

**HFCL Limited**

8, Commercial Complex, Masjid Moth, Greater Kailash - II,
New Delhi - 110048, India

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Web : www.hfcl.com

Email : secretarial@hfcl.com

HFCL/SEC/25-26

October 17, 2025

BSE Ltd. 1 st Floor, New Trading Wing, Rotunda Building Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400001 corp.relations@bseindia.com Security Code No.: 500183	National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, C – 1, Block G Bandra – Kurla Complex, Bandra (E) Mumbai – 400051 cmlist@nse.co.in Security Code No.: HFCL
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RE: Regulation 32(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Subject: Monitoring Agency Report on the utilisation of proceeds raised through Qualified Institutions Placement for the Quarter ended September 30, 2025

Dear Sir(s)/ Madam,

We would like to inform that the Company had raised funds by way of allotment of 5,10,14,491 (Five Crores Ten Lakhs Fourteen Thousand Four Hundred and Ninety One) equity shares of face value of Re.1/- each, to qualified institutional buyers ("QIBs"), at a price of Rs.69/- per Equity Share (including premium of Rs.68/- per Equity Share), pursuant to the resolution passed by the Board of Directors dated September 02, 2022, special resolution passed by the Shareholders at their 35th Annual General Meeting (AGM) held on 30th September, 2022, the preliminary placement document dated August 28, 2023, the placement document dated August 31, 2023 and resolution of the Fund Raising Committee of the Board of Directors dated August 31, 2023 (the "Issue").

In terms of Regulations 32(6) of the SEBI Listing Regulations read with Regulation 173A(4) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), please find enclosed the Monitoring Agency Report for the quarter ended September 30, 2025, issued by CARE Ratings Limited, Monitoring Agency, appointed to monitor the utilisation of proceeds raised through issuance of equity shares by way of Qualified Institutions Placement.

You are requested to take the above information on records and disseminate the same on your respective websites.

Thanking you.

Yours faithfully,
For **HFCL Limited**

(Manoj Baid)
President & Company Secretary

Encl.: Monitoring Agency Report

No. CARE/NRO/GEN/2025-26/1094

Monitoring Agency Report

**The Board of Directors
HFCL Limited**

8, Commercial Complex,
Masjid Moth,
Greater Kailash – II,
New Delhi – 110048,
India

October 17, 2025

Dear Sir/Ma'am,

**Monitoring Agency Report for the quarter ended September 30, 2025 - in relation to the
Qualified Institutions Placement of Equity Shares of HFCL Limited ("the Company")**

We write in our capacity of Monitoring Agency for the Qualified Institutions Placement of Equity shares for the amount aggregating to Rs. 352.00 crore of the Company and refer to our duties cast under 173A of the Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations.

In this connection, we are enclosing the Monitoring Agency Report for the quarter ended September 30, 2025, as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated August 28, 2023.

Request you to kindly take the same on records.

Thanking you,

Yours faithfully,

Anant Agarwal

Anant Agarwal

Associate Director

Anant.Agarwal@careedge.in

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Report of the Monitoring Agency (MA)

Name of the issuer: HFCL Limited

For quarter ended: September 30, 2025

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: Nil

(b) Range of Deviation: Not Applicable

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit related analyses. We confirm that there is no conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer, or while undertaking credit rating or other commercial transactions with the entity.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.

Anant Agarwal

Signature:

Name and designation of the Authorized Signatory: Anant Agarwal

Designation of Authorized person/Signing Authority: Associate Director

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1) Issuer Details:

Name of the issuer : HFCL Limited
 Name of the promoter : Mr. Mahendra Nahata
 Industry/sector to which it belongs : Telecommunications - Telecom Equipment & accessories

2) Issue Details

Issue Period : August 28, 2023 to August 31, 2023
 Type of issue : Private placement
 Type of specified securities : Equity Shares
 IPO Grading, if any : Not applicable
 Issue size (in ` crore) : Rs.352.00 crore

1) Details of the arrangement made to ensure the monitoring of issue proceeds:

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	No	Chartered Accountant certificate*, Bank statement and Placement Document	Refer Note 1 below	No comments received
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Not applicable	Not applicable	Not applicable	No comments received
Whether the means of finance for the disclosed objects of the issue have changed?	No	Management Certificate	Nil	No comments received
Is there any major deviation observed over the earlier monitoring agency reports?	No	Monitoring agency reports	No deviation in earlier monitoring agency reports	No comments received
Whether all Government/statutory approvals related to the object(s) have been obtained?	Yes	Management Certificate	Nil	No comments received
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Not applicable	Management Certificate	Nil	No comments received
Are there any favorable/unfavorable events affecting the viability of these object(s)?	No	Quarterly Results, Management certificate and other Disclosures: Note 1 given below	Nil	No comments received

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Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Is there any other relevant information that may materially affect the decision making of the investors?	No		**	No comments received

* Chartered Accountant certificate from Oswal Sunil & Company dated October 14, 2025

#Where material deviation may be defined to mean:

a) Deviation in the objects or purposes for which the funds have been raised

b) Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.

Note 1: Funds incurred towards capital expenditure up to Q2FY26 were lower than the amount specified in the placement document. According to the company's management, the lower utilization was primarily due to changes in the economic and geo-political environment, which adversely impacted market conditions for optical fiber cables. Consequently, the company undertook capital expenditure at a slower pace, resulting in part of the allocated funds towards capital expenditure remaining unutilized as of July 31, 2025, as per the timeline specified in the offer document. **The company, in its Board meeting held on July 25, 2025, approved an extension of the timeline for utilization of the unutilized amount up to March 31, 2026.** The company does not anticipate any impact on the cost or viability of the projects.

** During FY25 and Q1FY26, HFCL's performance was affected by a slowdown in the optical fiber and telecom equipment segments, along with reduced EPC activity following project completions. Margins moderated due to lower fixed cost absorption and the continued impact of carrying expenses under the NFS project.

**Around 95% of the unutilized proceeds lying in the form of term deposits are assigned as margin against Capex LCs.

2) Details of objects to be monitored:

(i) Cost of objects –

Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Original cost (as per the Offer Document) in Rs. Crore	Revised Cost in Rs. Crore	Comments of the Monitoring Agency	Comments of the Board of Directors		
						Reason for cost revision	Proposed financing option	Particulars of -firm arrangements made
1	Capital Expenditure	Chartered Accountant certificate*, Bank statement and Placement Document	75.00	NA	NA	No comments received	No comments received	No comments received
2	Research and Development Expenditure	Chartered Accountant certificate*, Bank statement and Placement Document	85.00	NA	NA	No comments received	No comments received	No comments received
3	Repayment/Prepayment of Short term borrowings	Chartered Accountant certificate*, Bank statement and Placement Document	74.04	NA	NA	No comments received	No comments received	No comments received

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Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Original cost (as per the Offer Document) in Rs. Crore	Revised Cost in Rs. Crore	Comments of the Monitoring Agency	Comments of the Board of Directors		
						Reason for cost revision	Proposed financing option	Particulars of -firm arrangements made
4	Funding Working Capital requirements	Chartered Accountant certificate*, Bank statement and Placement Document	75.00	NA	NA	No comments received	No comments received	No comments received
5	General corporate purposes	Chartered Accountant certificate*, Bank statement and Placement Document	33.46	NA	NA	No comments received	No comments received	No comments received
Total			342.50					

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(ii) Progress in the objects –

Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount proposed in the Offer Document	Amount utilised in Rs. Crore			Unutilised amount	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
1	Capital Expenditure	Chartered Accountant certificate*, Bank statements, Placement Document	75.00	16.80	15.51	32.31	42.69	During Q2FY26, company has expensed Rs. 15.51 crore towards capital expenditure as per the stated objects of the issue. Out of the total expenditure Rs. 4.40 crores were incurred in the form of reimbursements against the capital expenditure incurred by the company through its CC account in Q1FY26	No comments received	No comments received
2	Research and Development Expenditure	Chartered Accountant certificate*, Bank statements, Placement Document	85.00	85.00	-	85.00	-	Nil for the quarter ended September 30, 2025.	No comments received	No comments received

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Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount proposed in the Offer Document	Amount utilised in Rs. Crore			Unutilised amount	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
3	Repayment/ Prepayment of Short term borrowings	Chartered Accountant certificate*, Bank statements, Placement Document	74.04	74.04	-	74.04	-	Nil for the quarter ended September 30, 2025.	No comments received	No comments received
4	Funding Working Capital requirement	Chartered Accountant certificate*, Bank statements, Placement Document	75.00	75.00	-	75.00	-	Nil for the quarter ended September 30, 2025.	No comments received	No comments received
5	General Corporate Purposes	Chartered Accountant certificate*, Bank statements, Placement Document	33.46	33.65^	-	33.65^	-	Nil for the quarter ended September 30, 2025.	No comments received	No comments received
Total			342.50	284.49	15.51	300.00^	42.69			

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^ As outlined in the placement document, the anticipated expenses for the issue were projected at Rs. 9.50 crore. However, the expenses incurred as of December 31, 2023, amounted to Rs. 9.31 crore. The remaining Rs. 0.19 crore, initially held in escrow, was transferred to the monitoring account in Q3FY24. Subsequently, the company utilized this sum as GCP during the quarter ended March 31, 2024, in accordance with the placement document.

(iii) Deployment of unutilized public issue proceeds:

Sr. No.	Name of the Bank	Type of account	Amount in (Rs. Crore)	Source of information / certifications considered by Monitoring Agency for preparation of report
1	State Bank of India	Fixed Deposit – 4587	2.57	Chartered Accountant certificate*, Fixed Deposit Receipts (FDR), Monitoring Account Statement, Bank Certificate
2	State Bank of India	Fixed Deposit – 2035	10.93	
3	State Bank of India	Fixed Deposit – 1803	10.93	
4	State Bank of India	Fixed Deposit – 8493	10.98	
5	State Bank of India	Fixed Deposit – 1098	3.25	
6	State Bank of India	Fixed Deposit – 5659	0.08	
7	State Bank of India	Fixed Deposit – 0394	5.00	
8	State Bank of India	Monitoring account	0.01	

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Sr. No.	Name of the Bank	Type of account	Amount in (Rs. Crore)	Source of information / certifications considered by Monitoring Agency for preparation of report
Total			43.74[^]	

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[^] **Total** unutilized balance is Rs. 42.69 crore as of Sep 30, 2025. This balance is held in the form of fixed deposits with SBI Bank, totaling Rs 43.74 crore (including interest of Rs. 1.05 crore), while the remaining Rs 0.01 crore is lying in the monitoring account with SBI Bank. Around 95% of the unutilized proceeds lying in the form of term deposits are assigned as margin against Capex LCs.

Sr. No.	Type of instrument and name of the entity invested in	Amount invested (Rs. crores)	Maturity date	Earning (Rs. crores)	Return on Investment (%)	Market Value as at the end of quarter
1	Fixed Deposit, State Bank of India (42459678493)	10.98	November 22, 2025	NA	5.10%	NA
2	Fixed Deposit, State Bank of India (42547132035)	10.93	November 21, 2025	NA	5.10%	NA
3	Fixed Deposit, State Bank of India (42547131803)	10.93	November 21, 2025	NA	5.10%	NA
4	Fixed Deposit, State Bank of India (43766385659)	0.08	January 30, 2026	NA	6.80%	NA
5	Fixed Deposit, State Bank of India (43766384587)	2.57	January 30, 2026	NA	6.80%	NA
6	Fixed Deposit, State Bank of India (42861881098)	3.25	January 03, 2026	NA	5.10%	NA
7	Fixed Deposit, State Bank of India (43663900394)	5.00	December 30, 2025	NA	7.00%	NA
8	Monitoring Account, State Bank of India	0.01	NA	NA	NA	NA

(iv) Delay in implementation of the object(s) –

Objects	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the Placement document	Actual		Reason of delay	Proposed course of action
Capital Expenditure	Rs 75.00 Cr by 31st July 2025	In Progress, Rs. 32.31 Cr incurred till Q2FY26	Delay (Exact number of days of delay not	The delay was primarily due to changes in the economic and geo-	The Board at its meeting held on July 25, 2025, approved an

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Objects	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the Placement document	Actual		Reason of delay	Proposed course of action
			ascertainable), Refer Note 1 below	political landscape, which adversely impacted market conditions for optical fibre cables. Consequently, the company undertook capital expenditure at a slower pace, resulting in part of the allocated funds towards capital expenditure remaining unutilized as of July 31, 2025, as per the timeline specified in the offer document	extension of the timeline for utilization of the unutilized amount up to March 31, 2026. The company does not anticipate any impact on the cost or viability of the projects.
Research and Development Expenditure	Rs. 85.00 Cr by May 2026	Rs. 85.00 Cr by September 2024	No Delays	No comments received	No comments received
Repayment/Prepayment of Short-term borrowings	Rs. 74.04 Cr by July 2025	Rs. 74.04 Cr by September 2023	No Delays	No comments received	No comments received
Funding Working Capital requirements	Rs. 75.00 Cr by Fiscal 2024	Rs. 75.00 Cr by September 2023	No Delays	No comments received	No comments received
General corporate purposes	From time to time	March 2024	No Delays	No comments received	No comments received

Note 1: Funds incurred towards capital expenditure up to Q2FY26 were lower than the amount specified in the placement document. According to the company's management, the lower utilization was primarily due to changes in the economic and geo-political environment, which adversely impacted market conditions for optical fiber cables. Consequently, the company undertook capital expenditure at a slower pace, resulting in part of the allocated funds towards capital expenditure remaining unutilized as of July 31, 2025, as per the timeline specified in the offer document. **The company, in its Board meeting held on July 25, 2025, approved an extension of the timeline for utilization of the unutilized amount up to March 31, 2026.** The company does not anticipate any impact on the cost or viability of the projects.

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3) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:

Sr. No	Item Head [^]	Amount in Rs. Crore	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of Monitoring Agency	Comments of the Board of Directors
1	General Corporate Purposes	33.46	Chartered Accountant certificate*, Bank statement, and Placement Document	[^]The objects of the issue may include, but not restricted towards strategic initiatives, investments in subsidiaries of our Company, opening or setting up new offices, business development initiatives including marketing & branding expenses, acquiring fixed assets (other than those mentioned as part of capital expenditure), meeting any expense of our Company, including salaries and wages, rent, administration, insurance, repairs and maintenance, payment of taxes and duties, ESG / renewable energy, meeting expenses incurred in the ordinary course of business and towards any exigencies. Accordingly, company has expensed the GCP over ongoing general corporate expenses. The allocated amount of Rs. 33.46 cr and balance Rs. 0.19 crores of issue expenses were already expensed as per object of issue. Nil amount incurred for quarter ended September 30, 2025.	No comments received
	Total	33.46			

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[^] Section from the offer document related to GCP: Mentioned above

Disclaimers to MA report:

a) This Report is prepared by CARE Ratings Ltd (hereinafter referred to as “**Monitoring Agency/MA**”). The MA has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever.

b) This Report has to be seen in its entirety; the selective review of portions of the Report may lead to inaccurate assessments. For the purpose of this Report, MA has relied upon the information provided by the management /officials/ consultants of the Issuer and third-party sources like statutory auditor/internal auditor which is peer reviewed audit firm/peer reviewed audit firm appointed by the Issuer believed by it to be accurate and reliable.

c) Nothing contained in this Report is capable or intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The MA is also not responsible for any errors in transmission and specifically states that it, or its directors, employees do not have any financial liabilities whatsoever to the users of this Report.

d) The MA and its affiliates do not act as a fiduciary. The MA and its affiliates also do not act as an expert to the extent defined under Section 2(38) of the Companies Act, 2013. While the MA has obtained information from sources it believes to be reliable, it does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives from statutory auditors/internal auditor which is peer reviewed audit firm/peer reviewed audit firm (or from peer reviewed CA firms), lawyers, chartered engineers or other experts, and relies on in its reports.

e) The MA or its affiliates may have other commercial transactions with the entity to which the report pertains. As an example, the MA may rate the issuer or any debt instruments / facilities issued or proposed to be issued by the issuer that is subject matter of this report. The MA may receive separate compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors.

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