2023)
(b) Jointly Controlled Entities :	Nimpaa Telecommunications Private Limited BigCat Wireless Private Limited
(c) Post Employment Benefit Plans :	HFCL Employees Group Gratuity Trust HFCL Employees Trust - ESOP
(d) Enterprises owned or Significantly influenced by key management personnel or their relatives:	MN Ventures Private Limited Nextwave Communications Private Limited Exicom Tele-Systems Limited Exicom Energy System Private Limited Exicom Power Systems Private Limited Satellite Finance Private Limited Shankar Sales Promotion Private Limited Vinsan Brothers Private Limited Fitcore Tech-Solutions Private Limited Evanser Spaces LLP
(e) Relative of Key Managerial personnel	Mr. Anant Nahata

Note: Related party relationship is as identified by the Group and relied upon by the auditors

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(ii). Nature of transactions - The transactions entered into with the related parties during the year along with related balances as at March 31, 2025 are as under:

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Purchases/receiving of Goods & services		
Exicom Tele-Systems Limited	11.24	0.66
Exicom Energy System Private Limited	0.01	0.19
Nimpaa Telecommunications Private Limited	2.81	11.44
Sales/rendering of Goods and Materials		
Exicom Tele-Systems Limited	3.53	8.65
Exicom Energy System Private Limited	0.78	-
Nimpaa Telecommunications Private Limited	0.16	0.22
Income - Rent/Other Income		
Exicom Tele-Systems Limited	0.47	0.46
Exicom Energy System Private Limited	0.01	0.01
Exicom Power Systems Private Limited	0.01	0.01
Income - Interest on Loan given		
Nimpaa Telecommunications Private Limited	0.17	0.33
Expenses - Rent/Other expenses		
Exicom Tele-Systems Limited	0.92	0.87
Satellite Finance Private Limited	0.39	0.39
Shankar Sales Promotion Private Limited	0.20	0.78
Evanser Spaces LLP	1.12	-
Vinsan Brothers Private Limited	0.19	0.78
Loans and Advances given/(received) during the year		
Nimpaa Telecommunications Private Limited	(1.75)	(0.50)
Advances given to Key Management Personnel during the year		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	0.15	0.91
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	-	(0.60)
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.25	-
Dividend paid		
MN Ventures Private Limited	5.92	5.87
Nextwave Communications Private Limited	4.00	4.40
Shankar Sales Promotion Private Limited	0.01	0.01
Vinsan Brothers Private Limited	0.01	0.01
Fitcore Tech-Solutions Private Limited	0.44	0.45
Mr. Mahendra Nahata, Managing Director- HFCL Limited	0.03	0.03
Mr. Anant Nahata, Relative of Key Managerial personnel	0.05	0.05
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	0.04	0.01
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.01	-
Mr. G. S. Naidu, COO & Manager - HTL Limited	0.01	-
Mr. C. D. Ponnappa, Chief Financial Officer- HTL Limited	-	-
HFCL Employees Trust	0.01	0.02
Warrants (Convertible into Equity Shares on preferential basis)		
MN Ventures Private Limited	-	60.00
Mr. Vijay Raj Jain - Chief Financial Officer- HFCL Limited	-	9.00

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	-	1.20
Closing Balances of Receivables		
Exicom Tele-Systems Limited	0.24	2.26
Exicom Energy System Private Limited	0.41	0.04
Nimpaa Telecommunications Private Limited	0.21	0.07
Closing Balances of Loans		
Nimpaa Telecommunications Private Limited	0.75	2.50
Closing Balances of Security Deposit		
Satellite Finance Private Limited	0.16	0.16
Evanser Spaces LLP	0.38	-
Exicom Tele-systems Limited	0.42	-
Vinsan Brothers Private Limited	-	0.40
Closing Balances of Trade Payables		
Exicom Tele-Systems Limited	0.56	-
Exicom Energy System Private Limited	0.01	-
Nimpaa Telecommunications Private Limited	0.76	1.20
MN Ventures Private Limited	3.44	-
Shankar Sales Promotion Private Limited	-	0.14
Vinsan Brothers Private Limited	-	0.13
Closing Balance of Contribution towards ESOP Trust		
HFCL Employee Trust (Net)	1.33	1.84
Guarantees and collaterals		
Exicom Tele-Systems Limited	6.50	6.50
Closing Balance of Advances to Key Management Personnel		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	5.36	5.21
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.25	-
Remuneration of Key Management Personnel's*		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	7.50	9.80
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	3.20	4.55
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.76	1.42
Mr. G. S. Naidu, COO & Manager - HTL Limited	1.13	1.89
Mr. C. D. Ponnappa, Chief Financial Officer- HTL Limited	0.85	0.95
Mr. S Narayanan, Company Secretary- HTL Limited	0.38	0.29
Mr. Kannaji Chandrasekhar, Chief Executive Officer- Raddef Private Limited	0.49	0.51
Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Private Limited	0.12	0.12
Mr. Piyush Kumar, Company Secretary- HFCL Technologies Private Limited (w.e.f 04.03.2024)	0.10	0.01
Mr. Mahaveer Singh, Company Secretary- HFCL Technologies Private Limited (from 01.05.23 upto 22.12.23)	-	0.07
Remuneration payable to Key Management Personnel's		
Mr. Mahendra Nahata, Managing Director- HFCL Limited	0.72	0.22
Mr. Vijay Raj Jain, Chief Financial Officer- HFCL Limited	0.13	0.13
Mr. Manoj Baid, President & Company Secretary- HFCL Limited	0.04	0.02
Mr. Arvind Kharabanda, Managing Director- HFCL Technologies Private Limited.	0.01	0.01

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Mr. Piyush Kumar, Company Secretary-HFCL Technologies Private Limited (w.e.f 04.03.2024)	0.01	0.01
Mr. Kannaji Chandrasekhar, Chief Executive Officer- Raddef Private Limited	0.03	0.05
Mr. G. S. Naidu, COO & Manager - HTL Limited	0.26	0.25
Mr. C. D. Ponnappa, Chief Financial Officer- HTL Limited	0.18	0.17
Mr. S Narayanan, Company Secretary- HTL Limited	0.06	0.03

* The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Major Terms and Conditions of transactions with related parties:

- Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- The remuneration to Key Managerial Personnel are in line with the HR policies of the group.
- Loans and advances given to Directors/KMPs have specified terms/period of repayment and are in line with HR policies of the group.
- The Holding Company makes advances to its associate companies to cater their short term business requirements. Such advances carry interest rates at the rate applicable to the term loans as per Holding Company's policy.
- The interest and/or dividend paid to the Trusts and Key Managerial Personnel are on account of their investments in the equity shares of the Holding Company and dividend paid on such securities is uniformly applicable to all the holders.
- Outstanding balances of group companies at the year-end are unsecured.

51 Segment Reporting

The Holding Company publishes the Standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Holding Company has disclosed the segment information in the consolidated financial statements.

The chief operational decision maker monitors the operating results of its business segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The operating segments have been identified on the basis of nature of products.

- Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue.
- Expenses that are directly identifiable with the segment are considered for determining the segment result.
- Expenses/Incomes which are not directly allocable to the segments are included under un-allocable expenditure/incomes.
- Segment results include margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.
- Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.
- Inter – Segment revenue :- Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(a) Primary segment information

The Group's operations primarily relates to manufacturing of telecom products, executing turnkey contracts and providing services relating thereto. Accordingly segments have been identified in line with Indian Accounting Standard on Segment Reporting 'Ind AS-108'. Telecom products and Turnkey contracts and services are the primary business segments. Details of business segments are as follows:

Particulars	Business Segments						Total	
	Telecom Products		Turnkey Contracts and Services		Other -			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue								
Turnover	2,474.56	1,862.48	1,589.46	2,602.56	0.50	-	4,064.52	4,465.05
Segment Result	133.28	215.86	253.17	367.06	(1.30)	4.00	385.15	586.92
Unallocated Finance charges							185.01	147.28
Unallocated expenses							9.21	8.22
Unallocated Income							25.65	22.61
Profit before tax							216.59	454.04
Income tax (net)							43.33	116.50
Profit after tax							173.26	337.54
Other Information								
Segment assets	3,199.38	2,248.11	3,501.82	3,416.35	5.41	6.25	6,706.61	5,670.70
Unallocated other assets							839.68	816.13
Total assets	3,199.38	2,248.11	3,501.82	3,416.35	5.41	6.25	7,546.29	6,486.84
Segment liabilities	1,697.59	773.82	920.92	1,078.16	2.15	0.45	2,620.67	1,852.43
Unallocated other liabilities							806.31	634.59
Total liabilities	1,697.59	773.82	920.92	1,078.16	2.15	0.45	3,426.97	2,487.02
Depreciation	103.61	79.00	1.90	2.75	-	-	105.51	81.76
Capital Expenditure	412.68	262.39	4.00	1.28	9.99	21.37	426.67	285.04
Non-cash expenses other than Deprecation	0.91	4.70	9.32	-	-	0.01	10.23	4.70

(b) Geographical Information

Geographical revenue is allocated based on the location of the customers and non current assets are also allocated based on the location of the assets. The information regarding geographical revenue and non-current assets are as follows:

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
(1) Revenue from External Customers		
Within India	3,567.55	3,964.41
Outside India	496.97	500.64
Total revenue as per statement of profit and loss	4,064.52	4,465.05
(2) Non Current Assets		
Within India (excluding financial assets & deferred tax assets)	1,544.89	1,218.94
Outside India	0.03	0.03
Total	1,544.92	1,218.97

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

(c) Revenue from three customers is ₹ 1899.37 Crore (₹ 1744.51 Crore from three customers), which is more than 10% of the total revenue of the Group Company.

52 Interest charges on loans is net of Interest income from loans and advances amounting to ₹ 2.75 Crore (Previous year ₹ 5.23 Crore).

53 The Holding Company has transactions with certain companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956. The details are as following details:

Name of the Struck off Companies	Nature of transactions	Balance outstanding/ Share Capital at the end of the year as at March 31, 2025	Relationship with the Struck off company, if any, to be disclosed
Aakansha Portfolio Pvt. Limited	Shareholder	0.00	Not Related
Acmechem Pvt Ltd	Shareholder	0.00	Not Related
Advait Finstock Private Limited	Shareholder	0.00	Not Related
Ankal Capital Limited	Shareholder	0.00	Not Related
Asha Latex & Allied Industries Pvt Ltd	Shareholder	0.00	Not Related
B S Investment Co.(P) Ltd.	Shareholder	0.00	Not Related
B S Investment Company Private Limited	Shareholder	0.00	Not Related
Balia Consultancy Services (P) Ltd	Shareholder	0.00	Not Related
Bdja Securities Pvt Ltd	Shareholder	0.00	Not Related
Blue Mountain Holdings Private Limited	Shareholder	0.00	Not Related
Canny Securities Private Limited	Shareholder	0.00	Not Related
Chothani Fibres Pvt Ltd	Shareholder	0.00	Not Related
Citizen Securities Private Limited	Shareholder	0.00	Not Related
Classic Fin Services & Entp Ltd	Shareholder	0.00	Not Related
Dapki And Bavishi Securities Pvt. Ltd	Shareholder	0.00	Not Related
Emmel Financial Services	Shareholder	0.00	Not Related
Enpee Investments Pvt Ltd	Shareholder	0.00	Not Related
Esskyennr Securities Limited	Shareholder	0.00	Not Related
Excel Capital Services P Ltd	Shareholder	0.00	Not Related
Exponential Financial Services Pvt Ltd	Shareholder	0.00	Not Related
Farhan Traders Pvt Ltd	Shareholder	0.00	Not Related
G- Mat Trading Pvt Ltd	Shareholder	0.00	Not Related
Highlands Garments Pvt Ltd	Shareholder	0.00	Not Related
Home Trade Limited	Shareholder	0.00	Not Related
Indiana International Private Limited	Shareholder	0.00	Not Related
Indigo Exim Pvt Ltd	Shareholder	0.00	Not Related
Jai Sri Securities	Shareholder	0.00	Not Related
Jalsagar Commercial Private Ltd	Shareholder	0.00	Not Related
Kanha Shares Pvt Ltd	Shareholder	0.00	Not Related
Krishna Hire Purchase Private Limited	Shareholder	0.00	Not Related
Lakshana Holdings (P) Ltd	Shareholder	0.00	Not Related
Lifetime Leasing & Holding Pvt Ltd	Shareholder	0.00	Not Related

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/ Share Capital at the end of the year as at March 31, 2025	Relationship with the Struck off company, if any, to be disclosed
Malnad Investors Association Ltd	Shareholder	0.00	Not Related
Murlidhar Securities Pvt. Ltd.	Shareholder	0.00	Not Related
N D Stocks Private Limited	Shareholder	0.00	Not Related
N.R.I Financial Services Ltd	Shareholder	0.00	Not Related
Nightingale Engg Inds Ltd	Shareholder	0.00	Not Related
Ramdayal Associates Ltd	Shareholder	0.00	Not Related
S J Capital Ltd	Shareholder	0.00	Not Related
Sai Shirdi Lea - Fin Private Limited	Shareholder	0.00	Not Related
Salasar Securities Pvt Ltd	Shareholder	0.00	Not Related
Shanker Stock & Capital Services Private Limited	Shareholder	0.00	Not Related
Spica Software Private Limited	Shareholder	0.00	Not Related
Steelman Investments Pvt. Ltd.	Shareholder	0.00	Not Related
Sun Shine Holdings Pvt Ltd	Shareholder	0.00	Not Related
Sunpack Industries Private Limited	Shareholder	0.00	Not Related
Surakshit Securities Pvt. Ltd	Shareholder	0.00	Not Related
The Punjab Electric Power Co Ltd	Shareholder	0.00	Not Related
The Secured Savings And Investment Ltd	Shareholder	0.00	Not Related
Vinod Housing Pvt Ltd	Shareholder	0.00	Not Related
Vms Consultants Pvt. Ltd.	Shareholder	0.00	Not Related
Woodmen Products (P) Ltd	Shareholder	0.00	Not Related
Yash Stockbrokers Pvt Ltd	Shareholder	0.00	Not Related
Yash Vardhan Securities Ltd	Shareholder	0.00	Not Related
Zenith Logistics Private Limited	Shareholder	0.00	Not Related
Curinnov Services Private Limited	Vendor	0.02	Not Related
E Cell Infratel Pvt Ltd	Vendor	0.01	Not Related
Influx Enterprises Pvt Ltd	Vendor	1.49	Not Related
Om Ashiana Pvt Ltd	Vendor	0.00	Not Related
Omega Towers And Infrastructures	Vendor	0.24	Not Related
Megastar Power Engineers Pvt	Vendor	0.05	Not Related
Vas Infratel Pvt Ltd	Vendor	0.04	Not Related
Anushree Transtrade Pvt Ltd	Vendor	0.01	Not Related
Swastika Tele Solutions Pvt Ltd	Vendor	0.00	Not Related
Pragmatica Infraventures Pvt Ltd	Vendor	0.21	Not Related
Aitmad Infrastructure Pvt Ltd	Vendor	0.03	Not Related
Himalayan Infracom Pvt Ltd	Vendor	0.00	Not Related
City Drilling Projects Pvt Ltd	Vendor	0.06	Not Related
PC Infradevelopers Pvt Ltd	Vendor	0.15	Not Related
Samay Infratech Private Ltd	Vendor	0.08	Not Related
HT Infratech Services Pvt Ltd	Vendor	0.07	Not Related

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/ Share Capital at the end of the year as at March 31, 2024	Relationship with the Struck off company, if any, to be disclosed
Aakansha Portfolio Pvt. Limited	Shareholder	0.00	Not Related
Abhay Carriers Private Limited	Shareholder	0.00	Not Related
Adinath Financial Service Private Limited	Shareholder	0.00	Not Related
Advait Finstock Private Limited	Shareholder	0.00	Not Related
Ankal Capital Limited	Shareholder	0.00	Not Related
Arpan Leasing Co Ltd	Shareholder	0.00	Not Related
Ashok Investors Trust Limited	Shareholder	0.00	Not Related
Astral Auto Parts Pvt Ltd	Shareholder	0.00	Not Related
Balia Consultancy Services (P) Ltd	Shareholder	0.00	Not Related
Bdja Securities Pvt Ltd	Shareholder	0.00	Not Related
Binary Solutions Pvt Ltd	Shareholder	0.00	Not Related
Bkg Securities Private Limited	Shareholder	0.00	Not Related
Blue Mountain Holdings Private Limited	Shareholder	0.00	Not Related
Canny Securities Private Limited	Shareholder	0.00	Not Related
Chothani Fibres Pvt Ltd	Shareholder	0.00	Not Related
Citizen Securities Private Limited	Shareholder	0.00	Not Related
Dauji Investments Pvt Ltd	Shareholder	0.00	Not Related
Esteem Capital Services (P) Ltd.	Shareholder	0.00	Not Related
Excel Capital Services P Ltd	Shareholder	0.00	Not Related
Farhan Traders Pvt Ltd	Shareholder	0.00	Not Related
Highlands Garments Pvt Ltd	Shareholder	0.00	Not Related
Home Trade Limited	Shareholder	0.00	Not Related
Indiana International Private Limited	Shareholder	0.00	Not Related
Indigo Exim Pvt Ltd	Shareholder	0.00	Not Related
Jalsagar Commercial Private Ltd	Shareholder	0.00	Not Related
Kanha Shares Pvt Ltd	Shareholder	0.00	Not Related
Kothari Intergroup Ltd.	Shareholder	0.00	Not Related
Lakshana Holdings (P) Ltd	Shareholder	0.00	Not Related
Lifetime Leasing & Holding Pvt Ltd	Shareholder	0.00	Not Related
Maa Biz Services Pvt Ltd	Shareholder	0.00	Not Related
Modern Gears Private Ltd.	Shareholder	0.00	Not Related
Modern Information & Systems Pvt Ltd	Shareholder	0.00	Not Related
Murlidhar Securities Pvt. Ltd.	Shareholder	0.00	Not Related
Pegasus Mercantile Pvt Ltd	Shareholder	0.00	Not Related
Positive Tracon Pvt Ltd	Shareholder	0.00	Not Related
Pragya Mercantile Pvt Ltd	Shareholder	0.00	Not Related
Ramdayal Associates Ltd	Shareholder	0.00	Not Related
Ronak Fabrics Pvt. Ltd	Shareholder	0.01	Not Related
Sai Shipping Company Pvt.Ltd.	Shareholder	0.00	Not Related
Sai Shirdi Lea - Fin Private Limited	Shareholder	0.00	Not Related

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Name of the Struck off Companies	Nature of transactions	Balance outstanding/ Share Capital at the end of the year as at March 31, 2024	Relationship with the Struck off company, if any, to be disclosed
Salasar Securities Pvt Ltd	Shareholder	0.00	Not Related
Shyam Engineering Co Pvt Ltd	Shareholder	0.00	Not Related
Spectrum Stock Services Private Limited	Shareholder	0.00	Not Related
Spica Software Private Limited	Shareholder	0.00	Not Related
Steelman Investments Pvt. Ltd.	Shareholder	0.00	Not Related
Suraj Enterprise Pvt Ltd	Shareholder	0.00	Not Related
Surakshit Securities Pvt. Ltd	Shareholder	0.00	Not Related
Touchstone Stock Management P. Ltd	Shareholder	0.00	Not Related
Vaishak Shares Limited	Shareholder	0.00	Not Related
Victor Properties Private Limited	Shareholder	0.00	Not Related
Vidhan Marketing Pvt Ltd	Shareholder	0.00	Not Related
Vinod Housing Pvt Ltd	Shareholder	0.00	Not Related
Vms Consultants Pvt. Ltd.	Shareholder	0.00	Not Related
Woodmen Products (P) Ltd	Shareholder	0.00	Not Related
Yash Stockbrokers Pvt Ltd	Shareholder	0.00	Not Related
Yash Vardhan Securities Ltd	Shareholder	0.00	Not Related
Zen Securities Limited -Clients (Dormant)	Shareholder	0.00	Not Related
Zenith Logistics Private Limited	Shareholder	0.00	Not Related
Zion Financial Services Pvt Ltd	Shareholder	0.00	Not Related

- 54** On October 15, 2018, pursuant to the approval by the shareholders, the Board of Directors of the Holding Company has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the group under the Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan ("HFCL Plan 2017"). The maximum number of shares under the HFCL Plan 2017 shall not exceed 1,40,98,000 equity shares. Out of this, 70,49,000 equity shares will be issued against RSUs at par value and 70,49,000 equity shares will be issued against stock options at fair market price immediately prior to date of the grant i.e. ₹ 20.65 per share. The Employee can exercise the vested options/units with in the maximum exercise period which shall be 5 years from the vesting date. The Stock options so granted shall vest over a period of 3 years and 70% RSUs granted will be vest at the end of 3rd year and remaining 30% RSUs shall vest at the end of 4th year from the date of grant.

The RSUs granted under the HFCL Plan 2017 were forfeited due to non-achievement of defined annual performance parameters as determined by the Nomination, Remuneration and Compensation Committee ('Committee') of the Board of Directors of Holding Company in its meeting held on April 23, 2022 and accordingly as on March 31, 2022 the share based payment reserve was adjusted. During FY 21-22, this cancellation/forfeiture of unvested options had resulted into a reversal of share based payment expense in the Standalone Statement of Profit and Loss.

The Nomination, Remuneration and Compensation Committee ('Committee') of the Board of Directors of Holding Company which comprises a majority of Independent Directors is responsible for administration and supervision of the Stock Option Plans.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

The activity in the HFCL Plan 2017 for equity-settled, share-based payment transactions during the years ended March 31, 2025 and March 31, 2024 is as follows:

Particulars	Shares arising out of options*	
	Year ended March 31, 2025	Year ended March 31, 2024
Employee Stock Options (ESOPs)		
Outstanding at the beginning	10,65,800	15,29,200
Granted	-	-
Exercised	3,21,200	4,63,400
Forfeited and expired	2,58,400	-
Outstanding at the end	4,86,100	10,65,800
Exercisable at the end	4,86,100	10,65,800

* Includes options granted to employees of subsidiary company

The details of equity-settled ESOPs outstanding as at March 31, 2025 are 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
20-25 (ESOPs)	4,86,100	1	20.65

55 Particulars in respect of loans and advances in the nature of loans to related parties as required under Regulation 34(3) SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

Name of the Company	Outstanding as at		Maximum amount outstanding during the year	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Nimpaa Telecommunications Private Limited	0.75	2.50	2.50	3.00

Disclosure pursuant to section 186 of The Companies Act 2013:

Sr. No.	Nature of Transaction (Loans given/ Investment made/Guarantee given/Security provided)	Purpose for which the loan/guarantee/ security is proposed to be utilised by the recipient	March 31, 2025	March 31, 2024
(A) Loans and Advances				
	Other Related Party:			
(a)	Nimpaa Telecommunications Private Limited	Working capital	0.75	2.50
	Other Party:			
(a)	Parmesh Finlease Limited	Working capital	2.50	2.50
(b)	Infotel Business Solutions Limited	Working capital	4.00	4.00
(B) Guarantees Given				
	Other Related Party:			
(a)	Exicom Tele-Systems Limited	Corporate guarantee given for Debt	6.50	6.50
	Other Company:			
(a)	Microwave Communications Ltd	Corporate guarantee given for Debt	13.66	13.66

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

56 In respect of subsidiary companies, the following additional notes to accounts are disclosed:-

HTL LIMITED

- i) The Government of Tamil Nadu have executed a Deed of Indenture dated 30.09.1970 in favour of the Company for total land measuring 35.89 acres possessed by it since 1968 as Assignee in the Guindy Industrial Estate and registered the same vide Document No. 22 of 1972 at Sub- Registrar Office, Alandur. As agreed by Government of India on the proposal of Government of Tamil Nadu for surrender of the vacant land measuring 4.90 acres by the Company during the process of disinvestment of shares in the Company in 2001, the Company had surrendered the vacant land measuring 4.90 acres to the Small Industries Department, Chennai in 2002 in order to get a clear title for the remaining land of 30.99 acres. In this process, the name of the Company has been entered in the revenue records of the Government of Tamil Nadu for 30.27 acres by issue of pattas, excepting the Approach Road of 0.72 acres. The Company has been continuously following up with Government of Tamil Nadu for obtaining the clear title for 30.99 acres.

In respect of the above said land, a Show Cause Notice (SCN) was issued on 08th June, 2020, by Office of the Revenue Divisional Officer, Guindy, Chennai, objecting on the pattas issued on the said assigned land. The Company has filed a Writ Petition against the said SCN and an interim stay was granted by Hon'ble Madras High Court on 19th June, 2020. The last hearing was fixed on 20th August, 2024 but not listed. It is yet to be listed by the Hon'ble Madras High Court for next hearing.

57 Financial risk management objectives and policies

The Group'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 the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, cash and cash equivalents, trade and other receivables that derive directly from its operations.

The Group's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The 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 analyze 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.

57.1 Financial Instruments by category

Particulars	As at March 31, 2025			As at March 31, 2024		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets						
l) Investments						
A) Equity Instruments						
i) Structured entity Equity Instrument	-	134.95	-	-	167.37	-
ii) Structured entity (current assets)						
a) Sumedha Fiscal Services Limited	-	0.12	-	-	0.08	-
b) Valiant Communications Limited	-	0.34	-	-	0.32	-
c) Media Matrix Worldwide Limited	-	-	-	-	0.01	-
d) NSL Wind Power Company (Phoolwadi) Private Limited	-	0.11	-	-	0.19	-
B) Mutual funds	0.72	-	-	4.60	-	-
C) Debentures & Bonds	-	-	1.85	-	-	1.85

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars	As at March 31, 2025			As at March 31, 2024		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
II) Trade receivables	-	-	2,301.58	-	-	2,735.79
III) Bank deposits	-	-	57.98	-	-	38.66
IV) Cash and Cash equivalents	-	-	70.52	-	-	23.32
V) Other Bank balances	-	-	420.80	-	-	313.01
VI) Security deposit for utilities and premises	-	-	435.14	-	-	20.58
VII) Other receivables	-	-	216.95	-	-	197.78
Total financial assets	0.72	135.52	3,504.82	4.60	167.97	3,330.99
2) Financial liabilities						
I) Borrowings						
A) From Banks	-	-	1,205.48	-	-	809.11
B) From Others	-	-	135.58	-	-	168.16
II) Obligations under Finance Lease	-	-	18.70	-	-	13.96
III) Operational Buyers Credit	-	-	162.20	-	-	-
IV) Deposits	-	-	221.51	-	-	270.25
V) Trade payables	-	-	1,078.66	-	-	807.63
VI) Other liabilities	-	-	221.20	-	-	170.61
Total Financial liabilities	-	-	3,043.33	-	-	2,239.71

Fair Value measurement

Fair Value Hierarchy and valuation technique used to determine fair value :

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and are categorized into Level 1 , Level 2 and Level 3 inputs.

A) Year Ending March 31, 2025

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2025	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	14	0.72	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.12	-	-
b) Valiant Communications Limited	14	0.34	-	-
c) Media Matrix Worldwide Limited	14	-	-	-
d) NSL Wind Power Company (Phoolwadi) Private Limited	14	-	-	0.11
e) Amplus Iru Private Limited	8	-	-	4.09
f) Exicom Tele-Systems Limited	8	-	-	111.66
g) The Greater Bombay Co-Op Bank Limited	8	-	-	0.05
h) Shankar Sales Promotion Private Limited	8	-	-	0.07
i) Atul Properties Private Limited	8	-	-	1.85
j) Nivetti Systems Private Limited	8	-	-	19.08
Total Financial Assets		1.18	-	136.91

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

B) Year Ending March 31, 2024

Financial Assets measured at Fair Value recurring fair Value measurements at March 31, 2024	Note Nos.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
a) Mutual Funds	14	4.60	-	-
FVTOCI				
Structured entity				
a) Sumedha Fiscal Services Limited	14	0.08	-	-
b) Valiant Communications Limited	14	0.32	-	-
c) Media Matrix Worldwide Limited	14	0.01	-	-
d) NSL Wind Power Company (Phoolwadi) Private Limited	14	-	-	0.19
e) Exicom Tele-Systems Limited	8	-	-	149.29
f) The Greater Bombay Co-Op Bank Limited	8	-	-	0.05
g) Shankar Sales Promotion Private Limited	8	-	-	0.10
h) Atul Properties Private Limited	8	-	-	1.85
i) Nivetti Systems Private Limited	8	-	-	17.93
Total Financial Assets		5.01	-	169.41

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 judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period."

57.2 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 Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2025					
Trade payables	26	1,078.66	1,078.66	-	1,078.66
Retention Money	27	221.51	221.51	-	221.51
Other liabilities	23,25,27,43,47	1,743.16	1,343.53	399.63	1,743.16
As at March 31, 2024					
Trade payables	26	807.63	807.63	-	807.63
Retention Money	27	270.25	270.25	-	270.25
Other liabilities	23,25,27,43,47	1,161.84	983.55	178.28	1,161.83

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.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

The sensitivity analyses in the following sections relate to the position as at 31 March 2025 and 31 March 2024.

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 investment must be approved by the Management.	If the equity prices had been 10% higher/lower: Total comprehensive income for the year ended March 31, 2025 would increase/decrease by ₹ 13.81 Crore (for the year ended March 31, 2024: increase/decrease by ₹ 17.44 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. 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 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 ₹ 3.35 Crore loss for year ended March 31, 2025 (₹ 2.44 Crore loss for year ended March 31, 2024).

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 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. 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 minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

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 detail of the debt and equity at the end of the reporting period :

Particulars	As at March 31, 2025	As at March 31, 2024
Debt	1,341.06	977.27
Less : Cash and Cash equivalents (Note 16)	(70.52)	(23.33)
Net Debt	1,270.54	953.94
Total Equity	4,119.32	3,999.82
Net Debt to Total Equity	0.31	0.24

58 Foreign Currency Exposure

- a) The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations 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 LCs and on direct purchase of capital items**

Particulars	As at March 31, 2025		As at March 31, 2024	
	Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
USD/INR	90,89,216	77.22	23,67,311	19.73

- c) **Foreign Currency exposure**

Particulars		As at March 31, 2025		As at March 31, 2024	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
Trade payable	USD/INR	6,44,04,617	552.35	3,33,31,677	278.83
	EUR/INR	13,70,222	12.71	11,31,352	10.25
	GBP/INR	1,51,241	1.67	33,35,752	35.26
	MUR/INR	5,56,122	0.10	4,61,272	0.08
	BDT/INR	1,59,05,658	1.13	1,42,21,642	1.08
	SGD/INR	9,075	0.06	20,925	0.13
	CHF/INR	1,21,485	1.19	-	-
	JPY/INR	-	-	227	-
Trade receivable	USD/INR	2,33,58,619	199.06	1,55,69,968	129.52
	EUR/INR	54,02,639	49.49	42,99,813	38.52
	GBP/INR	47,76,164	52.41	4,83,949	50.97

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

Particulars		As at March 31, 2025		As at March 31, 2024	
		Amount in foreign Currency	Equivalent in ₹	Amount in foreign Currency	Equivalent in ₹
	MUR/INR	-	-	3,73,28,772	0.09
	BDT/INR	3,61,00,372	2.53	48,51,234	2.84
	AUD/INR	9,288	0.05	-	-
	AED/INR	1,11,243	0.26	1,11,243	0.25
Cash and Bank Balances	USD/INR	10,61,540	9.05	-	-
	GBP/INR	7,40,825	7.78	5,32,856	5.58
	MUR/INR	38,48,958	0.72	46,99,421	0.84
	BDT/INR	6,94,582	0.05	93,47,720	0.71
Other Assets	USD/INR	-	-	-	-
	EUR/INR	-	-	-	-
	GBP/INR	32,97,839	36.33	35,14,486	36.82
	MUR/INR	9,37,364	0.17	4,53,03,551	8.11
	BDT/INR	3,97,59,736	2.78	4,64,30,506	3.53
Other Liabilities	USD/INR	-	-	-	-
	EUR/INR	-	-	-	-
	GBP/INR	6,69,892	7.44	6,64,849	6.97
	MUR/INR	4,425	-	2,79,928	0.05
	BDT/INR	10,81,949	0.08	6,30,65,220	4.79

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.

Impact on profit or loss for the year	Year Ended March 31, 2025		Year Ended March 31, 2024	
	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	17.66	(17.66)	7.46	(7.46)
EURO Impact	(1.84)	1.84	(1.41)	1.41
GBP Impact	(2.54)	2.54	(1.77)	1.77
CHF Impact	0.06	(0.06)	-	-
MUR Impact	0.01	(0.01)	(0.45)	0.45
BDT Impact	(0.07)	0.07	(0.06)	0.06
AED Impact	(0.01)	0.01	(0.01)	0.01
JPY Impact	-	-	-	-
AUD Impact	-	-	-	-
SGD Impact	-	-	0.01	(0.01)

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

59 Tax Reconciliation

Particulars	F.Y. 2024-25	F.Y. 2023-24
Net Profit as per Statement of Profit and Loss (before tax)	216.59	454.02
Current Tax rate @ 25.17%	56.98	114.98
Adjustment:		
Depreciation & other adjustment	(39.06)	(48.08)
Amount of eligible/ineligible expenditure	16.57	1.01
Tax Provision as per Books	34.50	67.91

The Group is also subject to tax on income attributable to its permanent establishments in foreign jurisdictions due to operation of its foreign branches.

60 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. April 1, 2025. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its standalone financial statements.

- 61** During the previous year, the Holding Company was awarded an Arbitration claim dated 29-Sep-2023 amounting to ₹ 55.94 Crore. Accordingly, interest of ₹ 36.25 Crore, Bad debt recovery of ₹ 9.92 Crore and reversal of provision for doubtful debts of ₹ 9.77 Crore had been accounted for under Other Income.

62 Other statutory information:

- i) The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.
- ii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- v) The Group does not have any such transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vi) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act 2013 read with the Companies (restriction on number of layers) Rules, 2017.
- vii) The Group is not declared wilful defaulter by bank or financial institution or lender during the year.
- viii) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- ix) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2025

(All amounts are in ₹ Crore)

- 63** The Group has used as accounting software including software operated by third party for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software. Such audit trails are prescribed as per the statutory requirement for record retention
- 64** Figures for the previous year has been regrouped/rearranged wherever necessary to confirm current year classification/presentation.

As per our report of even date attached

For **S Bhandari & Co LLP**

Chartered Accountants

Firm Reg. No. 000560C/C400334

J. S. P. Bansal

Partner

M.No. 070980

Place: New Delhi

Date: May 22, 2025

For **Oswal Sunil & Company**

Chartered Accountants

Firm Reg. No. 016520N

Nawin K Lahoty

Partner

M.No. 056931

For and on behalf of the Board

Mahendra Nahata

Managing Director

DIN: 00052898

Vijay Raj Jain

Chief Financial Officer

PAN: AALPJ8603K

Arvind Kharabanda

Director

DIN:00052270

Manoj Baid

President & Company Secretary

M.No.: FCS 5834

Place: New Delhi

Date: May 22, 2025

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2025
(All amounts are in ₹ Crore)

Form AOC-1

(Statement pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Name of the Subsidiary	HTL Limited	Moneta Finance Private Limited	HFCL Advance Systems Private Limited	Polixel Security Systems Private Limited	Dragonwave HFCL India Private Limited	Raddef Private Limited	HFCL Technologies Private Limited	HFCL B.V.	HFCL Inc.	HFCL Canada Inc.	*HFCL Poland Sp. Z.o.o	**HFCL UK Limited	***HFCL Pty Limited
The Date since when subsidiary was acquired	October 16, 2001	July 11, 2006	February 23, 2015	August 09, 2016	December 17, 2019	May 15, 2019	June 26, 2021	October 07, 2021	October 08, 2021	October 26, 2023	May 17, 2024	July 05, 2024	October 28, 2024
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA	NA	NA	Euro @ 92.74	USD @ 85.80	CAD @ 60.22	PLN @ 22.13	GBP @ 111.13	AUD @ 54.33
Share Capital	15.00	1.02	0.10	0.18	7.00	0.01	1.00	0.00	0.00	0.00	0.01	0.00	0.00
Reserves and Surplus	141.83	1.69	(0.11)	6.25	3.56	(4.47)	35.72	4.81	(0.71)	(0.04)	(0.04)	0.00	(0.05)
Total Assets	594.43	2.73	0.02	7.58	10.70	1.44	76.95	11.49	70.55	4.54	0.02	0.00	0.06
Total Liabilities	437.60	0.02	0.03	1.15	0.14	5.90	40.23	6.68	71.26	4.57	0.05	0.00	0.11
Investments	0.11	1.92	0	0.01	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Turnover	574.60	Nil	Nil	0.63	0.60	5.00	1.79	19.90	55.99	4.52	-	0.00	0.06
Profit before taxation	(19.53)	0.03	(0.01)	(0.43)	1.14	(2.10)	(1.66)	1.71	1.68	(0.02)	(0.04)	0.00	(0.02)
Provision for taxation	(4.41)	0.01	-	-	0.22	-	0.09	0.35	0.40	0.01	0.00	0.00	0.00
Profit after taxation	(15.12)	0.02	(0.01)	(0.43)	0.92	(2.10)	(1.75)	1.36	1.28	(0.04)	(0.04)	0.00	(0.02)
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Extent of Shareholding %	74	100	90	100	100	90	100	100	100	100	100	100	100

Name of Subsidiaries which are yet to commence operations: NA

Name of Subsidiaries which have been liquidated or sold during the year: NA

*HFCL B.V., a wholly owned subsidiary of HFCL Limited in Netherlands, has acquired 100% stake in HFCL Poland Sp. z.o.o (formerly known as Blue Diwali Sp. z.o.o), a company registered in state of Warsaw, Poland. Consequently, HFCL Poland Sp. z.o.o., has become a wholly owned subsidiary of HFCL B.V., and also a step-down wholly owned subsidiary of the Company w.e.f. May 17, 2024.

**HFCL B.V., has further established a wholly owned subsidiary company namely HFCL UK Limited in the United Kingdom (UK). Consequently, HFCL UK Limited has also become a step down wholly owned subsidiary of the Company w.e.f. July 05, 2024.

***HFCL B.V., has acquired 100% stake in HFCL Pty Limited, a company registered in Australia. Consequently, HFCL Pty Limited, has become a wholly owned subsidiary of HFCL B.V., and also a step-down wholly owned subsidiary of the Company w.e.f. October 28, 2024.

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2025
(All amounts are in ₹ Crore)

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	Nimpaa Telecommunications Private Limited	BigCat Wireless Private Limited
1. Latest audited Balance Sheet Date	March 31, 2025	March 31, 2025
2. Date on which the Associate or Joint Venture was associated or acquired	June 14, 2021	November 12, 2021
3. Shares of Associate/Joint Ventures held by the Company on the year end	50%	#50%
No.	1,000,000	36,000
Amount of Investment in Associates/Joint Venture	1.00	17.50
Extend of Holding %	50.00	40.79
4. Description of how there is significant influence	Pursuant to Section 2(6) of the Companies Act, 2013	Pursuant to Section 2(6) of the Companies Act, 2013
5. Reason why the associate/joint venture is not consolidated	NA	NA
6. Networth attributable to Shareholding as per latest audited Balance Sheet	2.44	9.67
7. Profit / Loss for the year		
i. Considered in Consolidation	0.00	0.36
i. Not Considered in Consolidation	-	-

#BigCat Wireless Pvt Ltd.(Jointly Controlled Entity with 50% voting right w.e.f. 12th November 2021)

- Names of associates or joint ventures which are yet to commence operations. : NA
- Names of associates or joint ventures which have been liquidated or sold during the year. : NA

For and on behalf of the Board

Mahendra Nahata
Managing Director
DIN:00052898

Arvind Kharabanda
Director
DIN:00052270

Vijay Raj Jain
Chief Financial Officer
PAN:AALPJ8603K

Manoj Baid
President & Company Secretary
M.No: FCS 5834

Place : New Delhi
Date : May 22, 2025

HFCL LIMITED

Registered Office: 8, Electronics Complex, Chambaghat, Solan – 173213 (Himachal Pradesh)
Tel: +91-1792-230644; Fax: +91-1792-231902; Website: www.hfcl.com; E-mail: secretarial@hfcl.com
(Corporate Identity Number: L64200HP1987PLC007466)

AGM NOTICE

(Pursuant to Section 101 of the Companies Act, 2013)

NOTICE is hereby given that the **38th (Thirty-Eighth) Annual General Meeting ("AGM")** of the members of **HFCL Limited** will be held on **Monday, the 15th day of September, 2025 at 11:00 A.M. (IST)** through Video Conferencing/Other Audio Visual Means ("**VC**")/ ("**OAVM**") to transact the following businesses:

ORDINARY BUSINESS:

1. Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2025, along with the reports of the Board of Directors and the Auditors thereon and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2025, along with the reports of the Board of Directors and the Auditors thereon as laid before this meeting, be and are hereby received, considered and adopted."

2. Adoption of Consolidated Financial Statements

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2025 and the report of the Auditors thereon and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2025, along with the report of the Auditors thereon as laid before this meeting, be and are hereby received, considered and adopted."

3. Declaration of Dividend

To declare a dividend of ₹0.10 (Ten Paise only) i.e., @10%, per fully paid-up equity share of face value of ₹1/- (Rupee One only), for the financial year ended March 31, 2025 and, in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT a Dividend of ₹0.10 (Ten Paise only) i.e., @ 10%, per fully paid-up equity share of face value of ₹1/- (Rupee One only) of the Company, be and is hereby declared for the financial year ended March 31, 2025 and the same be paid as recommended by the Board of Directors of the Company, out of the distributable

profits of the Company for the financial year ended March 31, 2025."

4. Appointment of director in place of the retiring director

To appoint a director in place of Dr. (Mr.) Ranjeet Mal Kastia (DIN: 00053059), Director (Non-Executive), aged 83 years who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 152(6) of the Companies Act, 2013 and Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Dr. (Mr.) Ranjeet Mal Kastia (DIN: 00053059), aged 83 years, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director (Non-Executive), liable to retire by rotation, of the Company."

SPECIAL BUSINESS:

5. Appointment of Mr. Baldev Singh Kashtwal as Secretarial Auditor of the Company

To appoint Mr. Baldev Singh Kashtwal, Company Secretary in whole time practice, having Membership No. 3616, CP No. 3169 and Peer Review certificate No. 1205/2021 as the Secretarial Auditor of the Company for a period of five (05) consecutive financial years, i.e., for the financial year 2025-26 to 2029-30 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 204 and other applicable provisions of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosures Requirements) (Third Amendment) Regulations, 2024, dated December 12, 2024, read with SEBI circular bearing no. SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185, dated December 31, 2024, (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in

force), and other applicable provisions if any, and on the recommendation of the Audit Committee and the Board of Directors of the Company, Mr. Baldev Singh Kashtwal, Company Secretary in whole-time practice, having Membership No. FCS 3616, C.P. No. 3169 and Peer Review Certificate No. 1205/2021, be and is hereby appointed as a Secretarial Auditor of the Company, for conducting the secretarial audit for a period of five (05) consecutive years, i.e., for the financial year 2025-26 to 2029-30 at such fees, plus applicable taxes and other out of pocket expenses as may be mutually agreed upon between the Board of Directors of the Company and the Secretarial Auditor.

RESOLVED FURTHER THAT the Board of Directors / committees of the Board be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. Shifting of Registered Office

To approve shifting of Registered Office of the Company from the State of Himachal Pradesh to the State of Haryana and consequential amendment to the Memorandum of Association of the Company and in this regard, to consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 12, 13 and all other applicable provisions, if any, of the Companies Act, 2013 (**"Act"**) read with Rule 30 of the Companies (Incorporation) Rules, 2014 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of the Central Government (powers delegated to Hon'ble Regional Director, Northern Region) or any other authority(ies) as may be prescribed from time to time and subject to such other approvals, permissions and sanctions, as may be required under the provisions of the Act or under any other law for the time being in force, consent of the members of the Company be and is hereby accorded for shifting the Registered Office of the Company from the state of Himachal Pradesh to State of Haryana and that Clause II of the Memorandum of Association of the Company be substituted with the following clause:

II. *The Registered Office of the Company will be situated in the State of Haryana.*

RESOLVED FURTHER THAT upon receipt of the Order of the Hon'ble Regional Director, Northern Region, approving the alteration, and filing of the certified copy of such Order with the Registrar of Companies (**"ROC"**), and issuance of the necessary Certificate by the ROC indicating the alteration, the Registered Office of the Company be shifted from "8 Electronics Complex, Chambaghat, Solan – 173 213, Himachal Pradesh" in the State of Himachal Pradesh to "Plot No. - 38, Institutional Area, Sector 32, Gurugram-122001, Haryana" in the State of Haryana.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the **"Board"**, which term shall be deemed to include any of its duly constituted Committee) or any officer / executive / representative and / or any other person so authorized by the Board, be and is hereby authorized on behalf of the Company to make any modifications, changes, variations, alterations or revisions stipulated by any authority, while according approval / consent, as may be considered necessary and further authorized to appoint counsels / consultant and advisors, file applications / petitions, issue notices, advertisements, obtain orders for shifting of Registered Office from the concerned authorities and to do all such acts, deeds, matters and things as it may, in their absolute discretion, deem necessary and to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

7. Raising of funds

To approve raising of funds and in this regard, to consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 23, 41, 42, 55, 62 and 71 and other applicable provisions of the Companies Act, 2013, read with the applicable provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other rules and regulations made thereunder (including any amendment(s), statutory modification(s) and/or re-enactment(s) thereof for the time being in force) (**"Act"**), the provisions of the Memorandum of Association and the Articles of Association of the Company, all other applicable laws, rules and regulations, including the provisions of the Foreign Exchange Management Act, 1999 as amended and rules and regulations framed thereunder including Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the Foreign Exchange Management (Debt Instruments) Regulations, 2019, the Foreign Exchange Management (Mode of Payment and Reporting of Non debt Instruments) Regulations, 2019, the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended, the current Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce, Government of India, as amended and the applicable rules and regulations made thereunder including applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (**"SEBI ICDR Regulations"**), the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (**"SEBI IL-NCS Regulations"**), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015, as amended ("**SEBI Listing Regulations**") the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), the Companies (Issue of Global Depository Receipts) Rules, 2014, the Depository Receipts Scheme, 2014, as amended, the framework for issue of Depository Receipts notified by SEBI vide circular dated October 10, 2019, as amended, Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 as amended and such other statutes, clarifications, rules, regulations, circulars, notifications, guidelines, if any, as may be applicable, as amended from time to time issued by the Government of India, the Ministry of Corporate Affairs ("**MCA**"), the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the BSE Limited ("**BSE**"), the National Stock Exchange of India Limited ("**NSE**"), and together with BSE, the ("**Stock Exchanges**") where the equity shares of the Company of face value of ₹1/- (Rupee One only) each ("**Equity Shares**") are listed, and any other appropriate authority under any other applicable laws and subject to all other approval(s), consent(s), permission(s) and/or sanction(s) as may be required from various regulatory and statutory authorities, including the Government of India, the RBI, SEBI, MCA and the Stock Exchanges (hereinafter singly or collectively referred to as "**Appropriate Authorities**") and subject to such terms, conditions and modifications as may be prescribed by any of the Appropriate Authorities while granting any such approval(s), permission(s) and sanction(s), consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to mean and include any duly constituted committee thereof for the time being exercising the powers conferred by the Board), to create, issue, offer and allot (including with provisions for reservations on firm and/or competitive basis, or such part of issue and for such categories of persons as may be permitted) such number of Securities (as defined hereinafter), for cash, in one or more tranches, with or without green shoe option, whether Rupee denominated or denominated in foreign currency, for an aggregate amount up to ₹700 Crore (Rupees Seven Hundred Crore only), by way of one or more public and/or private offerings and/or on a preferential allotment basis and/or a qualified institutions placement ("**QIP**") to "qualified institutional buyers" as defined in the SEBI ICDR Regulations and/or right issue(s) and/or debt issue(s) and/or any combination thereof and/or any other permitted modes through issue of prospectus and/or an offer document and/or a private placement offer letter and/or placement document and/or such other documents/ writings/ circulars/ memoranda in such a manner, in such tranche or tranches, by way of an issue of Equity Shares or by way of an issue of any instrument or security including convertible/ redeemable preference shares, fully/ partially convertible debentures or by way of a

composite issue of non-convertible debentures, issue of Global Depository Receipts ("**GDRs**"), American Depository Receipts ("**ADRs**") or any other eligible securities (instruments listed above collectively with the Equity Shares to be hereinafter referred to as the "**Securities**") or any combination of Securities, with or without premium, to be subscribed to in Indian and /or any foreign currencies by all eligible investors, including, residents or non-resident investors/ whether institutions, foreign portfolio investors and/or incorporated bodies and/or trusts or otherwise)/ qualified institutional buyers/ mutual funds/ pension funds/ venture capital funds/ banks/ alternate investment funds/ Indian and/or multilateral financial institutions, insurance companies/ trusts/ stabilising agents and any other category of persons or entities who are authorised to invest in the Securities of the Company as per extant regulations/ guidelines or any combination of the above as may be deemed appropriate by the Board in its absolute discretion and whether or not such investors are members of the Company (collectively called "**Investors**"), to all or any of them, jointly or severally through a prospectus and/or an offer document and/or a private placement offer letter and/or placement document and/or such other documents/writings/ circulars/ memoranda in such a manner on such terms and conditions, considering the prevailing market conditions and other relevant factors wherever necessary, at such price or prices (whether at prevailing market price(s) or at permissible discount or premium to market price(s) in terms of applicable laws and regulations), with authority to retain over subscription up to such percentage as may be permitted under applicable regulations, including the discretion to determine the categories of Investors to whom the offer, issue and allotment of Securities shall be made to the exclusion of others, in such manner, including allotment to stabilising agent in terms of green shoe option, if any, exercised by the Company and where necessary in consultation with the book running lead manager(s), global coordinator(s) and book running lead manager(s) and/or underwriters and/or stabilising agent and/or other advisors or otherwise on such terms and conditions, including the security, rate of interest etc., issue of Securities as fully or partly paid, making of calls and manner of appropriation of application money or call money, in respect of different class(es) of investor(s) and/or in respect of different Securities, deciding of other terms and conditions like number of securities to be issued, face value, number of Equity Shares to be allotted on conversion/ redemption/ extinguishment of debt(s), terms of issue, period of conversion, fixing of record date or book closure terms if any, as the Board may in its absolute discretion decide, in each case subject to applicable laws and on such terms and conditions as may be determined and deemed appropriate by the Board in its absolute discretion and without requiring any further approval or consent from the members at the time of such issue and

allotment considering the prevailing market conditions and other relevant factors in consultation with the merchant banker(s) to be appointed by the Company so as to enable the Company to list on any stock exchange in India or overseas jurisdictions.

RESOLVED FURTHER THAT pursuant to the above-mentioned resolutions:

- (a) the Securities proposed to be issued, offered and allotted shall be in dematerialized form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company, the Companies Act and other applicable laws;
- (b) the number and/or price of the Equity Shares to be issued on conversion of Securities convertible into Equity Shares shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division, reclassification of equity shares into other securities, issue of equity shares by way of capitalization of profits or reserves or any such capital or corporate re-organization or restructuring.

RESOLVED FURTHER THAT in case of issue and allotment of Securities by way of QIP in terms of Chapter VI of the SEBI ICDR Regulations (hereinafter referred to as **"Eligible Securities"** within the meaning rendered to such term under Regulation 171(a) of the SEBI ICDR Regulations):

- (i) The allotment of Securities shall only be made to qualified institutional buyers as defined in the SEBI ICDR Regulations (**"QIBs"**);
- (ii) The Eligible Securities to be so created, offered, issued, and allotted, shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company;
- (iii) The allotment of the Eligible Securities, or any combination of the Eligible Securities as may be decided by the Board and subject to applicable laws, shall be completed within 365 days from the date of passing of the special resolution by the shareholders of the Company or such other time as may be allowed under the SEBI ICDR Regulations;
- (iv) The Equity Shares issued and allotted under the Issue or allotted upon conversion of the equity linked instruments issued in QIP shall rank pari-passu inter se in all respects including with respect to entitlement to dividend, voting rights or otherwise with the existing Equity Shares of the Company in all respects;
- (v) The number and/or price of the Eligible Securities or the underlying Equity Shares issued on conversion of Eligible Securities convertible into Equity Shares shall be appropriately adjusted

for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division, reclassification of equity shares into other securities, issue of equity shares by way of capitalisation of profit or reserves, or any such capital or corporate restructuring;

- (vi) The Eligible Securities (excluding warrants) under the QIP shall be issued and allotted as fully paid-up securities;
- (vii) In the event Equity Shares are issued, the "relevant date" for the purpose of pricing of the Equity Shares to be issued, shall be the date of the meeting in which the Board or the committee of directors authorised by the Board decides to open the proposed issue of such Equity Shares, subsequent to the receipt of members' approval in terms of provisions of the Act and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of the Equity Shares;
- (viii) In the event that Eligible Securities issued are eligible convertible securities, the relevant date for the purpose of pricing of the convertible securities to be issued, shall be, either the date of the meeting at which the Board or a committee of directors authorised by the Board decides to open the proposed issue or the date on which the holders of such eligible convertible securities become entitled to apply for Equity Shares, as decided by the Board;
- (ix) The tenure of the convertible or exchangeable Eligible Securities issued through the QIP shall not exceed sixty months from the date of allotment;
- (x) Issue of Eligible Securities made by way of a QIP shall be at such price which is not less than the price determined in accordance with Regulation 176(1) under Chapter VI of the SEBI ICDR Regulations (**"QIP Floor Price"**) and applicable law. The Board may, however, at its absolute discretion in consultation with the book running lead managers, issue Eligible Securities at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the QIP Floor Price;
- (xi) No single allottee shall be allotted more than 50% of the issue size and the minimum number of allottees shall be as per the SEBI ICDR Regulations;
- (xii) No allotment shall be made, either directly or indirectly, to any QIB who is a promoter, or any person related to the promoters of the Company;
- (xiii) The Eligible Securities allotted in the QIP shall not be eligible for sale by the respective allottees, for a period of one year from the date of allotment, except on a recognised stock exchange or except as may be permitted from time to time by the SEBI ICDR Regulations; and

- (xiv) Any subsequent QIP shall not be undertaken until the expiry of two weeks (or such other period as may be prescribed) from the date of the prior QIP made pursuant to this special resolution.

RESOLVED FURTHER THAT in case of issue of Equity Shares, by way of QIP as per Chapter VI of SEBI ICDR Regulations, the prices determined for the QIP shall be subject to appropriate adjustments if the Company, pending allotment under this resolution:

- a. makes an issue of Equity Shares by way of capitalization of profits or reserves, other than by way of dividend on shares;
- b. makes a rights issue of Equity Shares;
- c. consolidates its outstanding Equity Shares into a smaller number of shares;
- d. divides its outstanding Equity Shares including by way of stock split;
- e. reclassifies any of its Equity Shares into other securities of the issuer; and
- f. is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, requires adjustments.

RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and/or in the market and/or at the place of issue of the Securities in the international market and may be governed by the applicable laws.

RESOLVED FURTHER THAT in the event of issue of GDRs/ADRs, the pricing shall be determined in compliance with principles and provisions set out in the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme 1993, the Companies (Issue of Global Depository Receipts) Rules, 2014, the Depository Receipts Scheme, 2014, the Framework for issue of Depository Receipts notified by SEBI vide circular dated October 10, 2019, as amended and other applicable pricing provisions issued by the Ministry of Finance and other applicable laws, the Relevant Date for the purpose of pricing the Securities to be issued pursuant to such issue shall be the date of the meeting at which the Board decides to open such issue after passing of this Special Resolution. Preferential issuance and allotment of Securities (other than as issued and allotted to QIBs by way of QIP) shall be subject to the requirements prescribed under the Act and Chapter V of the SEBI ICDR Regulations and other applicable laws.

RESOLVED FURTHER THAT the Board, be and is hereby authorised to enter into any arrangement with any agencies or bodies for the issue of GDRs and/or ADRs represented by underlying equity shares in the share capital of the Company with such features and attributes as are prevalent in international/domestic capital markets for instruments of this nature and to

provide for the tradability and free transferability thereof in accordance with market practices as per the domestic and/or international practice and regulations and under the norms and practices prevalent in the domestic/international capital markets and subject to applicable laws and regulations and the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or desirable for such purpose, including but not limited to finalisation and approval of the offer document(s), private placement offer letter, determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, face value, fixing the record date, execution of various transaction documents and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the proceeds as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of dividend, issue of additional Equity Shares, variation of the conversion price of the Securities or period of conversion of Securities into Equity Shares during the duration of the Securities and the Board, be and is hereby authorised, in its absolute discretion, in such manner as it may deem fit, to dispose-off such of the Securities that are not subscribed.

RESOLVED FURTHER THAT in pursuance of the aforesaid resolution, the Securities to be created, issued allotted and offered in terms of this resolution shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company and the fully paid-up Equity Shares that may be issued by the Company (including issuance of Equity Shares pursuant to conversion of any Securities as the case may be in accordance with the terms of the offering) shall rank *pari passu* with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue, or allotment of Securities or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of

the nature of the issuance, terms and conditions for the issuance of Securities including the number of Securities that may be offered in domestic and international markets and proportion thereof, issue price and discounts permitted under applicable law, premium amount on issue/ conversion of the Securities, if any, rate of interest, timing for issuance of such Securities and shall be entitled to vary, modify or alter any of the terms and conditions as it may deem expedient, opening and maintaining bank accounts, entering into and executing arrangements for managing, underwriting, marketing, listing, trading and entering into and executing arrangements with merchant bankers, lead managers, legal advisors, depository, custodian, registrar, stabilising agent, paying and conversion agent, trustee, escrow agent, monitoring agency and executing other agreements, including any amendments or supplements thereto, as necessary or appropriate and to finalise, approve and issue any document(s) or agreements including but not limited to the placement document and filing such documents (in draft or final form) with any Indian or foreign regulatory authority or stock exchanges and sign all deeds, documents and writing and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and take all steps which are incidental and ancillary in this connection, including in relation to utilisation of the issue proceeds, as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to

the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and all actions taken by the Board, to exercise its powers, in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions, be and are hereby approved, ratified and confirmed, in all respects.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers conferred by this resolution herein, to any committee of directors formed, Directors or one or more executives/officers of the Company to give effect to the above resolutions, in accordance with applicable law.

RESOLVED FURTHER THAT the Board be and is hereby authorised to seek any approval that is required in relation to the creation, issuance and allotment and listing of the Securities, from any statutory or regulatory authority or the Stock Exchanges and/ or internationally recognised stock exchanges. Any approvals that may have been applied for by the Board in relation to the creation, issuance and allotment and listing of the Securities are hereby approved and ratified by the members."

Registered Office:
8, Electronics Complex
Chambaghat
Solani-173213 (H. P.)

By **Order of the Board**

Place: New Delhi
Date: July 25, 2025

(Manoj Baid)
President & Company Secretary
Membership No: FCS 5834

NOTES:

1. In compliance with the Ministry of Corporate Affairs ("**MCA**") Circulars Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 8, 2021, 21/2021 dated December 14, 2021, 2/2022 dated May 5, 2022, 10/2022 dated December 28, 2022, 09/2023 dated September 25, 2023 and 09/2024 dated September 19, 2024 ("**MCA Circulars**"), permitted the companies to conduct the AGM through Video Conferencing/ Other Audio Visual Means ("**VC/OAVM**"), without the physical presence of members at a common venue and the Securities and Exchange Board of India ("**SEBI**") vide its Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023, SEBI/HO/CFD/CFD-PoD-2/P/ CIR/2023/167 dated October 07, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 03, 2024 ("**SEBI Circulars**") (hereinafter collectively referred to as "**the Circulars**"), *inter-alia* allowed relaxation from dispatching of hard copy of statement containing salient features of all the documents, as prescribed in Section 136 of the Companies Act, 2013 to the shareholders who have not registered their email addresses. Hence, in compliance with the Circulars, the Companies Act, 2013 (the "**Act**") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**SEBI Listing Regulations**"), **the 38th AGM of the Company is being held through VC/OAVM on Monday, September 15, 2025 at 11:00 a.m. (IST).**

The deemed venue for the AGM will be the registered office of the Company.
2. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI Listing Regulations (as amended) and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited ("**NSDL**") for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-Voting system as well as e-Voting on the date of the AGM will be provided by NSDL.
3. As per the provisions of Clause 3.A.II of the General Circular No. 20/2020 dated May 5, 2020, issued by the MCA, the matter of Special Business as appearing at Item No. 5 to 7 of the accompanying Notice, is considered to be unavoidable by the Board and hence, forms part of this Notice.
4. The relative Statement pursuant to Section 102 of the Act in respect of the business under Item No. 4 to 7 set out above and the relevant details of the Director seeking re-appointment at this AGM in respect of business under Item No. 4 as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ("**Secretarial Standard-2**") are annexed hereto.
5. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND SEBI CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.**
6. Institutional Investors, who are members of the Company, are encouraged to attend and vote at the 38th AGM through VC/OAVM facility. Corporate members intending to appoint their authorised representatives pursuant to Section 113 of the Act, to attend the AGM through VC/OAVM or to vote through remote e-Voting are requested to send a certified copy of the Board Resolution or the authorisation letter to the Scrutinizer by e-mail at scrutinizer@hfcl.com with a copy marked to evoting@nsdl.com and the Company at secretarial@hfcl.com.
7. Only registered members of the Company may attend and vote at the AGM through VC/OAVM facility. In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. The Members can join the AGM in the VC/OAVM mode at least 15 minutes before and till 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination Remuneration

and Compensation Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

9. **ELECTRONIC DISPATCH OF NOTICE AND ANNUAL REPORT:** In line with the Circulars, Notice of the AGM along with the Annual Report 2024-25 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depositories. The Notice of AGM and Annual Report 2024-25 are available on the Company's website viz. www.hfcl.com and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e., the BSE Limited and the National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively.

The AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) at www.evoting.nsdl.com.

Additionally, in accordance with Regulation 36(1)(b) of the SEBI Listing Regulations, the Company is also sending letters to members whose e-mail address is not registered with Company/ Depositories providing the exact web-link and QR code of Company's website from where the Annual Report for financial year 2024-25 can be accessed.

10. Electronic copies of all the documents referred to in the accompanying Notice of the AGM and the Statement shall be made available for inspection. During the 38th AGM, members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act; the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act; the certificate from the Secretarial Auditor of the Company stating that the Company has implemented the "*Himachal Futuristic Communications Limited Employees' Long Term Incentive Plan-2017*" ("**HFCL Plan-2017**") in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the special resolution passed by the members of the Company approving HFCL Plan 2017 in their 30th AGM held on September 25, 2017. Members desiring inspection of statutory registers and other relevant documents may send their request in writing to the Company at secretarial@hfcl.com.
11. **SCRUTINIZER FOR E-VOTING:** Mr. Baldev Singh Kashtwal, Company Secretary in whole-time-practice having Membership No. FCS 3616 and C.P. No. 3169 has been appointed as the Scrutinizer to scrutinise the e-Voting process in a fair and transparent manner.
12. **RECORD DATE:** The Record Date fixed for determining entitlement of Members to final dividend for the financial year ended March 31, 2025, if approved at the AGM, is **Monday, September 08, 2025**.

13. **BOOK CLOSURE:** Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, September 09, 2025 to Monday, September 15, 2025 (both days inclusive)** for the purpose of AGM and payment of dividend on equity shares for FY25.

CUT-OFF DATE: The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date on **Monday, September 08, 2025**. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. **Monday, September 08, 2025**, may obtain the login ID and password by sending a request at evoting@nsdl.com or the Company at: secretarial@hfcl.com and/or RTA at admin@mcsregistrars.com.

14. Members desiring any information with regard to Annual Accounts/Annual Report are requested to submit their queries addressed to the Company Secretary at secretarial@hfcl.com at least 10 (ten) days in advance of the Meeting so that the information called for can be made available to the concerned shareholder(s).
15. **NOMINATION:** As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their Depository Participants in case the shares are held by them in electronic form and to the Company's Registrar and Transfer Agent ("**RTA**") in case the shares are held by them in physical form, quoting their folio number.
16. Members who are holding shares in physical form in identical names in more than one folio are requested to write to RTA enclosing their share certificates to consolidate their holding into one folio.
17. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
18. Non-Resident Indian members are requested to inform the Company's RTA immediately of:
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with PIN code number, if not furnished earlier.

19. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details/NECS/ mandates, nominations, power of attorney, change of address/name, Permanent Account Number ("PAN") details, etc. to their Depository Participant, only and not to the Company/the Company's RTA. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its RTA to provide efficient and better service to the members.

In case of members holding shares in physical form, such information is required to be provided to the Company's RTA in physical mode, or in electronic mode at admin@mcsregistrars.com.

- 20. SEBI HAS MANDATED SUBMISSION OF PAN BY EVERY PARTICIPANT IN THE SECURITIES MARKET. MEMBERS HOLDING SHARES IN ELECTRONIC FORM ARE, THEREFORE, REQUESTED TO SUBMIT THEIR PAN DETAILS TO THEIR DEPOSITORY PARTICIPANTS. MEMBERS HOLDING SHARES IN PHYSICAL FORM ARE REQUESTED TO SUBMIT THEIR PAN DETAILS TO THE COMPANY'S RTA.**

- 21. TRANSFER OF SHARES PERMITTED IN DEMAT FORM ONLY:** As per Regulation 40 of the SEBI Listing Regulations, as amended, transfer of securities would be carried out in dematerialised form only with effect from April 01, 2019, except in case of transmission or transposition of securities. Request for transmission of shares etc. pursuant to SEBI Master Circular: <https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-registrars-to-an-issue-and-share-transfer-agents-83226.html> dated May 07, 2024 shares will continue to be accepted. However, only letter of confirmation shall be issued and shareholder has to get the shares dematerialised basis this letter.

Further SEBI vide its circular number SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/97 dated July 02, 2025, to facilitate ease of investing for investors and to secure the rights of investors in the securities which were purchased by them, it has been decided to open a special window only for re-lodgement of transfer deeds, which were lodged prior to the deadline of April 01, 2019 and rejected/returned/not attended due to deficiency in the documents/process/or otherwise, for a period of six months from July 07, 2025 till January 06, 2026. During this period, the securities that are re-lodged for transfer (including those requests that are pending with the Company / RTA, as on date) shall be issued only in demat mode. Due process shall be followed for such transfer-cum-demat requests. However, members can continue to hold shares in physical form. In view of the same and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings into dematerialised form. Members can

contact the Company's RTA for assistance in this regard. Members may please note that SEBI vide its Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 07, 2024 has mandated the listed companies to issue securities in dematerialised form only while processing service requests, viz., issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/ folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4. The said form can be downloaded from the Company's website under Investor relation at www.hfcl.com. It may be noted that any service request can be processed only after the folio is KYC Compliant.

22. SEBI vide circular nos. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023 and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023 read with master circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated August 11, 2023, has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market.

Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (<https://smartodr.in/login>).

23. To support the 'Green Initiative', members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company's RTA in case the shares are held by them in physical form. All such members are requested to kindly get their e-mail addresses updated immediately which will not only save your Company's money incurred on the postage but also contribute a lot to save the environment of this Planet.

24. The Company has made arrangement with the RTA/ NSDL/CDSL for registration of e-mail addresses in terms of the MCA Circulars for members who wish to receive the Annual Report along with the AGM Notice electronically and to cast the vote electronically.

Eligible members whose e-mail addresses are not registered with the Company/ DPs are required to provide the same to RTA, pursuant to which, any member may receive on the e-mail address provided by the member, the Notice of this AGM along with the Annual Report 2024-25 and the procedure for remote e-Voting along with the login ID and password for remote e-Voting.

25. Members may note that the Board, at its meeting held on May 22, 2025, has recommended a final dividend

of ₹0.10 (Ten Paise only) per fully paid-up equity share. The record date for the purpose of payment of final dividend for FY25 is **Monday, September 08, 2025**. The aforesaid dividend, once approved by the members in this AGM, will be paid within 30 days from the date of AGM.

Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details.

Further, as you may be aware that SEBI vide its circular dated November 03, 2021 read with circulars dated December 14, 2021, November 17, 2023, May 07, 2024 and June 10, 2024 has mandated that the security holders holding shares in physical form but have not updated their PAN or Contact Details or Mobile Number or Bank Account Details or Specimen Signature, then the dividend amount shall be paid only through electronic mode to such security-holders with effect from April 01, 2024 upon furnishing all the aforesaid details in entirety.

In order to receive dividend/s in a timely manner, Members are requested to register/update their complete bank details:

- (a) with their Depository Participant(s) with whom they maintain their demat accounts if shares are held in dematerialised mode by submitting the requisite documents, and
- (b) with RTA if shares are held in physical mode, by submitting duly filled in Form ISR-1 along with the (i) scanned copy of the signed request letter which shall contain shareholder's name, folio number, bank details (Bank account number,

Bank and Branch Name and address, IFSC, MICR details), (ii) self-attested copy of the PAN card and (iii) cancelled cheque leaf.

Further, please refer to our e-mail communication dated June 19, 2025 to the shareholders in respect of Deduction of Tax at Source on Dividend under relevant provisions of the Income-Tax Act, 1961. Please provide necessary documents/information for claiming exemption form TDS on Dividend to be paid for the FY25 immediately.

UNCLAIMED DIVIDEND/IEPF: Members are requested to note that, dividends, if not encashed for a consecutive period of 07 (Seven) years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF'). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, members are requested to claim their dividends from the Company, within the stipulated timeline.

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended, the Company has uploaded the details of unpaid and unclaimed dividend amounts, pertaining to FY18, FY19, FY21, FY22 and FY23 lying with the Company, on the website of the Company at <https://www.hfcl.com> and also on the website of the MCA at <http://www.iepf.gov.in>. Further, the Company has also uploaded the details of unpaid and unclaimed dividend amounts, pertaining to FY24 on the website of the Company at <https://www.hfcl.com>,

The following table provides a list of years for which unclaimed dividends and their corresponding shares would become eligible to be transferred to the IEPF on the dates mentioned below:

Financial Year	Dividend per Share (₹)	Date of Declaration	Last date for claiming Dividend	Due Date for Transfer	Amount (₹) (Unpaid as on March 31, 2025)
2017-18	0.06	September 29, 2018	November 04, 2025	December 04, 2025	10,27,349.70
2018-19	0.10	September 28, 2019	November 03, 2026	December 03, 2026	16,19,253.80
2020-21	0.15	September 30, 2021	November 05, 2028	December 05, 2028	21,35,668.60
2021-22	0.18	September 30, 2022	November 05, 2029	December 05, 2029	26,22,246.84
2022-23	0.20	September 30, 2023	November 05, 2030	December 05, 2030	14,54,267.48
2023-24	0.20	September 30, 2024	November 05, 2031	December 05, 2031	13,93,420.05

As per the instructions received from the IEPF Authority, the Company has initiated a **100-days campaign titled "SakSham Niveshak"**, aimed at facilitating KYC and other related updates, and enhancing shareholders engagement to prevent the transfer of unpaid/unclaimed dividends to the IEPF. This initiative is intended to resolve issues related to unclaimed dividends and shares, promote transparency, and empower investors by enabling direct claim processing without the involvement of third parties.

Accordingly, shareholders are requested to update their KYC and nomination details with the Company, its RTA or their respective Depository Participants, as applicable.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:

The remote e-Voting period begins on **Friday, September 12, 2025 at 09:00 A.M. and ends on Sunday, September 14, 2025 at 05:00 P.M.** The remote e-Voting

module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/ Beneficial Owners as on the record date (cut-off date) i.e., **Monday, September 08, 2025** may cast their vote, electronically.

The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut- off date, being **Monday, September 08, 2025**. The person who is not a member/beneficial owner as on the cut- off date should treat this Notice for information purpose only.

Members are requested to carefully read the below instructions in connection with remote e-Voting and procedure for joining the AGM.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned hereafter:

Step 1: Access to NSDL e-Voting system:

(A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode:

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of share holders	Login Method
Individual Share-holders holding securities in demat mode with NSDL.	1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & e-Voting during the meeting. 3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 4. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & e-Voting during the meeting. 5. Shareholders/Members can also download NSDL Mobile App “NSDL Speed-e” facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on



Type of share holders	Login Method
Individual Share-holders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. 2. After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.
	3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Share-holders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & e-Voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login Type	Helpdesk Details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at toll free no.: 022 – 4886 7000.
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at: helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09 911.

(B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “**Login**” which is available under ‘**Shareholder/Member**’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
(a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
(b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
(c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company. For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

5. Password details for shareholders other than Individual shareholders are given below:

- (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the '**initial password**' which was communicated to you. Once you retrieve your '**initial password**', you need to enter the '**initial password**' and the system will force you to change your password.

(c) How to retrieve your 'initial password'?

- (i) If your email ID is registered in your demat account or with the company, your '**initial password**' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- (ii) If your email ID is not registered: Please follow steps mentioned below in process for those **shareholders whose email ids are not registered**.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- (a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- (b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

- (c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

- (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "**Terms and Conditions**" by selecting on the check box.

8. Now, you will have to click on "**Login**" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system: How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/Authority letter etc, to the Scrutinizer by e-mail to scrutinizer@hfcl.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/ Power of Attorney/Authority Letter etc. by clicking on "Upload Board Resolution/Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "**Forgot User Details/ Password?**" or "**Physical User Reset Password?**" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on 022 – 4886 7000 or send a request to **Ms. Pallavi Mhatre, Senior Manager**, National Securities Depository Ltd., 3rd Floor, Naman Chamber, Plot C-32, G-Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra - 400051 at the designated email address: evoting@nsdl.com.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this Notice:

1. In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self- attested scanned copy of Aadhaar Card) by email to secretarial@hfcl.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to secretarial@hfcl.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **Step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-Voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat accounts to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through **VC/OAVM** through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "**VC/OAVM link**" placed under "**Join General meeting**" menu against company name. You are requested to click on **VC/OAVM** link placed under Join General Meeting menu. The link for **VC/OAVM** will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience audio/video loss due to fluctuation in their respective network. It is,

therefore, recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at secretarial@hfcl.com. The same will be replied by the Company suitably.

SPEAKER REGISTRATION BEFORE AGM:

Members of the Company, holding shares as on the cut-off date i.e. **Monday, September 08, 2025** and who would like to speak or express their views during the AGM, may register themselves as speakers by sending their request in advance from **Wednesday, September 10, 2025 (09:00 A.M. IST) up to Thursday, September 11, 2025 (05:00 P.M. IST)** mentioning their name, demat account number/ folio number, e-mail ID, mobile number at secretarial@hfcl.com. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time for the AGM. Only Registered Speakers will be allowed to speak during the meeting.

SUBMISSION OF QUESTIONS/QUERIES PRIOR TO AGM:

For ease of conduct of AGM, members who wish to ask questions/express their views on the items of the businesses to be transacted at the meeting are requested to write to the Company at secretarial@hfcl.com, during **Wednesday, September 10, 2025 (09:00 A.M. IST) up to Thursday, September 11, 2025 (05:00 P.M. IST)** mentioning their name, demat account no./folio number, email ID, mobile number etc. The Company will, at the AGM, endeavour to address the queries received till aforesaid dates from those

Members who have sent queries from their registered email IDs. Please note that Members' questions will be answered only if they continue to hold shares as on the cut-off date. Such questions by the Members will be taken up during the meeting or replied within 7 days from AGM date by the Company suitably, if necessary.

Members who will participate in the AGM through **VC/ OAVM** can also pose question/feedback through question box option. Such questions by the Members will be taken up during the AGM or replied within 7 days from AGM date by the Company suitably, if necessary.

DECLARATION OF RESULTS ON THE RESOLUTIONS:

1. The Scrutinizer shall, immediately after the completion of the scrutiny of the e-Voting (votes cast during the AGM and votes cast through remote e-Voting), within 2 (two) working days from the conclusion of the AGM, submit a Consolidated Scrutinizer's Report of the total votes cast in favour and against the resolution(s) and whether the resolution(s) has/ have been carried or not, to the Chairperson or a person authorised by him in writing.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.hfcl.com and on the website of NSDL www.evoting.nsdl.com, immediately after the result is declared. The Company shall simultaneously forward the results to the BSE Limited and the National Stock Exchange of India Limited, where the securities of the Company are listed.
3. Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e., **September 15, 2025**.

DETAILS OF DIRECTOR PROPOSED TO BE RE-APPOINTED, PURSUANT TO REGULATION 36(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND THE SECRETARIAL STANDARD 2 ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA:

Name of the Director	Dr. (Mr.) Ranjeet Mal Kastia
DIN	00053059
Date of Birth (Age in years)	October 10, 1941 (83 years)
Date of first-appointment	February 07, 1996
Experience/ Expertise in Specific Functional Areas/ Brief Resume	Dr. Ranjeet Mal Kastia holds Doctorate degree in Chemistry and Fellowship from British Institute of Management (London). Dr. Kastia has to his credit more than 61 years of business experience. Dr. Kastia has occupied various important positions in well-known Industries. He has in-depth knowledge of manufacturing of telecom equipment.
Qualification(s)	Doctorate degree in Chemistry. Fellow of British Institute of Management (London).
Directorship in other companies including listed companies	1. HFCL Advance Systems Private Limited 2. Moneta Finance Private Limited 3. Anupriya Fincap Private Limited 4. Cosmic Associates Private Limited 5. HCP Plastene Bulkpack Limited 6. DragonWave HFCL India Private Limited
Listed entities from which the person has resigned in the past three years	NIL
Chairmanship/ Membership of Committees of other boards	NIL
Shareholding in the listed entity, including shareholders as a beneficial owner	NIL
Relationship with other Directors and KMPs of the Company	Not Applicable
No. of Board Meetings held/ Attended	5/5
Details of Remuneration sought to be paid	Except, Sitting Fee for attending the Board and/or Committee meetings, no other remuneration is payable.
Last Remuneration drawn (per annum)	₹11,00,000/- (Rupees Eleven Lakhs only). (Sitting fee for attending Board/committee meetings from April 01, 2024 till March 31, 2025)
Disclosure of relationships between directors inter-se	NIL
Terms and conditions of re-appointment and Remuneration	As mentioned in the Resolution and Statement. Shareholders may also refer Remuneration Policy which is available on the website of the Company i.e. www.hfcl.com .

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("ACT")

The following Statement given hereunder sets out all material facts relating to the Special Businesses mentioned at Item No. 5 to 7 in the accompanying Notice.

As an additional information, the Statement also contains material facts pertaining to Ordinary Business mentioned at Item No. 4 of the said Notice.

ITEM NO. 4

Dr. (Mr.) Ranjeet Mal Kastia (DIN: 00053059) was last re-appointed as a Director (Non-Executive) liable to retire by rotation, by way of a special resolution, by the shareholders in the 36th Annual General Meeting ("AGM") of the Company held on September 30, 2023.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 ("Act"), he retires by rotation at this AGM and being eligible, has offered himself for re-appointment.

In terms of Section 152 of the Act, the re-appointment of a rotational director at the annual general meeting is an ordinary business and ordinary resolution is required to be passed.

However, Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") provides that no listed company shall appoint or continue the directorship of any person as non-executive director who has attained the age of 75 (Seventy Five) years, unless a special resolution is passed to that effect and justification thereof is disclosed in the explanatory statement annexed to the Notice for such appointment.

Accordingly, the re-appointment of Dr. (Mr.) Ranjeet Mal Kastia, aged 83 years, is recommended at this 38th AGM by way of a Special Resolution in compliance of the SEBI Listing Regulations.

Dr. Kastia has to his credit more than 61 years of business experience. Dr. Kastia has occupied various important positions in well-known industries. He has in-depth knowledge of manufacturing of telecom equipment.

Dr. (Mr.) Ranjeet Mal Kastia, doesn't hold any equity shares in the Company.

A brief profile of Dr. (Mr.) Ranjeet Mal Kastia, to be re-appointed as a Non-Executive Director is given under the heading "*Details of Director proposed to be re-appointed, pursuant to Regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standard-2 ("SS-2") on General Meetings issued by the Institute of Company Secretaries of India*" or elsewhere in the Notice.

This Statement may also be regarded as a disclosure under Regulation 36(3) of the SEBI Listing Regulations and SS-2 on General Meetings issued by the Institute of Company Secretaries of India.

The Board is of the view that continued association of Dr. Kastia would be immensely beneficial to the Company and it is desirable to avail his services as a Non- executive Director of the Company.

In view of above, the Board of Directors, in its meeting held on May 22, 2025, has approved the re-appointment of Dr. (Mr.) Ranjeet Mal Kastia, as a Director (Non-Executive), liable to retire by rotation and recommends the same for the approval of the shareholders of the Company by way of a special resolution.

Dr. Kastia is interested in the resolution set out at Item No. 4 of the Notice with regard to his re-appointment and remuneration payable as a Non-Executive Director. The relatives of Dr. Kastia may be deemed to be interested in the aforesaid resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested, financially

or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the special resolution set forth in Item No. 4 of the Notice for the approval of members.

ITEM NO. 5

In accordance with the provisions of Section 204 and other applicable provisions of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, ("**the Act**") and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), Mr. Baldev Singh Kashtwal, Company Secretary in whole time practice, having Membership No. 3616, CP No. 3169 and Peer Review certificate No. 1205/2021 has served as Secretarial Auditor of the Company for the financial year 2024-25.

Regulation 24A of the SEBI Listing Regulations, *inter-alia*, provides that with effect from April 01, 2025, the Company is required to appoint a Practicing Company Secretary for not more than one term of five consecutive years or a firm of Practicing Company Secretaries as Secretarial Auditors for not more than two terms of five consecutive years, with the approval of the members at its Annual General Meeting ("**AGM**") and such Secretarial Auditors(s) must be a peer reviewed company secretary and should not have incurred any of the disqualifications as specified under the SEBI Listing Regulations.

Further, as per the said Regulation, any association of the individual or the firm as the Secretarial Auditor(s) of the Company before March 31, 2025, shall not be considered for the purpose of calculating the tenure of the Secretarial Auditor.

Taking into account the above requirements, the Board of Directors of the Company ("**Board**"), at its meeting held on May 22, 2025 has, considering the experience and expertise and on the recommendation of the Audit Committee, recommended to the members of the Company, appointment of Mr. Baldev Singh Kashtwal, Company Secretary in whole time practice, having Membership No. 3616, CP No. 3169 and Peer Review certificate No. 1205/2021, as the Secretarial Auditor for a term of 05 (five) consecutive financial years, commencing from the financial year 2025-26 to the financial year 2029-30 on such remuneration as may be determined by the Board of Directors of the Company from time to time.

Mr. Baldev Singh Kashtwal is a Commerce graduate and a Fellow Member of the Institute of Company Secretaries of India. He brings with him over 35 years of rich and diverse experience, including more than 15 years in the banking industry and over 20 years in the corporate sector. He possesses extensive and diverse expertise in corporate law, with a strong track record in advisory, consulting, and compliance matters.

The Company has received written consent from Mr. Baldev Singh Kashtwal confirming his eligibility and willingness to be appointed as the Secretarial Auditor of the Company. He has also confirmed that he meets the requirements for such appointment in accordance with the provisions of the Act and SEBI Listing Regulations. He holds a valid certificate issued by the Peer Review Board of ICSI and has not incurred any of the disqualifications as specified by the SEBI. The proposed appointment, if made, will be in compliance with the applicable provisions of the Act and SEBI Listing Regulations.

The proposed remuneration for conducting the secretarial audit for the financial year 2025-26 shall be ₹3,50,000/- (Rupees Three Lakhs Fifty Thousand Only) plus applicable taxes and other out-of-pocket expenses. The proposed fees have been determined considering the scope of work, auditor's industry experience, and the time and expertise required to conduct the secretarial audit effectively. Any additional fees for statutory certifications or other professional services will be determined separately by the management, in consultation with the secretarial auditor and will be subject to approval by the Board of Directors and/or the Audit Committee, as applicable. The remuneration for the subsequent financial years from 2027 to 2030 will also be approved by the Board and/or the Audit Committee, in accordance with the applicable regulatory provisions.

In accordance with the provisions of Regulation 24A of the SEBI Listing Regulations, the appointment of Secretarial Auditor, is required to be approved by the Members of the Company.

Accordingly, approval of the members is sought for passing the Ordinary Resolution as set out at Item No. 5 of this Notice.

None of the Directors, Key Managerial Personnel of the Company including their relatives, except to the extent of their respective shareholdings in the Company, in any way, financially or otherwise, is interested or concerned in the above resolution.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval of the members.

ITEM NO. 6

The Registered Office of the Company is currently situated in the State of Himachal Pradesh at 8, Electronics Complex, Chambaghat, Solan-173213, Himachal Pradesh. However, the Company presently does not carry out any significant operational activities from this location. There are minimal employee engagements at the current registered office, and the day-to-day operations are managed from various other offices and plants including corporate office in Delhi and other offices in Gurugram. Most of the Company's strategic functions, including those led by the Corporate Team, Strategic Business Units (SBUs), and Function Heads, are based out of Delhi and Gurugram, making these locations the operational and administrative hubs of the Company.

To exercise better administrative efficiency, economic control and enable the Company to rationalize and

streamline its operations as well as the management of affairs, the Board of Directors of the Company, at its meeting held on July 25, 2025, has approved the shifting of the Registered Office of the Company from "8, Electronics Complex, Chambaghat, Solan-173213, Himachal Pradesh, India", in the State of Himachal Pradesh to "Plot No.-38, Institutional Area, Sector 32, Gurugram-122001, Haryana", subject to the approval of the members, the Central Government (powers delegated to Hon'ble Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi) and other requisite statutory / regulatory approvals.

The shifting of Registered Office from the state of Himachal Pradesh to the State of Haryana is in the best interest of the Company and its stakeholders, and will not be detrimental to the interest of shareholders, creditors or employees or other public at large, in any manner whatsoever.

Pursuant to the provisions of Sections 12, 13, and all other applicable provisions, if any, of the Act read with applicable Rules made thereunder (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force), shifting of the Registered Office from one state to another and consequent alteration of Clause II of the Memorandum of Association ("MOA") relating to the registered office of the Company, requires the approval of members of the Company by way of a Special Resolution and approval of the Hon'ble Regional Director, Northern Region.

Therefore, the approval of the members is sought for shifting of the Registered Office of the Company from the State of Himachal Pradesh to the State of Haryana and consequently, for altering Clause II of the MOA.

The copy of the existing MOA indicating the proposed amendments, resolution passed by the Board of Directors and other relevant documents, if any, being referred in the resolution will be available for inspection by the members, at the Registered Office of the Company on all working days except Saturdays, Sundays and National Holidays between 11:00 A.M. (IST) and 1:00 P.M. (IST) from the date of dispatch of the Notice up to the date of Annual General Meeting.

None of the Directors, Key Managerial Personnel of the Company including their relatives, except to the extent of their respective shareholdings in the Company, if any, in any way, financially or otherwise, is interested or concerned in the above resolution.

The Board recommends the Special Resolution set forth at Item No. 6 of the Notice for the approval of members.

ITEM NO. 7

Members may kindly note that the global telecommunications industry is undergoing a significant transformation, offering unprecedented growth opportunities for telecom equipment manufacturers, optical fiber cable producers, and digital infrastructure providers. The advent and rapid rollout of 5G networks, increased penetration of Fiber-to-the-Home (FTTH) services, and the Government of India's sustained emphasis

on rural broadband connectivity, particularly through flagship programmes like BharatNet, are expected to drive a substantial increase in capital expenditure by telecom operators.

The deployment of 5G is expected to dramatically increase the demand for advanced telecom equipment and high-performance optical fiber cables. Emerging 5G applications across agriculture, education, healthcare, Industry 4.0, and other domains powered by hundreds of millions of IoT devices are anticipated to generate exponential growth in data traffic, thereby accelerating the demand for network infrastructure, equipment, and associated services.

Further, the growing adoption of FTTH and 4G are set to boost demand for last-mile fiber connectivity and supporting network components. Simultaneously, the BharatNet initiative, aimed at providing fiber-based broadband connectivity to every village in India, is a critical step towards bridging the digital divide between urban and rural populations. This national mission will significantly increase the need for telecom equipment, fiber cables, and turnkey infrastructure solutions.

These trends are not limited to India; the global telecommunications ecosystem is witnessing a parallel expansion, with telecom operators, hyperscalers, governments, and regulatory bodies across several countries placing 5G, 4G, FTTH, and rural connectivity at the forefront of their agendas. This evolving global landscape presents an extraordinary opportunity for telecom vendors.

Further, India's defence manufacturing landscape has undergone a significant transformation under the "Make in India" and "Aatmanirbhar Bharat" initiatives, with a strong emphasis on indigenisation and technological advancement. The Government has identified Defence and Aerospace as critical sectors for national security and economic growth, reflected in the substantial budgetary allocations for FY 2025–26. Notably, more than ₹1,11,000 crore, 75% of the defence modernisation budget has been earmarked for domestic procurement, with more than ₹27,000 crore allocated specifically to private Indian industries. Additionally, the enhanced funding of more than ₹26,000 crore to DRDO, including capital support for R&D, underscores the strategic push towards innovation and deep-tech capabilities in defence sector.

HFCL Limited, as a leading telecom infrastructure and technology company with a strong domestic presence and an expanding global footprint, is uniquely positioned to capitalize on the evolving market dynamics of the Defence and telecommunications sectors. The Company continues to bolster its capabilities through a combination of organic growth and strategic initiatives. While it is actively expanding its product portfolio for Optic Fiber Cables, Telecom & Defence Products by leveraging in-house research and development efforts and forging collaborations with national and international technology leaders, it is also enhancing its manufacturing facilities with backward and horizontal integration to build a more resilient and efficient supply chain. Furthermore, HFCL is

steadily augmenting its international presence through an increased focus on exports, thereby reinforcing its position as a key player in the global ecosystem.

In order to effectively leverage emerging growth opportunities in the defence and telecommunications sectors, including strategic investments, and to further strengthen the Company's capital base and Financials, the Company proposes to raise funds upto ₹700 crores and utilise the proceeds in, (i) investment in various organic or inorganic growth opportunities, including expansion/acquisitions in its area of operations and adjacencies or for new business opportunities or other strategic initiatives; (ii) infusion of funds into its subsidiaries and/or joint ventures (present or future) to *inter-alia* fund the business or growth of such subsidiaries and/or joint ventures; (iii) prepayment / repayment of outstanding borrowing of the Company and / or its subsidiaries and/or joint ventures (present or future); (iv) to fund the working capital requirements of the Company and / or its subsidiaries and/or joint ventures (present or future); (v) capital expenditure (including but not limited to purchase of machines) for the Company and / or its subsidiaries and/or joint ventures (present or future); (vi) to fund the capital expenditure to be incurred for any manufacturing facilities being set up or to be set up by the Company and / or its subsidiaries and/or joint ventures (present or future) in India or overseas and (vii) any other general corporate purposes as may be permitted under applicable laws and as may be decided by the Board or the duly constituted committee thereof, it is proposed to raise funds in one or more tranches through Qualified Institutions Placement to QIBs as defined under SEBI (ICDR) Regulations, or by way of private placement, or preferential issue, or public issue, or right issue(s) or debt issue(s) or through any other permissible mode and/or combination thereof, in Indian or foreign currencies, by eligible investors, as may be deemed appropriate and in compliance with applicable laws.

The above funding requirements are proposed to be financed through internal accruals, borrowings and partly through this fund raise by way of issue of equity shares or preference shares or any other instrument or security(ies), subject to all statutory and other approvals.

The proposed Special Resolution is an enabling resolution and, therefore, the proposal seeks to confer upon the Board (including a committee thereof), the absolute discretion to determine the terms of the aforementioned issuance of eligible securities, including the exact price, proportion and timing of such issuance, based on an analysis of the specific requirements and market conditions. The detailed terms and conditions of such issuance will be determined by the Board or a committee thereof, considering prevailing market conditions, practices and in accordance with the applicable provisions of law and other relevant factors. Accordingly, the Board (including a committee thereof) may, in its discretion, adopt any one or more of the mechanisms prescribed above to meet its objectives as stated in the aforesaid paragraphs without the need for fresh approval from the Members of the Company.

In the event of issuance of Securities by way of a QIP,

- (i) the allotment of the Securities shall be completed within 365 days from the date of passing of the special resolution in accordance with the SEBI ICDR Regulations and applicable laws;
- (ii) a minimum of 10% of the Securities shall be allotted to mutual funds and if mutual funds do not subscribe to the aforesaid minimum percentage or part thereof, such minimum portion may be allotted to other QIBs;
- (iii) the floor price will be calculated as per the formula prescribed under the SEBI ICDR Regulations;
- (iv) the "relevant date" for the purposes of pricing of the Securities to be issued and allotted in the proposed QIP shall be the date of the meeting in which the Board or a duly authorised committee thereof decides to open the proposed QIP of equity shares as eligible securities; and in case eligible securities are eligible convertible securities, then either the date of the meeting in which the Board or a duly authorized committee of the Board decides to open the proposed issue or the date on which the holders of such eligible convertible securities become entitled to apply for the equity shares as provided under the SEBI ICDR Regulations;
- (v) the equity shares of the same class, which are proposed to be allotted through qualified institutions placement or pursuant to conversion or exchange of eligible securities offered through qualified institutions placement, have been listed on a stock exchange for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the special resolution;
- (vi) an issuer shall be eligible to make a qualified institutions placement if any of its promoters or directors is not a fugitive economic offender;
- (vii) no single allottee shall be allotted more than 50% of the QIP size and the minimum number of allottees shall be in accordance with the SEBI ICDR Regulations. It is clarified that qualified institutional buyers belonging to the same group or who are under same control shall be deemed to be a single allottee;
- (viii) the Securities to be offered and allotted shall be in dematerialized form and shall be allotted on fully paid up basis;
- (ix) the Securities allotted shall not be eligible for sale by the allottee for a period of one year from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time;
- (x) the schedule of the QIP will be as determined by the Board or its duly authorized committee; and
- (xi) The Company shall not undertake any subsequent QIP until the expiry of two weeks from the date of the QIP to be undertaken pursuant to the special resolution passed at this meeting.
- (xii) In the event of a QIP pricing of the Equity Shares that may be issued to QIBs shall be freely determined

subject to such price not being less than floor price calculated in accordance with Chapter VI of the SEBI ICDR Regulations, provided that the Company may offer a discount not exceeding 5% of the floor price or such other permissible limit as may be specified under the SEBI ICDR Regulations.

The detailed terms and conditions for the Issue will be determined in consultation with the Advisors and Lead Managers and such other authority or authorities as may be required, considering the prevailing market conditions and other applicable regulatory requirements.

Further, pending utilisation of the proceeds for the purposes described above, the Company intends to temporarily invest such proceeds in creditworthy instruments, including money market, mutual funds and deposits with banks and corporates or other securities. Such investments would be in accordance with the investment policies, as approved by the Board and/or a duly authorized committee(s), from time to time and all applicable laws and regulations.

In view of the above, the Board, in its meeting held on July 25, 2025 subject to necessary approvals, considered raising of funds for an aggregate amount of up to ₹700 Crore (Rupees Seven Hundred Crore only), through Qualified Institutions Placement to QIBs as defined in SEBI ICDR Regulations or Private Placement or Preferential Issue or Public Issue or Rights Issue or Debt Issue or through any other permissible mode and/or combination thereof as may be considered appropriate under applicable law.

The issue of securities may be consummated in one or more tranches at such time or times at such price, whether at a discount or premium to market price or prices in such manner and on such terms and conditions as the Board may in its absolute discretion decide, taking into consideration prevailing market conditions and other relevant factors and wherever necessary in consultation with advisors, book running lead managers, underwriters and such other authority or authorities as may be necessary and subject to, as applicable, the SEBI ICDR Regulations, the Depository Receipts Scheme, 2014 and other applicable guidelines, notifications, rules and regulations, each as amended.

Pursuant to Sections 41, 42, 55, 62(1)(c), 71 and other applicable provisions of the Companies Act, 2013 ("**Act**"), the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any (including any amendments, statutory modification(s) and/ or re-enactment thereof for the time being in force), the SEBI ICDR Regulations and any other law, approval of the members is required to be obtained by way of a special resolution.

Therefore, consent of the members is being sought by way of a special resolution in this Annual General Meeting, pursuant to applicable provisions of the Act, the SEBI ICDR Regulations and any other law for the time being in force and being applicable.

The special resolution also seeks to give the Board powers to issue equity shares and/or Eligible Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit.

The detailed terms and conditions for the issue(s)/offering(s) will be determined by the Board in its sole discretion considering prevailing market conditions, practices and in accordance with the applicable laws and other relevant factors, in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be necessary.

The Company has disclosed all the related information and to the best of understanding of the Board of Directors, no other information and facts are required to be disclosed that may enable members to understand the meaning, scope, and implications of the Item No. 7 of the Notice, and to take decision thereon.

None of the directors, promoters and key managerial personnel of the Company or their respective relatives,

except to the extent of their shareholding entitlements, if any, is concerned or interested financially or otherwise, in the Resolution set out at Item No. 7 of the Notice.

The Board of Directors believes that the proposed capital raise is in the best interest of the Company and its Members and, therefore, recommends the resolution at Item No. 7 of the accompanying Notice for approval by the Members of the Company as a Special Resolution.

Registered Office:
8, Electronics Complex
Chambaghat
Solan-173213 (H. P.)

By **Order of the Board**

(Manoj Baid)

Place: New Delhi
Date: July 25, 2025

President & Company Secretary
Membership No: FCS 5834

Notes

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Corporate Information

Board of Directors

Mr. Mahendra Nahata
Managing Director

Mr. Arvind Kharabanda
Non-Executive Director

Dr. (Mr.) Ranjeet Mal Kastia
Non-Executive Director

Mr. Ajai Kumar
Independent Director

Mrs. Bela Banerjee
Independent Director
(w.e.f. 17.12.2024)

Mr. Bharat Pal Singh
Independent Director

Mr. Surendra Singh Sirohi
Independent Director
(ceased to be a director w.e.f. 27.08.2024)

Dr. (Mrs.) Tamali Sengupta
Independent Director
(ceased to be a director w.e.f. 24.12.2024)

Chief Financial Officer

Mr. Vijay Raj Jain

President & Company Secretary

Mr. Manoj Baid

Auditors

S. Bhandari & Co. LLP
Chartered Accountants
P-7, Tilak Marg, C- Scheme
Jaipur - 302 005

Oswal Sunil & Company
Chartered Accountants
71, Daryaganj
New Delhi - 110 002

Internal Auditor

Anil Agarwal & Co.
Chartered Accountants
506, Surya Kiran Building
K G Marg, Connaught Place
New Delhi - 110 001

Secretarial Auditor

Mr. Baldev Singh Kashtwal
Practicing Company Secretary
106, 1st Floor, Madhuban Tower
A-1 VS Block, Shakarpur Crossing
Delhi - 110 092

Bankers

State Bank of India
Punjab National Bank
Bank of Baroda
Union Bank of India
Indian Bank
IDBI Bank Limited
Yes Bank Limited
Axis Finance Limited

Registered Office

8, Electronics Complex
Chambaghat, Solan - 173 213
Himachal Pradesh

Optical Fiber Cable Plant

L 35-37, Industrial Area Phase – II
Verna Electronics City, Salcete
Goa - 403 722

Optic Fiber, Optical Fiber Cable and FTTH Cable Plant

Plot No. S-9, e-City, FAB City
Ravirayala Village, Maheshwaram Mandal
Rangareddy District
Hyderabad - 501 359
Telangana

Defence Equipment Plant

113-116
SIPCOT Industrial Complex
Phase – 1
Hosur - 635 126
Tamil Nadu

Telecom Equipment Plant

1st Floor, Plot No. 441
Sector – 8, IMT, Manesar
Gurgaon - 122 050
Haryana

Corporate Office, Secretarial Department & Investor Relation Cell

8, Commercial Complex
Masjid Moth, Greater Kailash - II
New Delhi - 110 048
Ph: 011- 3520 9400 / 9500

Registrar & Share Transfer Agent

MCS Share Transfer Agent Limited

F179-180, DSIDC Shed, 3rd Floor
Okhla Industrial Area, Phase-I
New Delhi-110 020
Ph: 011 - 4140 6149 - 52

Corporate Identity Number

L64200HP1987PLC007466

HFCL LIMITED

Registered Office:
8, Electronics Complex
Chambaghat, Solan – 173 213
Himachal Pradesh

CORPORATE OFFICE:

8, Commercial Complex
Masjid Moth
Greater Kailash – II
New Delhi – 110 048

CIN

L64200HP1987PLC007466

WEBSITE

www.hfcl.com